

Housing **O**ur **P**eople in our **E**nvironment

Hope Strategy Update – October 2007



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Part A – Applicant Eligibility Criteria

Applicant Eligibility Criteria for Affordable and Community Housing

(Note: the following criteria have been drafted to apply to all Affordable and Community Housing Schemes to be governed by the Council, including those operated through the Queenstown Lakes Community Housing Trust (Trust).

To be eligible to participate in Community Housing Schemes (hereafter referred to as the “Scheme”), applicants must meet the following set of requirements. These are designed to ensure fairness and equity among applicants, and to ensure that the wider goals of the Housing Our People in our Environment (HOPE) Strategy are achieved.

1) General Requirements

- a) Participation in the Scheme is limited to a Resident or Temporary Worker Household with at least one member, who is and will remain a New Zealand Resident or Citizen.
- b) At least one member of the applicant household must be employed on a full-time basis with an employer in the District (see Full Time Employment),
- c) The property must be used exclusively as the household’s Primary Residence.
- d) Applicants shall agree that all information provided on the application is true, correct, and should any information

provided be found to be of a false or fraudulent nature, the Trust reserves the right to reject the application, terminate the applicant’s participation in the Scheme or take any other action that is legally available.

- e) If a specific Scheme states, then the following requirements shall also apply:
 - i) Applicants have been employed for 6 months or more and remains employed on a Full-time basis in the District with an employer.
 - ii) Applicants will be required to certify their agreement to abide by the Scheme requirements for the duration of their participation in the Scheme
 - iii) Applicants consent to an annual re-certification of the information provided in the application, which includes but is not limited to verification of household income
 - iv) If the applicant wishes to include a person in their Household whose primary relationship is that of a flatmate, the applicant must state this relationship in their application form. In this case, Household eligibility will still be based on the AMI target for the primary household size. The primary lender’s underwriting criteria can take the flatmate rent into consideration when determining the income necessary for repayments. This situation would only be considered desirable if it allows an applicant to qualify,

and if the flatmate situation is temporary (i.e. will only apply during the first 1-2 yrs of eligibility).

v) **First Time Homebuyer in the District:** Applicants cannot own any other residential property in NZ at time of settlement, and cannot own or be in the process of borrowing funds to purchase a rental property. Households may be deemed to be ineligible if a household member, via a trust or other mechanism, has an ownership share in other residential or commercial property, or other significant assets (i.e. share portfolios), subject to the assessment of the asset as part of test ii above. Applicants will be encouraged to discuss their situation with staff, which may need further consultation with the Trust prior to making a decision.

f) **Household Income and Household Assets** form two of the central eligibility factors for the Scheme. The Income Test and Asset Test are utilized in the Gap Analysis, and are defined as follows.

2) Income Test

a) Applicants are eligible for the Scheme if their Household Income does not exceed the 140% of the Area Median Income (AMI) band for the Queenstown-Lakes District, and as adjusted annually by the average wage inflation rate, or as published by Statistics New Zealand.

b) **Affordable Sale or Rental Value:** Housing is deemed 'affordable' if it can be rented or purchased by the Resident Household through either the Gross Income or Net Income calculations set forth below:

i) Gross Income: approximately 30% of the household gross income on rent or mortgage (principal and interest) repayments. In many cases a maximum expenditure of 35% of gross income may be acceptable.

ii) Net Income: approximately 55% of the household net income (after tax) on all accommodation costs, as further described below:

(1) Rent or lease payments (to rent a house);

(2) mortgage repayments (interest and principal repayments on mortgages to purchase a house);

(3) the cost of providing space heating, hot water, power and cooking fuel, such that all habitable rooms can be heated to 18C, 16 hrs per day

(4) body corporate fees (if applicable);

(5) rates (including local authority rates and water rates);

(6) house insurance premiums (excluding contents insurance);

(7) mortgage protection insurance or life insurance (only if this is compulsory for the mortgage);

(8) essential repairs and maintenance costs to the home;

(9) payment towards a deposit (limited circumstances apply).

iii) **Note:** Section 2b need not apply for Temporary Worker Households

Figure 1: Income Bands

Bands are defined as follows:

Targeting Bands		
M o d e r a t e	Upper	140%
	Band Level #1	140%
	Lower	130%
	Upper	129%
	Band Level #2	120%
	Lower	110%
L o w	Upper	109%
	Band Level #3	100%
	Lower	90%
	Upper	89%
	Band Level #4	80%
	Lower	70%
	Upper	69%
	Band Level #5	60%
	Lower	50%

Figure 2: Area Median Incomes as of 2007.

Area: Queenstown-Lakes District
2007 Rev 1.3

		Area HOUSEHOLD Median GROSS Income (Before Tax)	NET Income (after Tax)
Moderate Income	140% AMI	\$ 89,320	\$ 65,025
	130% AMI	\$ 82,940	\$ 60,380
	120% AMI	\$ 76,560	\$ 55,736
Median	100% AMI	\$ 63,800	\$ 46,446
Low Income	80% AMI	\$ 51,040	\$ 37,157
	70% AMI	\$ 44,660	\$ 32,512
	60% AMI	\$ 38,280	\$ 27,868
	50% AMI	\$ 31,900	\$ 23,223
	40% AMI	\$ 25,520	\$ 18,579

This table is for information purposes only. It represents the AMI figures as calculated in 2007. It is expected that these figures will be updated on an annual basis.

3) Asset Test

- c) Applicants who currently own their primary residence are viewed as suitably placed in the housing market, and therefore not in need of the assistance provided through the Scheme.
- d) Households who have assets that would enable them to meet their housing needs in the District without the use of Affordable or Community Housing will not be eligible for same. Applicants consent and agree to provide details of all assets at time of application in order to determine whether Scheme assistance is necessary to achieve the Household's housing goals.
- i) For Homeownership Schemes, Applicants must demonstrate adequate assets to make the required deposit contribution. At time of application, these may come in the form of a property or other investment owned outside of the district for which the household would be required to commit to sell and apply the proceeds toward their primary residence in the district. The expected deposit contribution will vary based on the household situation, but would be expected to be at least 2% to 5% of the property price.

3) Gap Analysis

Levels of assistance will be based on the minimum amount needed to secure adequate housing by eliminating the gap between what

the household can afford, and availability of an Affordable or Community Housing unit appropriate for the household size.

4) Retention: Repayment and Resale Control

All housing meeting the definition of Community Housing will be required to comply with some form of long term retention as outlined in Part C: Retention Mechanisms.

5) Application Ranking

At this time, applications will be reviewed and processed on a first-come, first-served basis. A balloting or ranking score system may be implemented by the Trust if needed. Should demand exceed supply, such a ranking system may be necessary and would be proposed for adoption at a future time.

6) Authority

These criteria are to serve as parameters to guide development and administration of Affordable and Community Housing schemes. The Queenstown Lakes Community Housing Trust shall retain the option to apply further criteria and to amend criteria as needed for the effective operation of various schemes, and to seek approval of the Council should substantial variation be required.

7) Definitions

For definitions of terms refer to Appendix 1 of this document – Definitions.