Housing Our People in our Environment

Hope Strategy Update – October 2007

   

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Part C – Retention Mechanisms

Retention

The following provides a range of possible options for retaining affordable housing units as Community Housing for use by current and future generations of low and moderate income households.

Appropriate mechanism(s) shall be determined as set forth in the Mitigation Plan portion of the Affordable Housing Impact and Mitigation Statement (AHIMS), or on a case by case basis, quantifying the amount and timing of the Community Housing contribution, to the satisfaction of the Council.

One or more of the following mechanisms may be used for Affordable Housing, but must be used for Community Housing:

a. A covenant supported by a Memorandum of Encumbrance registered against the title to the land (prescribing the method of computation of resale value; rental levels; dedicated use as housing for Resident Households or housing for Temporary Worker Households; and/or eligibility of occupiers, and a means of enforcement of those covenants) as accepted by the Council, in favour of the Council and Community Housing Trust;

b. Vesting housing with the Community Housing Trust as evidenced by an Agreement for Sale and Purchase between the Developer and the Trust for specific sections and/or completed housing units, or, if agreed by the Trust, administration by the Trust, as evidenced by a binding legal agreement between the landowner and the Trust.

(Note: no less than 40% of the total Community Housing contribution shall be delivered by vesting with the Trust. For this 40%, the specific sections of land shall be transferred to the Trust at nil consideration, and any completed housing units (if agreed) shall be transferred to the Trust with the land component of the completed unit at nil consideration, and a price established for the residential portion that enables an eligible Household to reside in the unit by means of one of the above listed product types. The balance (of 60% or less) of the Community Housing Contribution can be delivered through mechanism a, or by other means if agreed by the Council.)

Evidence of the selected retention mechanism(s) is required at the appropriate stage:

- If through a Plan Change:
  - A caveat on the relevant title(s), securing the provisions of Covenant or Vesting
- If through Resource Consent:
  - A condition of consent; and

- o A caveat and/or Consent Notice on the relevant title(s) securing the provisions of the Covenant or Vesting

Note: As subdivision occurs, the caveat will be released from those sections in further stages of subdivision where the Community Housing is not to be delivered.

The sections and/or completed units shall be delivered to the marketplace of Community Housing-eligible households using one or more of the following product types:

1. Shared equity / ownership between the Queenstown Lakes Community Housing Trust and homeowner

2. Capped ownership (limiting equity gain)

3. Rental

In order to achieve that portion of the District-wide policy relating to "provide a range of permanent affordable living options for low and moderate income resident and temporary worker households", it is necessary to have a policy related to the long term retention of affordable housing. From review of international experience, this policy is most likely to succeed if a balance is struck between permanent affordability, and affordability specified for a discreet amount of time. Given the ambits of the Queenstown Lakes Community Housing Trust, it is reasonable to expect that the Trust is able to achieve the portion of demand related to permanent affordability, by applying the retention mechanism of Trust ownership of the land component of the Community Housing, and to do so in perpetuity. Conversely, it may not achievable to apply an "in perpetuity" requirement for Community Housing held in private hands. Instead, the retention mechanisms of covenants, conditions of consent and other legal agreements, are better suited to maintaining affordability for a specified period of time, with the term of 30 years chosen as a commonly-held timeframe used in residential mortgages, being a 25 year loan period plus 5 years.