

Queenstown Lakes

Housing Accord

Version 1.5

14 August 2014

Queenstown-Lakes Housing Accord

1. The Queenstown-Lakes Housing Accord (the Accord) between Queenstown-Lakes District Council (the Council) and the Minister of Housing (the Minister) is intended to increase housing supply and improve housing affordability in the Queenstown-Lakes district by facilitating development of quality housing that meets the needs of the growing local population.

Background

2. Housing affordability and an adequate supply of housing are key elements to maintaining a well-functioning, dynamic community with a strong economy. Currently the Queenstown-Lakes housing market is experiencing issues around the supply and affordability of housing.
3. The median income in Queenstown-Lakes district is low and the median house price is the second highest in the country, meaning it takes 101.8% of the median weekly take-home pay for an individual to meet the weekly mortgage payment on a median-priced home. The median multiple (i.e. the median house price divided by the gross annual median household income) is 8.61. These figures suggest that home ownership is unaffordable for many residents. Unaffordable homes contribute to increased pressures on families and communities, on the social housing system, and on Council and Government support. Further, with proportionately more household income being spent on housing less money is available for investment and spending in other areas of the community and business.
4. Although estimates vary, for the purposes of housing projections the Council has utilised the 'high' projections of Statistics New Zealand, which project population growth of 2.7 per cent per annum through to 2031. The Council has also commissioned an independent report assessing population growth projections, which predicts higher population growth than the Statistics New Zealand 'high' projection. This indicates that using the 'high' rather than the 'medium' Statistics New Zealand projections is justified in the Queenstown-Lakes context.
5. Meeting demand from population growth will require a large number of new dwellings. Queenstown-Lakes also has a high proportion of holiday homes and visitor accommodation which adds further pressure to the housing market and residential land supply. The district will require over 500 new dwellings (including holiday homes) per annum out to 2031. Over the past five years, an average of 386 building consents per annum have been issued for new residential dwellings across the District.
6. Approximately 7 per cent of New Zealand's tourism spending occurs in Queenstown-Lakes district, and it serves as an important gateway to Central Otago and Fiordland. Housing affordability is potentially acting as a constraint on the local economy with businesses reporting difficulties attracting and retaining staff due to high housing prices. This issue may become more pronounced if housing supply does not respond adequately to housing demand, especially demand for more compact and affordable housing closer to employment.
7. The Council and the Minister agree that joint action is needed to improve housing supply and affordability in Queenstown-Lakes district. Both parties seek to work collaboratively to focus on the distinct housing issues facing the district. To provide a basis for this collaboration the Minister and Council have entered into this Accord.

Purpose and Scope

8. The Accord seeks to support the Council to address immediate housing issues and lay the foundations for a thriving housing market in the future to complement the district's economic growth objectives by increasing the supply of housing and in doing so improving housing affordability.
9. The Accord recognises that by working collaboratively the government and the Council can achieve better housing outcomes for the district. In particular, the Accord will facilitate development aligned with the Council's intended plan for residential development to be more affordable, medium density, and closer to key centres and on good public transport routes.
10. The Accord describes how the government and the Council will work collaboratively. The priority is the development of additional appropriate housing supply, as quickly as possible, to alleviate pressures in the housing market.

11. The Accord is necessary to enable the Council to identify special housing areas (with more enabling development controls) and provide streamlined resource consent service¹ within those special housing areas under the Housing Accords and Special Housing Areas Act 2013 (the Act). The Act forms part of the government's housing affordability programme, which includes initiatives to address:
 - a. the supply of land available for residential purposes;
 - b. the efficiency and timeliness of the provision of infrastructure to new development;
 - c. the cost of construction materials;
 - d. costs and delays in regulatory processes; and
 - e. productivity in the construction sector.
12. The Accord is also a tool to facilitate development aligned with the Council's policy and regulatory framework including the District Plan, and is therefore a key component of the Council's approach to housing.
13. The parties acknowledge that improving housing affordability is a complex issue and requires consideration of wider issues, not all of which will be able to be addressed under this Accord.

Principles

14. The Minister and the Council agree that they and their organisations will:
 - a. **work collaboratively** to facilitate an increase in appropriate housing supply in Queenstown-Lakes District, with a focus on the Wakatipu Basin, by working in productive partnerships together and with others who may contribute to Accord priorities;
 - b. **allocate appropriate resources**;
 - c. **prioritise achievement of the targets** in this Accord;
 - d. **adopt a no surprises approach**, sharing information in a timely manner, with appropriate regard to the likely sensitivity of some information; and
 - e. **seek to resolve differences quickly**.

Special Housing Areas

15. Upon commencement of this Accord, the Council will have the legal ability to recommend the creation of Special Housing Areas to the Minister of Housing under the Act. If the Minister of Housing agrees, he would recommend an Order in Council be made to establish the Special Housing Areas, enabling the Council to access the powers available under the Act to facilitate positive consideration of housing developments that might otherwise struggle to achieve approval under the District Plan and Resource Management Act.

Targets

16. The Council and the Minister agree on the importance of targets to give effect to the purpose of this Accord and meet the Queenstown-Lakes district's housing needs. In this Accord, the targets are focussed on the Wakatipu Basin, given its strong projected population and employment growth over the life of the Accord, together with the fact that land supply constraints are significantly greater than in the Upper Clutha.
17. These targets will be achieved through a combination of private sector development, direct Council and government action and through collaborative action with other agencies including, but not limited to, Otago Regional Council and the New Zealand Transport Agency.
18. The Council and the Minister agree, within their respective areas of control, to endeavour in good faith to achieve the agreed targets within the timeframe of this Housing Accord.

¹ Council's recent performance with regard to resource consent processing has been high. The Resource Management Act Survey of Local Authorities 2012/2013 showed that the Council processed 100% of its resource consent applications within statutory timeframes, and also made no use of Section 37 time extensions.

19. The agreed medium-term targets for the Wakatipu Basin are:

Housing supply	Aspirational targets		
	Year 1	Year 2	Year 3
Total number of sections and dwellings consented	350	450	500

Note: Sections measured at point of resource consent and dwellings measured at building consent.

Priority Actions

20. Under this Accord the Minister and the Council agree to:

Aim	Actions	Commitments
Increase the supply of housing in Queenstown-Lakes with a particular focus on Wakatipu Basin.	<p>Encourage developers to prepare their land and build houses more quickly than has been the case over the last three years.</p> <p>Ensure housing developments provide a mix of house types and include more compact affordable homes which can be sold at different price points.</p>	<p>The Council will recommend the establishment of Special Housing Areas, to assist in improving the feasibility of development and realising more compact and more affordable housing options. As part of this process, Council will consider applying minimum requirements for qualifying developments in terms of housing diversity, related to bedroom numbers, allotment sizes / density requirements.</p> <p>The Council will consider incentives which may potentially include, but not be limited to, different approaches to the levying of development contributions and differential rating approaches.</p>
Implement the powers provided by the Act to work with developers	Monitor resource and building consenting processes to ensure that they are efficient and do not create unnecessary delays to development.	The Council will respond to increased application processing workloads by attaining additional resource through either recruitment or contracting .

Factors Outside Scope

21. This Accord does not limit the Council or the Government from coming to differing positions on Government programmes of reform to the Resource Management Act or other legislation. The Government welcomes submissions from the Council at the appropriate stages in the process.

Governance and Processes

22. Governance of this Accord will rest with a joint steering group (the Steering Group) comprised of the Minister of Housing and the Mayor of Queenstown-Lakes District.
23. The Steering Group has the ability to amend this Accord, including targets, upon agreement. The targets shall be reviewed annually, subject to reports on progress and the state of the building/construction sector.
24. To operate this Accord, the Council and the Ministry of Business, Innovation and Employment will establish an officials' working group (the Working Group) which will meet and form sub-groups as it deems necessary to meet the objectives of this Accord.
25. This Working Group will report to the Steering Group at least quarterly and will prepare any progress or monitoring reports requested by that group. The Steering Group will meet biannually to review the

progress in implementing and achieving the targets of the Accord. A full review of the effectiveness of the Accord and actions taken under it will be carried out after its first 12 months of operation.

Monitoring and Review

26. In order to ensure that the purposes and targets of this Accord are achieved, the Steering Group will monitor and review the implementation and effectiveness of this Accord. In order to do this the Working Group will meet as appropriate to:
- a. review progress in implementing the Accord;
 - b. review progress towards the Accord targets; and
 - c. discuss and agree other areas of joint action or information sharing.

Commencement of the Accord

27. This Accord will take effect from the date of ratification by the Council.

Dispute Resolution

28. Prior to either party exercising the right to terminate this Accord under clause 30, the parties agree that they shall first comply with the dispute resolution process set out in clause 29.
29. The dispute resolution process is as follows:
- The initiating party must immediately, and in writing, bring the dispute to the attention of the other party.
 - The Steering Group must hold an initial meeting for the purposes of resolving the dispute within 10 business days of the dispute being brought, in writing, to the attention of the non-initiating party.
 - If, for any reason, the Steering Group is unable to resolve the dispute in the initial meeting, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the date of the initial meeting.
 - If the Steering Group remains unable to resolve the dispute at the second meeting, then either party may elect to terminate the Accord in accordance with clause 30.
 - Pending final resolution of the dispute the parties must continue to perform their obligations under this Accord as if a dispute had not arisen.

Termination of the Accord

30. Subject to first complying with the requirements in clauses 28 and 29, either party may terminate this Accord, on any of the grounds set out in clause 31, by giving not less than six (6) months' notice to the other.
31. The grounds on which this accord may be terminated are:
- Failure to reach the agreed targets as set out in the accord; whether the failure results from inaction or ineffective action;
 - Failure on the part of the Council to exercise the powers and functions of an Authorised Agency under the Housing Accords and Special Housing Areas Act.
 - The parties agree that there is an irretrievable breakdown in the relationship. Notwithstanding any other provision of this Accord, the parties agree that clauses 28 and 29 shall not apply to a termination on this ground; or
 - Queenstown-Lakes District is removed from Schedule 1 of the Housing Accords and Special Housing Areas Act, in accordance with that Act (e.g. if the district no longer meets the affordability and land supply criteria provided for under that Act).

Publicity

32. The Council and the Minister of Housing agree that any communications or publicity relating to this Accord will be mutually agreed prior to release.

Ratification

Signed on this XXXXXX day of XXXXXX 2014

Hon Dr Nick Smith
Minister of Housing

Her Worship Vanessa van Uden
Mayor of Queenstown Lakes District