

**QLDC Council
23 March 2018****Report for Agenda Item 5****Department: Planning & Development****Mayoral Housing Affordability Taskforce Progress Report****Purpose**

- 1 The purpose of this report is to present an update to Council on progress implementing the six recommendations of the Mayoral Housing Affordability Taskforce Report.

Recommendation

- 2 That Council:
 1. **Note** the contents of this agenda report;
 2. **Note** the progress implementing the recommendations of the Mayoral Housing Affordability Taskforce Report.

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9 March 2018

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Background

- 3 The Mayoral Housing Affordability Taskforce (HAT) was set up in April 2017 by the Mayor, Jim Boulton to investigate new ways of addressing housing availability and affordability in the District.
- 4 Following six months of work, the Council received the Housing Affordability Taskforce Report on 26 October 2017 and agreed to endorse and promote the report including the following goal:
- 5 “The people of our community will be able to own or occupy a home in our District at a cost that allows them to enjoy an affordable lifestyle, with an initial delivery target of 1000 Community Affordable homes with secure tenure by 2028.”
- 6 To achieve the goal, the Taskforce developed a set of six recommendations which were fully endorsed by Council at the meeting on 26 October 2017.

- Recommendation 1: Build a range of affordable market offerings;
- Recommendation 2: Adjust the Visitor Accommodation settings;
- Recommendation 3: Provide more land, intensification and inclusionary zoning;
- Recommendation 4: Invest in scaling up the Trust so that it is able to contribute strongly to the goal of delivering 1000 affordable homes with secure tenure by 2028;
- Recommendation 5: Address household income support;
- Recommendation 6: Build a strategy for long term community support.

Implementation Plan

- 7 An implementation plan was devised to ensure that the six recommendations would be progressed. The implementation plan informs who will perform what role and, when. It also sets out how Queenstown Lakes District Council (QLDC), the Queenstown Lakes Community Housing Trust (QLCHT) and Central Government are working towards key milestones.
- 8 A group of internal and external stakeholders from the Housing Affordability Taskforce called the “Mayoral Top HAT” was formed in April 2017 who meet monthly to discuss the Housing Affordability Implementation Plan. Council Staff and the HAT Chair also meet with the QLCHT monthly to keep all parties informed and “on track”.

Progress to date

Recommendation One- Build a range of affordable market offerings

- 1.1 That the Secure Home Programme be:
 - 1.1.1 Considered, endorsed and promoted by the Queenstown Lakes District Council (Council).
 - 1.1.2 Queenstown Lakes Community Housing Trust (QLCHT) further develop the Secure Home Programme and use it for any future developments that are on land provided through an SHA process or with any other similar contributions obtained by the Council.
- 1.2 That the Shared Home Equity Product be:
 - 1.2.1 Considered by the Council as to whether it is able to provide a cash-flow repayments guarantee to facilitate the development of the offerings and if so, under what terms.
 - 1.2.2 The QLCHT further consider and if appropriate, develop the Shared Home Equity Product and make it available to those on its waiting list as an alternative funding option to enable home ownership.
- 1.3 The QLCHT undertake further analysis on what is required to scale up Affordable Rental to deliver say 40% of the 1000 houses by 2028.

Secure Home Programme

- 9 Council endorsed the overall approach for the Secure Home Programme on 26 October 2017. Details regarding the Secure Home Programme have been refined and QLCHT are in initial discussions with clients for 14 homes at Lake Hayes Estate as a pilot project for the Secure Home Programme.

Shared Home Equity Product

- 10 At its 8 February 2018 meeting, Council resolved to approve entering into a new deed of Guarantee in favour of the Trust (or its nominee) for an amount of \$2.5 million for the Shared Home Equity Product (SHEP) to be used for the possible purchase of 50 units at the proposed Remarkables Park Apartments, below Remarkables Park Town Centre for affordable housing. Staff are exploring the most effective way for the Trust to purchase the units at Remarkables Park Apartments and the SHEP model is one option that is being considered.

1000 Affordable Homes by 2028

- 11 QLCHT held a strategic planning session on 20 February 2018 for bringing the 1000 affordable homes to market incorporating the Affordable Rental component. A strategic plan was formulated to outline how the affordable homes will be delivered and this will be further developed in the Affordable Housing Strategy due to be released in mid-2018.

Recommendation Two- Adjust the Visitor Accommodation settings

- 2.1 Council review its current approach to the use of private residential properties for short term paying guests to provide a simpler regime that in turn addresses the need to rebalance the availability of rental stock to encourage greater long-term rentals.

Visitor Accommodation

- 12 A variation to the Proposed District Plan on Visitor Accommodation that is a fundamental departure from the current (Operative District Plan) approach to managing short let accommodation in the District was notified on 23 November 2017. The proposals enable homestay accommodation but limit the rapid growth in the use of residential housing for short let visitor accommodation on a year-round basis in most residential and rural areas. Council officers are currently summarising submissions, then a further submission process will follow prior to a hearing as part of the Stage 2 Proposed District Plan hearings. These steps are expected to take between six and nine months to complete.

Recommendation Three- Provide more land, intensification and inclusionary zoning

- 3.1 The Taskforce encourages the Council to look at ways of enabling more development land and infilling options to reduce existing impediments to additional homes being brought to market.
- 3.2 Council consider further incentives by mid-2018 that brings Community Affordable homes to market by exploring consent fees, development contributions and rates relief.
- 3.3 Council, when approving any future SHAs:
- 3.3.1 Require a greater contribution than has been obtained in the past, to go towards affordable housing from the SHA given the significant benefits derived by the developer from the SHA process.
 - 3.3.2 Manage and receive all stakeholder deeds and contributions, to be passed on.
 - 3.3.3 Contributions should be solely directed towards developing and growing the pool of houses delivered where perpetual community affordability is retained over the long-term.
- 3.4 Council investigate and consider progressing a mandatory inclusionary zoning programme by 1st quarter 2019 through the District Plan review, to capture a portion of the on value uplift to be put towards long-term housing affordability.
- 3.5 Council review its own land holdings and look for opportunities to be able to contribute further towards the community investment in Community Affordable housing to at least the same level to other developers' contributions by February 2018 on progress toward implementing offerings set out above.
- 3.6 Council report back on progress by June 2018.

Intensification

13 Stage one of the Proposed District Plan (PDP) notified in August 2015 includes provisions enabling an increase in residential densities in residential zones including by introducing a Medium Density Zone, Large Lot Residential Zone and a Business Mixed Use Zone.

Additional dwelling capacity within the urban growth boundary is enabled by the PDP^[1] through:

- High Density Residential Zone: Maximum building height increased from 2 to 3-4 storeys in Queenstown and recession line breaches have been made easier to consent;
- Medium Density Residential Zone: New residential zone proposed that increases residential densities. Low Density Residential Zone: Significant areas in Wanaka have been proposed to be re-zoned from Rural and a “gentle density” approach allows infill housing development by enabling a second dwelling on sections less than 900m²;
- Large Lot Residential: New zone that allows increased residential densities as a buffer zone between higher density residential areas and rural areas. This zone is located in Wanaka only; and
- Business Mixed Use Zone (Gorge Road, Queenstown & Anderson Heights, Wanaka): Promotes residential development and building heights have increased from three to six storeys. This zone is proposed on the former Wakatipu High School site.

14 Incentives that bring Community Affordable homes to market by exploring consent fees, development contributions and rates relief are currently being considered. Staff will report back on progress in mid-2018.

15 The Housing Accords and Special Housing Areas Act 2013 (HASHAA) was introduced by the central government with the purpose to enhance housing affordability. On 23 October 2014, the Queenstown Lakes District Housing Accord (the Accord) was signed. The Accord required the Council to prepare a Lead Policy which was originally approved by Council on 30 October 2014. On 28 September 2017, Council resolved to include Wanaka residentially zoned sites in Category 2 of the HASHAA Implementation Policy. Council also resolved to amend its Lead Policy to require 10% of the residential component of the SHA development by developed market value or area to be identified for affordable housing. On 26 October 2017, Council resolved to include Ladies Mile in Category 2 of the HASHAA Implementation Policy. 1030 residential units and two aged bed car facilities have been approved through HASHAA to date. All developer led Special housing Areas are currently being developed. Over \$6.7m has been contributed to the QLCHT from SHA's to date.

^[1] Depending on the outcome of the hearings and any appeals

Provide more land

- 16 Council resolved to include Wanaka residentially zoned sites and the Ladies Mile in Category 2 of the Housing Accords and Special Housing Areas Act 2013 Implementation Policy at the Full Council meetings on the 28 September and 26 October 2017 respectively.
- 17 Council is currently considering how its own land holdings at the Lakeview site and Lynch block in Queenstown and Jopp Street in Arrowtown could be used to make a contribution towards affordable housing.

Stakeholder Deeds

- 18 Options for the greater enforcement of existing Stakeholder Deeds binding developers to provide land for development of affordable housing in Special Housing Areas are currently being investigated. This will include existing and new SHA's (such as Bright Sky if approved by the Council) so that the commitments made by the developers are delivered.
- 19 For future stakeholder deeds, an outcome of the HAT report is that Council has decided on the following:
 - The Council will undertake negotiations required under the stakeholder deeds to ensure an appropriate contribution is made, rather than the QLCHT
 - Any contribution will be passed over to the QLCHT as the Council's preferred organisation for delivering a range of affordable housing offerings to the residents of the District
 - Any such contributions provided to QLCHT will only be used for one of three housing offerings:
 - A new Secure Home offering where:
 - The land is owned by the Trust in perpetuity and leased at a concessional rate to the home owner
 - The housing unit is purchased by the home owner, with the value increase being capped at an annual CPI rate or equivalent, with the housing unit only able to be sold back into the QLCHT's pool of buyers
 - Long term rentals at an affordable rental rate
 - Rent to own scheme, assisting the move from long term rental to the Secure Home product.

Inclusionary Zoning

- 20 Staff are in the process of considering the logistics of preparing a mandatory Inclusionary Zoning programme including its timing and delivery. A plan change could be contested for a number of years before being resolved. Substantial resources will be needed to develop it and progress it. Community and Affordable Housing provisions are currently scheduled as part of Stage 3 of the Proposed District Plan Review which are intended to be notified by the first quarter of 2019. The first step is to provide an Affordable Housing Strategy, which is due to be completed by mid-2018.

Recommendation Four- Invest in scaling up the Queenstown Lakes Community Housing Trust so that it is able to contribute strongly to the goal of delivering 1000 affordable homes with secure tenure by 2028.

- 4.1 The Council should confirm QLCHT is its preferred partner for receiving any contribution obtained by the Council and to be the primary delivery organisation for affordability product offerings to the residents of the District.
- 4.2 If confirmed, that the Council and QLCHT review the form and structure of the Trust by June 2018 to:
 - 4.2.1 Ensure the appropriate structure is in place and that it is fit for purpose to achieve perpetual affordability.
 - 4.2.2 Confirm the relationship between the two organisations.
 - 4.2.3 Ensure it retains the support of the shared stakeholders—the entire community—as it grows.

Scaling up the Queenstown Lakes Community Housing Trust

- 21 Council resolved at its meeting on 26 October 2017 that the QLCHT is its preferred partner for receiving any contribution to affordable housing obtained by the Council and that the Trust is the primary delivery organisation for affordability product offerings to residents in the Queenstown Lakes District.
- 22 Council Staff and the Chair of HAT have met with the QLCHT and engaged an external solicitor on 26 February 2018 to review and update the Memorandum of Understanding and Trust Deed. Through this, Council will be able to work with the Trust to ensure that the appropriate structure is in place to deliver the Taskforce goal to bring 1000 Community Affordable homes to market by 2028.

Recommendation Five- Address household income support

- 5.1 Council to engage with Ministry of Social Development (MSD) to confirm the updated Accommodation Supplement levels available in the District that come into effect on 1 July 2018.
- 5.2 Council and QLCHT to engage with MSD to track District applicants for Social Housing by July 2018, and if not eligible, to develop a data exchange approach that informs the housing needs assessment in the District.
- 5.3 A partnership approach with Government be outlined and included in the Strategy (set out in Recommendation 6).

Household Income Support

- 23 Discussions are underway with the Central Government, Council and QLCHT to access the updated accommodation supplement levels available in the District that come into effect on 1 July 2018.
- 24 A data exchange approach that informs the housing needs assessment in the District is currently being investigated. One of the requirements of this data exchange will be to classify households in newly zoned residential areas that are eligible for the maximum Accommodation Supplement entitlement from the Central Government.
- 25 Further engagement with Central Government will be undertaken and the approach will be outlined and included in the Affordable Housing Strategy.

Recommendation Six- Build a strategy for long term community support

- 6.1 Council develop a new Queenstown Lakes Housing Strategy in collaboration with the many parties across the private sector, QLCHT, and central government, with the aim of achieving the goal that: “all of our workforce will be able to own or occupy a home in our District at a cost that allows them to live within their means by 2048, with an initial target of 1000 Community Affordable homes with secure tenure by 2028”.
- 6.2 Council ensure that the Community Affordable housing needs are considered in the development of the Council’s response to the NPS-UDC.
- 6.3 Council and QLCHT each reviews the recommendations and reports back on achievements on a six monthly basis.
- 6.4 Confirm the definitions of ‘affordable’, Community Affordable and how ‘perpetual affordability’ is measured and achieved.
- 6.5 Clarify an ongoing stewardship role for the Taskforce, for the purpose of accountability on progress toward the goals.

Affordable Housing Strategy

- 26 Work has begun scoping what would be included in an Affordable Housing Strategy beginning with a whiteboard brainstorming session to be held with the Mayoral Top HAT in April 2018. It is intended that a workshop session with Councillors will be carried out in June 2018 prior to community consultation on the strategy in August 2018. Council aims to deliver the Affordable Housing Strategy by October 2018. Affordable Housing definitions will form part of the Affordable Housing Strategy outlined above.

Implementing the National Policy Statement Urban Development Capacity

- 27 Staff are continuing work on the NPS-UDC requirements and an update will be provided in due course.

Summary

- 28 This report provides a review of the recommendations and achievements from the Housing Affordability Taskforce to date and this will occur on a six monthly basis.
- 29 In summary, work is progressing on of the Housing Affordability Taskforce recommendations. The next step will be to produce a collaborative Affordable Housing Strategy that will help inform the Community and Affordable Housing chapter of the Proposed District Plan. Discussions are underway with the QLCHT and Mayoral Top HAT to continue progressing the recommendations and actions in the HAT implementation plan. A timeline of community and affordable housing milestones is attached to this report as Appendix A.

Options

- 30 As this report is an update on work underway, no analysis of options is required.

Significance and Engagement

- 31 This matter is of high significance, as determined by reference to the Council’s Significance and Engagement Policy because affordable housing is of considerable importance to the Queenstown Lakes District and has a very high degree of community interest.

Risk

32 This matter relates to the strategic risk SR1 'Current and future development needs of the community (including environmental protection)', as documented in the Council's risk register. The risk is classed as high.

33 This matter relates to this risk because the supply of housing is central to the current and future development needs of the community.

34 The recommended option mitigates the risk by:

Treating the risk- putting measures in place which directly impact the risk. Council is already undertaking a range of initiatives to address housing availability and affordability and continues to consider other options.

Financial Implications

35 There are no direct budget or cost implications resulting from the recommendation. Further decisions could be made that will have budgetary implications.

Council Policies, Strategies and Bylaws

36 The following Council policies, strategies and bylaws were considered:

- The Operative District Plan
- The Proposed District Plan
- Growth Management Strategy 2007
- Long Term Plan
- Lead Policy for SHAs
- Mayoral Housing Affordability **Taskforce Report 2017**

37 This matter is not included in the 10-Year Plan/Annual Plan

Local Government Act 2002 Purpose Provisions

38 As this report is an update on work underway, there is no recommended option.

Consultation: Community Views and Preferences

39 There has been no consultation to date on any proposals other than with the taskforce members who are drawn from wide range of parties with an interest or involvement in the supply of housing within Queenstown Lakes area.

Attachments

A Timeline of Community and Affordable Housing Milestones

What has been done?

- **23 October 2014** The Queenstown Lakes District Housing Accord (the Accord) was signed;
- **30 October 2014** The Lead Policy for the Accord prepared by the Council was approved;
- **August 2015** Stage 1 of the Proposed District Plan was notified seeking to increase residential densities in residential zones;
- **April 2017** Mayoral Housing Affordability Taskforce formed;
- **28 September 2017**
 - Council resolved to include Wanaka residentially zoned sites in Category 2 of the Housing Accords and Special Housing Areas Act 2013 Implementation Policy;
 - Council resolved to amend its Lead Policy to require 10% of the residential component of the SHA development by developed market value or area to be identified for affordable housing;
- **26 October 2017**
 - *Mayoral Housing Affordability Taskforce report approved by Council*
 - Secure Home Programme overall approach endorsed by Council;
 - Council resolved QLCHT is its preferred partner for receiving any contribution to affordable housing obtained by the Council
 - Council resolved QLCHT is the primary delivery organisation for affordability product offerings to residents in the Queenstown Lakes District;
 - *Housing Accords and Special Housing Areas Act 2013 Implementation Policy amended*
 - Council resolved to include Ladies Mile in Category 2 of the Housing Accords and Special Housing Areas Act 2013 Implementation Policy;
- **23 November 2017** A variation to the Proposed District Plan on Visitor Accommodation was notified;
- **February 2018** Council identified the Lakeview site and Lynch Block, Queenstown and Jopp Street in Arrowtown as opportunities to contribute affordable housing to match other developers' contributions
- **20 February 2018** Trust held strategic planning session on how to bring 1000 community affordable homes to market and a strategic plan was formulated;
- **26 February 2018** Review of Memorandum of Understanding and Trust Deed between Council and QLCHT currently underway;
- **23 November 2017** A variation to the Proposed District Plan on Visitor Accommodation was notified;
- **8 February 2018** Trusts proposal to utilise the Shared Home Equity Product supported by Council;
- **20 February 2018** Trust held strategic planning session on how to bring 1000 community affordable homes to market and a strategic plan was formulated;
- **26 February 2018** Review of MOU between Council and QLCHT and Trust Deed currently underway;

Next steps

- **April 2018** Affordable Housing Strategy whiteboard brainstorming session to be held with the Mayoral Top HAT and Trustees of QLCHT;
- **June 2018** Affordable Housing Strategy workshop session with Councillors;
- **Mid 2018** Council to consider further incentives that bring community affordable homes to market through consent fees, development contributions and rates relief
- **July 2018** Council to report back on progress surrounding providing more land, intensification and inclusionary zoning
- **August 2018** Affordable Housing Strategy community consultation;
- **October 2018** Delivery of Affordable Housing Strategy;
- **31 December 2018** Future Development Strategy due;
- **First quarter of 2019** Council to consider mandatory Inclusionary Zoning provisions as part of Stage Three of the District Plan review