

QLDC Council  
25 October 2018

Report for Agenda Item: 10

Department: Planning & Development

Mayoral Housing Affordability Taskforce Progress Report

**Purpose**

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**

That Council:

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

Prepared by:

Reviewed and Authorised by:



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11/10/2018



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11/10/2018

**Background**

1. Recently the Queenstown Lakes District has experienced well documented exponential growth<sup>1</sup>. Housing costs in the district have risen at the highest rates in the country, and on almost any measure; the District is one of the most unaffordable places to live in New Zealand.
2. The Mayoral Housing Affordability Taskforce was set up in April 2017 by Mayor Jim Boulton to investigate new ways of addressing housing availability and affordability in the district. Membership of the Taskforce was drawn from a wide

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<sup>1</sup> See the [Mayoral Taskforce's October 2017 Report](#);

range of parties with an interest or involvement in the supply of housing within the Queenstown Lakes District.

3. The Taskforce had a clear vision – helping committed residents of the Queenstown Lakes District into decent affordable housing with secure tenure.
4. The Taskforce report set out a clear goal – 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.
5. The Taskforce produced a report in October 2017 that listed a series of key recommendations and actions to implement the vision of affordable housing in the QLD (appendix 1), and nominated a smaller committee to follow through with the recommendations.
6. The Council endorsed this report and there are actions in this report the Council has agreed to uphold.
7. The last update to Council on Taskforce progress was in May 2018.

#### **Where we are now – how is progress tracking against the goal?**

8. The work towards 1000 homes stemming from the Mayoral Taskforce Report is ongoing. Several key elements of the Report have been initiated, these are listed below, and discussed in more detail later in this paper.
  - a) Create market-appropriate affordable home offerings
  - b) Implement planning mechanisms encouraging intensification and infilling
  - c) Encourage the provision of land
  - d) Engage with Central Government
  - e) Confirm the relationship with the Queenstown Lakes Community Housing Trust
9. Despite progress in these areas, forward movement in terms of physical homes for our residents is slow.
10. As one measure of the demand, the Queenstown Lakes Community Housing Trust currently has over 500 eligible households and is growing monthly.
11. The following table shows upcoming affordable house projects slated to be developed by QLCHT.

### QLCHT affordable housing developments

Status	Development	Unit Yield
Confirmed and going ahead	Cherwell Lane at Shotover Country	6
	Onslow Road at QT Country Club	14
	Bullendale at Arthurs Point	9
In early planning stages*	Ladies Mile	25 initially

\* 50 units at the Toru Apartments at Remarkables Park is also being planned, however the price point may be too high to be considered affordable housing.

12. The table above shows that the upcoming yields are well below the need demonstrated by the QLCHT's waiting list.
13. Beyond the work of the QLCHT, other affordable home developments in the District currently are few, with the exception of the recent Kiwibuild initiative in Wanaka.
14. The Kiwibuild project in Wanaka is an excellent example of affordable homes provision in our district. However, as these homes will be owned by individuals drawn from a ballot, they will eventually be on sold at normal market rates and will no longer be a part of the longer term solution to perpetual home affordability.
15. While progress has been made by both the QLDC and Central Government, work remains to achieve 1000 affordable secure tenure homes for local residents by 2028.

### Workstream Summary

16. The following tables summarise the six broad recommendations/work streams from the Taskforce, as well as the status of the work (see appendix 2 for all recommendations). Due to resourcing constraints a portion of the work previously projected to have been completed since May was delayed and is now planned and resourced for over the coming six months.

### Recommendation 1: Build a range of affordable market offerings for affordable homes

<b>Completed</b>	<ul style="list-style-type: none"> <li>• The confirmation of two updated product offerings that retain housing within the community housing pool in perpetuity.</li> </ul>
	<ul style="list-style-type: none"> <li>• The Shared Home Equity Product (SHEP) model and the Secure Homes model was approved in principle Feb 8 2018 by Council.</li> </ul>

	<ul style="list-style-type: none"> <li>• QLCHT is confirmed as the Council's preferred Community Housing provider.</li> </ul>
<b>In progress</b>	<ul style="list-style-type: none"> <li>• Both new market offerings created by the Taskforce are being presented by the QLCHT to their list of applicants.</li> <li>• With recent changes to legislation, it has been confirmed that SHEP is viable.</li> <li>• The QLCHT is intending to use Secure Homes for the 14 units at their Onslow Road development and 9 units at Bullendale</li> </ul>
<b>The next step</b>	<ul style="list-style-type: none"> <li>• The Taskforce believes that the new market offerings are excellent models and that using them with the QLCHT is only the first step. In particular, there is potential to connect the Secure Homes model through Central Government initiatives with MBIE and Kiwibuild to achieve a large pool of homes that will be perpetually affordable for our residents.</li> <li>• In the Taskforce view it is critical to connect well with Kiwibuild to ensure all options are explored for a substantial provision of additional homes, and discussions with MBIE and other parts of Central Government will continue.</li> </ul>

### **Recommendation 2: Adjust the visitor accommodation settings**

<b>Completed</b>	<ul style="list-style-type: none"> <li>• Control for visitor accommodation settings have been approached through the RMA with a Variation to the Proposed District Plan on Visitor Accommodation. The variation proposed more restrictive rules for residential home letting to short-stay visitors.</li> </ul>
<b>In progress</b>	<ul style="list-style-type: none"> <li>• The proposed Variation elicited a strong response with almost 4,984 initial submission points from the community, with a majority being primarily against. The final decision on the Variation is with the Commissioners and is expected in December.</li> </ul>
<b>The next step</b>	<ul style="list-style-type: none"> <li>• Adjustments to Visitor Accommodation settings remains a key focus and the Taskforce awaits the Commissioners' decision on the Variation.</li> </ul>

### **Recommendation 3: Provide more land, intensification and inclusionary zoning**

<b>Completed</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Special Housing Area Lead Policy amended by Council to require 10% of the residential component of the SHA development by developed market value or area to be identified for affordable housing.</li> <li>• At the Council meeting on 26 October 2017 the Council resolved to set aside 5% of the proceeds from Lakeview for affordable housing</li> <li>• The Proposed District Plan includes provisions to provide for higher residential densities in specific zones, as well as increased building heights.</li> </ul>
<b>In progress</b>	<ul style="list-style-type: none"> <li>• An extension to Bullendale in Arthur's Point is awaiting approval. This is in process to be signed by Associate Minister for Housing and Urban Development Jenny Salesa (9 lots for affordable housing).</li> <li>• Bright Skies in Wanaka has been approved in principal by the QLDC, and Council officers and the developer are in late stage negotiation (28 lots for affordable housing).</li> <li>• The proposed SHA at Hawea is to be reported back to Council following meetings held to consider better integration of the SHA with the existing Hawea township</li> <li>• There are 11 historic stakeholder deeds with affordable housing components still to be fulfilled that were drawn up in the early 2000s. These deeds are being monitored and pursued as necessary. QLDC has employed an external commercial land agent to negotiate on our behalf who is providing additional resource to assist with developer compliance.</li> <li>• A Development Contributions and rates relief paper is being worked up and will be provided to Council for consideration in December.</li> </ul>
<b>Looking forward</b>	<ul style="list-style-type: none"> <li>• An updated survey of present Council-owned land is commencing.</li> <li>• There are five other enquiries with Council officers about potential SHAs that are in early stages of the pipeline.</li> </ul>
<b>The Next Step</b>	<ul style="list-style-type: none"> <li>• Given land is a finite resource, the provision of land will continue to be the crucial component in addressing housing affordability issues in the District going forward. Continuing to ensure 10% of any future SHAs negotiated are passed to QLCHT or a similar organisation is vital to maintaining and growing the pool of affordable homes in our region.</li> <li>• Beyond SHAs, the Taskforce sees that more work can be done by Council to ensure access to land is available for this purpose. As a piece of this work, planning controls such as Inclusionary Zoning will be further researched as an aspect of the proposed Affordable Housing Strategy, and implemented if deemed appropriate through Stage 3 of District Plan review.</li> </ul>

**Recommendation 4: Invest in scaling up the Trust so that it is able to contribute strongly to the taskforce's goal of delivering 1000 affordable homes with secure tenure by 2028**

<p><b>Completed and Ongoing work</b></p>	<ul style="list-style-type: none"> <li>• A Memorandum of Understanding to confirm relationship between QLDC and the QLCHT was initiated in May and is now in the final stages of consideration with external solicitors, the QLDC and the QLCHT; this should be completed by December 2018.</li> <li>• The provision of land in particular through SHAs and the requirement of 10% to be provided to the QLCHT to be use for affordable housing will provide much needed supply to continue to grow the Trust's ability to build a pool of homes for the community.</li> </ul>
<p><b>The Next Step</b></p>	<ul style="list-style-type: none"> <li>• To maintain and grow the support for the Trust and the bigger vision of the Mayoral Taskforce of affordable housing for our residents, a comprehensive Affordable Housing Communications Plan developed with the Communications Team will be a guiding document to grow the support of community housing efforts.</li> </ul>

**Recommendation 5: Address household income support**

<p><b>Completed and Ongoing work</b></p>	<ul style="list-style-type: none"> <li>• Central government outreach to address the accommodation supplement will be an ongoing project. At the present a letter from the Mayor to Ministers Salesa and Twyford has been drafted to address the inadequate mapping of our region for the accommodation supplement from MSD.</li> <li>• Council officers are attending local interagency meetings to better understand the current need locally and gather data as appropriate.</li> <li>• We are increasing internal council connectivity around our own knowledge and data of community social service requirements, QLCHT as a social housing provider for MSD has a good grasp of the demand for support.</li> </ul>
<p><b>The Next Step</b></p>	<ul style="list-style-type: none"> <li>• The Taskforce sees that continuing to hone and improve the connection with Central Government, as mentioned in other areas of this report, is essential to the success of our local population particularly those on the lower end of the earnings spectrum. Addressing household income support will need to</li> </ul>

be an ongoing piece of work as our population continues to grow and evolve.

### Recommendation 6: Build a strategy for long term community support

<p><b>Completed and Ongoing work</b></p>	<ul style="list-style-type: none"> <li>• The Queenstown Lakes Housing Strategy is in the early stages of development, we will likely be working with Community Housing Aotearoa to help facilitate this collaborative piece of work with QLDC, QLCHT and Central Government, and are working through the contract for this work with them at present.</li> <li>• There has been a slight delay on the progress due to staff resourcing.</li> <li>• At present Council Officers are working with the QLDC Communication team to build a cohesive communication plan for all of QLDC around housing for the community to develop a common language and approach across QLDC to this core issue.</li> <li>• The Future Development Strategy is a large piece of work currently in progress and will address aspects of the affordable housing problem within its scope.</li> </ul>
<p><b>The Next Step</b></p>	<p>The Queenstown Lakes Housing Strategy needs to be a clearly defined piece of work with the end aim of facilitating the creation of perpetually affordable secure tenure homes for committed local residents. Council and the Taskforce need to consult with all stakeholders and consider the barriers to housing innovation in our district. Key actions in the next few months will include:</p> <ol style="list-style-type: none"> <li>a. Workshops with councillors, council officers and stakeholders to clarify the Structure and intent of the Housing Strategy.</li> <li>b. Developing good information about housing in the QLD and communicate it well to stakeholders – better market information will assist at all levels of investment.</li> </ol>

### Options

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

## **Significance and Engagement**

18. 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**

19. 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.
20. This matter relates to this risk because the supply of housing is central to the current and future development needs of the community.

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**

21. 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**

24. The following Council policies, strategies and bylaws were considered:
- a. The Operative District Plan
  - b. The Proposed District Plan
  - c. Growth Management Strategy 2007
  - d. Long Term Plan
  - e. Lead Policy for SHAs
  - f. Mayoral Housing Affordability Taskforce Report 2017

22. This matter is not included in the 10 Year Plan/Annual Plan

## **Consultation: Community Views and Preferences**

23. 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 Mayoral Taskforce Recommendation
- B Timeline

## Attachment A

### Mayoral Taskforce recommendations

<b>Recommendation 1</b>	<p><b>Build a range of Community Affordable market offerings</b></p> <p>1.1 That the Secure Home Programme be:</p> <p>1.1.1 Considered, endorsed and promoted by the Queenstown Lakes District Council (Council).</p> <p>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.</p> <p>1.2 That the Shared Home Equity Product be:</p> <p>1.2.1 Considered by the Council as to whether it is able to provide a cashflow repayments guarantee to facilitate the development of the offerings and if so, under what terms.</p> <p>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.</p> <p>1.3 The QLCHT undertake further analysis on what is required to scale up Affordable Rental to deliver say 40% of the 1000 homes by 2028.</p> <p>1.4 The QLCHT and Council report back by February 2018 on progress toward implementing offerings set out above.</p>
<b>Recommendation 2</b>	<p><b>Adjust the Visitor Accommodation settings</b></p> <p>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.</p>

<b>Recommendation 3</b>	<p><b>Provide more land, intensification and inclusionary zoning</b></p> <p>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.</p> <p>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.</p> <p>3.3 Council, when approving any future SHAs:</p> <p>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.</p> <p>3.3.2 Manage and receive all stakeholder deeds and contributions, to be passed on.</p> <p>3.3.3 Contributions should be solely directed towards developing and growing the pool of homes delivered where perpetual community affordability is retained over the long-term.</p> <p>3.4 Council investigate and consider progressing a mandatory inclusionary zoning programme by 1<sup>st</sup> quarter 2019 through the District Plan review, to capture a portion of the on value uplift to be put towards long-term housing affordability.</p> <p>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.</p> <p>3.6 Council report back on progress toward implementing offerings set out above by June 2018.</p>
<b>Recommendation 4</b>	<p><b>Invest in scaling up the QLCHT so that it is able to contribute strongly to the goal of delivering 1,000 Community Affordable homes with secure tenure by 2028</b></p> <p>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.</p> <p>4.2 If confirmed, that the Council and QLCHT review the form and structure of the Trust by June 2018 to:</p> <p>4.2.1 Ensure the appropriate structure is in place and that it is fit for purpose to achieve perpetual affordability.</p> <p>4.2.2 Confirm the relationship between the two organisations.</p> <p>4.2.3 Ensure it retains the support of the shared stakeholders—the entire community—as it grows.</p>

<b>Recommendation 5</b>	<p data-bbox="359 275 815 304"><b>Address household income support</b></p> <p data-bbox="359 338 1310 427">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.</p> <p data-bbox="359 461 1305 551">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.</p> <p data-bbox="359 584 1273 640">5.3 A partnership approach with Government be outlined and included in the Strategy (set out in Recommendation 6).</p>
<b>Recommendation 6</b>	<p data-bbox="359 705 1011 734"><b>Build a strategy for long-term community support</b></p> <p data-bbox="359 768 1310 947">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.</p> <p data-bbox="359 981 1286 1037">6.2 Council ensure that the Community Affordable housing needs are considered in the development of the Council's response to the NPS-UDC.</p> <p data-bbox="359 1070 1310 1126">6.3 Council and QLCHT each reviews the recommendations and reports back on achievements on a six monthly basis.</p> <p data-bbox="359 1160 1241 1216">6.4 Confirm the definitions of 'affordable', Community Affordable and how 'perpetual affordability' is measured and achieved.</p> <p data-bbox="359 1249 1270 1305">6.5 Clarify an ongoing stewardship role for the Taskforce, for the purpose of accountability on progress toward the goals.</p>

## Attachment B: Timeline

### Completed Work

- **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

- **December 2018** Council to consider further incentives that bring community affordable homes to market through consent fees, development contributions and rates relief
- **November 2018** Affordable Housing Strategy whiteboard brainstorming session to be held with the Mayoral Top HAT and QLDC Councillors, other stakeholders;
- **November 2018** Affordable Housing Strategy workshop session with Councillors;
- **February 2019** Council to report back on progress surrounding providing more land, intensification and inclusionary zoning
- **February 2019** Affordable Housing Strategy community consultation;
- **May 2019** Delivery of Affordable Housing Strategy;