

QLDC Council
12 September 2019

Report for Agenda Item | Rīpoata moto e Rāraki take 3

Department: Planning & Development

Title | Taitara The Queenstown Lakes Community Housing Trust and Council Relationship Framework rental programme protocol

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

This report provides an overview of the three rental housing programmes offered by the Queenstown Lakes Community Housing Trust, and proposes one rental protocol to guide present and future Queenstown Lakes Community Housing Trust rental programmes. This is to be added to the Relationship Framework Agreement between the two organisations.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of this report;
2. **Adopt** the attached rental programme protocol for inclusion in the Relationship Framework Agreement between Council and the Queenstown Lakes Community Housing Trust.
3. **Authorise** the GM, Planning and Development to make minor, non-material changes to the protocol.

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29/08/2019

Reviewed and Authorised by:



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3/09/2019

CONTEXT | HOROPAKI

- 1 Since 2007 the Queenstown Lakes Community Housing Trust (the Trust or QLCHT) and the Queenstown Lakes District Council (the Council) have worked together to achieve affordable, secure tenure homes for the community.
- 2 This was reconfirmed recently with the signing of a new Relationship Framework Agreement (RFA) at the full council meeting on March 7 2019 (Attachment A). The Protocol for the Secure Home Programme was also approved at the same time.
- 3 The RFA requires that all affordable home programmes offered through the Trust which utilise land/cash/house contributions passed to the Trust from or on behalf of the Council are to be managed by a protocol and included in the RFA as noted in clause 5.3:

[The Council and Trust will] enter into written protocols to this Agreement recording the terms of any affordable home offerings developed by the parties for which it is anticipated that Contributions may be used.

- 4 Presently the Secure Home Programme is included as a protocol in the RFA, however there are other well-established home rental programmes that also need to be included going forward.
- 5 To achieve this, the Clause 5.5 of the RFA directs:

Any future written protocol shall: (a) state the basis and operation of the affordable housing offering; (b) once agreed, be executed by the parties and attached to this Agreement; and (c) will be subject to the general provisions of this Agreement

- 6 This paper seeks to satisfy these requirements in the RFA by:
 - a. Providing a general overview of the three rental housing programmes offered by the Trust
 - b. Suggesting one overarching rental protocol to guide present and future Trust rental programmes

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 7 The housing trust has a total of five programmes which together fill different niches across the housing continuum. Image one below demonstrates where the Trust's programme of housing delivery is placed on the continuum:



Affordable rental programme overview

- 8 The Affordable Rental programme is designed to provide affordable, secure tenure in decent quality homes to low income households. This provides households the opportunity to clear debt and set savings goals.
- 9 An income based subsidy is applied at either 80% of market rent as determined by the Trust, or 30% of the gross household income, whichever is the greater. As QLCHT is a registered Public Housing provider, some tenants may also be eligible to access the Income Related Rent Subsidy through the Ministry of Social Development and only be required to pay 25% of their total income in rent.
- 10 A qualifying household has the opportunity to rent a QLCHT owned property for a five-year term. The household may not transfer or assign the tenancy or sublet the property, and the household may only use the home as a private dwelling.

Senior Housing Programme overview

- 11 The Senior Housing programme is similar to the affordable rental programme above, and is designed to provide affordable, long term, secure tenure in decent quality homes to people 65 and older in our community.
- 12 The rent is set at a fair market rate and an income based subsidy applied, where eligible, discounting the rent by up to 20%. As QLCHT is a registered Public Housing provider, some tenants may also be eligible to access the Income Related Rent Subsidy through the Ministry of Social Development and only be required to pay 25% of their total income in rent.
- 13 The rental is subsidised at either 80% of market rent, as determined by the Trust, or 30% of the gross household income, whichever is the greater.
- 14 A qualifying household has the opportunity to rent a QLCHT owned property indefinitely. The household may not transfer or assign the tenancy or sublet the property and the household may only use the home as a private dwelling.

Rent saver programme overview

- 15 Rent Saver is designed as a precursor to the Secure Home programme. It is designed to help people save for a deposit, through providing secure tenure, the opportunity to save, and an incentive savings programme. The goal is to provide households on limited incomes and no deposit with a strategic plan to achieve assisted home ownership within a reasonable timeframe – targeting five years.
- 16 The rent is set at a fair market rate and a savings goal is agreed with the household. At the end of the five-year term, the household is then able to apply for the Secure Home programme to purchase the house they have been renting, providing the standard Secure Home programme requirements are still met.

- 17 The Trust will match household savings on a dollar-for-dollar basis up to a maximum of \$2,600 per year (or \$13,000 in total) if household savings are used towards the deposit to purchase a right to occupy the property.
- 18 The Trust owns the property and rents it to the household with an option to purchase a right to occupy the property.
- 19 Annually the household provides a statement of savings showing commitment to the programme.
- 20 The household may only use the home as a private dwelling, and the household may not transfer or assign the tenancy or sublet the property.

Trust household tenures by programme as of July 2019

Programme	Households assisted to date	Current households
Shared ownership*	124	52
Rent saver	10	4
Affordable rental	31	24
Senior housing	4	2
Secure home	6	6

* The Shared Ownership programme is no longer offered, however it is an ongoing programme for pre-existing agreements.

Rental programmes protocol (draft)

- 21 The draft protocol in Attachment B intends to set out flexible rental parameters for the Trust to work within, while also ensuring Council and community interests are provided for.

Option 1 adopt the draft rental programme protocol for inclusion in the RFA between Council and the Trust

Advantages:

- 22 Would fulfil Council obligations under the RFA and confirm the Trust's ongoing rental programme work, and allow the Trust shorter term flexibility in designing, testing and delivering different rental programmes as it sees fit.
- 23 The RFA requires a review of the Agreement and protocols within three years of signing (clause 7.2), which will allow Council and the Trust re-consider the protocols at that time.

Disadvantages:

- 24 The draft protocol is intentionally broad in its parameters to allow the Trust flexibility in the types of rental programmes delivered. This flexibility could lead to unintended uses of rental land.

Option 2 Request changes to the draft rental programme protocol to include individual programmes

Advantages:

- 25 This would ensure that individual rental programmes would each be approved by Council.

Disadvantages:

- 26 This would give the Trust less flexibility in altering, developing and delivering rental programmes.

- 27 This report recommends Option 1 for addressing the matter.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:**> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA**

- 28 This matter is of medium significance, as determined by reference to the Council's [Significance and Engagement Policy](#) because the protocol will assist in dictating how council-lead asset transfers are managed by the Trust to achieve affordable, secure tenure homes for the community.
- 29 The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes District community, and in particular the Trust and its stakeholders.
- 30 The Council has consulted with the Trust in the drafting of the protocol.

> MĀORI CONSULTATION | IWI RŪNANGA

- 31 The Council has not deemed that the matter is relevant for specific iwi consultation as it is a procedural matter between Council and the Trust.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 32 This matter relates to the Strategic/Political/Reputation It is associated with RISK00037 Lack of Alignment – Key Relationships within the QLDC Risk Register. This risk has been assessed as having a low inherent risk rating.
- 33 The approval of the recommended option will avoid risk to Council by finalising the required components of our RFA with the Trust.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

34 There is no budget, cost implications or resource requirements resulting from the decision or options in this paper.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

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

- Vision Beyond 2050; in particular:
 - ‘thriving people – whakapuāwai hapori’
 - ‘opportunities for all – heōhaka taurikura’
- The QLDC Ten Year Plan
- The Housing our People in our Environment (HOPE) Strategy

36 The recommended option is consistent with the principles set out in the named policy/policies.

37 This matter is included in the Ten Year Plan/Annual Plan under the Environmental Management section (page 56) where it states that Council will establish a framework for securing and retaining affordable housing through the Trust. This protocol is a step in this process.

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

38 The RFA went through rigorous legal review, and the proposed draft protocol is in line with this document.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

39 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by assisting in the delivery of affordable housing.
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

- A RFA and Secure Home Protocol
- B Draft rental programmes protocol