



QUEENSTOWN-LAKES

HOUSING ACCORD

Queenstown-Lakes Housing Accord

Purpose

1. This agreement between the Government and the Queenstown-Lakes District Council (the Council) is the Queenstown-Lakes Housing Accord (the Accord).
2. The Accord recognises that a fully functioning housing market is essential to building strong and healthy communities, and supporting a strong economy.
3. The Accord sets out the Government's and the Council's commitment to work together to facilitate an increase in land and housing supply, and improve housing affordability and suitability in the Queenstown-Lakes District (the District).
4. The Accord recognises that by working collaboratively the Government and the Council can achieve better housing outcomes for the District. The priorities are:
 - the continued development of additional land supply, as quickly as possible, to alleviate pressures in the housing market
 - the development of a mix of housing types that are aligned with the Council's intended plan for residential development to be more affordable, of medium density, closer to key central areas, and on good public transport routes.
5. The Accord replaces the Queenstown-Lakes Housing Accord signed in October 2014.
6. The Accord expires on the date the Housing Accords and Special Housing Areas Act 2013 (the Act) is repealed.

Background

7. Housing affordability and an adequate supply of suitable housing are key elements to maintaining a well-functioning, dynamic community with a strong economy. Currently the District's housing market is experiencing issues with the supply, affordability, and suitability of housing.
8. Businesses report difficulties attracting and retaining long-term and short-term staff due to a lack of affordable or suitable housing. 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.
9. In February 2017, the average house value in the District was \$1,039,434, a 29.5 percent increase from \$802,634 in February 2016. This is comparable to the average house value in Auckland (\$1,043,680) and well above the national average (\$631,349).

10. In January 2017, average weekly rents in Queenstown were the highest in the country at \$550, up 22.8 percent from \$448 in January 2016 and above average rents in Auckland (at \$518).
11. The median multiple (the ratio of median house prices to median incomes) for Queenstown was the highest in the country in February 2017 at 10.71; above the North Shore (10.04), Auckland Central (9.45), and the wider Auckland metropolitan area (8.84).
12. Queenstown's median multiple has increased from 10.16 in February 2016, and 7.55 in February 2015, indicating an increasingly unaffordable housing market over the last three years. Unaffordable homes contribute to increased pressures on families, communities, the social housing system, and on Government and Council support.
13. Real Estate Institute of New Zealand (REINZ) data shows sales volumes in Queenstown rose 2 percent from 54 in February 2016 to 55 in February 2017. The number of days to sell rose to 53 in February 2017, 12 more than the 41 in February 2016 and closer to the 10-year February average of 58 days.
14. The Statistics New Zealand population estimates indicate between 2.3 percent and 5.5 percent population growth per annum over the next three years. However, in 2016, Queenstown's population grew 7.1 percent.
15. As a tourist area, the District has a high proportion of holiday homes and visitor accommodation which adds further pressure to the housing market and residential land supply. The increasing prevalence of existing housing stock used for short-term rental through websites like Airbnb (due to the higher rental returns) further constrains the local rental market.
16. The District will require between approximately 750 and 1200 new dwellings per annum to account for projected population growth over the next three years.
17. Under the October 2014 Accord, a total of seven Special Housing Areas (SHAs) were gazetted in accordance with the Act, with a total potential yield of 1030 proposed dwellings.
18. The Act forms part of the government's housing affordability programme, which includes initiatives to address:
 - the supply of land available for residential purposes;
 - the efficiency and timeliness of the provision of infrastructure to new development;
 - the cost of construction materials;
 - costs and delays in regulatory processes; and
 - productivity in the construction sector.

19. 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.

Special Housing Areas

20. This Accord provides the Council with the legal ability to recommend the creation of SHAs to the Minister for Building and Construction (the Minister) under the Act.
21. If the Minister agrees with the Council, he may recommend that an Order in Council be made to establish the SHAs. This makes the area subject to more enabling development controls and streamlined resource consent processing. The Council can also access the powers available under the Act to facilitate faster consideration of housing developments that might otherwise struggle to achieve timely approval under the Council's District Plan and the Resource Management Act 1991.
22. The Accord is a key tool to facilitate development in SHAs that align with the Council's policy and regulatory framework (including the District Plan), and is therefore an important component of the Council's approach to housing in the District.

Principles to guide how the Government and the Council will work together

23. The Government and the Council agree to:
- work collaboratively to facilitate an increase in appropriate housing supply in the District by working in productive partnerships together and with others who may contribute to Accord priority actions;
 - allocate appropriate resources;
 - prioritise achievement of the targets in this Accord;
 - adopt a no surprises approach, sharing information in a timely manner, with appropriate regard to the likely sensitivity of some information; and
 - seek to resolve differences quickly; and
 - respect the obligations resulting from each party's statutory and legislative requirements.

Targets

24. The Government and the Council agree on the importance of targets to give effect to the purpose of this Accord and meet the District's housing needs.
25. These targets will be achieved through a combination of private sector development, direct Government and Council action, and collaborative action with other agencies including, Otago Regional Council, New Zealand Transport Agency, and the Queenstown Lakes Community Housing Trust.

26. The targets relate to the total number of sections and buildings consented (adjusted for overlap) over the whole Queenstown-Lakes District; including consents that do not fall within a SHA.
27. The Government and the Council agree, within their respective areas of control, to endeavour in good faith to achieve the agreed targets outlined in the table below within the timeframe of the Accord.

	Jan 17-Dec 17	Jan 18-Dec 18	Jan 19-Dec 19
Section and building consents	1100-1200	1200-1300	1300-1400

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

28. The section and building consents are based on current market conditions (i.e. experience over the past 12 months) remaining similar over the three years to 31 December 2019. Should there be a change in the market conditions or other relevant factors, these targets may be reviewed and new targets agreed between the Government and the Council.
29. If the Council achieves the targets outlined above, the increase in housing supply will contribute to addressing current pressures on the affordability, availability, and suitability of housing in Queenstown.

Priority actions

30. The Government and the Council agree to work together on the following priority actions under the Accord:

Aim	Actions	Commitments
Increase the supply of appropriate housing in Queenstown-Lakes	<p>Encourage developers to prepare their land and to 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 SHAs, to assist in improving the feasibility of development and realising more compact and more affordable housing options.</p> <p>As part of this process, the Council will consider applying minimum requirements for qualifying developments in terms of housing diversity, related to bedroom numbers, allotment sizes and density requirements.</p> <p>The Council will consider incentives which may potentially include, but not be limited to, the levying of development contributions and differential rating approaches.</p>

Aim	Actions	Commitments
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.
Facilitate the development of surplus Crown and Council land into residential housing	The Ministry for Business, Innovation and Employment (MBIE) and the Council will identify appropriate surplus Crown and Council land that may be used to facilitate residential development.	The Council will inform MBIE of any Crown land that would have the potential to be developed into residential housing.

Factors outside scope

31. The 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, processes, monitoring and review

32. Governance of the Accord will rest with a joint steering group (the Steering Group) comprising of the Minister and the Mayor.
33. The Steering Group may amend the Accord and its terms, including targets, by agreement. The targets shall be reviewed annually, subject to reports on progress and the state of the building/construction sector.
34. To operate the Accord, the Council and the Ministry of Business, Innovation and Employment will establish an officials' working group (the Working Group) which will meet as appropriate to:
- review progress in implementing the Accord;
 - review progress towards the declaration of SHAs;
 - review progress towards the implementation of SHAs and meeting Accord targets; and
 - discuss and agree other areas of joint action or information sharing.
35. The Working Group will report to the Steering Group and will prepare any progress or monitoring reports requested by the Steering Group.
36. The Steering Group will meet six-monthly to monitor and review the progress in implementing and achieving the purposes and targets of the Accord. An official from each of MBIE and the Council will be present to advise and observe the Steering Group meetings.

Dispute Resolution

37. The Government and Council will attempt to resolve any dispute or difference that may arise under or in connection with the Accord (including seeking to terminate) amicably and in good faith as set out below.
38. The initiating party must immediately refer the dispute to the other party in writing.
39. The Steering Group must meet for the purpose of resolving the dispute within 10 business days of the dispute being referred to the parties.
40. If, for any reason, the Steering Group is unable to resolve the dispute in the initial meeting referred to in clause 39 above, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the meeting referred to in clause 39 above.
41. 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 44 below.
42. The parties must continue to perform their obligations under the Accord as if the dispute had not arisen, pending final resolution of the dispute in accordance with this section of the Accord.

Termination of the Accord

43. The grounds on which the Accord may be terminated are:
 - failure to make substantial progress towards the agreed targets as set out in the Accord if failure results from inaction or ineffective action
 - failure of either party to allocate adequate resources to support the purpose or the exercising of powers and functions under the Act
 - failure on the part of the Council to exercise the powers and functions of an Authorised Agency under the Act
 - agreement between the parties that there is an irretrievable breakdown in the relationship. Notwithstanding any other provision of this Accord, the parties agree that clauses 37 to 42 shall not apply to a termination on this ground
 - the removal of the District from Schedule 1 of the Act (e.g. if the District no longer meets the affordability and land supply criteria provided for under the Act).
44. Subject to first complying with the requirements in clauses 37 to 42, either party may terminate this Accord, on any of the grounds set out in clause 43, by giving not less than six (6) months' notice to the other party.

Publicity

45. The Government and the Council agree that the Steering Group must mutually agree any communications or publicity relating to the Accord prior to release.

Ratification and Commencement of the Accord

46. The Accord commences from the date at which the latter of the following occurs:

- The Accord is signed by the Minister and the Mayor, and;
- The Council ratifies the agreement by formal Council resolution.

Signed on this 12th day of July, 2017



Hon Dr Nick Smith
Minister for Building and Construction



Councillor John MacDonald
for Queenstown-Lakes District
Council