

Policy Adjustment on Income Eligibility – 1.2

Queenstown Lakes Community Housing Trust
September 2012
Updated August 2016

Background

Upon the commencement of its *Shared Ownership* programme in 2008, QLCHT established an “Applicant Eligibility Criteria for Affordable and Community Housing Applicants” policy. This included an income test where applicants were deemed to be eligible for the programme if their household income did not exceed the 140% of the Area Median Income (AMI) band for the Queenstown Lakes District - as set and adjusted annually for the average wage inflation rate by the Queenstown Lakes District Council, or as published by Statistics New Zealand.

At its Board meeting in September 2012, QLCHT held a discussion on the income eligibility criteria and agreed it should be tightened. It was decided to remove larger families (more than five persons) from the prescriptive table and deal with these by exception.

It was also agreed to remove Band Level 8 from the qualifying table. Trustees further recommended developing a policy of targeted income ranges and to assist the setting of these targets it was agreed to analyse the percentage income spread of existing households.

Analysis of existing QLCHT household incomes reveals the following;

- *Shared Ownership Programme*: Inclusive of all Shared Ownership properties since February 2008, the 69 households had a couple of outliers in each of Band Levels 3 and 8 (40% and 140% AMI respectively). A further 10% fell in both Band Levels 4 and 7 (60% and 120% AMI’s) with the remainder (approx. 75%) falling within Band Levels 5 and 6 (80% and 100% AMI’s). These numbers support the proposition to drop QLCHT’s criteria to Band Level 7 as the maximum household income for Shared Ownership eligibility.
- *Rent Saver Programme*: Working off a more recent (September 2011) and much smaller sample size of four households, Rent Saver household incomes fell within Band Levels 6 and 7 (80% and 100% AMI Band Levels). Accordingly this validates QLCHT’s *Rent Saver* criteria of the maximum household income not exceeding the 100% AMI Band Level.
- *Affordable Rental Programme*: This programme was established in November 2013 for low income workers. Households must have a minimum income whereby they are not spending more than 35% of gross household income on 80% market rent. If a household is paying market rent they must have a minimum rent service ratio of 30. In general QLCHT’s *Affordable Rental* criteria of the maximum household income should not exceed 80-100% of the AMI (Band Levels 5/6).

Analysis of housing stress along the “housing continuum”, as examined by independent researcher, Katherine Davies, in her *Residential Rental Property Market Survey, 2012*, showed housing stress was identified in 30-60% of all households surveyed but predominantly so in households up to 120% of the AMI (Band Level 7).

Policy Adopted Trustee Meeting September 2012

QLCHT is to remove data for households larger than five persons from its prescriptive table, along with Band Level 8 (140% Area Median Income).

The maximum gross household income for the Shared Ownership programme will now be Band Level 7. The targeted income ranges for applicants of this programme is Band Levels 5-7 of the AMI.

The maximum household income for the Rent Saver programme is to remain at Band Level 6. The targeted income ranges for applicants of this programme is Band Levels 5-6 of the AMI. Any lower than this and the households would not be able to afford the market rent which is a component of the *Rent Saver* programme.

Policy Adopted Trustee Meeting August 2016

The maximum household income for the Affordable Rental programme is set at Band Level 6. The targeted income ranges for applicants of this programme is Band Levels 4-6 of the AMI.