



COMMUNITY  
HOUSING TRUST

QUEENSTOWN LAKES

# Annual Report 2014

Affordable Housing for Our Community

[www.qlcht.org.nz](http://www.qlcht.org.nz)

## Building an enduring asset for our community



### Trustees

Brian Donnelly, Dennis Pezaro, David Cole,  
Barry Robertson and Stephen Brent

### Trust Funds

= \$8,748,373 (+17%)

### Gross Assets

= \$22,700,572 (+68%)



# Chairman's Report

Housing - the cornerstone that underpins strong communities.



*It is often said that health, housing and education are the fundamental pillars of successful communities and there is gathering international evidence for the singular importance of good, accessible housing and its positive influence on crime rates, family cohesion and healthy neighbourhoods.*

Although housing affordability has achieved a higher level of attention nationally in the past year, it's a challenge that Queenstown has faced for longer than any other region. By most measures, we still have the highest property prices in the country, even though nationally gathered and published stats conceal reality by their analysis of house prices across the wider Central Otago region.

The broader contagion affecting affordability throughout the country has been well researched and debated, but here in Queenstown there are unique characteristics that stubbornly influence the cost of housing – our geography, our climate and a significant number of high-end builds that set benchmarks for labour rates well above national averages. We'd like to say affordability in our district is improving, but despite assisting a growing number of households, our waiting list for eligible families has never been higher. This is what continually challenges trustees as they meet each month to look at ways of providing support that provides pathways for households that lead to long term independent living for our lower income, committed workers.

Much of the resources of the Trust are derived from contributions received from developers under the principles of Plan Change 24, where some of the "planning gain" arising from the re-zoning of land is retained for the benefit of the community. It's an important and valuable principle that has been well supported by Council and has been the single greatest reason for the Trust being able to achieve its results to date. The principles of PC24 need to continue to be supported.

This year the Crown has not committed to its capital funding support and is only focused on subsidising rents for social housing provision. Until recently, this subsidy was only available to Housing New Zealand and it is pleasing that the Trust has been approved by the Crown for receiving this subsidy going forward. This Crown initiative will likely channel a bias towards more rental support programmes in the future.

A significant milestone for the Trust this year was to have Cabinet approve the settlement of the Trust's historic income tax liability. It has been a costly and unhelpful distraction for more than four years and hopefully the new tax exempt legislation that has been passed by Parliament will be accompanied by sensible regulations that will restore tax exemption certainty for all community housing providers in the country.

I must extend my thanks to a fine group of trustees and executive staff who again throughout the year have demonstrated commitment to a demanding agenda. Their skills have led to lively and inclusive debates and good decisions being implemented.

On behalf of trustees I must also acknowledge appreciation to Council for its support for the Trust's activities and in particular for backing the Suffolk Street project in Arrowtown. Work is underway and I am confident it will be a development the whole community will be proud of.

There are few blue prints to follow for addressing the housing issues in our community but the thinking developed by Council and the Trust has been ground breaking and innovative and is beginning to be replicated in other parts of the country. This lead should continue if we are to deliver a strong, cohesive community into the future.

David Cole

A handwritten signature in blue ink, appearing to be 'DC' or similar initials, written in a cursive style.

# Operations Report

## The Waiting List

As our resident population increases, so too does the demand for the support programmes we offer. This year we introduced a new offering – **Affordable Rentals**, and it has widened the spectrum of people we have the ability to help. Our waiting list now stands at over 260 eligible households actively seeking assistance from the Trust.

## Affordable Rentals

This new programme kicks off in Suffolk Street at the start of 2015. It is aimed at low income households with low or nil deposit. Rents will be set at 80% market rent or a 30% debt service ratio. Leases will be for a maximum of 5 years at which time the exiting household may be assisted into another dwelling through one of the Trust's other programmes such as Rent Saver or Shared Ownership.

## Rent Saver

This programme provides secure tenure for households along with an inbuilt savings incentive, so that over 5 years the household will have saved sufficient deposit to allow them to progress into a Shared Ownership property.

## Shared Ownership

This remains our most popular programme for so many young families who simply cannot make that first step into home ownership due to high property prices in the district. By providing between 15% and 40% of the purchase price, the Trust becomes a silent partner in the property and is registered on the title accordingly. As a household's financial situation improves we encourage them to buy the Trust's share, thus allowing the Trust to recycle the funds for another household on the waiting list. Recycling of funds also occurs when households decide to leave the property. At this time the Trust has first option to buy their share at current market value, or sell to a third party. Both of these options result in Trust funds being freed up and available for allocation to a new household on the waiting list.

## Community Link

The Trust is part of a social services umbrella group called Community Link. This one-stop social service shop operates out of the Queenstown Work and Income office with the Trust based there once a month. This enables people to drop in and chat to Trust staff while also providing valuable networking between local non-profit organisations.

## Shotover Country

While we wait for title to come through on our land at Shotover Country Estate, we are working through the design phase for our 44 sections. It is our goal to create an attractive and functional comprehensive development, which incorporates clever urban design with small "Starter Homes". The Trust maintains a philosophy of building small, smart, good quality homes which are accessible to low-moderate income workers.

*Julie Scott*



Julie Scott,  
Executive Officer

## The Stats

As at 31 July 2014

### Total Households Helped

|                          |           |
|--------------------------|-----------|
| # Rent-Saver properties: | 5         |
| # SO properties:         | 79        |
| Avg investment:          | \$119,292 |
| Sales/staircases:        | 18        |

SUPPORTED BY



# Suffolk Street Project

## Background

- At the end of 2013 Council transferred the land at this Suffolk Street site to the Housing Trust, enabling the Trust to move forward with plans for its new Affordable Rental project.
- A \$1m grant has been awarded by the Crown.
- The project is to be built over two stages to allow the Arrowtown Rugby Club continued access to its current clubrooms located on the site until the new Sports and Community facility is completed.

## Who will be living there?

- These Affordable Rental properties will be for tenures of up to five years, after which time households may be assisted into another dwelling through one of the Trust's other programmes.
- Priority will be given to households already residing in Arrowtown, and others who qualify under a needs assessment criteria.
- Two of the homes built in Stage 2 are designated for Aged Housing. Eligibility criteria have been drafted for these and will be signed off by Council.

## Timetable

- Dec 2013 : Land transferred to Housing Trust
- May 2014 : Inverness Crescent access easement granted
- July 2014 : Civil works commence
- Aug 2014 : Stage 1 construction begins
- Feb 2015 : Stage 1 construction completed
- Sep 2015 : Stage 2 anticipated construction to commence
- Jun 2016 : Stage 2 anticipated construction completion date

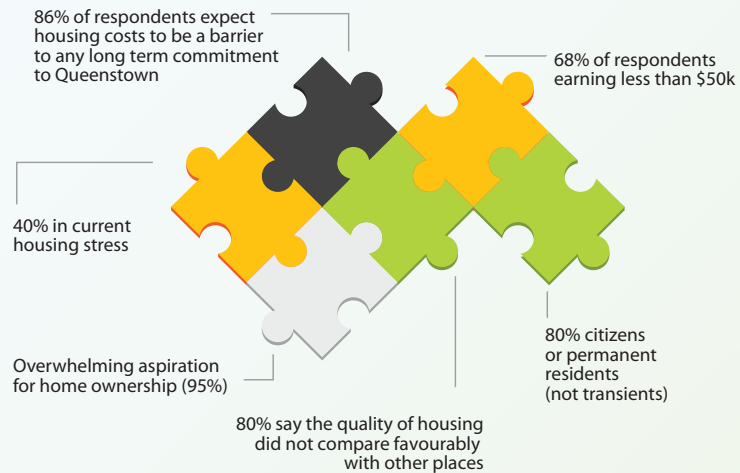


## Stage 1 Homes

- Designed by architects Dravitzki Brown
- 6 star Homestar rated
- Energy efficient design
- 127m<sup>2</sup> floor area including single garage
- 3 bedrooms plus 1 bathroom with separate toilet
- Fully landscaped including fruit trees
- Rain water collection tank for irrigation
- Hedge fenced sections

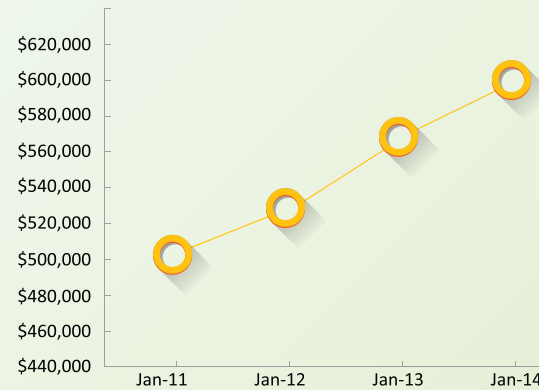


# Our Stats



## Independent research says homeownership still an important aspiration

To understand demand and plan strategically, the Trust has twice commissioned independent research into the local rental property market.



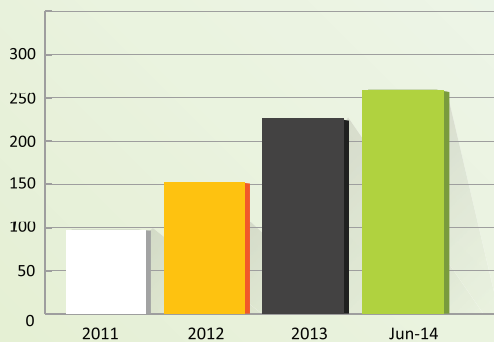
## Yet each year, it is becoming more of a challenge

The increase in house prices has continued at a pace out of sync with wages and general inflation.



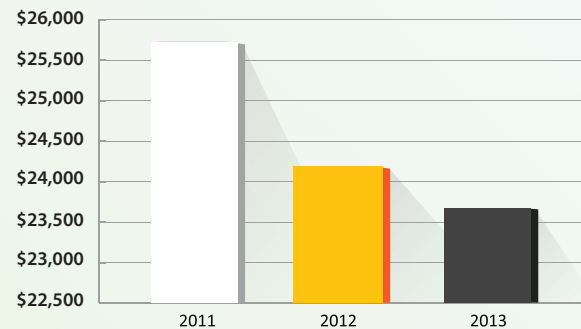
## While the number of new households we are assisting each year is growing

Every year we have been increasing the number of households we assist as we leverage against our assets and secure more Crown funding for new projects.



## The number of eligible households continues to grow

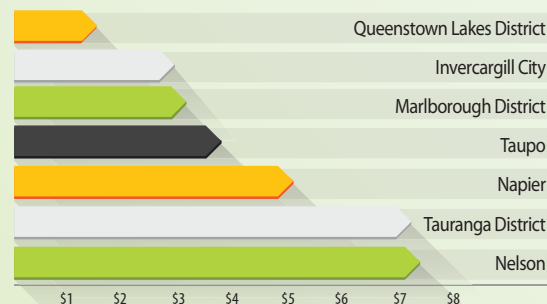
Since the Trust's formation in 2007 we have seen demand from eligible households grow steadily. This occurs as more first home buyers realise the local market is slipping beyond their reach.



## And their circumstances are becoming more challenging

As the Trust has evolved the average deposit of the households on our waiting list has been declining steadily – forcing us to create new programmes to help them.

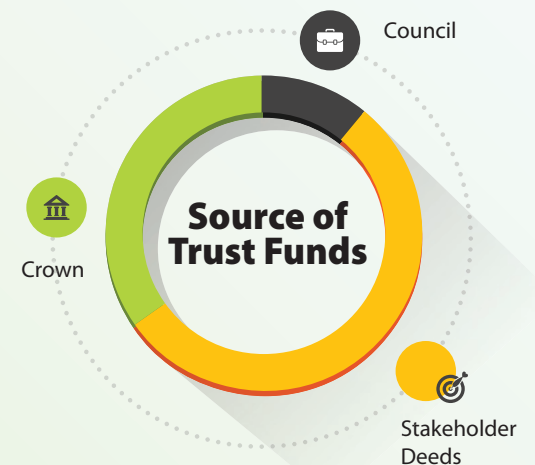
## Our district earns less support from the Crown's Accommodation Supplement than other regions



Weekly Accommodation Supplement per household adjusted for population differences (March 2014)

## Our funding model

The bulk of the Trust's funding comes from local developers who by signing Stakeholder Deeds with the Council acknowledge the importance of affordability in our community.



# Summary Consolidated Financial Statements

For the Year ended 31st March 2014

## Summary Statement of Financial Performance

|   | Group<br>2014<br>\$ | Group<br>2013<br>\$ | Parent<br>2014<br>\$ | Parent<br>2013<br>\$ |
|---|---------------------|---------------------|----------------------|----------------------|
| <b>INCOME</b>                             |                     |                     |                      |                      |
| Property Sales                            | 3,327,508           | 1,521,921           | —                    | —                    |
| Cost of Development Property Sold         | 3,210,593           | 1,526,347           | —                    | —                    |
| <b>Gross Surplus from Property Sales</b>  | <b>116,915</b>      | <b>(4,426)</b>      | <b>—</b>             | <b>—</b>             |
| <b>OTHER INCOME</b>                       | <b>1,952,573</b>    | <b>968,157</b>      | <b>1,506,477</b>     | <b>771,271</b>       |
| <b>TOTAL INCOME</b>                       | <b>2,069,488</b>    | <b>963,731</b>      | <b>1,507,477</b>     | <b>771,271</b>       |
| <b>LESS EXPENSES</b>                      |                     |                     |                      |                      |
| <b>ADMINISTRATION EXPENSES</b>            | <b>92,985</b>       | <b>91,479</b>       | <b>46,784</b>        | <b>45,557</b>        |
| <b>OPERATING EXPENSES</b>                 | <b>40,277</b>       | <b>43,841</b>       | <b>16,743</b>        | <b>25,085</b>        |
| <b>FINANCE EXPENSES</b>                   | <b>254,294</b>      | <b>132,532</b>      | <b>—</b>             | <b>5</b>             |
| <b>OTHER EXPENSES</b>                     | <b>384,981</b>      | <b>458,473</b>      | <b>228,981</b>       | <b>297,002</b>       |
| <b>TOTAL EXPENSES</b>                     | <b>772,537</b>      | <b>726,325</b>      | <b>292,508</b>       | <b>367,649</b>       |
| <b>SURPLUS BEFORE EXTRAORDINARY ITEMS</b> | <b>1,296,951</b>    | <b>237,406</b>      | <b>1,213,969</b>     | <b>403,622</b>       |
| <b>CROWN GRANT INCOME</b>                 | <b>6,009,337</b>    | <b>—</b>            | <b>6,009,337</b>     | <b>—</b>             |
| <b>LESS TAX EXPENSE</b>                   | <b>6,012,815</b>    | <b>—</b>            | <b>6,012,815</b>     | <b>—</b>             |
| <b>SURPLUS FOR THE YEAR</b>               | <b>1,293,473</b>    | <b>237,406</b>      | <b>1,210,491</b>     | <b>403,622</b>       |

## Summary Statement of Movement in Equity

|                            | Group<br>2014<br>\$ | Group<br>2013<br>\$ | Parent<br>2014<br>\$ | Parent<br>2013<br>\$ |
|----------------------------|---------------------|---------------------|----------------------|----------------------|
| Opening Balance            | 7,454,901           | 7,217,495           | 7,894,139            | 7,490,517            |
| <b>PLUS</b>                |                     |                     |                      |                      |
| Surplus for the Year       | 1,293,473           | 237,406             | 1,210,491            | 403,622              |
| <b>BALANCE AT YEAR END</b> | <b>8,748,374</b>    | <b>7,454,901</b>    | <b>9,104,630</b>     | <b>7,894,139</b>     |

## Summary Statement of Financial Position

|                                       | Group<br>2014<br>\$ | Group<br>2013<br>\$ | Parent<br>2014<br>\$ | Parent<br>2013<br>\$ |
|---------------------------------------|---------------------|---------------------|----------------------|----------------------|
| <b>EQUITY</b>                         | <b>8,748,374</b>    | <b>7,454,901</b>    | <b>9,104,630</b>     | <b>7,894,139</b>     |
| <b>NON CURRENT ASSETS</b>             | <b>15,757,657</b>   | <b>9,935,221</b>    | <b>10,178,210</b>    | <b>8,006,467</b>     |
| <b>CURRENT ASSETS</b>                 | <b>6,942,915</b>    | <b>3,595,137</b>    | <b>6,418,340</b>     | <b>1,586,674</b>     |
| <b>TOTAL ASSETS</b>                   | <b>22,700,572</b>   | <b>13,530,358</b>   | <b>16,596,550</b>    | <b>9,593,141</b>     |
| <b>LESS LIABILITIES</b>               |                     |                     |                      |                      |
| <b>NON CURRENT LIABILITIES</b>        | <b>7,658,149</b>    | <b>4,665,438</b>    | <b>1,450,367</b>     | <b>1,669,968</b>     |
| <b>CURRENT LIABILITIES</b>            | <b>6,294,049</b>    | <b>1,410,019</b>    | <b>6,041,553</b>     | <b>29,034</b>        |
| <b>TOTAL LIABILITIES</b>              | <b>13,952,198</b>   | <b>6,075,457</b>    | <b>7,491,920</b>     | <b>1,699,002</b>     |
| <b>NET ASSETS AS PER TOTAL EQUITY</b> | <b>8,748,374</b>    | <b>7,454,901</b>    | <b>9,104,630</b>     | <b>7,894,139</b>     |



## Statement Of Accounting Policies

### Reporting Entity

Queenstown Lakes Community Housing Trust is a Qualifying Trust operating in accordance with its Trust Deed and governed by the requirements of the Trustee Act 1956.

These are the Summary Financial Statements for Queenstown Lakes Community Housing Trust for the year ended 31 March 2014. The specific disclosures included in the summary financial statements have been extracted from the full financial statements dated 17 June 2014. These summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements of the entity have been prepared in accordance with generally accepted accounting practice in New Zealand for general purpose financial reports.

The entity qualifies for differential reporting as it is not publicly accountable and the entity does not exceed the size criteria. All differential reporting exemptions have been taken advantage of, with the exception of SSAP 22 Related Party Transactions.

The audit opinion on the full financial statements for the year ended 31 March 2014 was unqualified.

The summary financial statements were authorised for issue by the Trustees on 17 June 2014.

### Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed in the preparation of these accounts.

### Specific Accounting Policies

All Specific Accounting Policies have been applied on the same basis as those used in the full consolidated financial statements of the trust.

### Income Tax

During the year ended 31 March 2014 the Trustees and

management have negotiated a final settlement with respect to the historical tax issues arising from the Trust's Charitable status being revoked with retrospective application from 2 March 2011.

In consultation with the Inland Revenue Department the Trust determined the following tax obligations in respect of current and prior financial periods:

|               | \$               |
|---------------|------------------|
| 31 March 2008 | 1,157,438        |
| 31 March 2009 | 2,929,286        |
| 31 March 2010 | 74,561           |
| 31 March 2011 | 202,283          |
| 31 March 2012 | 626,736          |
| 31 March 2013 | 167,749          |
| 31 March 2014 | 854,762          |
|               | <u>6,012,815</u> |

The tax assessments for each of the current and prior periods has been agreed with the Inland Revenue Department and is considered a full and final settlement of the historical tax position.

The Trustees have negotiated a settlement arrangement with the Crown whereby the Crown has agreed to fund the settlement of the historical tax obligations. Included in the financial statements for the year ended 31 March 2014 is a Crown grant for \$6,009,337 reflecting the Crown's commitment to fund the tax obligations noted above.

The Trustees continue to work with various parties, including the Inland Revenue Department, legislators and politicians regarding the ongoing impacts arising from changes to taxation legislation affecting the Trust.

### Changes In Accounting Policies

There have been no changes in Accounting Policies. All policies have been applied on a basis consistent with those used in the last year.

**Deloitte.**

#### INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE TRUSTEES OF QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

##### Report on the Summary Financial Statements

The accompanying summary financial statements of Queenstown Lakes Community Housing Trust and group on pages 8 to 9, which comprise the consolidated and separate summary statements of financial position as at 31 March 2014, and the consolidated and separate summary statements of financial performance and consolidated and separate summary statements of movements in equity for the year then ended, and related notes, are derived from the audited financial statements of Queenstown Lakes Community Housing Trust for the year ended 31 March 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 17 June 2014.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Queenstown Lakes Community Housing Trust.

##### Board of Trustees Responsibility for the Summary Financial Statements

The Board of Trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43: *Summary Financial Statements*.

##### Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810: *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in Queenstown Lakes Community Housing Trust or any of its subsidiaries.

##### Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Queenstown Lakes Community Housing Trust for the year ended 31 March 2014 are consistent, in all material respects, with those financial statements, in accordance with FRS-43: *Summary Financial Statements*.






**Chartered Accountants**  
17 June 2014  
Dunedin, New Zealand

The full audited report is available on the Trust's website at [www.qlicht.org.nz](http://www.qlicht.org.nz)

# Directory

For the Year ended 31st March 2014

|                          |   |
|--------------------------|---|
| Settlor                  | Graeme Morris Todd  |
| Date Settled             | 15 January 2007   |
| Date Of Incorporation    | 12 July 2007  |
| Trustees                 | David Cole<br>Barry Robertson<br>Dennis Pezaro<br>Brian Donnelly<br>Stephen Brent   |
| Accountants              | McCulloch & Partners, PO Box 64, Queenstown   |
| Solicitors               | Anderson Lloyd Lawyers, Queenstown<br>Preston Russell Law, Queenstown<br>Cavell Leitch Law, Queenstown  |
| Bankers                  | ASB Bank, Queenstown<br>SBS Bank, Queenstown  |
| Auditors                 | Deloitte, Dunedin   |
| Membership Organisations | Queenstown Community Link<br>Queenstown Interagency Group<br> Queenstown Chamber of Commerce<br> Community Housing Aotearoa<br> Member of Australasian Housing Institute |

"As soon as I stepped into my house I felt really calm and relaxed."

"My friends have said they have noticed a change in me and my two young boys have said I'm a lot happier."

"The Shared Ownership Programme is a godsend - without it I wouldn't have been able to afford the unit I'm in now."

"I have noticed an increased sense of abundance and prosperity and that things are getting on track in my life."

"We are extremely happy in our Castle, especially with the location."



"Owning our own home was only a distant dream which we never could have accomplished without the Housing Trust's help."

"I feel more secure and safe."

Christmas Party 2013  
Nerin Square Residents



Vanessa van Uden,  
Mayor

"The Council supports the Community Housing Trust's efforts to increase the amount of affordable housing available in our district. QLDC is also in discussion with the Government about entering into a Housing Accord and we are proposing to make provision for high density residential accommodation in the rezoned Lakeview site in central Queenstown. All of these initiatives should have a positive impact on housing availability in our district."

– Mayor Vanessa van Uden



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