



# *Annual Report 2017*

## HOUSING OUR COMMUNITY

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



COMMUNITY  
HOUSING TRUST

QUEENSTOWN LAKES

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*Trust funds*  
= \$19,233,403 (+43%)

Trustees (L-R) Joanne Conroy, Gigi Hollyer, Peter Southwick, Martin Hawes, Raymond Key and Stephen Brent.



*Decent affordable* housing with *secure tenure*, to assist committed residents of the Queenstown Lakes District

# Chairman's Report

## THE HOUSING CRISIS IN QUEENSTOWN LAKES IS BITING HARD

Everywhere I go I hear the same story: employers find someone for a job vacancy but the prospective employee turns down the job because of the cost and unavailability of housing. This has probably been holding the area back for some years but now the problem is acute with no sign of relief.

In the last 10 years, QLCHT has helped 150 households. To do this we had to start from scratch, build capacity and find our own way to best help the people who need it.

This has not always been easy and we have much to thank our staff for as well as both past and present Trustees. Nevertheless, despite the challenges, the Trust finds itself in a position where it has a good track record. This is because at the same time as we have been helping people into houses we have developed capacity. That will mean we can help many more people in the future.

This capacity to act at scale in the future is probably every bit as valuable as the help that we have already given. In the last year, we completed our biggest ever project: we built 44 houses in Shotover Country. It gives us the systems, processes, ability and confidence to work at this scale and, with some more work, at a scale far beyond this.

This is important because although we may have helped 150 households in the last 10 years, to make a real difference we need to think of helping 1,000 households in the next 10 years.

This is ambitious but important. QLCHT needs to make a difference: it may take something like 1,000 affordable houses to change things for the better.

At the moment, we have a very good-looking pipeline but little is flowing through. In the immediate future we have some small projects but have been unable to find the kind of scale that will make enough difference.

Perhaps most hopeful is not so much any potential future projects, but the attitude of our Council. QLDC seems set to tackle the housing crisis front on and the taskforce that has been appointed is working its way through some important issues and possible solutions. This is to be commended and the Trust is ready and able to help.

There are three things which I think important for our future:

1. We all have to accept that housing will be denser and smaller.
2. We need to find the best form of tenure for long-term residents. The Mayor's Housing Taskforce is currently working on different forms of ownership arrangements.
3. QLCHT must work on building capacity so that we can perform well at scale. We have a big task ahead and we have to be prepared to pick up the load.

I would like to take this opportunity to thank our two staff members, Julie Scott and Corina Sommerville. I also convey my gratitude to Trustees Gigi Hollyer, Jo Conroy, Raymond Key, Peter Southwick and, especially, Stephen Brent. Stephen has filled the role of Chair for the last year but stepped down as Chair in July 2017. Fortunately, he continues as a Trustee.



Martin Hawes



# Operations Report



*Newhome* Riverside Development, Wanaka

## THE CRISIS CONTINUES

The past 12 months has seen growth in our district continue relentlessly. Supply of new housing has simply been unable to keep up with demand, and local families are part of the collateral damage as they struggle to find affordable and secure tenure accommodation. We are pleased to announce we have completed construction of two developments and assisted 55 households in a 12 month period; however our waiting list has increased by 30% from this time a year ago. We now have 460 eligible households seeking housing assistance from us. This year we celebrate 10 years in operation, and reflect on our successes and challenges as a not-for-profit housing trust, operating in one of the country's most unaffordable districts.

## SHOTOVER COUNTRY - QUEENSTOWN

This project was completed on time and within budget in December 2016. We were able to assist 33 households into their own homes through the Shared Ownership programme, and 11 families into affordable, secure tenure rental properties in time for Christmas. Positive feedback from the community has highlighted the importance of clever urban design within a medium density comprehensive development. A good quality landscape masterplan has brought together the different house styles to create a cohesive community. We extend our thanks to the subdivision developers, the Stalker family, and original landowners, for committing to the Inclusionary Zoning process, and helping 44 households into good quality, affordable homes.



## RIVERSIDE DEVELOPMENT - WANAKA

We commenced building here in October 2016 and had completed construction 8 months later. Build contractor, Breen Construction, once again helped us deliver these 11 new properties on time and within budget. We sold 6 of these properties to families under Shared Ownership, and retained 5 homes within our rental portfolio, as a mixture of our Rent Saver and Affordable Rental programmes. This was the Trust's first development in Wanaka, and we offer our appreciation to Infinity Investments for contributing the land as part of their subdivision zoning process.

## SPECIAL HOUSING AREAS

QLCHT is set to receive a number of sections and monetary payments from developers as part of the SHA process. Timing of contributions will vary according to staging of titling, with the first transfers of land due within the next 12 months in Lake Hayes Estate and Shotover Country. We are currently working on development design for one of these sites and looking at opportunities to partner with the Wakatipu High School Foundation to prioritise housing for local teachers.

## WRAP AROUND SERVICES

The Trust understands the value of wraparound services for our clients and we continue to work closely with other social service groups to ensure those in need get all the help they require. This includes being a member of Community Link Queenstown, supporting Strengthening Families, and referring clients to various social service providers on a regular basis.

## MAYORAL HOUSING TASKFORCE

In April of this year I joined 16 other individuals to establish a housing taskforce for the District. Members represent a range of skillset, knowledge and sectors, and are focused on finding tangible solutions to the housing issue. We applaud Council for taking the lead on this matter, and are working hard on creating a new model that will address the needs of moderate and low-income residents, including families, without distorting or devaluing the existing market.

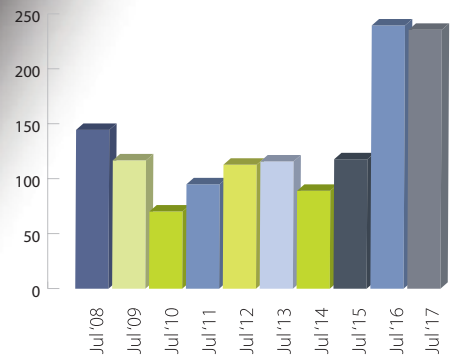


*Newhome* Riverside Development, Wanaka

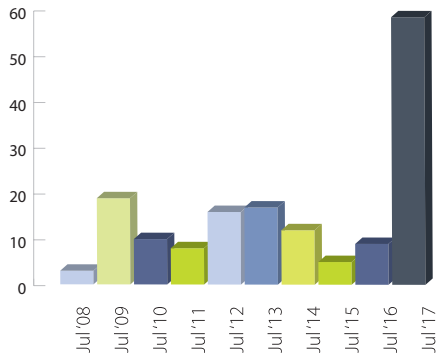
# Ten Years of Trust

# 10

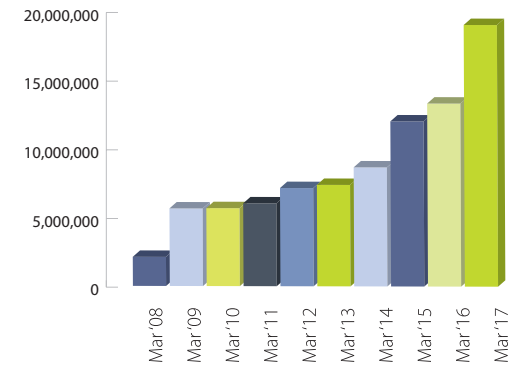
EXPRESSIONS OF INTEREST VIA WEBSITE



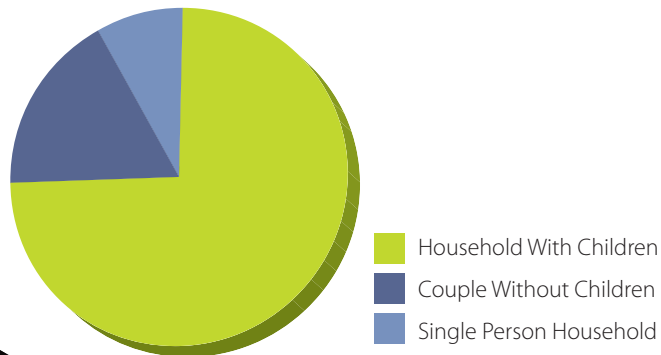
HOUSEHOLDS ASSISTED INTO A HOME



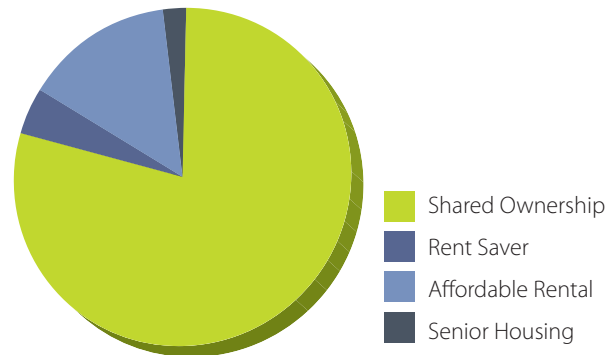
NET ASSETS



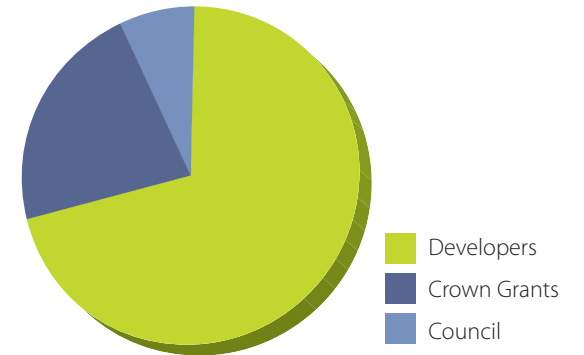
HOUSEHOLD DEMOGRAPHICS



PROGRAMME STATISTICS



FUNDING SOURCES



## INCLUSIONARY ZONING

Inclusionary zoning (IZ) is a term referring to town planning rules which require a portion of new land development to be retained as affordable housing for people on low to moderate incomes.

The theory behind IZ is that when land is upzoned (eg from rural to residential) it creates a huge uplift in value and that the community should share in the benefit of that uplift. This uplift is known as the “planning gain”.

### Here’s an example:

Take a 5 Hectare piece of rural Queenstown land which is worth say \$3m because it is only suitable for farming due to its zoning status.

However if this land was rezoned to residential thereby allowing the landowner to subdivide it into 100 new 400m<sup>2</sup> sections worth say \$250k each, then the total value of the land increases to \$25 million by virtue of the rezoning. Now let’s say the cost of subdividing the land is \$7m, so that leaves a profit of \$15m!

Simply by rezoning the land from rural to residential, creates the potential for massive profit once the land is developed, so the land is worth millions more than it was when designated as farmland.

Our local Council believes some of the uplift in value which is created through the plan change process should come back to the community. This is managed through IZ agreements between the land developer and Council, which require that a small percentage of the value created goes to QLCHT as stakeholder for the community - usually in the form of land or cash.

As a not-for-profit, registered Community Housing Provider, QLCHT is best placed to manage these assets on behalf of the community to ensure the value is retained in perpetuity.

Around 20 IZ agreements have been signed throughout the District. Some have been satisfied in full already, whilst others are pending as work on the development is carried out.

The contributions received from these land developers has enabled QLCHT to assist many families into affordable, secure tenure housing from Glenorchy to Hawea and everywhere in between!



*Settled* A happy family

*“We are so grateful to the Trust for this opportunity, and look forward to progressing towards independence.”*

# Summary Consolidated Financial Statements

For the Year ended 31st March 2017

## Summary Statement of Comprehensive Revenue and Expense

	Group 2017 \$	Group 2016 \$
REVENUE FROM EXCHANGE TRANSACTIONS	15,859,125	1,550,657
REVENUE FROM NON-EXCHANGE TRANSACTIONS	50,000	462,000
OTHER INCOME	193,711	268,746
<b>TOTAL INCOME</b>	<b>16,102,836</b>	<b>2,281,403</b>
LESS EXPENSES		
COST OF GOODS SOLD	8,931,549	-
ADMINISTRATION EXPENSES	198,185	129,322
OPERATING EXPENSES	143,566	89,117
FINANCE EXPENSES	519,344	367,880
OTHER EXPENSES	528,550	378,262
<b>TOTAL EXPENSES</b>	<b>10,321,194</b>	<b>964,581</b>
<b>SURPLUS FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE AND EXPENSES</b>	<b>5,781,642</b>	<b>\$1,316,822</b>

## Summary Statement of Financial Position

	Group 2017 \$	Group 2016 \$
<b>EQUITY</b>	<b>19,233,403</b>	<b>13,451,761</b>
NON CURRENT ASSETS	20,758,019	23,199,827
CURRENT ASSETS	7,158,978	2,973,034
<b>TOTAL ASSETS</b>	<b>27,916,997</b>	<b>26,172,861</b>
LESS LIABILITIES		
NON CURRENT LIABILITIES	8,058,212	6,586,965
CURRENT LIABILITIES	625,382	6,134,135
<b>TOTAL LIABILITIES</b>	<b>8,683,594</b>	<b>12,721,100</b>
<b>NET ASSETS AS PER TOTAL EQUITY</b>	<b>19,233,403</b>	<b>13,451,761</b>

## Summary Statement of Movement in Equity

	Group 2017 \$	Group 2016 \$
Opening Balance	13,451,761	12,134,939
PLUS		
Surplus for the Year	5,781,642	1,316,822
<b>BALANCE AT YEAR END</b>	<b>19,233,403</b>	<b>13,451,761</b>

## Summary Statement of Cash Flows

	Group 2017 \$	Group 2016 \$
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITY	1,675,706	1,208,451
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(1,461,616)	(3,795,353)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	496,391	3,612,640
NET CASH INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	710,481	1,025,738
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,951,024	1,925,286
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3,661,505	2,951,024
REPRESENTED BY		
ASB BANK ACCOUNTS	842,721	1,686,709
SBS BANK ACCOUNTS	2,818,784	1,264,315
	3,661,505	2,951,024



# Statement of Accounting Policies

**Reporting Entity** Queenstown Lakes Community Housing Trust operated in accordance with its Trust Deed and is governed by the requirements of the Trustee Act 1956. The Trust is a Public Benefit Entity.

These are the Summary Financial Statements for Queenstown Lakes Community Housing Trust for the year ended 31 March 2017. The specific disclosures included in the summary financial statements have been extracted from the full financial statements dated 18 July 2017. 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 summary financial statements comply with the Public Benefit Entity Standards Reduced Disclosure Regime as appropriate for Tier 2 not-for-profit public benefit entities.

The audit opinion on the full financial statements for the year ended 31 March 2017 was unqualified.

The summary financial statements were authorised for issue by the Trustees on 18 July 2017.

**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.

The summary financial statements are presented in New Zealand dollars.

**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.

**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.

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

**Deloitte.**

## Independent Auditor's Report on the Summary Consolidated Financial Statements

### To the Trustees of Queenstown Lakes Community Housing Trust

**Opinion**

The summary consolidated financial statements of Queenstown Lakes Community Housing Trust (the 'entity') and its subsidiaries (the 'Group'), which comprise the summary consolidated statement of financial position as at 31 March 2017, and the summary consolidated statement of comprehensive revenue and expense, summary consolidated statement of movements in equity and summary consolidated cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of the Group for the year ended 31 March 2017.

In our opinion, the accompanying summary consolidated financial statements, on pages 8 to 9, are consistent, in all material respects, with the audited consolidated financial statements, in accordance with PBE FRS 43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

**Summary consolidated financial statements**

The summary consolidated financial statements do not contain all the disclosures required by Public Benefit Entity Standards Reduced Disclosure Regime. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report.

**The audited consolidated financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 18 July 2017.

**Board of Trustees' responsibilities for the summary consolidated financial statements**

The Board of Trustees are responsible on behalf of the Group for the preparation of the summary consolidated financial statements in accordance with PBE FRS 43: *Summary Financial Statements*.

**Auditor's responsibilities**

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) ('ISA (NZ)') 810 (Revised): *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 the entity or any of its subsidiaries. These services have not impaired our independence as auditor of the entity and Group.

**Restriction on use**

This report is made solely to the Board of Trustees, as a body, in accordance with our engagement letter dated 17 May 2017. Our audit has been undertaken so that we might state to the Board of Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Deloitte Limited*

Dunedin, New Zealand  
18 July 2017

# Directory

SETTLOR	Graeme Morris Todd
DATE SETTLED	15 January 2007
DATE OF INCORPORATION	12 July 2007
TRUSTEES	M Hawes S R Brent P B Southwick G H A Hollyer J M Conroy R J Key
ACCOUNTANTS	McCulloch & Partners, PO Box 64, Queenstown
SOLICITORS	Anderson Lloyd Lawyers, Queenstown Cavell Leitch, Queenstown
BANKERS	ASB Bank, Queenstown SBS Bank, Queenstown
AUDITORS	Deloitte, Dunedin
IRD NUMBER	97-121-805
MEMBERSHIP ORGANISATIONS	Queenstown Community Link Queenstown Interagency Group Queenstown Chamber of Commerce Community Housing Aotearoa Australasian Housing Institute

# Summary of Affordable Rental Programme

## ELIGIBILITY CRITERIA

- The property must be used exclusively as the **household's primary residence** and must not be vacated by the household for more than four weeks over a 12 month period.
- Household income **must not exceed 90%** of the area median.
- At least one person from the household **must be a New Zealand permanent resident or citizen**.
- **All tenancies** are subject to the Residential Tenancies Act 1986.
- All tenants **must not** have an interest in or **own property**.
- Applicants must already be **established in the district**.
- The household must **commit to repaying debt and a savings goal**.



*Security* Abby and Ella

*"Getting into a rental property with the Housing Trust has been a real blessing for us. The affordable rent and five year lease provides us with security and helps us plan for the future. And it's a great community here for kids!"*



*New homes* Shotover Country, Queenstown



*"The Queenstown Lakes District is in a period of sustained growth, at rates which are outstripping the rest of the country in most respects.*

*We acknowledge and welcome the ongoing excellent work being done by the Queenstown Lakes Community Housing Trust, which continues to play a central role supporting families into their own home.*

*We look forward to continuing our close working relationship to the benefit of our local community seeking quality, affordable housing."*

**Jim Boulton**  
**Queenstown Lakes Mayor**