



OPENING DOORS

for the Local Community

www.qlcht.org.nz



HELPING COMMITTED RESIDENTS OF THE QUEENSTOWN LAKES DISTRICT INTO DECENT AFFORDABLE HOUSING WITH SECURE TENURE



Trustees (L-R) Raymond Key, Joanne Conroy, Andrew Blair, Jayne Macdonald, Gigi Hollyer, and Phil Smith



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Trust Funds
\$24,235,065 (+8%)

Chair's Report

As Chair, I'm pleased to present our 2020 annual report, which reflects the strong and stable state of the Trust. During recent months as individuals and organisations, we have all been subjected to the impact of COVID-19, and I'm very proud of the way the Trust has weathered the storm thus far.

Following the nationwide lockdown due to COVID-19, our major concern was the impact this would have on our community and especially those households we have been able to assist into housing to date and those on our waiting list. We were also concerned about what impact COVID-19 might have on our future projects, including our \$26m contract to purchase 50 Toru apartments. It is pleasing therefore to report we have maintained a strong balance sheet, and the Trust is well placed to continue with this and our other projects already underway, as well as those in the pipeline. The solid financial position of the Trust was recently endorsed by our independent auditors at Deloitte.

We were delighted to receive Government backing for the Toru project in the form of a \$6.365m loan, which demonstrates clear support for our innovative Secure Home programme, which we launched last year. The Toru apartments represent a form of housing which QLCHT has not previously been involved with, yet we openly recognise the need for more high density housing in the Queenstown/Frankton areas, and we are proud to be a part of making this happen.

With our 6-home Hikuwai development under construction in Wanaka, and 68 homes at Tewa Banks (Arrowtown) and 13 homes in Onslow Road (Lakes Hayes Estate) in the final planning stages, we have plenty to keep us busy over the coming year.

Although COVID-19 has applied downward pressure on the rental market, our Renters' Survey undertaken in June confirms that housing affordability remains an issue in this District, and highlights the important role the Trust plays in alleviating housing stress.

The findings from this report helps us better understand what housing hurdles renters are facing, and where the greatest need lies in terms of future programmes and the allocation of resources.

I would like to acknowledge and thank the dedication and hard work of Wanaka-based Trustee, Peter Southwick, who retired in March after five years on the Board. Peter tirelessly contributed excellent property and governance skills to the Trust. Whilst we are disappointed to lose Peter, we were pleased to welcome long time Wanaka resident, Phil Smith, onto the Board. The Trust will benefit from Phil's strong background in property and construction.

I also wish to formally recognise the significant contributions of all Trustees who have remained focused and diligent in advancing the objectives of the Trust and have continued to adhere to the values of the organisation.

I also acknowledge with gratitude the fantastic ongoing efforts of our Executive Officer Julie Scott, and our other valued team members over what was a challenging year. They have remained committed to delivering appropriate and supportive outcomes for our households throughout these challenging times.

I express my ongoing thanks to Mayor Jim Boulton, Councillors and QLDC staff for prioritising affordable housing and supporting the Trust. Special thanks to the three Councillor representatives who attend our Board meetings and provide Trustees with valuable insight and guidance.

Our collective goal of assisting 1000 households into affordable and secure housing by 2028, remains high on the agenda for all of us.



Andrew Blair, Chair

Operations Report

COVID-19 Impact and the Waiting List

COVID-19 has had a serious impact on many of our existing households, as well as those on our waiting list. We have provided rent reductions for tenants who have needed it, and ensured all our assisted-ownership households are able to access a mortgage holiday if they've deemed it necessary. Whilst the full impact of this pandemic is not yet known, we will continue to respond with nimbleness and flexibility to the evolving situation.

I have fielded many enquiries as to whether our waiting list has increased or decreased as a result of COVID-19. Interestingly, we saw the list remain stagnant for the lockdown period with no new online registrations, before a sudden spike in expressions of interest in June/July. With well over 600 eligible households on the list now, demand for housing assistance is growing steadily, despite the fact rent prices have reduced post COVID-19.

Renter's Survey

Our 2020 Renter's Survey revealed that tenants in Queenstown and Wanaka are still experiencing significant housing stress in the rental market. We surveyed more than 500 renters in June as part of our regular market research into the residential rental situation across the district. This year's survey was expanded to include questions around wellbeing and the personal impact of COVID-19. Notably, housing costs remain the single largest cost item in a household budget for most of our key workers in town and incomes simply don't compensate for these higher costs in our district.

Renters Survey Revealed:

There is still significant stress in the Queenstown and Wanaka rental market with housing remaining the single largest cost item in a household budget.

Hikuwai developer Lee Brown, Julie Scott and Waitaki MP and National's Spokesperson for Housing and Urban Development, Jacqui Dean



Homes under construction at Hikuwai, Wanaka



Media announcement of the Progressive Home Ownership funding with Green Party Housing Spokesperson Marama Davidson, Housing Minister Megan Woods, and representatives from New Zealand Housing Foundation



Toru Apartments

After signing a contract to purchase 50 one and two-bed Toru apartments from the developer in 2017, it's exciting to have the finish line in sight, with settlement scheduled for February 2021. A significant amount of time has been spent obtaining alternative funding options for this project, which will enable QLCHT to provide a truly mixed tenure model throughout the 50 units we have under contract.

We are currently looking to allocate around half the units to our Secure Home programme, assign up to 15 into Public Housing (via a contract with the Crown), and retain the remainder through a mixture of affordable rentals and our rent-to-buy programme, Rent Saver.

The announcement in July for a \$6.365m interest-free loan from the Government to fund 25 Secure Home Toru properties was a gratifying moment on a number of levels. Primarily, it enables us to offer an affordable, secure tenure ownership option to households on our waiting list, and secondly it demonstrates clear support for our innovative Secure Home programme which we launched last year. This funding is part of the first phase of a wider \$400m Progressive Home Ownership scheme the Government is rolling out across the country, and we aim to access this funding stream for other projects we are working on. I have been part of a collective working with the Ministry of Housing and Urban Development to design the scheme, which aims to help several thousand low-moderate income renter households into their own homes throughout New Zealand. It's fantastic to see Government recognition for alternative home ownership programmes like those our sector offers, and financial support of this nature will enable community housing providers across the country to scale up and help more Kiwis into home ownership.

Hikuwai Project

We were delighted to receive 6 sections from the developer of Hikuwai in Wanaka earlier this year. We currently have a mixture of two, three and four-bed homes under construction with Breen Homes. These properties consisting of a mixture of rentals and Secure Home, will be ready for households to move into early 2021.

Tewa Banks Project

After engaging architects last year, we have created a 68-Lot masterplan for this significant community housing development in Arrowtown. Unfortunately COVID-19 has caused delays to the project timeframe, however it is still very much in the pipeline and we expect to be in a position to commence civil works early 2021.

Julie Scott



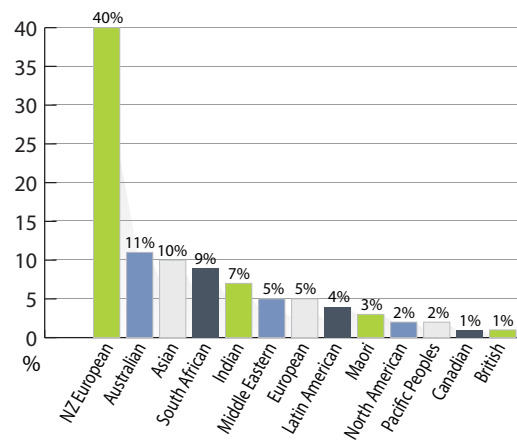
Julie Scott, Executive Officer

2020 Renters Survey

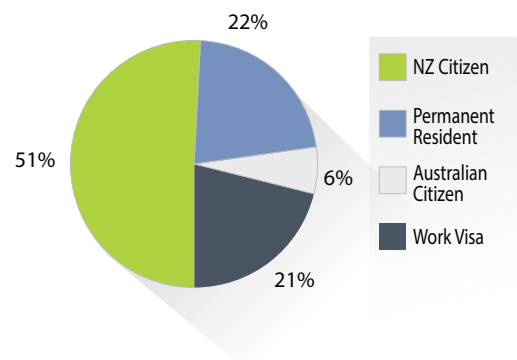
Housing is a fundamental human need.

Everyone needs some form of housing in order to survive. But we have needs and wants beyond a simple roof over our heads. We desire a home. A home should nurture and protect us. It should not only be hospitable, but be safe, warm and dry. It should have clean air and sunlight readily accessible, and be part of a community or environment which supports and protects us.

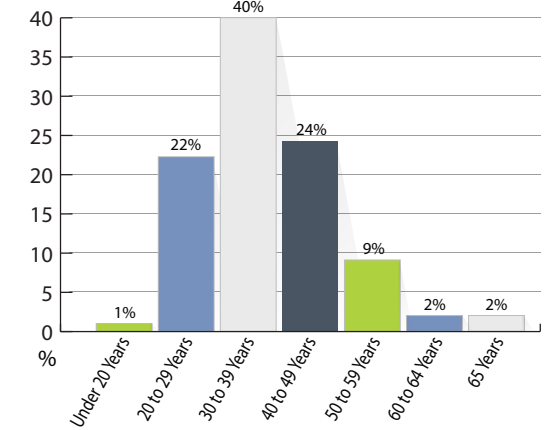
Ethnicity



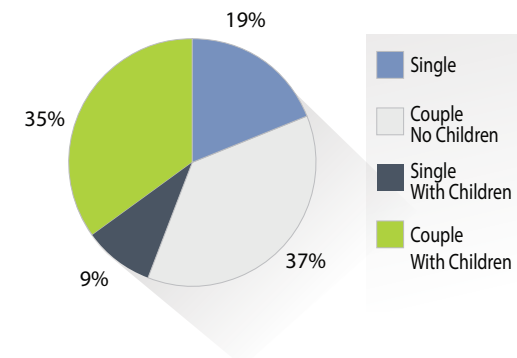
Residency Status



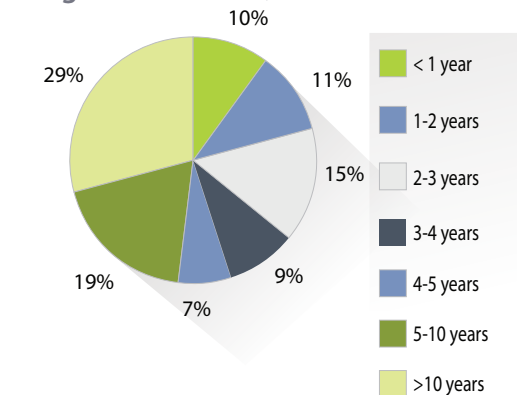
Age



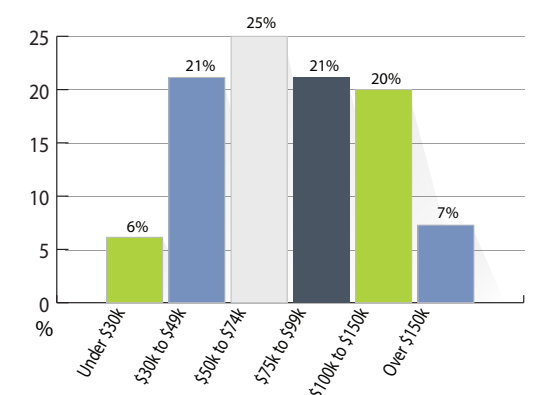
Household Configuration



Length of Time in Queenstown Lakes District



Household Income



89%

89% of respondents consider, or possibly consider, housing affordability a barrier to their long-term commitment to the District

78%

78% of respondents who have rented in other parts of New Zealand consider affordability in the district worse than the rest of the country

25%

25% of respondents are unsatisfied with the warmth and dryness of their current housing, with the cost of heating and poor insulation noted as key barriers to adequate heating

94%

94% of respondents identified at least one positive experience to come out of their COVID-19 lockdown period

79%

79% of respondents experienced some degree of lost income, either through redundancy or reduced hours of work due to COVID-19

Key Findings

78% of respondents aspire to buy a home in the district and when asked about a timeframe to buy, the most common response was in the next one to three years (41%) and nearly a quarter of respondents in the longer term. Whilst many gave reasons such as increasing income, increasing deposit and reducing debt for waiting, many also said they're waiting for greater job stability and hopefully reduced house prices, both in response to the impact of COVID-19.

In regards to affordable housing, it was interesting and pleasing to see a greater preference for smaller properties compared to previous survey results. 39% indicated they would like a three-bedroom property and 51% indicated smaller.

In regards to wellbeing and the personal impact of COVID-19, to compensate for loss or reduction of income, 70% of respondents cut surplus spending; 60% reduced their grocery bill and 56% used their car less. While these are sound budgeting choices, some had to go further with 12% going into debt, 6% no longer making debt

repayments, 4% not using any heating and most worryingly, 14% are skipping meals. Whilst almost three quarters have had their rent reduced by their landlord, 43% of those respondents say their rent is still unaffordable, due to the degree of financial impact from COVID-19. When asked in what ways they feel supported, 77% of respondents stated friends, with the next largest group stating work, 60%. Next highest at 25% was extended family and it was interesting to learn that 55% have family that they're connected to in New Zealand.



Summary Consolidated Financial Statements

For the Year ended 31 March 2020

Summary Statement of Comprehensive Income and Expense

For The Year Ended 31 March 2020

	Group	
	This Year \$	Last Year \$
Income		
Revenue From Exchange Transactions	3,176,820	3,853,027
Revenue From Non-Exchange Transactions	819,258	120,488
Other Income	127,740	104,334
Total Income	<u>4,123,818</u>	<u>4,077,849</u>
Less Expenses		
Cost of Goods Sold	996,101	1,661,886
Administration Expenses	89,444	114,516
Operating Expenses	262,440	314,920
Finance Expenses	215,906	230,337
Other Expenses	672,142	678,329
Total Expenses	<u>2,236,033</u>	<u>2,999,987</u>
Surplus for the Year and Total Comprehensive Revenue and Expense	<u>1,887,785</u>	<u>1,077,862</u>

Summary Statement of Financial Position

As at March 2020

	Group	
	This Year \$	Last Year \$
Equity	<u>24,235,065</u>	<u>22,347,280</u>
Represented by:		
Assets		
Non Current Assets	18,451,611	19,140,082
Current Assets	<u>11,455,851</u>	<u>9,167,082</u>
Total Assets	<u>29,907,462</u>	<u>28,307,166</u>
Less Liabilities		
Non Current Liabilities	5,425,240	5,562,836
Current Liabilities	<u>247,157</u>	<u>397,048</u>
Total Liabilities	<u>5,672,397</u>	<u>5,959,884</u>
Net Assets As Per Total Equity	<u>24,235,065</u>	<u>22,347,280</u>

Summary Statement of Changes in Equity

For The Year Ended 31 March 2020

	Group	
	This Year \$	Last Year \$
Equity As At Start Of Year	22,347,280	21,269,419
Comprehensive Revenue and Expense	1,887,785	1,077,861
Equity As At 31 March 2019	<u>24,235,065</u>	<u>22,347,280</u>

Summary Statement of Cash Flows

As at March 2020

	Group	
	This Year \$	Last Year \$
Cashflows from Operating Activities	3,224,465	(575,428)
Cashflows from Investing Activities	1,662,061	(112,565)
Cashflows from Financing Activities	(132,824)	(128,356)
Net increase/(decrease) Cash and Cash Equivalents	<u>4,753,702</u>	<u>(816,349)</u>
Cash & Cash Equivalents at the Beginning of the Year	3,900,540	4,716,889
Cash & Cash Equivalents at the End of the Year	<u>8,654,242</u>	<u>3,900,540</u>

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 2020. The specific disclosures included in the summary financial statements have been extracted from the full financial statements dated 21 July 2020. 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 2020 was unqualified.

The summary financial statements were authorised for issue by the Trustees on 21 July 2020.

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)

Capital Commitments

As at 31 March 2020 the Group was committed to the purchase of 50 units in the Remarkables Park Complex at a cost of \$26,093,000. A deposit of \$2,621,843 was paid in April 2018. The balance is payable on completion in February 2021.

The Trust is currently building 6 houses in the Hikuwai subdivision in Wanaka. The total project is budgeted to cost \$2,474,279 excluding land; at 31 March 2020 \$29,980 had been spent. The project is due for completion in January 2021.

Subsequent Events

The outbreak of COVID-19 and the subsequent quarantine measures and travel restrictions imposed by the NZ government from March 2020 have caused disruption to business and economic activity.

At the time of signing these financial statements, New Zealand has come out of restrictive quarantine measures imposed by the Level 3 & level 4 COVID-19 restrictions. Throughout the level 3 & 4 period in NZ the Trust continued to receive rental payments (and provided variations to rental arrangements where necessary).

Upon reviewing the current situation and the cash reserves of the Trust, the Trustees are of the opinion the Trust is well positioned to remain a going concern.

Deloitte.

Independent Auditor's Report

To the Trustees of Queenstown Lakes Community Housing Trust

Opinion	<p>We have audited the financial statements of Queenstown Lakes Community Housing Trust (the 'entity') and its subsidiaries ('the group'), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated, statement of comprehensive income and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion, the accompanying consolidated financial statements, on pages 4 to 13, present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2020, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.</p>
Basis for opinion	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>Other than in our capacity as auditor, 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 or group.</p>
Other information	<p>The Board of Trustees is responsible on behalf of the group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.</p> <p>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
Board of Trustees' responsibilities for the consolidated financial statements	<p>The Board of Trustees are responsible on behalf of the group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the consolidated financial statements, the Board of Trustees are responsible on behalf of the group for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Trustees either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.</p>

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on at the External Reporting Board's website at: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Board of Trustees, as a body. Our audit has been undertaken so that we might state to the Members 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 Members as a body, for our audit work, for this report, or for the opinions we have formed.

Dunedin, New Zealand
21 July 2020

Directory

Settlor	Graeme Morris Todd
Date Settled	15 January 2007
Date of Incorporation	12 July 2007
Trustees	G A Blair P A J Smith G H A Hollyer J M Conroy R J Key J E Macdonald
Accountants	McCulloch & Partners, Queenstown
Solicitors	RVG Law, Queenstown

Bankers	ASB Bank, Queenstown SBS Bank, Queenstown
Auditors	Deloitte, Dunedin
IRD Number	97-121-805
Membership Organisations	Queenstown Community Link Queenstown Interagency Group Community Networks Wanaka Queenstown Chamber of Commerce Community Housing Aotearoa Australasian Housing Institute Ignite Wanaka Strengthening Families Local Management Group

Toru Apartments in the heart of Remarkable Town Centre



Toru Apartments interior



Toru Apartments

The Toru site is situated in central Frankton with established housing to the west and Remarkables Park Town Centre to the North.

Three buildings step down the gently sloping site with two landscaped courtyards that run north-south between them. Inspired by chalet design, the buildings have rows of balconies with gable roofs that give shape and rhythm to the long frontages.

Large picture windows provide natural light and a beautiful outlook. In the courtyards, local materials and native planting are used to create an inviting landscape in keeping with the local neighbourhood. The development features a Residents' Lounge, along with retail space for a café or the like.

QLCHT has a contract to purchase 50 of the 78 apartments in the first building under construction, Toru East. These will provide a mixed tenure development through the Trust's various housing programmes, of which many will be supported with Government funding.

Eligible households from QLCHT's waiting list will be able to buy into units through the Secure Home programme at an average purchase price of \$220,000 for a 1-bed apartment, and \$320,000 for a 2-bed apartment, along with a weekly Ground Rent ranging between \$58 and \$79 per week.

National's candidate for Southland electorate, Joseph Mooney, New Ground Living director, Roy Thompson, and QLCHT Chair, Andrew Blair on the Toru construction site.



Artist's impression of Toru Apartments



QLCHT Programmes Available

Secure Home
Affordable Rental
Public Housing
Rent Saver

Construction due for completion late 2020, homes ready to move into early 2021

Apartments Include

Energy efficient design
Assigned covered carparks
Lift access
Private balcony
Quality kitchen
Functional bathroom
Stunning views



"The Community Housing Trust has continued to provide a much-needed service for the people of our district. Now, perhaps more than ever, we need organisations like the Trust to ensure that local whānau are able to access warm, dry and healthy homes. During the COVID-19 lockdown period, our homes needed to provide a sense of wellbeing and safety, and the work the Trust delivers helps ensure more people can share that feeling of security.

I am delighted to see that the Trust was named as one of the first providers in Central Government's Progressive Home Ownership scheme, recognising the significant challenge locals face with housing affordability in our district. This scheme reflects the work of the Mayoral Taskforce on Affordable Housing in delivering the Secure Home product which is now a core programme for the Trust.

There are no doubt big challenges ahead for our community seeking to access affordable housing and the Trust is key in addressing that. I once again commend the Trust Members and Executive for their valuable work in our community."

Jim Boulton
Queenstown Lakes Mayor

**"No one is
useless in this
world who lightens
the burdens of
another."**

Charles Dickens



QUEENSTOWN LAKES