



COMMUNITY  
HOUSING TRUST

QUEENSTOWN LAKES

# Annual Report

Housing Our Community

## 2018

# Trust Funds

=21,269,419  
(+11%)

Helping committed residents of the Queenstown Lakes District into decent affordable housing with secure tenure

## Contents

- p3 Chair's Report
- p4-5 Operations Report
- p6 Mayoral Housing Affordability Taskforce
- p7 The Evolution of Assisted Ownership
- p8-9 Financial Statements
- p10 Directory



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

# Chair's Report

## Three highlights and, regrettably, one low light.

Over the last year, QLCHT has had three highlights and, regrettably, one lowlight. The first highlight was when the Queenstown Lakes District Council took the bold step to require land developers who use the SHA process to provide 10% of their developed sections to the Trust for affordable housing. This is a significant increase from the previous 5% requirement, and recognises the benefits of a streamlined resource consent process through the SHA process.

Council's move for developers using this fast-track process is straightforward and prescriptive: land developers must provide a contribution which will then be held by the Trust in perpetuity on behalf of the community.

This seems fair and reasonable. When a developer successfully gets consent for a change in use, there is a significant uplift in value: land goes from rural (less valuable) to residential (much more valuable because there is the right to provide consented sections and build houses). With rezoning and gaining consent to develop residential sections, the developer has a much more valuable piece of land.

The second highlight occurred when we entered into a contract to purchase 50 one and two-bedroom apartments to be built in Remarkables Park. This is the greatest number of homes that we have ever purchased off the plans and will satisfy a lot of smaller households on our waiting list.

The third highlight is the development of a new programme which we have called Secure Home. This form of ownership came from the Mayoral Housing Affordability Taskforce and involves QLCHT retaining ownership of the property and leasing this to the household (using a formula that will keep the land rental payments low). The household will purchase the lease and be able to take out a home loan (mortgage) through traditional bank financing.

This will provide a low purchase price for households because they do not have to purchase the land. We expect to launch this programme in early 2019 with six houses that we are building in Shotover Country.

Unfortunately, the lowlight for this year has been to watch our waiting list grow. This now stands at over 530 families who qualify under our programmes. Many of these are desperate for good quality housing with secure tenure. We have an ambitious goal to help 1,000 households over the next 10 years but the current situation suggests that this goal may not be ambitious enough.

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 and, especially, Stephen Brent. Stephen has filled the role of Chair but stepped down as Chair in July 2017, before retiring in March of this year.

I also thank QLDC Mayor, Jim Boulton, Councillors and staff for prioritising affordable housing, in particular Councillors MacDonald, Miller and McRobie who act as liaisons to the Trust. We continue to work closely with QLDC, and only by doing so can we solve the District's housing crisis.



Martin Hawes



# Operations Report

## Strategic Goal

At the start of 2018 QLCHT set the goal of assisting 1000 households into homes over the next ten years. Whilst this goal is ambitious, we believe it is achievable with the help of Council and the Government. To this end, we are working closely with Council on the provision of more affordable housing in the district, and examining opportunities to utilise the Government's Kiwibuild scheme.

## Housing Demand

Our waiting list of eligible households continues to increase at an unprecedented pace. We often see 20-30 new registrations of interest each month. The list now stands at over 530 singles, couples and families who all meet our eligibility criteria and are actively seeking assistance. Both Queenstown and Wanaka continue to have a severe shortage of rental properties for long term residents, in particular families. Reports of overcrowded living conditions continue – often not just transient workers but struggling families too. This highlights the serious issue of insufficient housing in the district.

The impending loss of the affordable cabins at the Queenstown and Frankton camping grounds, hangs over the heads of these lower income households living there. The Housing Trust is actively engaged with Council to find solutions to support those households which will be displaced.

## Special Housing Areas

We support Council's decision to increase the Community Housing contribution to 10% of the net developed area for all new SHA subdivisions. QLDC is a New Zealand leader in this area, and must be commended for its determination to implement the practice of inclusionary zoning. Eight developers have now either provided a contribution under the SHA process, or are signed up to an agreement and committed to a contribution.

### Glen Dene Crescent, Northlake

Late last year we commenced construction of two new homes on land received by the developer as part of the inclusionary zoning process. These three bedroom homes were completed on time and within budget in July 2018, and two local families moved into affordable, secure tenure rental properties under our Rent Saver and Affordable Rental programmes. We extend our thanks to the developers contributing the land as part of their subdivision zoning process.

### Remarkables Park

This year we signed a contract to purchase 50 Toru apartments in Remarkables Park. We have yet to confirm which programmes the properties will be allocated to, as they are not due for completion until early 2020. We are pleased to support this high density development, as we see a real need for more one and two bedroom apartments of this type in Queenstown.







### Professions of households we've helped

	Percentage (%)	Current Households
Tourism, semi-skilled and unskilled services	27	44
Administration and team management	21	35
Qualified trade	14	22
Hospitality	9	14
At home parent	8	13
Self employed	8	13
Education	4	7
Health and emergency services	4	7
Other	5	31

### Demographics

	Waiting List	Current Households
Single - no children	124	10
Couple - no children	96	11
Single - with children	101	21
Couple - with children	216	55
<b>Total</b>	<b>537</b>	<b>97</b>



Taskforce members, John MacDonald and Shaun Drylie

# Mayoral Housing Affordability Taskforce

In April 2017 this taskforce was set up to investigate new ways of addressing housing availability and affordability in the district. Six months later the taskforce released its report to Council and the community.

To achieve the goal, the Taskforce developed the following set of six recommendations, all of which the Council has adopted:

- **Recommendation 1**  
Build a range of affordable market offerings.
- **Recommendation 2**  
Adjust the Visitor Accommodation settings.
- **Recommendation 3**  
Provide more land, intensification and inclusionary zoning.
- **Recommendation 4**  
Invest in scaling up the QLCHT so that it is able to contribute strongly to the goal of delivering 1000 affordable homes with secure tenure by 2028.
- **Recommendation 5**  
Address household income support.
- **Recommendation 6**  
Build a strategy for long term community support.

“**We applaud Council for having the ambition to commit to such a bold goal, and we are pleased to be working together to achieve it”**

Martin Hawes, QLCHT Chair”

## The Goal:

All of our workforce will be able to own or occupy a home in our District at a cost that allows them to live within their means by 2048, with an initial target of 1000 Community Affordable homes with secure tenure by 2028.



# The Evolution of Assisted Ownership

Ten years ago QLCHT launched Shared Ownership. This New Zealand first programme enabled households to buy between 60-85% of the property, with the Trust bridging the gap and retaining ownership of the remaining 15-40% as a silent co-partner. On average QLCHT would invest \$125k into a \$500k home. The programme became hugely popular, as it allowed eligible households to buy their first home at a starting price they could afford, and then over time they could buy the Trust out completely.

Unfortunately, with the dramatic increase in the cost of entry level housing over the past two years, the Shared Ownership programme has become redundant. The Trust simply doesn't have the capital resources to bridge the new gap when entry level housing starts at \$800k.

For this reason, QLCHT was eager to evolve Shared Ownership into a new model, which still facilitated households buying their own home, but under a new paradigm which would not encumber the Trust's financial position, and permit it to assist as many local residents as possible.

## Secure Home is born!

Secure Home developed out of the Housing Affordability Taskforce. The group spent some time researching international examples, in particular the Whistler model, before shaping the new programme to be driven forward by the Trust. Focus groups with households from QLCHT's waiting list were held, which demonstrated general support for the new programme.

This new model of assisted ownership will enable the households to buy into the home at an affordable price under a 100-year leasehold-type model. The initial outlay will be based on the cost of construction, and the ground rent will be set at around 1.5% of the land value.

Together these components will provide an affordable, long term housing solution for many first home buyers. Another key principle to the programme is a restricted resale clause, whereby QLCHT has first right to buy the property back at original cost plus inflation. This ensures the property is affordable for the next household and the value of the land remains with the Trust in perpetuity.

We believe this programme offers the right balance for households to be able to enjoy the privileges of home ownership, as well as satisfying the Trust's obligation to retain the land on behalf of the community.

At the start of 2018 we began building six new homes on land received through the Special Housing Area process at Shotover Country. These homes have all been earmarked for the pilot of Secure Home.



QLCHT households assisted to date	
Shared Ownership	124
Rent Saver	10
Affordable Rental	27
Senior Housing	3
<b>Total</b>	<b>164</b>

# Summary Consolidated Financial Statements

For the Year ended 31st March 2018

**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 2018. The specific disclosures included in the summary financial statements have been extracted from the full financial statements dated 17 July 2018. 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 2018 was unqualified.

The summary financial statements were authorised for issue by the Trustees on 17 July 2018.

**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)

## Summary Statement of Comprehensive Revenue and Expense

	Group 2018 \$	Group 2017 \$
REVENUE FROM EXCHANGE TRANSACTIONS	5,310,313	15,859,125
REVENUE FROM NON-EXCHANGE TRANSACTIONS	50,000	50,000
OTHER INCOME	118,649	193,711
<b>TOTAL INCOME</b>	<b>5,478,962</b>	<b>16,102,836</b>
<b>LESS EXPENSES</b>		
COST OF GOODS SOLD	2,202,768	8,931,549
ADMINISTRATION EXPENSES	101,490	198,185
OPERATING EXPENSES	218,780	143,566
FINANCE EXPENSES	247,742	519,344
OTHER EXPENSES	672,166	528,550
<b>TOTAL EXPENSES</b>	<b>3,442,946</b>	<b>10,321,194</b>
<b>SURPLUS FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE AND EXPENSES</b>	<b>2,036,016</b>	<b>5,781,642</b>

## Summary Statement of Movement in Equity

	Group 2018 \$	Group 2017 \$
<b>Balance at 1 April 2017</b>	19,233,403	13,451,761
<b>PLUS</b>		
<b>Comprehensive Revenue and Expense</b>	2,036,016	5,781,642
<b>BALANCE AT 31 MARCH 2018</b>	<b>21,269,419</b>	<b>19,233,403</b>



## Summary Statement of Cash Flows

	Group 2018	Group 2017
	\$	\$
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITY	5,398,866	4,495,434
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(1,976,286)	(1,461,616)
NET CASH INFLOW FROM FINANCING ACTIVITIES	(2,367,196)	(2,323,337)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	1,055,384	710,481
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,661,505	2,951,024
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4,716,889	3,661,505

## Summary Statement of Financial Position

	Group 2018	Group 2017
	\$	\$
EQUITY	21,269,419	19,233,403
NON CURRENT ASSETS	21,224,232	20,758,019
CURRENT ASSETS	6,333,046	7,158,978
TOTAL ASSETS	27,557,278	27,916,997
LESS LIABILITIES		
NON CURRENT LIABILITIES	5,695,185	8,058,212
CURRENT LIABILITIES	592,674	625,382
TOTAL LIABILITIES	6,287,859	8,683,594
NET ASSETS AS PER TOTAL EQUITY	21,269,419	19,233,403



## 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 2018, 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 2018.

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 17 July 2018.

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

The Board of Trustees 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. 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  
17 July 2018



# 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	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





## Core Goals

- > PROVISION OF HOUSING
- > ENHANCE STAKEHOLDER RELATIONSHIPS
- > LEADER IN HOUSING SECTOR
- > SELF SUFFICIENCY







*“One of the critical challenges facing the Queenstown Lakes District is the need for affordable housing options. Continued growth has resulted in our district being the least affordable in New Zealand, in turn leading to unsustainable cost of living pressures for many in our community. Nowhere is that more evident than in housing. Last year the Mayoral Taskforce on Affordable Housing put forward suggestions to address the problem, which have been adopted by the Queenstown Lakes Community Housing Trust.*

*The Trust is playing an essential role in helping families throughout our district into their own affordable, quality houses and we at QLDC look forward to working closely with the Trust to the benefit of those in our local community who want to make Queenstown Lakes their long-term home.*

*I commend the Trust Members and Executive for their excellent work in the past year.”*

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

