



QUEENSTOWN LAKES



*a goal of 1000 homes in ten years*

Annual Report | 2019  
[www.qlcht.org.nz](http://www.qlcht.org.nz)



## Trust Funds

=\$22,347,280  
(+5%)

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



Trustees (L-R) Raymond Key, Gigi Hollyer, Joanne Conroy, Jayne MacDonald, Andrew Blair and Peter Southwick

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# Chair's Report

As a relative newcomer to the Queenstown Lakes, I was astonished by the high cost of housing across the District, not only for first home buyers but also for renters.

Now I'm firmly established in the area, I share the same concerns as others in the community at the lack of affordable housing available. The important role the Trust plays in alleviating these housing pressures is evident, and I was delighted to join the board earlier this year. I acknowledge and thank the dedication and hard work of my predecessor Martin Hawes who retired from the Chair role at the end of 2018. Martin contributed enormously to the Trust for more than two years, and I will do my best to follow the high standards set by him and others before him.

The Trust offers a variety of carefully constructed programmes, which are enabling many to achieve independence. Regrettably though many will struggle to save for a deposit and will need support for extended periods. It was a pleasure therefore to launch our new Secure Home programme at Shotover Country in February. This programme will provide genuine affordability for as long as those households require it, and we look forward to rolling it out across the district.

In March the Trust and Queenstown Lakes District Council (QLDC) reconfirmed and strengthened our aligned housing goals and strategies, through the signing of a new Relationship Framework Agreement. The Trust truly values the constructive relationship it has with Council. This was demonstrated in April with QLDC making the decision to transfer Council-owned land at Jopp St, Arrowtown to the Trust. This was a huge milestone and we look forward to developing 65 affordable homes on this site. I want to acknowledge Mayor Jim Boulton, Councillors and staff for prioritising affordable housing and supporting the Trust. Our collective goal of assisting 1000 households into affordable and secure, community housing by 2028, remains high on the agenda for both parties.

The scale of the task ahead is highlighted with over 600 households on our waiting list. However, our housing pipeline for the next five years looks positive, with 50 apartments in the Toru development at Frankton confirmed for 2021, over 150 sections due in Special Housing Areas throughout Queenstown and Wanaka, as well as historical inclusionary zoning obligations coming to fruition. We remain grateful to those developers who play an important role in contributing to affordable housing in our district, through sharing a small portion of the value uplift created through up-zoning of land with the community.

And thanks to our team of three staff, led by Executive Officer Julie Scott, who manage the day to day operations of the Trust so effectively and efficiently. They undertake the role of dealing with all of our stakeholders including our waiting list, households, Council, the Crown, developers and the wider community.

In addition to me, local solicitor Jayne MacDonald also joined the board last year. I extend my appreciation to fellow Trustees for their support, and for the time, skills and experience they individually apply to the Trust, and the Councillor representatives who attend our Board meetings and provide us with valued insight and advice.

The challenges ahead are big, but so are the opportunities. Seeing and hearing what housing support has meant for those assisted to date, provides the motivation to continue helping those in need of affordable and secure housing.



Andrew Blair, Chair



Andrew Blair, Chair



# Operations Report

## Secure Home - a new paradigm

It is truly gratifying to be reporting on the successful launch earlier this year of our new assisted ownership model, Secure Home. This programme supersedes the Shared Ownership scheme, which is no longer supported in the current environment. The new model enables the Trust to retain ownership of the land in perpetuity, whilst simultaneously providing a pathway to home ownership for the household. Page 6 delves further into the details.

## The Waiting List

Enquiries for our programmes continue to grow as demand for affordable housing outstrips supply. The high cost of both buying and renting is a major issue for our community, and our waiting list now exceeds 600 households – up from around 500 households just 12 months ago. These are eligible residents who are wanting to commit to our District but genuinely struggling with housing affordability and security of tenure.

A large number of recent additions to our waiting list have come from existing Queenstown and Frankton camping ground tenants. The impending loss of these affordable cabins is proving a difficult time for many, and QLCHT has been assisting Council in assessing and prioritising tenants for the cabins which will remain on a short-medium term basis. In addition to this we remain actively engaged with Council in finding solutions to support these displaced households on a more permanent basis.

## Inclusionary Zoning

This year sees the end of central Government's Special Housing Area legislation. Although at times controversial, this initiative resulted in tens of millions of dollars' worth of land and cash coming across to the Trust via the inclusionary zoning process. We look forward to Council reviewing inclusionary zoning as stage 4 of the Proposed District Plan review, and wholeheartedly support its inclusion in the District Plan for all future developments. This will go a long way towards helping us meet the goal of 1000 affordable homes by 2028.



*Julie Scott, Executive Officer*

**Increase  
in the last  
12 months**

Our waiting list now exceeds 600 households – up from around 500 households just 12 months ago





*Clutha Southland MP, Hamish Walker and National Housing spokesperson, Judith Collins, visit the Trust's Shotover Country development*



*Arrowtown Ward Councillor Scott Stevens and Julie Scott at the Jopp Street site*



*Cherwell Lane project, Shotover Country*

## Cherwell Lane

In February we completed construction of six new homes on land received from the developer as part of the inclusionary zoning process. Two two-bed and four three-bedroom homes were completed on time and slightly over budget due to unexpected earthworks costs, with six local households moving into their new homes under the Secure Home programme. We extend our thanks to the developers contributing the land as part of the Special Housing Area process.

## Toru Apartments

Our contract to purchase the 50 Toru apartments in Remarkables Park is now unconditional, with settlement anticipated in early 2021. We have received keen interest from our waiting list for these one and two bedroom apartments, and are now working on which programmes the properties will be allocated to.

## Jopp Street

We were delighted with Council's decision in April to transfer the land at Jopp Street, Arrowtown across to the Trust for the purpose of developing community housing. We are busy working on a masterplan for around 65 homes, with a view to breaking ground on the site later this year.

## Staffing Resources

The Trust has always run a lean and efficient team in the office, preferring to engage consultants and relevant experts, as and when required. So it was exciting for us last year when we welcomed long-term local Amber Dent into the fold. Amber takes on the role of Property Maintenance Coordinator, providing a strong focus on ensuring our growing rental portfolio is kept well maintained, and our tenants live in warm, dry, safe homes.

A handwritten signature in blue ink that reads "Julie Scott".

Julie Scott, Executive Officer



# Secure Home

## A new ownership model for NZ – created in Queenstown

In February we were delighted to officially launch our newest assisted ownership model, the Secure Home programme. The concept for this new paradigm was born out of the Mayoral Housing Affordability Taskforce and driven forward by the Trust.

### Here's the quick facts about Secure Home:

-  The Trust owns the land in perpetuity.
-  The household buys a lease to the property with a standard bank mortgage and deposit.
-  Purchase price = cost to construct.
-  Household pays ground rent to QLCHT of 1.5% of land value.
-  Bank has security against the title for the purchaser's mortgage to be registered against.
-  100 year lease with ground rent increasing only annually with inflation – no reset to market land value for the duration of that households tenure.
-  Resale price of house capped to inflation and can only be sold back to QLCHT – this prevents house being lost to the primary market.
-  New household buys in at same price the former household sold for – providing long term affordability for generations of purchasers.
-  Improvements to property must be approved by QLCHT, and can be added to resale price.
-  Household has all the benefits of home ownership except the ability to make large capital gains.
-  House remains a community asset in perpetuity.



*Secure Home household Banjo and Amy Balila at their new home in Shotover Country*



Together these components create a secondary market of homes which deliver affordable, long term solutions for many first home buyers. 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.

**It's a nest – not a nest egg!**

### 3 BEDROOM PILOT HOUSE AT SHOTOVER COUNTRY WHICH COST \$350K TO BUILD:

MORTGAGE	\$280,000	
DEPOSIT	\$70,000	
<b>UPFRONT PURCHASE PRICE</b>	<b>\$350,000</b>	
	<b>ANNUAL</b>	<b>WEEKLY</b>
MORTGAGE REPAYMENTS*	\$19,642	\$378
RATES, INSURANCE & MAINTENANCE	\$5,200	\$100
<b>GROUND RENT</b> <i>(1.5% on \$300k Section)</i>	\$4,500	\$86
<b>TOTAL</b>	<b>\$29,342</b>	<b>\$564</b>

**\$564 weekly compared to median rent of \$750 for 3 bed**

**SECURE HOME VS. RENT = NO BRAINER!**

*\*Repayments on a \$280k mortgage over a 25 year term @5.0%  
Includes principal repayments*



### RESALE EXAMPLE:

Upfront purchase price = \$350,000  
 Inflation = 10% over 5 years  
 Uplift after 5 years =  $\$350k \times 10\% = \$35,000$   
**RESALE PRICE = \$385,000**



*The six Secure Home pilot homes at Cherwell Lane, Shotover Country*

# Summary Consolidated Financial Statements

For the year ended 31 March 2019

## 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 2019. The specific disclosures included in the summary financial statements have been extracted from the full financial statements dated 16 July 2019. 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 2019 was unqualified.

The summary financial statements were authorised for issue by the Trustees on 16 July 2019.

## 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 2019 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 \$2,609,300 was paid in April 2018. The balance is payable on completion in June 2021.

During 2018 the Trust was building 6 houses in Cherwell Lane in the Shotover Country subdivision. The total project was budgeted to cost \$2,526,100 excluding land; at 31 March 2018 \$197,045 had been spent. The project was completed in March 2019 and the total cost was \$2,622,692 (including finance).

During 2018 the Trust was building 2 houses in the Northlake subdivision. The total project was budgeted to cost \$777,811 excluding land; at 31 March 2018 \$684,969 had been spent. The project was completed in July 2018 and the total cost was \$751,223.

## Summary Statement of Comprehensive Revenue and Expense

	Group 2019 \$	Group 2018 \$
REVENUE FROM EXCHANGE TRANSACTIONS	3,853,026	3,589,748
REVENUE FROM NON-EXCHANGE TRANSACTIONS	120,488	1,770,565
OTHER INCOME	104,335	118,649
<b>TOTAL INCOME</b>	<b>4,077,849</b>	<b>5,478,962</b>
<b>LESS EXPENSES</b>		
COST OF GOODS SOLD	1,661,886	2,202,768
ADMINISTRATION EXPENSES	114,516	101,490
OPERATING EXPENSES	314,920	218,780
FINANCE EXPENSES	230,337	247,742
OTHER EXPENSES	678,329	672,166
<b>TOTAL EXPENSES</b>	<b>2,999,988</b>	<b>3,442,946</b>
<b>SURPLUS FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE AND EXPENSES</b>	<b>1,077,861</b>	<b>2,036,016</b>

## Summary Statement of Movement in Equity

	Group 2019 \$	Group 2018 \$
<b>Balance at 1 April 2018</b>	<b>21,269,419</b>	<b>19,233,403</b>
<b>PLUS</b>		
<b>Comprehensive Revenue and Expense</b>	<b>1,077,861</b>	<b>2,036,016</b>
<b>BALANCE AT 31 MARCH 2019</b>	<b>22,347,280</b>	<b>21,269,419</b>

## Summary Statement of Financial Position

	Group 2019	Group 2018
	\$	\$
EQUITY	22,347,280	21,269,419
NON CURRENT ASSETS	19,140,082	21,224,232
CURRENT ASSETS	9,167,082	6,333,046
<b>TOTAL ASSETS</b>	<b>28,307,164</b>	<b>27,557,278</b>
LESS LIABILITIES		
NON CURRENT LIABILITIES	5,562,836	5,695,185
CURRENT LIABILITIES	397,048	592,674
<b>TOTAL LIABILITIES</b>	<b>5,959,884</b>	<b>6,287,859</b>
<b>NET ASSETS AS PER TOTAL EQUITY</b>	<b>22,347,280</b>	<b>21,269,419</b>

## Summary Statement of Cash Flows

	Group 2019	Group 2018
	\$	\$
NET CASH (OUTFLOW) /INFLOW FROM OPERATING ACTIVITY	(575,428)	5,398,866
NET CASH (OUTFLOW) /INFLOW FROM INVESTING ACTIVITIES	(112,565)	(1,976,286)
NET CASH (OUTFLOW) /INFLOW FROM FINANCING ACTIVITIES	(128,357)	(2,367,196)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(816,349)	1,055,384
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,716,889	3,661,505
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>3,900,540</b>	<b>4,716,889</b>

## 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 2019, 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 2019.

In our opinion, the accompanying summary consolidated financial statements, on pages 2 to 5, 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 16 July 2019.

##### 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, we have no relationship with or interests in the entity or any of its subsidiaries.

##### 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*

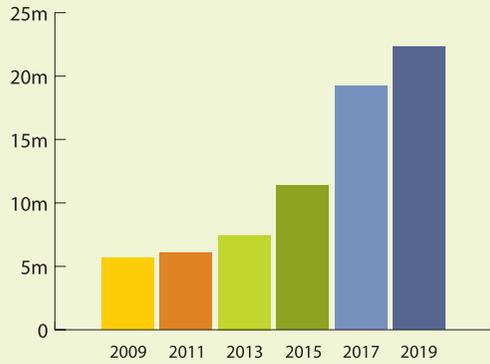
Dunedin, New Zealand  
16 July, 2019



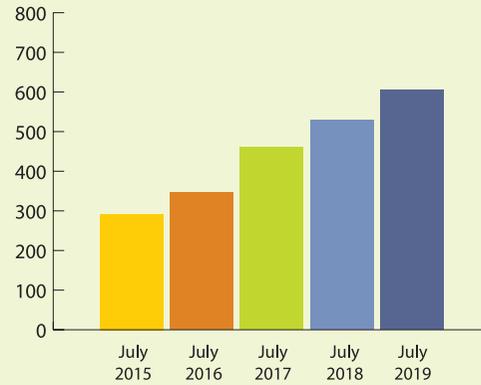
# Directory

Settlor	Graeme Morris Todd
Date Settled	15 January 2007
Date of Incorporation	12 July 2007
Trustees	G A Blair P B Southwick G H A Hollyer J M Conroy R J Key J E Macdonald
Accountants	McCulloch & Partners, Queenstown
Solicitors	RVG Law, Queenstown Mitchell Mackersy Lawyers, Queenstown
Bankers	ASB Bank, Queenstown SBS Bank, Queenstown
Auditors	Deloitte, Dunedin
IRD Number	97-121-805
Membership Organisations	Queenstown Community Link Queenstown Interagency Group Wanaka Interagency Group Queenstown Chamber of Commerce Community Housing Aotearoa Australasian Housing Institute

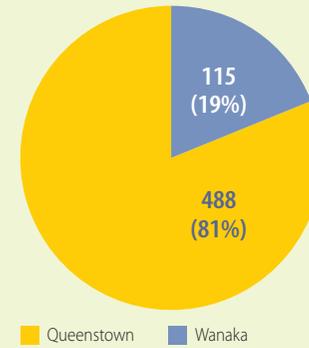
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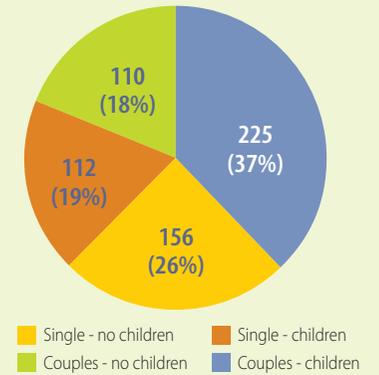
Net assets over 10 year period



Waiting list increase over last 5 years



Pending registrations by area



Household demographics of waiting list

“

**Home is a name, a word,  
it is a strong one.**

Charles Dickens

”





*"This last year has seen big strides forward for the Community Housing Trust and the challenge of bringing more affordable homes to the Queenstown Lakes District. In the face of significant population growth, affordability remains a critical issue to ensure our economy can thrive and provide opportunities for all. Delivering on the Secure Home product developed by the Mayoral Taskforce on Affordable Housing is a real success for the Trust and the families that need their support.*

*The Council is also excited to see the Trust develop the Arrowtown Jopp Street site which was approved to be transferred to them in April 2019 to the benefit of locals who want to make the district a realistic long-term option.*

*I once again commend the Trust Members and Executive for the excellent work in our community."*

**Jim Boulton**  
Queenstown Lakes Mayor



*Home - a place where memories are built*