

# Annual Report 2013

Affordable Housing for Our Community



QUEENSTOWN LAKES



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



A hand is holding a white cardboard cutout of a person's silhouette against a scenic background of mountains and a lake. The cutout is positioned on the left side of the frame, and the hand is visible on the far left. The background features a blue lake, green grassy hills, and a range of blue mountains under a blue sky with white clouds.

## Trustees

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



**VISION** – To provide decent affordable housing to lower income residents of the Queenstown Lakes District.





## Chairman's Report

*We live in one of the highest housing cost areas in New Zealand yet rely on many lower income workers for our functioning community.*

Trust Funds  
= \$7,454,901 (+3%)  
Gross Assets  
= \$13,530,358 (+23%)

74 households  
have now been  
helped since the  
Trust was created  
as at July 2013

*Housing affordability has become a national topic of conversation and the problems for lower income families trying to put down roots in our district is as challenging as anywhere in the country. But the Trust is not focused on the problems.*

It is delivering solutions and I am pleased to report that over the past 12 months a further 19 eligible families have been helped into long term homes through the *Rent Saver* and *Shared Ownership* programmes. This has been achieved through a modest increase in Trust funds and some manageable leverage of Trust assets. In addition, there are now 20 families enjoying mortgage rates between 4-5%pa, locked in for five years, thanks to the generous support of Central Lakes Trust for our pilot housing bond initiative.

Adding to the supply of affordable homes, the Trust built two new houses in Wanaka, another in Glenorchy and the final 10 houses at Nerin Square were finished, completing the \$10m residential project at Lake Hayes Estate. Negotiations continue for a developer and operator for a cafe/bar within the precinct, as requested by the local community.

While these achievements are pleasing, the trustees have been conscious of the high level of enquiry from struggling families. This, together with the results of market research conducted last year, has challenged us to lift our goals. In response, we have revised our 5 Year Plan, and are targeting a further 40 new homes over the next three years.

Of course this is only possible with the backing of key stakeholders including the Crown, the Council and developers. Without this collaborative support little could be achieved.

Looking back, there were several milestones during the past year that will contribute positively to the Trust meeting its new goals.

- > Settlement with the appellants to PC24 was reached following a series of workshops in 2012 involving the Council, the Trust and developers, under the chair of retired judge, Peter Salmon. PC24 recognises that if there is a planning gain that occurs when land is rezoned for residential development, some of that uplift in value belongs with the community. Resolution brings greater certainty to the stakeholder deed pledges of developers to affordable housing in our district.

- > The Trust passed a rigorous pre-qualification test from the new Social Housing Unit that approves Crown grants. This has been backed up by the Crown approving a \$1m grant for the Trust's proposed Arrowtown development.
- > Council's recent decision to transfer residential land in Arrowtown was an important acknowledgement of the housing difficulties facing low income families in our district. The Trust's relationship with Council is all important and we thank councillors for the open and often robust dialogue that reflects the strength of this relationship. The healthy debate that ensued over the Arrowtown land is a reminder to trustees that the completed development must be one that Arrowtown residents can feel proud of and one which fits with the architectural values of the area.

The major issue that continues to frustrate the Trust is a change to its tax status, following Charity Commission deregistration in 2011. Trustees expect the Crown to be consistent in its tax treatment of approved community housing providers and Queenstown remains the only outlier without tax exemption. We are working with the new Minister and officials in Wellington to find a sensible solution to this lingering problem and considerable money has been spent with Deloitte during the year to advocate on technical aspects of this issue.

Of course nothing is accomplished without the dedication of a competent team and I commend the trustees and management for their loyal commitment to the agenda. Trustees are focused on building a strong platform of governance, accountability and risk management and are always scrutinising programmes against the needs of struggling households. I thank them all for their energy and dedication, which on occasions has placed considerable demands on their time. A modest increase in trustee fees, the first in five years, was approved to a lower level of similar benchmarked organisations.

David Cole

# Report on Operations

## Households waiting for help

Earlier this year, we reviewed our database of households who had registered their interest with us seeking housing assistance. This list was rationalised for various reasons including some households which had sought help from family while others had given up and left the district. The waiting list now sits at over 200. These are singles, couples and families who all meet our eligibility criteria.

## Programmes

The Shared Ownership programme remains very popular as many young people in our district find themselves priced out of the local market. By providing between 15% and 40% of the purchase price, the Trust is able to make housing costs for modest income families comparable to other regions around the country. As a household's income rises we encourage them to staircase towards 100% ownership, allowing the Trust to recycle the funds. During the year, there were two families who staircased to 100%.

Rent Saver is a popular model for those on lower incomes and struggling to save for a deposit. This programme provides a secure tenure for households along with an inbuilt savings incentive that over 5 years should provide enough deposit to allow the household to graduate to a shared ownership property. The Trust has 4 households in the Rent Saver programme.

## Completion of Nerin Square

The Trust's first comprehensive development – at Nerin Square, Lake Hayes Estate – has been heralded as a great success. This major project encompassed 27 new dwellings, a childcare centre and a proposed café/store. We worked closely throughout the project with the LHE Community Association to ensure the development fitted in with rest of the subdivision.

## Starter Loans

Starter Loans are provided by Queenstown Housing Bonds Ltd, a wholly-owned subsidiary of QLCHT with funding provided by Central Lakes Trust. The purpose of this programme is to insulate first homebuyers from changes in interest rates, at a time when they have stretched their resources to buy their first house. Investment money from CLT is used to provide five year fixed interest starter loans at rates below the current bank variable mortgage rates.

*Julie Scott*



Julie Scott,  
Executive Officer

## The Stats

As at 31 July 2013

### Total Households Helped

No. Rent-Saver properties:	4
No SO properties:	70
Avg investment:	\$121,650
Sales/staircases:	11

### QLCHT Portfolio

Total # dwellings:	63
Average House Price:	\$439,607
Avg section size:	627m <sup>2</sup>
Avg dwelling size:	124 <sup>2</sup>

### Starter Loans

Housing Bond drawdown:	\$6,000,000
Average starter loan:	\$ 292,750
Average LVR:	65%
Average fixed rate:	4.58%



*The Fish family, one of the many the Trust  
has supported into home ownership*

# Creating Pathways for modest income workers

Our aim is to make sure that committed residents to our district have access to:

- > Reasonable accommodation
- > That provides a secure tenure
- > Suits their circumstances
- > And doesn't break their budgets

## But it goes further.

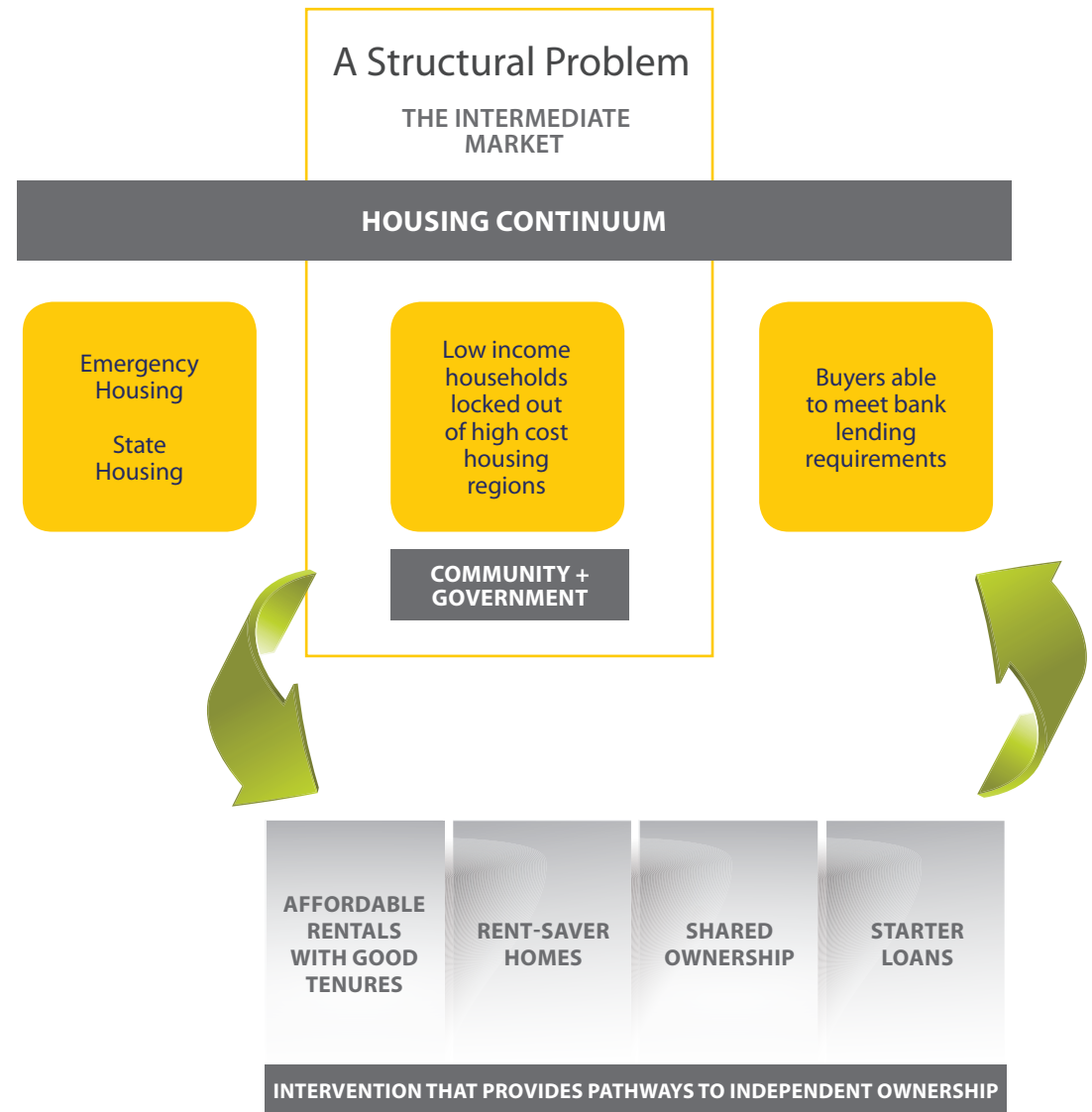
The research shows that young people have an aspiration for home ownership as their first step towards financial security.

So we want to create pathways for families – allowing them to progress from affordable rentals into home ownership. This allows the Trust to eventually withdraw all support and recycle the capital to help another family.

To be eligible for support, a household must:

- > Have at least one member in fulltime employment in the district.
- > Be in the low-median income band
- > Be a NZ resident
- > Not own any other property
- > Have lived in the district for at least 6 months

Helping lower income families put down roots encourages them to stay and become long term valuable contributors to our community.





Proposed architect designs viewed from the rugby ground (above) and from Suffolk Street (below)



## Proposed Development Suffolk Street, Arrowtown

*The Housing Trust's plans for a boutique residential development will deliver 10 architecturally designed homes to replace the existing cabins. Two of the completed dwellings will be retained for senior housing and the remainder will become part of the Trust's new affordable rental programme.*

### Features of the proposal:

- > The land will be retained in community ownership through the Trust, in perpetuity.
- > The Trust will fund the project with the support of a Crown grant.
- > The affordable rentals will be for tenures of up to 5 years after which time households may be assisted into another dwelling through one of the Trust's other programmes.
- > It means every 5 years another 8 families will have access to affordable housing in Arrowtown.
- > Eligibility criteria and rental terms for the senior housing will be agreed with Council.

The Trust has agreed to stage the development to ensure the Arrowtown Rugby Club has access to its changing block located on the site until the proposed new Sports and Community facility is completed.

**The transfer of the land to the Trust was a prerequisite to attract the \$1m grant from the Crown.**





# NEW Development Shotover Country

*The Trust is excited to be a part of this major new residential development and was delighted to add its support to the consent application.*

The developers agreed to contribute 26 titled sections to the Trust over a number of years, which the Trust has negotiated into a purchase agreement for a tract of land, providing for 44 new dwellings on smaller allotments in a comprehensive development. The Trust will pay up to \$2m to provide the infrastructure costs and for the outline development plan to title these sections.

The area covered by this agreement is shown in the shaded portion labelled 2a Activity Area of the subdivision schematic inset. We expect the homes will provide a mix of tenures including rental and purchase, deploying both the Rent-Saver and Shared Ownership programmes.

The inclusion of a new primary school in Shotover Country will make it an ideal residential area for young families.

Timeframes for this major new initiative have yet to be agreed and will depend on acceptance of the Outline Development Plan being approved by Council.



# Summary Consolidated Financial Statements

For The Year Ended 31st March 2013

## Summary Statement of Movement in Equity

	Group 2013 \$	Group 2012 \$	Parent 2013 \$	Parent 2012 \$
Opening Balance	7,217,495	6,086,124	7,490,517	6,174,173
<b>PLUS</b>				
Surplus for the Year	237,406	1,131,371	403,622	1,316,344
<b>BALANCE AT YEAR END</b>	<u>7,454,901</u>	<u>7,217,495</u>	<u>7,894,139</u>	<u>7,490,517</u>

## Summary Statement of Financial Performance

	Group 2013 \$	Group 2012 \$	Parent 2013 \$	Parent 2012 \$
<b>INCOME</b>				
Property Sales	1,521,921	1,375,865	—	—
Cost of Development Property Sold	1,526,347	1,347,937	—	—
<b>Gross Surplus/Deficit from Development Property Sales</b>	<u>- 4,426</u>	<u>27,928</u>	<u>—</u>	<u>—</u>
<b>OTHER INCOME</b>	968,157	1,655,384	771,271	1,622,085
<b>TOTAL INCOME</b>	<u>963,731</u>	<u>1,683,312</u>	<u>771,271</u>	<u>1,622,085</u>
<b>LESS EXPENSES</b>				
ADMINISTRATION EXPENSES	91,479	122,296	45,557	78,929
OPERATING EXPENSES	43,841	52,186	25,085	22,967
OTHER EXPENSES	591,005	377,459	297,007	203,845
<b>TOTAL EXPENSES</b>	<u>726,325</u>	<u>551,941</u>	<u>367,649</u>	<u>305,741</u>
<b>SURPLUS FOR THE YEAR</b>	<u>237,406</u>	<u>1,131,371</u>	<u>403,622</u>	<u>1,316,344</u>

## Summary Statement of Financial Position

	Group 2013 \$	Group 2012 \$	Parent 2013 \$	Parent 2012 \$
<b>EQUITY</b>	<u>7,454,901</u>	<u>7,217,495</u>	<u>7,894,139</u>	<u>7,490,517</u>
<b>NON CURRENT ASSETS</b>	9,935,221	7,625,815	8,006,467	8,301,453
<b>CURRENT ASSETS</b>	3,595,137	3,319,878	1,586,674	964,827
<b>TOTAL ASSETS</b>	<u>13,530,358</u>	<u>10,945,693</u>	<u>9,593,141</u>	<u>9,266,280</u>
<b>LESS LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>	4,665,438	3,435,215	1,669,968	1,752,584
<b>CURRENT LIABILITIES</b>	1,410,019	292,983	29,034	23,179
<b>TOTAL LIABILITIES</b>	<u>6,075,457</u>	<u>3,728,198</u>	<u>1,699,002</u>	<u>1,775,763</u>
<b>NET ASSETS AS PER TOTAL EQUITY</b>	<u>7,454,901</u>	<u>7,217,495</u>	<u>7,894,139</u>	<u>7,490,517</u>



## 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 2013. The specific disclosures included in the summary financial statements have been extracted from the full financial statements dated 13 August 2013. 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 2013 was unqualified but included an emphasis of matter in relation to the tax treatment of certain aspects of Queenstown Lakes Community Housing Trusts operations.

The summary audited financial statements were authorised for issue by the Trustees on 13 August 2013.

### 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

#### Note on Charitable Status

In the prior year financial statements the Trustees noted the

Charities Commission had revoked the charitable status of the Trust effective from 2 March 2011. At the time of presenting the prior year financial statements the Trustees were uncertain of the impacts arising from the resulting change in tax status.

During the current year the Trustees and management of the Trust have been working with tax advisors and the Inland Revenue Department (IRD) to determine the likely impact of the change in tax status. As a result of this work the Trustees have been able to confirm the change in tax status may result in certain activities of the Trust that were previously thought to be exempt from tax now having to be assessed as taxable activities. Furthermore, the Trustees note the change in tax status is applied retrospectively, meaning the IRD will assess the Trust's taxable income since inception.

The Trustees note there remains significant uncertainty as to what sources of revenue are likely to be considered taxable, in particular the treatment of grants. The Trustees and the Trust's tax advisors are engaged in on-going discussions with the IRD to determine the scope and extent of taxable activities undertaken by the Trust, and in particular whether the grants are considered a taxable income source.

The Trustees, in conjunction with management, have completed tax calculations based on the outcome they believe is likely in respect of the IRD discussions. Specifically, the tax calculations have been prepared on the assumption that any grants and stakeholder contributions received by the Trust from Queenstown Lakes District Council and Housing Corporation of New Zealand are non-taxable. These calculations indicate the Trust has sufficient unclaimed tax losses to offset any potential taxable income arising from the change in tax status.

In the event the grants and stakeholder contributions were determined by the IRD to be a taxable income source, the Trust would not have sufficient tax losses to offset the potential tax liability. In this case the Trust would need to recognise a tax liability on its balance sheet and a corresponding charge to tax expense.

### 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.



#### 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 2013, 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 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 13 August 2013 however our audit opinion included an emphasis of matter in relation to a significant uncertainty related to the tax treatment of certain aspects of Queenstown Lakes Community Housing Trust's operations as outlined below.

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-39: *Summary Financial Reports*.

##### 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 2013 are consistent, in all material respects, with those financial statements, in accordance with FRS-39: *Summary Financial Reports*.

##### Emphasis of Matter

The following emphasis of matter paragraph was included in the audited financial statements of Queenstown Lakes Community Housing Trust and group for the year ended 31 March 2013.

"Without qualifying our opinion, we draw your attention to note 11 in the full financial statements which indicates a significant uncertainty related to the tax treatment of certain aspects of Queenstown Lakes Community Housing Trust's operations."

Details of the above matter are outlined on page 9 of the summary financial statements.

Chartered Accountants  
22 August 2013  
Dunedin, New Zealand

# 2013 Directory

For The Year Ended 31st March

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



Vanessa van Uden,  
Mayor

"While affordable housing is a topic of conversation around the country, it is particularly acute in our district where many people with modest incomes have to commit a large part of their earnings to meet their accommodation costs. For this reason Council continues to work closely with the Trust and developers to put in place the programmes necessary to help those households wanting to put down roots and make a positive contribution to our community".

– Mayor Vanessa van Uden







## OUR VALUES

- > To be **PASSIONATE** about helping households in need
- > To stay anchored to the purpose as defined by the **TRUST DEED**
- > To be **PROFESSIONAL** and **BUSINESS-LIKE** in all our transactions
- > To build an **ASSET** and **LEGACY** for the community
- > To remain **INNOVATIVE** and **PIONEERING**
- > To remain **VIGILANT** for new opportunities that deliver more affordable homes for low income earners
- > To be **CONSISTENT** in our dealings with all stakeholders
- > To be **OPEN** to constructive criticism
- > To be **RECEPTIVE** to the community and **RESPONSIVE** to its needs.



Right: The Trust has acquired sections at the Kirimoko Development in Wanaka





"The Queenstown Lakes district **THRIVES** on a visitor industry that needs thousands of hospitality and other tourism workers and we need to **ENSURE** there is more **QUALITY AFFORDABLE** accommodation for them to live."

Housing Minister, Nick Smith

