

Full Council

2 May 2024

Report for Agenda Item | Rīpoata moto e Rāraki take [3]

Department: Property & Infrastructure

Title | Taitara: Statement of Proposal for removal of all elderly housing units from the Schedule of Assets and transfer to the Queenstown Lakes Community Housing Trust

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to consider adopting a Statement of Proposal for the purposes of a Special Consultative Procedure, to seek submissions on the proposed removal of all elderly housing units from the schedule of assets and proposed transfer of the elderly housing portfolio to the Queenstown Lakes Community Housing Trust (QLCHT).

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Adopt** the Elderly Housing Statement of Proposal dated 2 May 2024 (Attachment A) for the purposes of commencing a Special Consultative Procedure in relation to the proposal;
3. **Authorise** officers to publicly notify the Elderly Housing Statement of Proposal for public submissions under a Special Consultative Procedure;
4. **Appoint** a hearings panel [*three members to be specified by Council*] to hear submissions and make recommendations on the proposed removal of all elderly housing units from the schedule of assets and proposed transfer of the elderly housing portfolio to the Queenstown Lakes Community Housing Trust; and
5. **Direct** officers to report back the recommendations of the hearings panel.

Prepared by:



Name: Paul Carter
Title: Property Projects Team Leader

27 March 2024

Reviewed and Authorised by:



Name: Tony Avery
Title: General Manager of Property & Infrastructure

10 April 2024

Context | Horopaki

1. Queenstown Lakes District Council (QLDC) owns a total of nine elderly housing units, five in Wānaka and four in Arrowtown. The Wānaka units are on freehold land. The Arrowtown units are on endowment land and further investigations are being undertaken into any obligations connected with the endowment of the land in Arrowtown.
2. In 2013, Councillors agreed to the transfer of land on Suffolk Street, Arrowtown to QLCHT with two units specifically designed for elderly housing.
3. In October 2018, QLDC adopted recommendations from the Housing Affordability Taskforce (HAT). “Invest in scaling up the Queenstown Lakes Community Housing Trust so that it is able to contribute strongly to the goal of delivering 1,000 affordable homes with secure tenure by 2028.” (Later extended to 2038).
4. In 2019, the Relationship Framework Agreement was executed between Council and QLCHT. This was later updated in August 2022.
5. In September 2020, a proposal was received from QLCHT requesting the elderly housing units are transferred from QLDC to QLCHT .
6. QLDC’s Long Term Plans 2018-2028 and 2021-2031, and the Annual Plan 2020-2021 included intentions to undertake separate consultation proposing transferring control of the elderly housing portfolio. The plan stated that the Council intended to retain ownership of the land and buildings.
7. In June 2021, QLDC brought the property management functions in-house, which included the elderly housing portfolio. The elderly housing units are currently managed by staff within the property team at QLDC. The buildings are maintained as part of the facilities building and grounds maintenance budget.
8. In November 2021, Council approved maintenance and healthy homes upgrades for the five units in Wānaka.
9. In March 2022, QLDC transferred 3.7Ha of land on Jopp Street, Arrowtown to QLCHT as a fee simple title. At least six of the sixty-eight 68 properties being built are to be designated as elderly housing, with completion scheduled for 2025 (Tewa Banks Development).
10. In August 2022, property assessments were completed on all elderly housing. It was noted that the properties are in an ‘aged and weary condition’. The properties must be healthy homes compliant by June 2024.
11. In November 2022, QLCHT purchased land at 45 McDougall Street, Wānaka which is adjacent to the five Council owned elderly housing units. This would allow QLCHT to build a total of 12 units across the two sites, should they acquire the Council owned units.

12. June 2023, legal investigations found the Arrowtown properties are not on Reserve land. The land was gifted to QLDC by the Crown in 1956 for the municipality of Arrowtown. The elderly housing units are on a fee simple title.
13. August 2023, an updated proposal was received from QLCHT. (Attachment B).
14. Healthy homes upgrades have been completed on all bar one of the elderly housing units. Plans are underway to complete these works prior to the proposed handover.

Analysis and Advice | Tatāritaka me kā Tohutohu

The Proposal

15. The proposal under this Statement is to remove the elderly housing portfolio from the Schedule of Assets as detailed in the QLDC Significance and Engagement Policy 2021. Note that the Local Government Act 2002 section 5 definition of Strategic Asset includes “any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy”.
16. It is proposed that the Wānaka land and buildings at 176 Upton Street are transferred in their entirety to QLCHT for \$1.
17. Both proposed transfers are conditional on QLCHT continuing to provide a minimum of five elderly housing units in Wānaka and a minimum four elderly housing units in Arrowtown.
18. An investigation into the status of the Arrowtown land found the elderly housing units are not on reserve land, but fee simple land held by QLDC under the Local Government Act 2002 and as an endowment for the municipality of Arrowtown.
19. The investigation deems that “the Crown was the donor of the property and Council is required to notify the relevant Ministers in accordance with the Local Government Act 2002”.
20. Due to the Arrowtown land status at 8 Caernarvon Street, it is proposed that the buildings are leased to QLCHT on a 20-year peppercorn lease. When further investigations confirm the land status, and there are no obligations preventing a transfer of title, it is proposed that the land around the current elderly housing units is subdivided, and the property transferred to QLCHT at nil consideration.
21. This may require subdivision of the elderly housing land from the War Memorial reserve currently on the same parcel of land.
22. This proposal to initially lease the properties to QLCHT means the property and land ownership will remain the municipality of Arrowtown. Once further investigations are complete, Council will notify the relevant Ministers of their intention to sell the land to QLCHT.

23. Both proposed transfers are conditional on QLCHT continuing to provide a minimum of five elderly housing units in Wānaka and four elderly housing units in Arrowtown.

24. The investigation also confirms that Council is not required to consult Ngāi Tahu.

Land Valuation

25. The market value of the bare land at 176 Upton Street, Wānaka also known as 45 McDougall Street, has been assessed at \$2,250,000 inclusive of gst.

26. The market value 'as if complete' of the bare land at 8A-D Caernarvon Street, Arrowtown has been assessed at \$1,350,000 inclusive of gst.

The Proposed Agreement Between QLDC and QLCHT

27. Proposed Wānaka Sale and Purchase Agreement:

- The purchase price is \$1
- The Vendor and Purchaser acknowledge and agree that this agreement reflects the objectives of the Relationship Framework Agreement entered between QLDC and QLCHT in March 2019.
- Any contribution must be used exclusively by QLCHT for the purposes for which the land and/or funding is provided.
- QLCHT may not sell, transfer, or otherwise alienate such land without the written consent of QLDC.

28. Proposed Deed of Transfer of Asset, Arrowtown:

- The purchase price is \$1

29. Proposed Lease of Land, Arrowtown:

- 20-year lease term for \$1 per annum
- The premises shall be used strictly for the purposes of social housing with a minimum of 4 elderly housing units to be provided from the Premises.
- QLCHT is responsible for all repairs and maintenance and will maintain the premises, including all landscaping, in good condition.
- QLCHT will pay all rates and charges by any local government, as well as all charges and expenses in respect of all services, utilities and amenities supplied to the premises.
- If both parties enter into a sale and purchase agreement for the land underlying the premises, the lease will be surrendered.

Tenant Welfare

30. The tenants' wellbeing remains at the forefront of this proposal. QLCHT is committed to acting as the tenants' third party representative and advocate. The Tenant Welfare document (Attachment C) details how tenant welfare will be managed during the transfer process, and beyond including any redevelopment plans.

QLCHT Senior Housing Programme

31. The demand for senior housing has continued to grow as more of this demographic reaches retirement age. As at 05 April 2024, QLCHT had 41 senior households on their waiting list.
32. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
33. Option 1 – Remove the five Wānaka elderly housing units and four Arrowtown elderly housing units from the *Schedule of Assets*.

Wānaka:

The title is transferred in its entirety to QLCHT for \$1.

Advantages:

- The properties would be managed by an organisation that is equipped to qualify and manage such tenancies.
- The tenants will benefit from better quality, modern accommodation, and a befitting level of care from a relevant organisation who have additional benefits of being able to access Government grants Income-Related Rent Subsidy (IRRS).
- The properties will remain under permanent community ownership.
- Will enable QLCHT to develop the land and undertake a mortgage by having the title transferred to them.
- Will enable QLCHT to redevelop the land and increase affordable housing from five units to twelve.
- QLDC will save on long-term maintenance and management costs.
- QLDC would be contributing towards the goal of 1,000 homes by 2038 as part of the Mayoral Housing Affordability Taskforce.

Disadvantages:

- The land could not be utilised for anything else.
- QLDC would surrender control over part of its residential portfolio.
- Transferring the title would be considered a Disposal of Asset.

Arrowtown:

Transfer the units to QLCHT and lease the land under the building footprints on a 20-year peppercorn lease for \$1 per year. Once further investigations into the land are complete, QLDC will then transfer the land and improvements to the Trust for \$1.

Advantages:

- The properties would be managed by an organisation that is equipped to qualify and manage such tenancies.

- The tenants will benefit from better quality, modern accommodation, and a befitting level of care from a relevant organisation who have additional benefits of being able to access Government grants Income-Related Rent Subsidy (IRRS).
- The properties will remain under permanent community ownership.
- QLDC will save on long-term maintenance and management costs.
- QLDC would be contributing towards the goal of 1,000 homes by 2038 as part of the Mayoral Housing Affordability Taskforce.

Disadvantages:

- The land could not be utilised for anything else.
- QLDC would surrender control over part of its residential portfolio.
- Transferring the title would be considered a Disposal of Asset.

34. Option 2 - Do not remove the five Wānaka elderly housing units and four Arrowtown elderly housing units from the *Schedule of Assets* (status quo).

Advantages:

- QLDC would retain ownership of the land and properties.
- The properties would not be removed from the Schedule of Assets as detailed in the QLDC Significance and Engagement Policy 2021.

Disadvantages:

- QLDC will be responsible for the costs of all ongoing and long-term maintenance as specified in the 2021 Building Assessments.
- QLDC will be unable to match the proposal from QLCHT to provide modern housing.
- QLDC is unable to provide effective management of such tenancies.
- Will inhibit QLDC from contributing towards the goal of 1,000 homes by 2038 as part of the Mayoral Housing Affordability Taskforce.

35. This report recommends **Option 1** for addressing the matter because it will help enable the long-term management and development of additional affordable housing units for the district's communities and remove the costs and management responsibilities from QLDC. QLCHT are well placed to provide for a growing demographic of elderly population, often considered vulnerable.

[Consultation Process | Hātepe Matapaki](#)

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

36. This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy 2021 because the elderly housing units are listed as a strategic asset as defined by section 5 of the Local Government Act 2002. Any decision relating to the sale or transfer or sale of shareholding of any strategic asset is assessed as a matter of high impact and

will trigger a Special Consultative Procedure (as defined by section 82 of the Local Government Act 2002) as it involves a high level of community interest for the public.

37. The persons who are affected by or interested in this matter are the residents/ratepayers of the Queenstown Lakes District, the residents of elderly housing units and the QLCHT.

38. The Council has been liaising with residents of the units and the QLCHT.

Māori Consultation | Iwi Rūnaka

39. The Council will not undertake any specific consultation with Iwi Māori on this matter.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

40. This matter relates to the Community & Wellbeing risk category. It is associated with RISK10021 Ineffective operations and maintenance of property or infrastructure assets within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

41. The approval of the recommended option will allow Council to retain the risk at its current level. This will be achieved by passing ownership and maintenance of the assets on to an agency better set up to manage the residents and maintenance of the units.

Financial Implications | Kā Riteka ā-Pūtea

42. There are no immediate financial implications relating to the removal of the asset from the Schedule of Assets as detailed in the QLDC Significance & Engagement Policy 2021.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

43. The following Council policies, strategies and bylaws were considered:

- Significance and Engagement Policy
- Elderly Persons Housing Policy
- Local Government Act 2002

44. The recommended option is consistent with the principles set out in the named policies.

45. This matter is included in the Long Term Plan and Annual Plan. QLDC's Long Term Plans 2018-2028 and 2021-2031 and the Annual Plan 2020-2021 included intentions to undertake separate consultation proposing transferring control of the elderly housing portfolio. The plan stated that the Council intended to retain ownership of the land and buildings.

**Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka
Waeture**

46. The consideration process follows that required by section 83 of the Local Government Act 2002 (LGA).

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

47. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

48. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	Draft Statement of Proposal
B	QLCHT Senior Housing Proposal
C	QLCHT Tenant Welfare Plan
D	Aerials of property holdings