



**Mayoral
Housing Affordability Taskforce (HAT)**

Outcomes from 10 April 2017 Workshop

Present: John MacDonald (Chair), Bill Moran, Ian Adamson, Ian Bayliss, Jim Boulton, Julie Scott, Kirsty Sinclair, Mike Theelen, Paul Munro, Sally Mingaye-Hall, Scott Figenshow, Shaun Drylie, Stephen Brent, Steve Evans, Tony Avery and Trent Yeo.

Apologies: Paul Croft and John May

Suggestions raised during the workshop for further consideration:

Provide a menu of housing options

1. Affordable rentals, (including subsidised rentals)
2. Investigating leasing as an alternative option to land ownership providing ongoing cash flow for the Trust
3. Shared Equity with retention long term
4. Shared Equity with limited option of selling onto open market
5. Open market

And a range of stepping stone options, change what we build so options are available from studios to three bedrooms.

Explore option of a Secondary Affordable Housing market

1. Similar to Whistler model?
2. Structure and options
3. Is it viable?

Enable a stronger QLCHT

1. Look at current operating model and options for increasing its scope and mandate including:
 - Long term affordability retention mechanisms
 - Source additional funding to increase purchasing power
 - Add a Land Holding Trust/Leasehold model
 - Mechanism to enforce existing stakeholder deeds (by QLDC)
2. What council land is available now that could be made available to the Trust: Lake View?

Improve the supply of land

1. Proposed District Plan (PDP) Stage 2 zoning of additional areas
 - Wakatipu Basin study
 - Kawarau Falls to Jacks Point?
2. Proposed District Plan (PDP) Stage 2 further up-zoning allowing greater density
3. Incentivise more intensive central city developments
4. Master plan future developments and subdivisions – towards more med/high density with green spaces
5. Relook at rating differential for undeveloped land
6. SHAs

Increase the level of contribution from developments

1. Increase SHA provision to higher percentage
2. Investigate inclusionary zoning as part of Proposed District Plan (PDP), to strengthen affordable housing provision
3. Incentivise by allowing increased density in exchange for increased affordable housing

Review Development Contributions policy

1. Investigate options and implications to reduce DC requirements for:
 - New affordable housing options
 - Infill options and house additions, particularly if used for affordable housing

Finance

1. Investigate provision of long term fixed interest rate financing for first home buyers
2. Investigate use of Leases

Supportive Data and research

1. Complete NPS modelling
2. Economic analysis of options – costs and consequences
3. Utilise past QLDC data and bring up to date

Other things...

- Further investigate supporting potential joint ventures and profit sharing arrangements with developers



**Mayoral
Housing Affordability Taskforce (HAT)**

Fortnightly Meeting Outcomes from 8th May 2017

Queenstown Lakes District Council Chambers – 10 Gorge Road

Attendees: John MacDonald (Chair), Bill Moran, Ian Bayliss, Jim Boulton, Julie Scott, Kirsty Sinclair, Mike Theelen, Paul Croft, Sally Mingaye-Hall, Scott Figenshow (Phone), Steve Evans (Phone) and Tony Avery

Apologies: Ian Adamson, John May, Paul Munro, Shaun Drylie, Stephen Brent and Trent Yeo.

It was agreed the primary focus for the Taskforce should be:

1. Secondary Affordable Market (Whistler model includes ownership and long term rentals)

- i) Retaining affordability long term
- ii) Looking at changing what we build

2. Finding land for Queenstown Lakes Community Housing Trust (QLCHT)

3. Planning

- i) Inclusionary zoning
- ii) Infill/density secondary unit, permanent longer term rentals, no visitor accommodation.
- iii) Master Planning

4. Understand the market segment we are targeting

- i) Key workers

Jim Boulton pointed out four key areas to be considered, with our focus to be on the first 3.

- i) Land
- ii) Consents
- iii) Delivering affordability
- iv) Funding



**Mayoral
Housing Affordability Taskforce (HAT)**

Meeting Outcomes - 29th May 2017

Queenstown Lakes District Council Shotover Street Boardroom – 74 Shotover Street

Attendees: John MacDonald (Chair), Bill Moran, Ian Bayliss, Jim Boulton, Julie Scott, Kirsty Sinclair, Mike Theelen, Sally Mingaye-Hall, Scott Fignishow (Phone) and Tony Avery

Apologies: Ian Adamson, Paul Croft, John May, Paul Munro, Shaun Drylie, Stephen Brent, Steve Evans (Phone) and Trent Yeo.

Outcomes

1) Secondary Affordable Market

- i) Reviewed Tony Avery's Rationale for a Secondary Affordable Market (SAM) document, general agreement.
- ii) Mike Theelen questioned ongoing funding for Secondary Affordable Market (SAM) model, is it needed?
- iii) Secondary Affordable Market (SAM) subgroup formed to meet, further develop and test the ideas raised, how they would potentially work and their bankability.

2) Discussed Developer Contributions

- i) Agreement that they will be essential.

3) Monday 26th June meeting

- i) Cancelled meeting and replaced with workshop on Land Trusts and their use in affordable housing overseas, facilitated by Dr. Louise Crabtree.

Mayoral Housing Affordability Taskforce (HAT)
Meeting Outcomes - 10th July 2017
Queenstown Lakes District Council Chambers – 10 Gorge Road

Attendees: John MacDonald (Chair), Bill Moran, Ian Adamson, Ian Bayliss, Jim Boulton, Julie Scott, Kirsty Sinclair, Mike Theelen, Scott Figenshow (Phone), Shaun Drylie (Phone), Steve Evans (Phone), Tony Avery and Trent Yeo.

Apologies: Ian Greaves, John May, Paul Croft, Paul Munro, Ross McRobie, Sally Mingaye-Hall and Stephen Brent.

1) Secondary Affordable Market (SAM)

- i) Update from SAM working group. Progress made and believe a secondary affordable market is achievable
- ii) Documents compiled by working group presented by Julie Scott
 - QLCHT's Restricted Market Programme (Draft)
 - Leasehold model with 80% LVR
 - Large Scale Mixed Model QLCHT development (Lease/Rent/Sell)
- iii) Discussion around models. JB happy to see the progress of proposal, general agreement.
- iv) Points/discussion noted:
 - Aim of Large Scale Mixed Model is to see how we can upscale to increase supply of houses onto market quickly, linking in to changing what we build and perceptions around this.
 - Look at this as developing series of products to increase the supply, affordability & ownership of units across the District.
 - Creating supply doesn't necessarily result in increasing affordability.
 - Should be thinking about ways of enabling QLCHT to buy and develop land as well as obtaining land and buildings through developer contributions.
 - Important to keep the offering simple.
 - Restricted market proposal is based on land provided from developer contributions therefore lower lease rate than market value land. Leaseholders finance the build costs.

- SD noted better leverage for equity than Shared Ownership model but need to pressure test assumptions. Potential QLCHT Pilot scheme – 14 sections from Onslow Road SHA.
- MT noted a need to be mindful of liability if QLDC to act as guarantor for QLCHT leasehold model.
- SD didn't see banks having an issue with financing under the terms laid out under current proposal; though noted difficulty valuing properties in this context.
- SE queried the low return on the leasehold land as to whether it was the best use of council funds. JS countered with social investment benefits.
- High interest mortgage rates may still be an issue to low/mid income lessees/owners.
- TY asked is there a way to calculate loss to community when people move on due to lack of housing affordability and supply?

2) Shared Home Equity Product (SHEP)

- i) Product as a means of financing for middle of market, more information to follow.
- ii) QLCHT have agreed to look into the option further.

3) Ladies Mile Masterplan

- i) Currently out for public consultation on views.
- ii) Looking to increase supply through medium/high density zoning.
- iii) Access to land through proposed 10% developer contribution, noting this will be contentious with landowners.
- iv) Council needs to decide if applied for as SHA and the level of developer contributions.
- v) Based on growth projections Wakatipu Basin needs 6.5 houses/week built for next 30 years

4) Next meeting date July 24th to be cancelled.

Mayoral Housing Affordability Taskforce (HAT)
Meeting Outcomes – 7th August 2017
Queenstown Lakes District Council Chambers – 10 Gorge Road

Attendees: John MacDonald (Chair) (Phone), Bill Moran, Ian Adamson, Ian Bayliss, Jim Boulton (Phone), Julie Scott, Kirsty Sinclair, Mike Theelen, Rebecca Officer (Phone), Ross McRobie, Scott Figenshow (Phone), Shaun Drylie (Phone), Steve Evans (Phone) and Tony Avery.

Apologies: Ian Greaves, John May, Paul Croft, Paul Munro, Sally Mingaye-Hall, Stephen Brent and Trent Yeo.

Guests: Stewart Burns.

Action Items from Previous Meetings

| | Action Items | Status |
|-----------|--|---|
| 1. | Put together information on Shared Home Equity Product for presentation at next meeting (BM) | Presentation slides shown for initial 20 minutes of meeting (agenda item 1) |
| 2. | QLCHT to consider the Affordable Ownership Programme (AOP) model at their next board meeting (JS) | Considered by trustees, now with lawyers who are drafting legal documents, once complete can start testing. (JS) |
| 3. | Need to report to Council on HAT actions to date, noting the need to firm up Affordable Ownership Programme model & Shared Home Equity Product first, and seeking Council endorsement of the proposals (TA) | Draft report completed by TA, discussed as agenda item 2. |

Outcomes

1) Shared Home Equity Product (SHEP)

- i. Presentation slides of SHEP summary reviewed and discussed
 - Funder provides funds to client, clients pays a 10% bond and pays fixed rate which is locked in for 10 years.

- QLDC to stand as an intermediary between SHEP and clients which lessens risks for investors therefore requiring lower interest rates.
- Risk in terms of credit exposure minimal, the risk for QLDC/QLCHT would lie in property prices and clients defaulting on payments.

ii. QLDC as an intermediary/guarantor

- SB questioned responsibilities for QLDC given they currently have no control over QLCHT. SHEP presenter saw QLDC as initial licensee, sub licensing to QLCHT who would find the clients.
- BM notes if QLDC stands behind the Trust directly/indirectly they need more control due to liability issues. Relationship between the two would need to be reviewed and an independent assessment of risk exposure undertaken. MT notes any changes may require public consultation.
- SD questioned the risk to QLDC as bond guarantor at the end of 10 years. SHEP presenter replied risk only for the 10% bond. Main risk is with the investors not clients, provided clients have fulfilled obligations.

iii. Next steps

- General agreement it's a good idea and worth further investigating how QLDC/QLCHT relationship could work.
- MT advised QLDC internal discussion needed on whether prepared to undertake licensing risk. Independent advice needed and liability run past LGFA. JB suggested discussed internally then brought back to the Taskforce.

2) Report on HAT update for 17th August Council Meeting agenda.

i. Report pre-circulated to members - TA asked for feedback.

- General agreement, good report and right direction. JB notes the need to keep details non-specific as report will be made public.
- JS happy for report to note ongoing discussion with QLCHT around creation/implementation of an Affordable Ownership Programme (AOP).
- JB confirmed timeframe of September for Taskforce to give recommendations with a second report to Full Council required. Recommendations to be actioned towards end of year.

ii. Matters raised

- Supply of land and funding needs to be raised in general conversation and noted at Full Council meeting.

- Further investigation needed around how to implement an Affordable Ownership Programme to achieve long term sustainable affordability.
- MT notes QLDC is looking at a programme around surplus property. Land potentially could be made available to QLCHT in future.
- Need to keep momentum of Taskforce going.

3) Communications Plan

- i. JB noted that previous week's media release on HAT was a means of unofficial market testing and obtaining feedback. General agreement that all resulting questions should be directed to JM as Taskforce Chair.
- ii. General agreement with JM suggestion to start thinking about how we sell concept of AOP, or SHEP if adopted, to the public and for the Comms team to be involved in early stages.
- iii. General agreement with RM that SHEP needs to be simplified as part of Comms plan.

4) Also discussed

- i. Developers have differing ideas on affordable housing, sometimes with fragmented delivery. It would be preferable to have standardisation across the district with a few workable and effective models.
- ii. Use 1 or 2 successful international affordable housing models as examples for ideas.
- iii. JB thanked HAT members for their time and input.

5) Actions

- i. Email discussing Aspen model to be forwarded to all members (TA)