



# **Queenstown Lakes District Council Housing Affordability Response**

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# mountain scene

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Complimentary

## HOUSING PROBLEM WORSENS

### *Emphasis Given To Need In Queenstown*

"It is no good building up a tourist area such as Queenstown without having regard for the housing needs of the people who live and work in the area," said the Leader of the Opposition, Mr Norman Kirk, at a lunch hour meeting in Queenstown's pedestrian mall.

These words highlighted a problem that has existed in the town for many years, and is steadily growing worse.

People had to live here to service the tourist industry, said Mr Kirk, but the high price of land, and the high cost of building prohibited the workers from owning their own homes.

The area had to be a good place for New Zealanders to live in as well as for overseas tourists.

The family was the basic unit of the community, said Mr Kirk. "Undermine the family, and you undermine the community. Divide the

causes, not the least of which are freight rates.

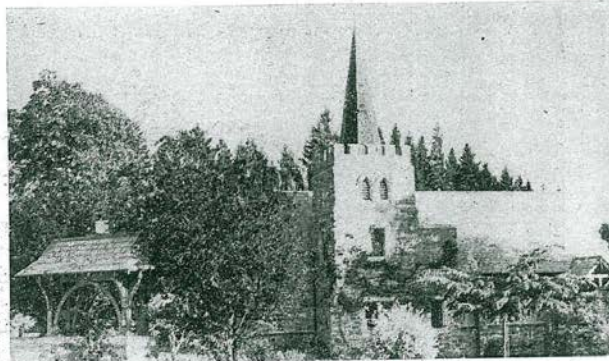
The high costs cause the State Advances Corporation and other lending institutions to look askance at propositions for building loans. If Queenstown is to have a stable growth as a tourist centre, the problem of housing its workers can no longer be ignored. Any industry has to be serviced, and those who service it have to be housed.

☆☆☆

### Already We Expand

Such has been the interest generated by Mountain Scene since the paper's launching at the beginning of the month that the publishers have had to increase their output by more than 16 per cent.

That is the percentage lift represented by 1000 extra copies into which the second issue

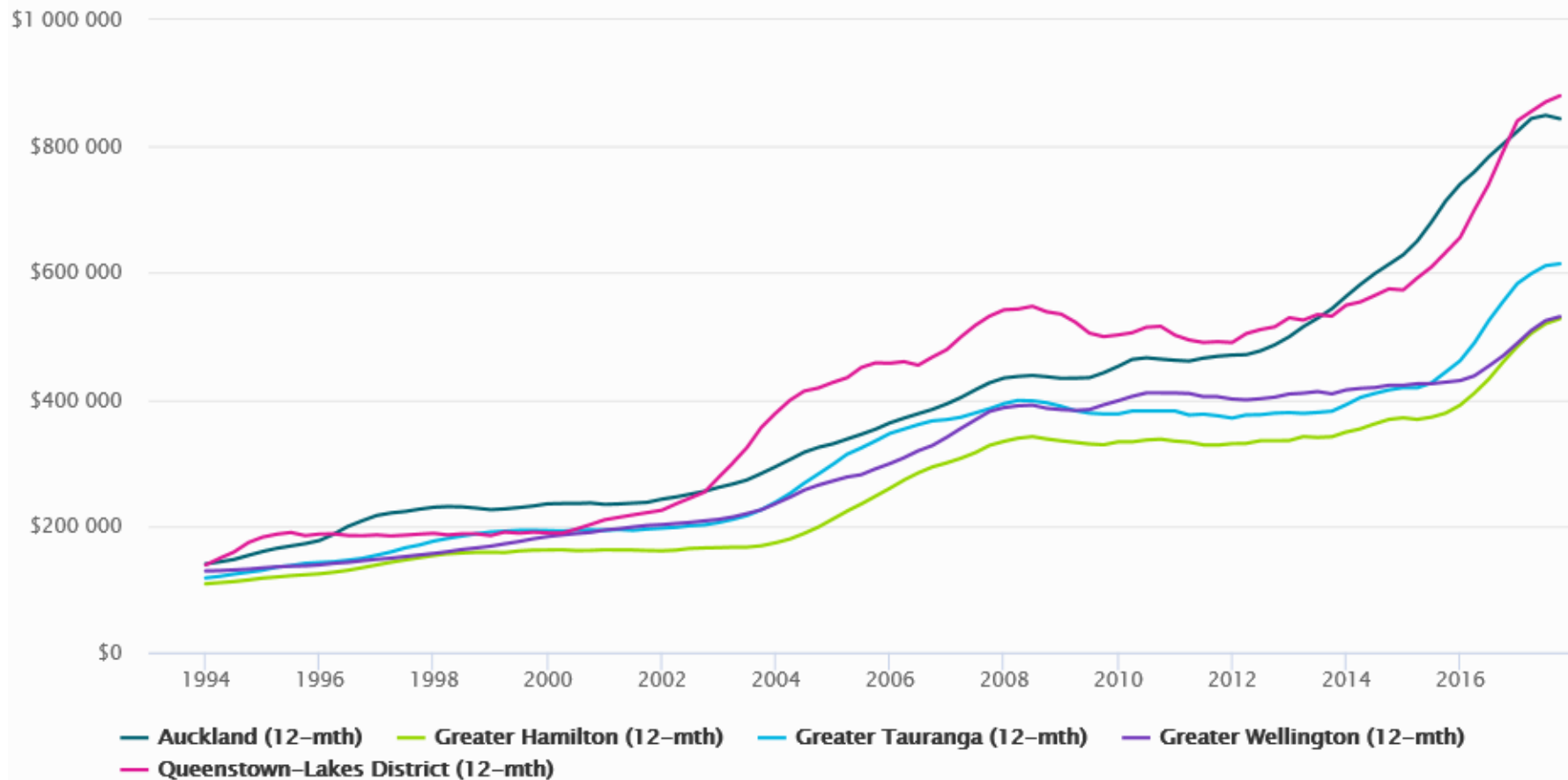


### Dining In Mall At Issue

### STONEMWORK FEATURE

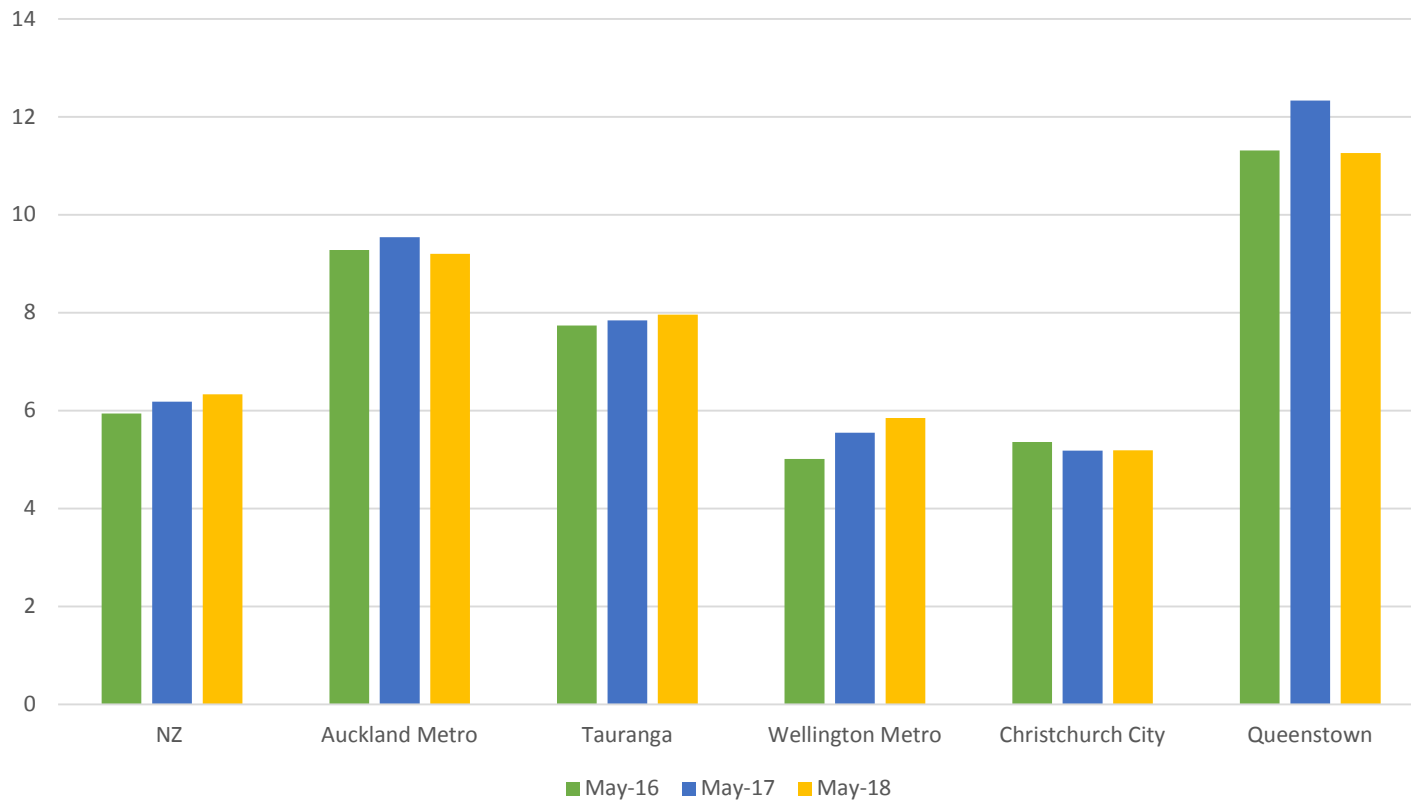
Stonework is a feature of Queenstown, and, for anyone who takes the trouble to explore, there are many interesting things to be discovered.

# Median House Prices 1994-2017



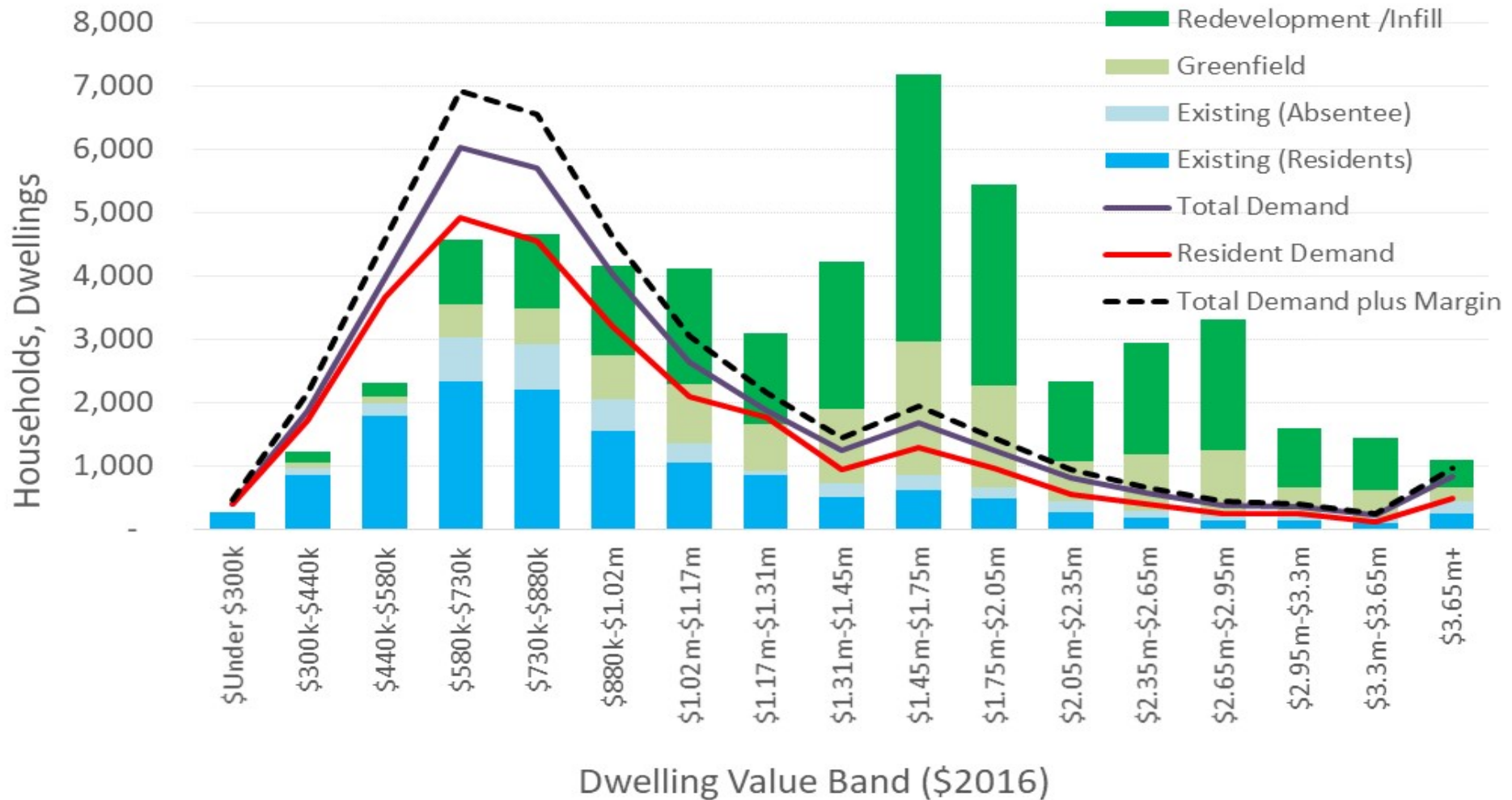
# Ratio of Average Household Incomes to Average Rents

Analysis of Median house price to median annual household income



# Housing Sufficiency

Total QLD Housing Sufficiency : High Growth 2046



# Queenstown Lakes context



- **High growth area**
- **Limited developable land**
- **The Rise and Rise of Airbnb**
- **Plan Change 24 – Inclusionary Zoning (2007 – 2013)**
- **Has had Queenstown Lakes Community Housing Trust (QLCHT) for over 10 years**

# Why the Council took the lead



- **Difficult for people to get ahead**
- **Huge impact on community**
- **Potential catastrophic impact on Tourism**
- **Risk of satellite towns providing workforce of the future to keep the town functioning**

# The Mayoral Housing Affordability Taskforce (HAT)



- **Set up in April 2017 by the Mayor, Jim Boulton**
- **Reported back six months later with an audacious Goal:**

***“The people of our community will be able to own or occupy a home in our District at a cost that allows them to enjoy an affordable lifestyle, with an initial delivery target of 1000 Community Affordable homes with secure tenure by 2028.”***



# Taskforce View

- **Affordability problem well known - don't need to over analyse it**
- **Underlying Assumptions:**
  - **The market has failed to deliver homes that remain affordable**
  - **Nothing has changed in the market**
  - **The market will continue to fail to deliver**
  - **Something new needs to be done that “intervenes” in the market**
  - **But caution required to work within the market and not to reduce value of existing investments**

# Mayoral HAT Recommendations



- 1. Build a range of affordable market offerings**
- 2. Adjust the Visitor Accommodation settings**
- 3. Provide more land, intensification and inclusionary zoning**
- 4. Invest in scaling up the Trust**
- 5. Address household income support**
- 6. Build a strategy for long term community support**

# Some of what we came up with

- Scaling up the QLCHT
- Secure Home Programme
- Tackling Airbnb
- Making more land available

# Scaling up the QLCHT



- The Trust – An independent Community Housing Provider
- Council looking for more land for affordable delivery:
  - All land obtained by the Council to go to the Trust
  - Only to go to Secure Home Programme or long term rentals
  - A community investment in long term perpetual affordability
- Requires scaling up and review of relationship and responsibility between the Trust and the Council:
  - 1000 affordable homes = \$300 m land value alone
  - Council wanting perpetual affordability – requires robust governance and enduring structures

# Secure Home Programme

1. The Land:
  - Owned by the Trust in perpetuity
  - Leased at a fixed concessional rental rate to the household
  
2. The Home:
  - Can only be bought and sold within Trust's pool of households
  - Purchased by Household at value of build cost with margin
  - Value increase limited to CPI annually or similar

## **Outcome**

- Perpetual affordability
- Home ownership providing secure tenure
- Creates Secondary Market - parallel to but not tied to the open market
- Requires not-for-profit long term Trust to administer

# Tackling Private Visitor Accommodation ( ie Airbnb)

- Size of the problem
  - 14% of Queenstown Lakes housing stock is on Airbnb alone
  - But accounts for around 15% of commercial accommodation supply
- Effect
  - Removes housing stock from long term rental pool
  - Reduces turnover of houses and increases rental costs
- What the Council is doing
  - Proposed change to District Plan rules
  - Restrict use in residential areas to 28 days over 3 separate lets
  - Enable in High Density and CBD surrounds
  - Considering increased rating as semi-commercial activity

# Making More Land Available

- **Making use of the SHAs**
  - Approved 8 which will deliver almost 1000 houses
  - On drawing boards – another 2,500 potentially
- **Complete Stage One of District Plan review**
  - Enables further infilling
  - Defines additional but limited development areas
- **NPS on Urban Development Capacity**
  - Become more future focussed and more proactive in planning
  - Future plan changes to identify growth areas, to include structure plans
- **Review own Council land holdings**

# More Land to the Trust

- **SHA contribution to affordable housing reviewed**
  - Council required 5% to go to the Trust for affordable housing
  - Now looking for 10% of land to be provided
- **Enforce existing stakeholder deeds with developers**
  - By the Council to ensure contributions made
- **Review Inclusionary Zoning - 2019**



# Final thoughts

- **No silver bullet!**
- **Queenstown Lakes – 10 years of trying**
  - **Queenstown Lakes Community Housing Trust has delivered affordable housing products to 160 families**
  - **Inclusionary Zoning approach has delivered land for affordable housing, although has been a struggle**
- **Next 10 years – targeting to deliver 1,000 Affordable Homes**
  - **Will require us to do something different**
  - **Council fully committed to achieving that**
  - **Can't do it on it's own**



**Questions?**

