

QLDC Council
29 July 2021

Report for Agenda Item | Rīpoata moto e Rāraki take 4

Department: Planning & Development

Title | Taitara Queenstown Lakes Homes Strategy public consultation permission

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to seek permission to initiate community consultation for the draft Queenstown Lakes Homes Strategy and Action Plan.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of this report;
2. **Approve** the draft Queenstown Lakes Homes Strategy and Action Plan for public feedback; and
3. **Approve** the General Manager Planning and Development to make design and minor editorial changes for clarification prior to release.

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15/07/2021

Reviewed and Authorised by:



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16/07/2021

CONTEXT | HOROPAKI

- 2 The district is world-renowned as a place to visit, stay and enjoy, and the work life balance in Queenstown Lakes region is something which many people move here to attain. This attractiveness comes with a price tag, and housing in the district is among the most expensive in the country. The root causes of housing unaffordability are complex; key challenges in housing in the district centre on housing supply, housing choice, housing availability, and quality.
- 3 Since the early 2000s Council has taken a number of steps to address housing challenges. In 2017, the Mayor's Taskforce on housing affordability called for, among other recommendations, that inclusionary zoning be implemented in the district plan and that an updated housing strategy be promulgated.¹
- 4 The draft Queenstown Lakes Homes Strategy and Action Plan along with the inclusionary zoning policy options dovetail as part of a suite of initiatives to promote an enduring legacy of improved housing outcomes in the Queenstown Lakes. A substantial amount of background work has supported both of these tasks and the next step is to present the concepts in detail to the public for non-statutory community feedback.
- 5 This report seeks permission from Council to progress with public consultation to inform and improve the draft Queenstown Lakes Homes Strategy and Action Plan. A separate agenda report has been prepared seeking permission for non-statutory public consultation on inclusionary zoning policy options for the district plan. It is proposed that both pieces of consultation will be run at the same time.

Enduring housing challenges

- 6 Chronic housing unaffordability has a range of social and economic costs which has long been acknowledged by the Council, and since the early 2000s active steps have been taken to address housing supply and affordability through a number of levers. This history is laid out in brief below.

A history of housing work

- 7 2005: An inaugural housing strategy
 - a) The Housing our People in our Environment or HOPE strategy was released in 2005, and set out 32 actions to improve housing affordability in the district. The HOPE Strategy has been a key underlying document in the work on housing affordability in the district.
- 8 2007: establishing and partnering with the Queenstown Lakes Community Housing Trust (QLCHT)
 - a) The QLCHT was established as an action from the HOPE strategy in 2007, and is an independent, not for profit, Community Housing Provider. It is the primary method

¹ [mayoral-housing-affordability-taskforce-report-october-2017.pdf \(qldc.govt.nz\)](#)

for assisted affordable housing delivery in the district and at the time of writing has helped 219 households in warm, secure and affordable homes and approximately 750 households on their waiting list for assistance.

9 2007: District Plan – initiation of an affordable housing plan change

- a) Plan Change 24, notified in 2007, sought to require qualifying developments to provide affordable housing that was proportional to the effects or impacts. It was heavily litigated over several years and ended in mediation, resulting in affordable housing objectives and policies being put into the district plan. It failed to implement the final pieces needed to implement the requirement, leaving the final outcomes of the plan change ineffective. However, one key legal point which PC 24 established is that affordable housing can be addressed under the RMA, and therefore in District Plans².

10 2003 – 2013 Negotiated Developer Agreements

- a) While PC 24 was being prepared and litigated in the early 2000s a series of private plan changes to the district plan seeking upzoning by developers were initiated. QLDC was in a position to negotiate for affordable housing contributions in relation to these plan changes, and this resulted in several affordable housing stakeholder deeds being drawn up. The contributions from these agreements form the backbone of the affordable housing stock in the district through the QLCHT.
- b) These negotiated stakeholder deed agreements have been successful in part, and form the backbone of the 219 affordable homes in the district. Despite this figure indicating success, there are significant drawbacks to this approach. The deeds are challenging to develop, they vary in the quality and the quanta required, they are difficult to administer and enforce, and create an uneven and uncertain playing field for development.

11 2013 – 2019 Housing Accords and Special Housing Areas Act (HASHAA) and the local LEAD policy

- a) HASHAA was an opportunity driven by central government to enable additional housing supply in the district. In essence, HASHAA created a faster way for the development of greenfield sites, outside the controls of the RMA. This approach was further refined by Council through a local policy (the LEAD Policy) to additionally ensure a portion of the supply created through each Special Housing Area (SHA) development would remain affordable *in perpetuity*. This was achieved through requiring a percentage of all council-recommended SHA proposals to contribute land to the QLCHT to be used for their housing need. It has resulted in approximately 146 residential sections and \$1.2 million being earmarked for affordable housing in perpetuity through the QLCHT as a development, delivery and management entity.

² *Infinity Investment Group Holdings Limited and Others v Queenstown Lakes District Council* HC INV CIV 2010-425-365, 14 February 2011.

12 2010-present Council land contributions

- a) Since 2010 the Council has made three substantial commitments to land or funds for affordable housing in the district. Most recently land in Arrowtown capable of supporting 65 units has been approved for transfer to the QLCHT (Jopp Street) Other contributions include land which resulted in 6 units, also in Arrowtown (Suffolk Street), along with a commitment for five percent of the yields of the sale of a high value piece of council land in the Queenstown CBD (Lakeview) to be provided for affordable housing.

13 Mayoral Taskforce on Housing Affordability

- a) In 2016 the Mayor Jim Boulton convened a Mayoral Taskforce on Housing Affordability to address the systemic housing challenges seen in the district. Membership for the taskforce was drawn from across the community, and the Taskforce produced a report in 2017³. The report set out six recommendations to tackle housing affordability:
 - Build a range of Community Affordable market offerings
 - Adjust the Visitor Accommodation settings
 - Provide more land, intensification and inclusionary zoning
 - Invest in scaling up the Queenstown Lakes Community Housing Trust
 - Address household income support

14 Implementing the Taskforce recommendations: 2017 - present

- a) Since 2017 a few key pieces of the housing challenge puzzle have been worked on. An updated legal agreement between the QLCHT and the Council reaffirmed their mutual commitment to addressing affordable housing in the district, and confirmed that all contributions passed to the QLCHT by the council would be retained for affordable housing in perpetuity.
- b) The Secure Home Programme, a unique leasehold ownership model, was developed collaboratively with the Council and the QLCHT. The objective of Secure Home is not only to provide decent and affordable housing, but long-term housing stability and security in the same way that home ownership does.
 - The household owns the improvements (the house) with a mortgage from the bank, and in addition pays a lease payment of 1.5% of the value of the land to the Trust. This lease only increases annually with inflation for the period the household remains in the programme.
 - The Secure Home cannot be transferred or on-sold on the open market, but should a household decide to move on, the QLCHT will purchase the house back

³ <https://www.qldc.govt.nz/media/ybgfq15v/mayoral-housing-affordability-taskforce-report-october-2017.pdf>

at the original purchase price, plus an annual inflation adjustment (provided the house has been well maintained). If the household has made any improvements to the property which the QLCHT has approved, then these too will be factored into the resale price.

Why should the council get involved

- 15 The Mayoral Taskforce report (mentioned previously in paragraph 13) approved by council in October 2018 initiated this research and draft strategy and was a response to clear local need being seen and demonstrated through a number of avenues, including regular community surveys and feedback, councillor feedback, real estate data, and anecdotal evidence.
- 16 The 2019 change to the Local Government Act (2002) re-incorporating the four well-beings acknowledges the valuable role local government has in the social, economic, environmental and cultural well-being of citizens and communities. Housing is a fundamental aspect of individual, household and community well-being. In this legislative context there is a role for council in quantifying, describing and setting direction to address the housing challenges residents face in order to achieve change. Developing a strategy and action plan is one method to achieve this end.

The draft Queenstown Lakes Homes Strategy

- 17 The draft Queenstown Lakes Homes Strategy (Attachment A) is divided into three parts, and each of these sections is discussed in more detail below:

Part One: describes the housing challenge, it is refined into four themes:

Part Two: outlines the process undertaken to develop the strategy to date

Part Three: is a time-bound action plan and sets out the outcomes, goals, actions and timelines that QLDC will undertake in order to help address the challenges

- 18 The intent of draft Queenstown Lakes Homes Strategy and Action Plan is to improve the housing system for the residents of the district, and it builds on a foundation of previous Council commitments, research and efforts.
- 19 To develop this draft there were several areas of input:
 - a) Early community consultation was undertaken (My Place – 2019). In total there were 679 feedback points for housing as a topic across the ten locations that participated in the My Place sessions.
 - b) Data collection – Housing Needs Assessment 2019. The Housing Needs Assessment found that at the time (pre-COVID-19) approximately 20% of the population was in a vulnerable situation with high housing costs. While outdated now, what the Housing Needs Assessment continues to provide is a snapshot at a point in time in how poor the housing outcomes were for portions of the population were. New additional

research being undertaken now (the Housing and Business Capacity Assessment) will provide a fresh take on some of this data to inform the final strategy.

- c) Internal and external stakeholder feedback – housing partners and stakeholders were interviewed and provided input which has resulted in this final draft document.

20 The document responds to the vision set out in Vision Beyond 2050 and the direction set in the draft Queenstown Lakes Spatial Plan | Grow Well - Whaiora.

21 These sources, along with the previous council experiences in housing have culminated in this draft document. The draft Queenstown Lakes Homes Strategy provides specific scope for the housing work and sets out QLDC's role in influencing change in the housing system through advocacy, partnership and local action. It is proposed that it be reviewed regularly alongside council electoral cycles, and progress on the actions will be reported to councillors quarterly. The approach is captured through the vision statement:

Everyone has a warm secure place to call home

22 The draft strategy sets out the key principles of council in housing:

- a) play an active leadership role to enable innovative housing solutions across the housing continuum without being a direct provider of housing;
- b) base housing policy decisions and interventions on robust evidence;
- c) continue to build on existing partnerships with central government, Ki Tahu, developers, Non-Government Organisations (such as the Queenstown Lakes Community Housing Trust) and the community,
- d) contribute to creating inclusive, diverse and resilient communities with good standards of living and wellbeing.

23 The Housing Challenge is refined into themes:

Affordability, which includes housing affordability over time and in relation to local wages and household earnings

Choice, which includes considerations of housing supply, availability and housing type

Quality, which considers how and where houses are constructed and how sustainable and climate friendly and affordable to heat

Government assistance, which reviews the ways in which the government provides local housing assistance in the district

24 The Action Plan takes these housing challenge themes and responds with outcomes, goals and actions being sought. The outcomes and goals are listed below.

Outcome 1: Affordable housing options for the community are increased

Goal 1: Incorporate inclusionary zoning in the district plan to retain affordable housing in perpetuity

Goal 2: Seek more land for retained affordable and community housing

Outcome 2: A range of housing choice exists for everyone

Goal 3: Foster additional housing solutions

Goal 4: Shift the housing supply toward community need

Goal 5: Existing housing serves people who live and work here

Outcome 3: Homes in the district are healthy, warm, and sustainable

Goal 6: Develop a sustainable housing framework

Goal 7: Our homes are warm

Goal 8: Our homes are well built

Outcome 4: Partnerships accelerate housing outcomes in the district

Goal 9: Increase the presence of central government housing assistance in the district

Goal 10: Advance and strengthen the Queenstown Lakes Community Housing Trust

25 Each of the ten goals have actions underneath which describe how the strategy will be enacted, there are 39 time-bound actions in the draft.

26 The draft Queenstown Lakes Homes Strategy seeks to deliver a pathway for change in the housing system for the district. The District has a well-documented history of housing challenges, as well as a track record of partnership, policy development and programme implementation that has resulted in some targeted affordable housing delivery. This draft document represents a new step towards continuing this record of work into the future.

Public consultation on housing

27 The draft Queenstown Lakes Homes Strategy is proposed to be presented alongside inclusionary zoning policy options⁴ in order to provide a wider lens for understanding the Council’s suggested approach for addressing housing challenges.

28 Public views on both inclusionary zoning policy options and the draft Queenstown Lakes Homes Strategy are important to understand and incorporate as the proposals continue

⁴ Approval for consultation on inclusionary zoning options for the PDP is being sought through a separate report to this council meeting.

to be honed. To continue to progress, it is proposed that the next step is to engage with broad sectors of the community and directly affected stakeholders and interested parties. If approved, consultation for both streams of work will be run concurrently.

- 29 The purpose is for the consultative process to further inform and improve the approach to retained affordable housing provision in the district plan, and in particular to:
- a) Provide preliminary council direction on how to positively influence housing to the community, government and other stakeholders
 - b) Give the public the opportunity to provide comment on these concepts
 - c) Assist with developing knowledge and understanding of the particular housing challenges that are unique to the area
- 30 Success will be measured through:
- a) Robust discussion of the project
 - b) Demonstrated public understanding of the concepts, in particular inclusionary zoning
 - c) A commensurate quanta of feedback relative to other similar pieces of work in the past.
- 31 It is proposed that the consultation be run for six weeks under the Local Government Act and be open from August 16 – 27 September. The feedback collected will be summarised and used to further refine the strategy document, and ultimately produce a final version of the Queenstown Lakes Homes Strategy for Council approval and continued implementation of the housing actions.
- 32 A variety of methods and materials will be used to invite feedback and engagement, including:
- a) Newspapers and radio
 - b) Social media tools
 - c) Drop in sessions
 - d) Public events, if deemed required

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 33 Option 1 Approve the draft Homes Strategy and Action Plan for community consultation, subject to any minor amendments.

Advantages

- 34 This option responds to both the Mayoral Housing Affordability Taskforce ambitions, as well as Vision Beyond 2050 aspirations, and the direction set through the draft Spatial Plan Whaiora.
- 35 It responds to an issue (housing) which is regularly expressed as a tangible problem for residents through a variety of polling mediums such as the Quality of Life Survey and the Ten Year Plan.
- 36 It demonstrates bold leadership and sends a message to our communities, partners and central government the direction in housing being sought by QLDC.
- 37 It provides an opportunity for the public and policy makers to openly discuss the draft directions set by QLDC.

Disadvantages

- 38 Presenting the draft strategy and the inclusionary zoning policy options (presented for consideration in a separate report) at the same time may be complex for people to understand all at once.

Option 2 Do not approve the draft Queenstown Lakes Homes Strategy for community consultation and request for revisions to be made by October 2021.

Advantages

- 39 This option would provide time to further refine the Strategy and Action Plan, and provide Council the opportunity for additional input in advance of community engagement.

Disadvantages

- 40 This option would delay progress on the wider housing objectives for QLDC, and in particular progress towards implementing inclusionary zoning.

Recommendation

- 41 This report recommends **Option 1** for addressing the matter because it delivers on previous Council commitments to addressing housing affordability in the district, and seeks to engage with the public on a topic which is important for many residents based on Quality of Life feedback as well as anecdotal information.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 42 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy.
- 43 The persons who are affected by or interested in this matter are the community and housing stakeholders regionally and nationally.

- 44 The draft strategy has been informed by many conversations with internal and external stakeholders starting from 2019 and builds on previous consultation work on housing.
- 45 The community consultation to be undertaken will run for 6 weeks from August 16 – 27 September. Feedback received will be summarised and used to finalise the Homes Strategy and Action Plan. The final version will be presented to Council for consideration.

> MĀORI CONSULTATION | IWI RŪNANGA

- 46 Council staff have provided the draft Homes Strategy and Action Plan to both Aukaha and Te Aō Marama and received feedback from Aukahua. Local community organisation Mana Tahuna was also consulted. Further outreach will be conducted during the community engagement period.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 47 This matter relates to the Strategic/Political/Reputation. It is associated with Risk 00056 – Ineffective provision for future planning and development needs of the district within the district in the QLDC Risk Register. This risk has been assessed as having a moderate inherent risk rating.
- 48 The approval of the recommended option will address the risk by allowing Council to implement additional controls for this risk. This shall be achieved by seeking public input on housing policy directions which are intended to positively affect future housing supply and affordability.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 49 There are no additional resources required for this financial year with work expected to be undertaken within existing budgets. Resources and budget to deliver the actions outlined in this strategy will be sought through future budget processes.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 50 The following Council policies, strategies and bylaws were considered:
- Vision Beyond 2050; in relation to the district's goals of a 'thriving community' and 'opportunities for all'
 - The draft Spatial Plan Whaiora;
 - The Proposed District Plan;
 - 2019-2022 Climate Action Plan
 - Housing Our People in our Environment (HOPE) Strategy; considered in relation to affordable housing interests in the District
 - Mayoral Housing Affordability Taskforce Report; considered in relation to affordable housing interests in the District

51 The recommended option is consistent with the principles set out in the named policy/policies.

52 This matter is broadly included in the Ten Year Plan/Annual Plan.

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

53 No specific legal advice has been sought for the Homes Strategy and Action Plan. Internal and external legal advice has been sought on actions which relate to inclusionary zoning.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

54 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 by seeking to address housing challenges that many households in the district are facing; as such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act. The recommended option:

55 Can be implemented through current funding under the Ten Year Plan and Annual Plan;

56 Is consistent with the Council's plans and policies; and

57 Would not alter significantly 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 | NGĀ TĀPIRIHANGA [

A	Draft Homes Strategy
B	Housing Needs Assessment (November 2019) (Circulated separately)