



**REMOVAL OF ALL ELDERLY HOUSING UNITS FROM
SCHEDULE OF ASSETS & TRANSFER TO THE
QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

STATEMENT OF PROPOSAL

2 May 2024

INTRODUCTION

1. This is a Statement of Proposal prepared in accordance with section 83 of the Local Government Act 2002 (LGA).
2. The Queenstown Lakes District Council (QLDC) is seeking public submissions on its proposal to transfer the title of land and five properties used for elderly housing located in Wānaka, and a 20-year lease is proposed for the four properties used for elderly housing located in Arrowtown, to the Queenstown Lakes Community Housing Trust (QLCHT). It is also proposed that the Arrowtown Elderly Housing units and land are transferred to the QLCHT during the first term of the lease, subject to further investigations into any obligations connected with endowment land in Arrowtown.
3. The elderly housing units are listed as a strategic asset, in the QLDC Significance and Engagement Policy 2021, and the future use and management of these units, including any transfer to the QLCHT requires a special consultation including notification, submissions from members of the public and a hearing.
4. Permission from Councilors to start the consultation process was approved at the 2 May 2024 Full Council meeting. The first step of this permission process was presenting a draft Statement of Proposal at a Council workshop on 28th November 2023, which included members of the Wānaka/Upper Clutha Community Board also.
5. By transferring the elderly housing units to QLCHT, the tenants will benefit from better quality accommodation and an increased level of care and tenancy services from a suitably qualified organization. The properties will also remain under permanent community ownership, without the financial burden of maintaining the properties. Transferring the titles to QLCHT will enable them to undertake a mortgage to eventually redevelop the land in Wānaka and increase the number of elderly housing units in the district. A building location map is provided in *Appendix D*.
6. QLCHT is registered Community Housing Provider, regulated by the Community Housing Regulatory Authority, who specialises in the provision of social and community housing.

BACKGROUND

7. 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, further investigations are being undertaken into any obligations connected with the endowment of the land in Arrowtown.
8. In 2013, Councilors agreed to the transfer of land on Suffolk Street, Arrowtown to QLCHT with two units specifically designed for Elderly Housing.

9. 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).
10. In 2019, the Relationship Framework Agreement was executed between Council and QLCHT. This was later updated in August 2022.
11. In September 2020, a proposal was received from QLCHT requesting the Elderly Housing units are transferred from QLDC to QLCHT.
12. 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.
13. 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.
14. In November 2021, Council approved maintenance and healthy homes upgrades for the five units in Wānaka.
15. In March 2022, QLDC transferred 3.7Ha of land on Jopp St, Arrowtown to QLCHT as a fee simple title. At least six of the sixty-eight properties being built are designated as Elderly Housing, with Stage 1 completion scheduled for 2025 (Tewa Banks Development).
16. 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.
17. In November 2022, QLCHT purchased land at 45 McDougall St, Wānaka which is adjacent to the five Council owned elderly housing units. This would allow QLCHT to build a total of twelve units across the two sites should they acquire the Council owned units.
18. 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.
19. July 2023, investigations 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 municipality of Arrowtown. The report 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”. This proposal to initially lease the properties to QLCHT means

the properties and land will remain under QLDC ownership (noted as municipality of Arrowtown on original title document).

20. August 2023, an updated proposal was received from QLCHT. (*Appendix B*)
21. 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.

PROPOSAL

22. 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”.
23. It is proposed that the Wānaka land and properties at 176 Upton Street are transferred in its entirety to QLCHT for \$1.
24. Both proposed transfers are conditional on QLCHT continuing to provide a minimum of four elderly housing units in Arrowtown and a minimum of five elderly housing units in Wānaka.
25. 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 municipality of Arrowtown.
26. 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”.
27. 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.

LAND VALUATION

28. 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.
29. 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

30. A summary of the draft agreements between QLDC and QLCHT are below.

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 and subsequently updated in August 2022.
- 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.

Proposed Deed of Transfer of Asset, Arrowtown:

- The purchase price is \$1.

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 are 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

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

32. **Tenant welfare during the transfer process**

QLCHT has committed to act as a third party representative and advocate for existing tenants during the transfer process of QLDC units to QLCHT. During this period, QLCHT will provide the following services:

- Meet in person with all tenants and talk through QLCHTs role and management services.
- Provide tenants a direct dial line to a dedicated QLCHT team member who will be their key contact. The Wānaka tenants will have our Wānaka-based staff member, and Arrowtown tenants will have a Queenstown-based staff member.
- Assist tenants with the process of registering for Government support through [Public Housing](#) (if eligible), or the [Accommodation Supplement](#).
- Check in on a minimum monthly basis with households, either in person or over the phone to update them on the process. This may be more regularly if required.
- Work with tenants to facilitate other wraparound services, as and when required.
- Report into relevant Council contacts monthly with updates on

33. **Tenant welfare once transfer is complete**

Once the transfer is complete, tenants will be in QLCHTs Senior Housing programme. This model is designed to provide affordable, long-term, secure tenure in decent quality homes to older people in our community. QLCHT will deliver the following services during this time:

- Tenants will be provided a periodic lease through a residential tenancy agreement, meaning they can rent the property indefinitely.
 - It's envisaged most existing tenants will be eligible for [Public Housing](#) through QLCHT, so the Trust's team will assist them through this process.
 - For the first 12-months rents will be set at the minimum of: a. The households current QLDC-established rent, or
 - An Income Related Rent established the Ministry of Social Development.
 - After 12 months, rents will be reviewed as per QLCHTs standard rent-setting process, and capped at a maximum of annual CPI adjustments.
 - Facilitate relevant wraparound support services to tenants.
 - Properties will be managed in accordance with QLCHTs [Housing Management Policy](#), although the dedicated QLCHT staff member assigned during the transfer process, will make contact with tenants quarterly for the first 12-months to ensure there are no issues.
- QLCHT will continue to report into Council at monthly management meetings with any updates on tenants and the properties.

34. **Tenant welfare during any redevelopment process**

In November 2022, QLCHT acquired the land at 45 McDougall St which sits adjacent to Council's own cottages. The Trust has a vision to redevelop the two sites and build 12 new Senior Housing units. Additionally, it's considered that at some point in the future, the Arrowtown cottages will also be redeveloped.

Further work will be done in this space once the initial transfer has been confirmed, but in the interim QLCHT commits to the following:

- Undertake a full transition plan once the timing of any redevelopment plans are known.
- Engage with tenants and discuss plans and alternative housing options. QLCHT has several existing developments as well as others under construction and in the pipeline which would

easily be able to accommodate these Senior households. These include Suffolk Street and Tewa Banks in Arrowtown; Longview, Northlake and Hikuwai in Wānaka.

- Confirm existing tenants will not be moved out of their residences unless a satisfactory alternative option is presented to them.
- Obtain Council endorsement for any redevelopment plans.
- Engage with the community in advance of lodging resource consent applications for redevelopment.
- Ensure tenant welfare is at the forefront of all decisions.

FINANCIAL COSTS AND RETURNS

35. The total annual rent for all elderly housing units is \$36,502 per annum, the total annual maintenance and renewal costs is \$49,000. QLDC are operating these units at a loss of \$12,498 per annum. These figures do not factor in QLDC and ORC rates, or QLDC staff costs.

36. As stated in the QLCHT Proposal, *“Rents are extremely low which indicates tenants would likely be eligible for Public Housing (facilitated by QLCHT). As local government agencies are unable to access the IRRS, this means QLDC operates these units at a loss.”*

QLCHT SENIOR HOUSING PROGRAMME

37. The demand for Senior Housing has continued to grow as more of this demographic reaches retirement age. As at 05/04/24 QLCHT had 41 senior households on their waiting list, detailed as follows.

Households	Queenstown	Wānaka
Singles	26	11
Couples	4	0

OPTIONS CONSIDERED

Option 1 - Remove the five Wānaka elderly housing units and four Arrowtown elderly housing units from the *Schedule of Assets and transfer to Queenstown Lakes Community Housing Trust (QLCHT)*.

Wānaka:

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

Advantages:

- 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.
- The tenants will benefit from better quality, modern accommodation, and a befitting level of care from a relevant organisation.
- The properties would be managed by an organisation that is equipped to qualify and manage such tenancies.
- QLDC will save on long-term maintenance and management costs.
- QLDC would be contributing towards the goal of 1000 homes by 2038 as part of the Mayoral Taskforce.

Disadvantages:

- The land could not be utilised for anything else.
- QLDC would lose 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 will remain under permanent community ownership.
- QLDC will save on long-term maintenance and management costs.
- QLDC would be contributing towards the goal of 1000 homes by 2038 as part of the Mayoral Taskforce.
- 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).

Disadvantages:

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

Option 2 – Do not remove the five Wānaka elderly housing units and four Arrowtown elderly housing units from the *Schedule of Assets and transfer to Queenstown Lakes Community Housing Trust (QLCHT)*.

Advantages:

- QLDC would retain ownership of the land and properties.
- The properties would not be removed from the Schedule of Assets 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.

Option 1 is recommended 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.

QLDC encourages anyone with an interest in the proposal to make a submission.

TIMETABLE FOR CONSULTATION

The following dates represent the key times in the consultation program:

Date	Task
Council meeting 2 May 2024	The Council resolves to undertake public consultation regarding the proposed transfer of Elderly Housing units to QLCHT
TBC	Submissions open
TBC	Advertisements in the Otago Daily Times, Southland Times, The Mountain Scene, and the Wānaka Sun
TBC	Submissions close 5.00pm
TBC	Submissions heard by a subcommittee of Councillors
TBC	The Council considers the outcome of the consultation process and whether to make decisions on the proposal

INSPECTION OF DOCUMENTS AND OBTAINING COPIES

Copies of this Statement of Proposal may be inspected, and a copy obtained, at no cost, from:

- a) Either of the QLDC offices at 10 Gorge Road, Queenstown or 47 Ardmore Street, Wānaka;
- b) Any QLDC library within the Queenstown Lakes District; or

- c) QLDC's online engagement platform Let's Talk – <https://letstalk.qldc.govt.nz/>

RIGHT TO MAKE A SUBMISSION AND BE HEARD

Any person or organisation has a right to be heard on this proposal and QLDC encourages everyone with an interest to do so. Submissions should be directed toward matters that are within the scope of the proposal.

The preferred way to make a submission is to complete the online form at <https://letstalk.qldc.govt.nz/>

Submitters may also:

- a) Post their submission to: Property Department, Queenstown Lakes District Council, Private Bag 50072, Queenstown 9348
- b) Email their submission to letstalk@qldc.govt.nz

Submissions must be received by **XX**. QLDC will then convene a hearing, at which any party who wishes to do so can present their submission in person. QLDC will give equal consideration to written and oral submissions.

QLDC will permit parties to make oral submissions (without prior written material) or to make a late submission, only where it considers that special circumstances apply.

Every submission made to QLDC will be acknowledged in accordance with the LGA 2002, will be copied and made available to the public. Every submission will be heard in a meeting that is open to the public.

Section 82 of the LGA 2002 sets out the obligations of QLDC in regard to consultation and QLDC will take all steps necessary to meet the spirit and intent of the law.

MAKING AN EFFECTIVE SUBMISSION

Written submissions can take any form (e.g. email or letter) but we recommend your submission be made on a standard submission form available from QLDC. An effective submission references the option of the proposal you wish to submit on, states why the option is supported or not supported, and states what change to the option is sought.

Submissions on matters outside the scope of the proposal cannot be considered by the Hearings Panel.

Mike Theelen

CHIEF EXECUTIVE