

# Welcome to the Queenstown Mayoral Affordable Housing Taskforce 2017 Info Pack!

## Taskforce Vision and Purpose

Queenstown Lakes District's long term success as a vibrant resort community is contingent on maintaining a stable, integrated workforce. We will partner with the community to establish a range of affordable, sustainable, secure housing options for our active and retired workforce.

## Background to the Taskforce

### Hope Strategy - housing our people in our environment

Prepared in 2005, the HOPE Strategy sets out a range of actions that the Council and community should take to address housing affordability, many of which were actioned including the establishment of the Queenstown Lakes Community Housing Trust and the introduction of affordable housing policies in the District Plan.

Efforts to address housing affordability in the district have a longer history – see links on the last page for details.

## Affordable Community Housing in the Queenstown Lakes District Plan

Plan Change 24 introduced provisions that allowed the positive benefits of affordable housing to be taken into account and set out Council's expectations in relation to affordable housing and providing a % of sites and dwellings (or cash in lieu) for community housing. It was notified in 2009 and appealed to the Environment Court and then High Court (both of which dismissed the appeals) and was then appealed to the Court of Appeal. Before the Court of Appeal could hear the matter, the Council reached agreement with the appellants on provisions which removed the prescriptive elements of the plan change. With no rules, the provisions have not led to any applicants having to make a contribution towards affordable or community housing since, although a number of Stakeholder Deeds have been established which require the provision of affordable housing as part of Plan Changes.

## Housing in other resort towns

Housing affordability is a hot topic in many resort towns around the world that are comparable with Queenstown like Whistler, Banff, Canmore and Aspen and Lake District National Park (UK).

In these towns (and others like them) the price of housing has outpaced the salaries of their resident workforce leading to significant problems with attracting and retaining the workers and families needed to provide skills, services and commitment to communities and ultimately inhibits their economic growth and potential.

### Whistler

In Whistler today, around 10,000 employees are housed in 2,000 units of rental or housing stock that has prices set by a Whistler Housing Authority. This stock of price controlled units are only available to resident employees.

New housing developments contribute 30% of the value of the development in land or cash and the assets are retained by the Housing Authority.

Open market prices for housing have continued to rise in Whistler but comfortable, good quality affordable living space fosters well-being and attracts skilled and energetic workers and families and the community benefits from a stable resident workforce, high quality local services and a vibrant and diversified community.

Whistler is just one example of how a community that has similar issues to Queenstown has taken major steps to address their issues. A possible overall lesson from the different experiences of these communities is that varying degrees of commitment have yielded widely varying results.



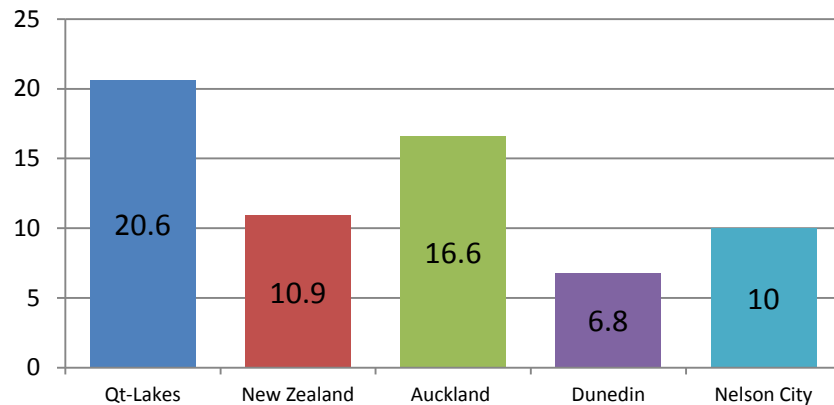
## Housing Affordability trends<sup>1</sup>

Rent affordability index  
Quarterly level



Ratio of House Values to Annual Earnings Dec 2016

source: Statistics NZ Employer Employee Data



A widely used indicator of the affordability of housing is the ratio between average current house values and average annual employment earnings from filled jobs. A higher ratio, indicates lower housing affordability. The graphs below show a ratio of average current house value to average annual earnings of 20.6:1 – compared to ratios of 10:1 and 16.8: 1 in Nelson and Auckland respectively.

A higher ratio of average weekly rent to average weekly earnings, suggests that average rents cost a greater multiple of typical incomes, which indicates lower rental affordability. Rents (\$ per week) are averaged across the quarter in question from monthly rental data sourced from MBIE.

Queenstown Lakes District has easily the worst rent price to income ratios of any territorial authority in NZ with a ratio of .51:1 – compared to .34:1 and .40:1 for Nelson and Auckland. Housing is considered to be unaffordable when housing absorbs more than 30% of gross income.

86% of respondents to a large Renter Survey in Queenstown said housing costs were a barrier to any long term commitment to Queenstown.

High housing costs relative to income are often associated with severe financial difficulty, and can leave households with insufficient income to meet other basic needs such as food, clothing transport, medical care and education. High outgoings-to-income ratios are not as critical for higher-income earners.

Housing affordability index  
Quarterly level



<sup>1</sup> Source: Infometrics December 2016, using Linked Employer Employee Data from Statistics New Zealand Rental data pertains to averages from data collected when bonds are lodged and does not control for specifications of the home (eg. size, number of bedrooms, age of home, etc). Rental affordability in the four most recent quarters is based on estimated average annual earnings, while earnings data from earlier years is based on actual figures from Linked Employer Employee Data published by Statistics New Zealand.

## Drivers - recent trends

House price growth  
Annual % change



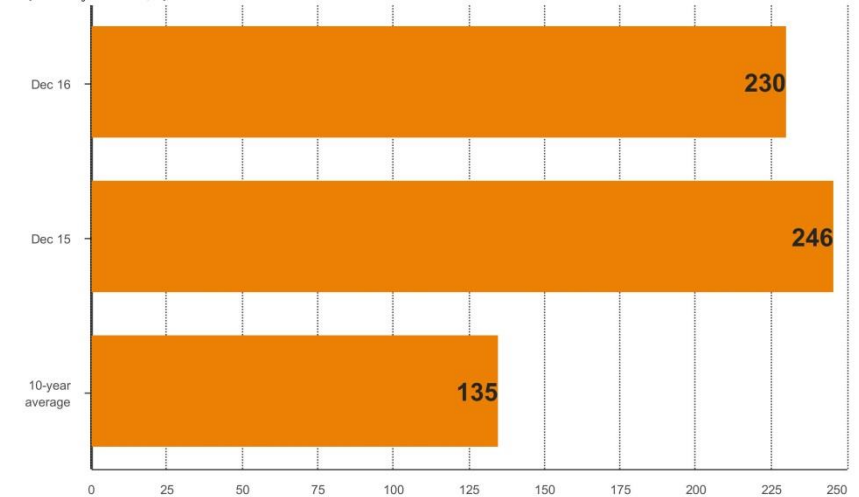
Queenstown-Lakes District's economy grew by 7.4% over the December 2016 year - the fastest of any region in New Zealand. Queenstown-Lakes is in the midst of a tourism surge and building boom that dwarves those experienced in previous business cycles. Traffic flows in Queenstown-Lakes rose 12% in 2016, pushed up by sharp growth in tourism, construction, and other business activity, alongside rapid population growth.

The number of people receiving Jobseeker Support fell a further 7.8% to a record low and the unemployment rate averaged a mere 1.8% over the December 2016 year. These indicators of labour market health, follow job numbers which expanded by a stonking 10.3% (2,267 jobs) over the March 2016 year.

Of these additional jobs, the number of construction jobs rose 416, while employment in accommodation and food services expanded by 364 jobs. Other industries reliant on building and tourism also had strong job growth, with professional, scientific and technical services, arts and recreation services (i.e. tours and adventure activities), and retail trade rounding out the top 5 industries that contributed the most to jobs growth in Queenstown-Lakes.

Commercial guest nights across Queenstown-Lakes District rose 8.4% over the December 2016 year. Data from MBIE shows that visitor spending totalled a record \$2.6bn in 2016, up 14% from its 2015 level. International visitor spending climbed 16% to \$1.7bn in 2016, while spending by New Zealand visitors grew 8.5% to reach \$870m.

Number of new dwelling consents  
Quarterly number, Queenstown-Lakes District

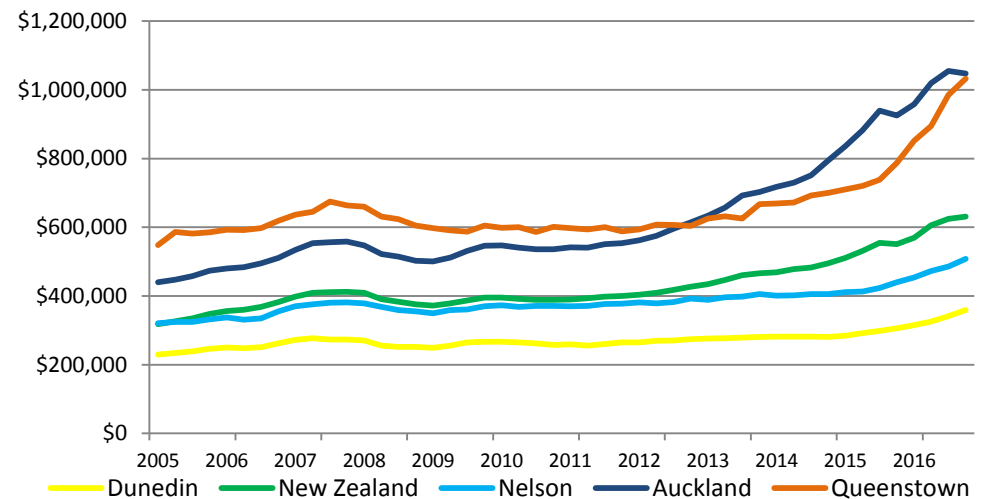


Tourism is a key employer with tourism making up 43% of total employment, compared to 8.0% nationally.

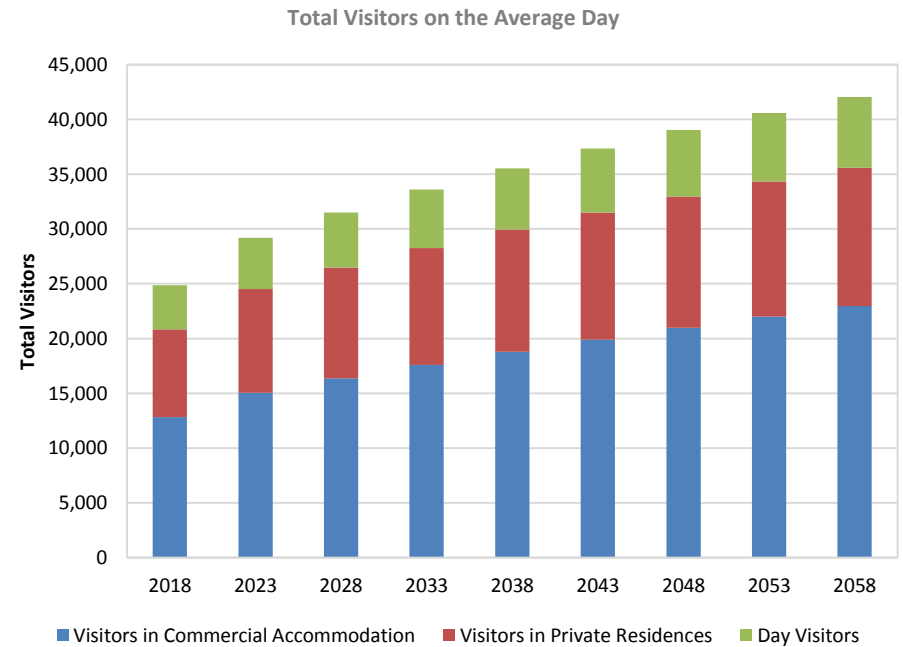
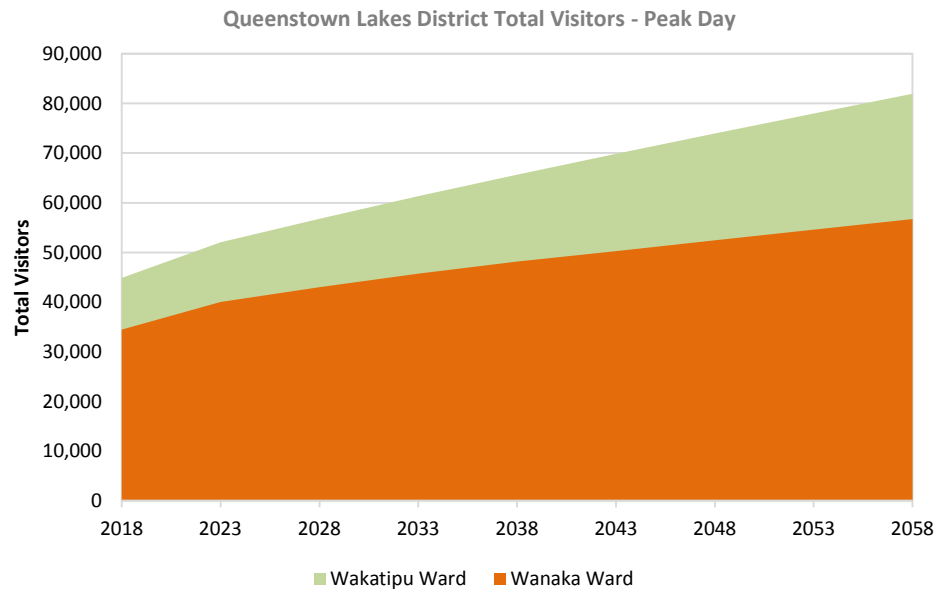
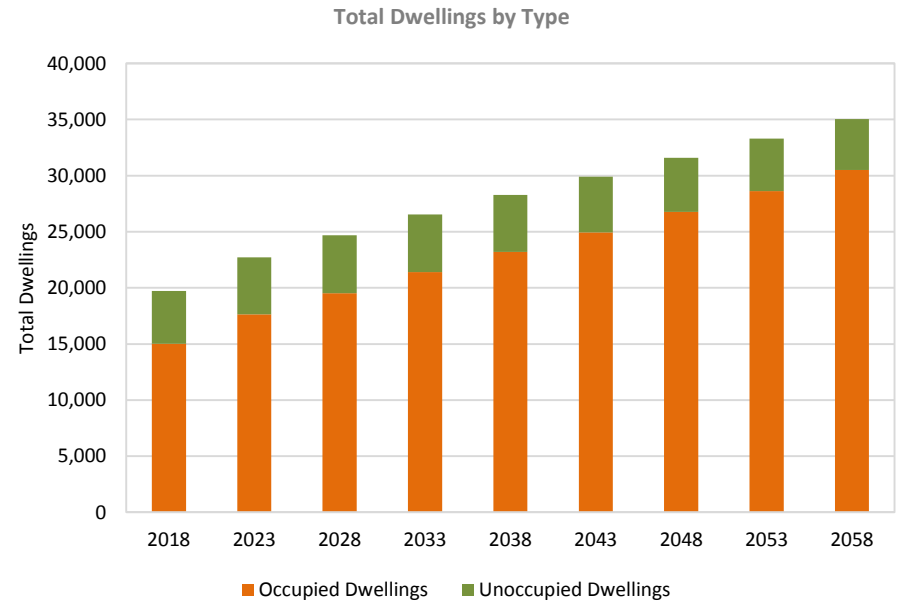
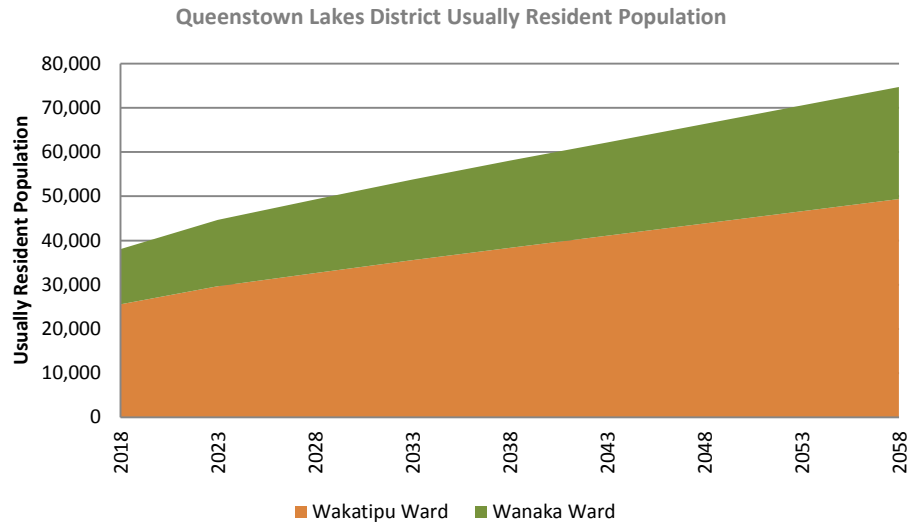
The cost of housing in Queenstown-Lakes District went up rapidly in 2016, with house prices in December sitting more than 30% above their 2015 level. Rising house prices,

and burgeoning demand for private accommodation through services such as Airbnb, put pressure on Queenstown-Lakes' rental market, with rental inflation in the December quarter sitting at 16%pa.

Median House Price 2005-2016. source: REINZ 2017



## Drivers - forward projections<sup>2</sup>



<sup>2</sup> Queenstown Lakes District Growth Projections 2018-2058, Rationale Limited 2017.

## Unique factors

### 4m Visitors PA

Access to world leading scenery and recreation experiences and an international airport with high flight frequencies make Queenstown a popular place to visit, holiday in and in which to own a holiday home.

It is estimated that around 25% of the housing stock is vacant at any one time in Queenstown district however this proportion may decrease over time due to cost.

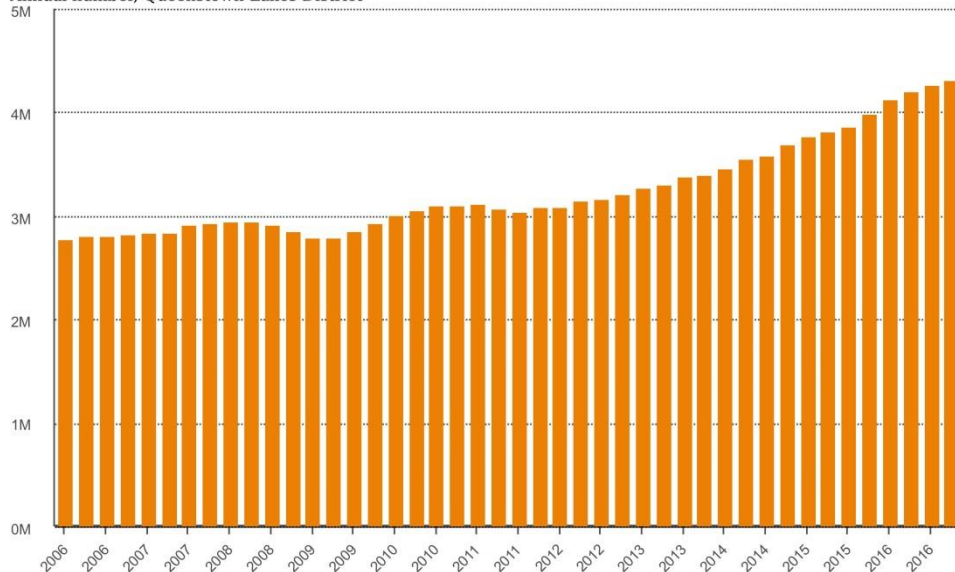
### Airbnb

The high costs of short term visitor accommodation in Queenstown contributes to the popularity of Airbnb in the district.

With high per night returns on offer, this is having a significant effect on the supply of rental accommodation for workers and families as well as undermining long term security of tenure.

### Guest nights

Annual number, Queenstown-Lakes District



The above map shows Airbnb nightly room rates in just one suburban area near Queenstown airport.

### Costs of Construction

Factors contributing to high construction costs in Queenstown include the different sizes and specification of dwellings being built, availability of labour, cost of building materials, and the size of house building companies in the district.

Otago is the most expensive region in the country to build a new home, narrowly ahead of Auckland, with new homes in Otago costing on average \$396,000 to build in December 2016 according to Statistics NZ.

Otago costs are skewed by Queenstown, where the average cost was \$445,000 - land not included. Auckland building costs were \$390,000, with a higher cost per square metre than Otago, but a smaller average dwelling size.

The cheapest place in the country to build was the South Island's West Coast at \$274,000, followed by Wellington (\$284,000).

Statistics NZ said the cost of building was drawn from building consents, but in practice, the actual cost was significantly higher. Apartments are generally cheaper to build per dwelling but they're generally more expensive to build per floor area.

### Not Kansas

Mountainous outstanding natural landscapes and stunning lakes make up a significant portion of the district. A lot of the flat land is prone to natural hazards including flooding, liquefaction and a range of instability issues.



## **Links to more reading**

### Queenstown Lakes District Housing Accord

[Housing Accords and Special Housing Areas Act 2013 Implementation Policy](#)  
[Queenstown Lakes District Housing Accord](#)

### Housing Our People in our Environment

[HOPE Affordable Housing Strategy - 2005 \(353.76 KB\)](#)  
[Part A - Applicant Eligibility \(385.44 KB\)](#)  
[Part B - Guidelines for Development \(931.72 KB\)](#)  
[Part C - Retention Mechanisms \(332.87 KB\)](#)  
[Part D - Demand Allocation and Implementation Report \(1.15 MB\)](#)  
[Part E- Methodology \(283.58 KB\)](#)  
[Part F - Definitions \(242.19 KB\)](#)

### Developing the Hope Strategy

[Stage 1 Housing Affordability in the Queenstown Lakes District](#)  
[Stage 2 - Issues, Goals and Options for further consideration](#)  
[Stage 3 - Strategy Development \(179.50 KB\)](#)

### Catalyst Trust Initiative, Queenstown Community Affordable Housing Work Group, supported by QLDC

[Road Map to a good supply and mix of healthy affordable houses in Queenstown Lakes over 2, 10 and 30 year horizons](#)  
[Queenstown Community Affordable Housing Work Group Recommendations February 2016](#)

### Queenstown Lakes Community Housing Trust

[Queenstown Lakes Community Housing Trust](#)

### Previous Material

[Nature and Scale of the problem in the Queenstown Lakes District](#)  
[General Information about Affordable Housing \(79.22 KB\)](#)  
[Issues And Options for Proposed Plan Change 24 - Community Housing \(2.10 MB\)](#)