

QLDC PDP: Affordable and Community Housing Chapter

Summary document: of the working paper

Developing an Affordable Housing Provision

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Status

This summary document has been prepared by QLDC and not the author to assist with policy development associated with affordable housing. The matters addressed and draft plan provisions attached are not council policy. The primary document should be referred to in the first instance for any inconsistencies.

Introduction

Queenstown Lakes District Council (QLDC or the Council) is considering whether the Proposed District Plan (PDP) should contain provisions relating to affordable housing. In particular whether there should be a requirement on new housing developments to incorporate affordable housing in the form of residential lots or units sold at an affordable price, or through the transfer of land or money to the Council for the purpose of providing affordable dwellings.

Councillors have indicated support for the objective of increasing the supply of affordable housing through both ensuring adequate capacity to meet future housing demands overall, as well as measures aimed at securing a portion of that housing in an affordable price bracket. Council has sought that several options should be considered, with a preference for supporting the delivery of affordable housing through the Queenstown Lakes Community Housing Trust (QLCHT).

District Plan-based methods will sit alongside a range of measures that the Council takes under the Local Government Act to support the provision of affordable housing. District plan-based measures are only part of a response to the much wider and systemic issues associated with housing.

An Issues and Options paper has been prepared. This sets out the broader context for affordable housing and Resource Management Act (RMA) plans; past and current experience in Queenstown Lakes District (QLD) as well as high level options. It discusses a range of affordable housing programmes applied in North American mountain resorts, as well as metropolitan areas in the US, Australia and the UK.

The Issues and Options paper recommends that an Inclusionary Zoning (IZ) type approach be advanced, whereby all residential development be required to incorporate affordable dwelling lots or units in the development (a 'requirement'); or make a financial contribution (a 'contribution') to the Council to fund the provision of affordable housing by the QLCHT.

The full working paper identifies a range of technical issues that need to be considered when formulating any affordable housing requirement or contribution. These include:

- Greenfield versus brownfields developments
- Rural residential, rural lifestyle or resort developments
- Requirement trigger and exclusions
- Quantum of requirement or contribution
- Specific issues with a requirement or a contribution.

This summary of the working paper provides key takeaway messages from the working paper, and also attaches 'indicative' plan provisions that address these matters, for discussion purposes. The full working paper should be referred to in the first instance for any inconsistencies or lack of clarity.

Covid 19 observations

The COVID-19 pandemic has substantially changed the housing context in QLD due to a reduction in economic activity and expected population growth over the short to medium term. Economic forecasts vary about the duration and extent of the impacts of Covid 19, particularly on the housing market both across NZ and within QLD. The fundamental drivers of lower than average wages and higher than average house values and rental remain even as the economy slows due to Covid 19.

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Background to Affordable Housing

Affordable housing (sometimes referred in the QLD context as Community Housing) is generally defined to be housing where a low-or moderate-income household spends no more than 35% of their gross income on rent or mortgage (principal and interest) repayments¹.

Community Housing is defined in the Operative Queenstown Lakes District Plan to mean a residential activity that maintains long term affordability for existing and future generations through the use of a retention mechanism, and whose cost to rent or own is within the reasonable means of low- and moderate-income households.

The ODP defines a low-income household as having less than 80% the district's median household income, and a moderate-income household as having between 80 and 120%.

Housing affordability covers both rental and ownership affordability. The focus of any planning-based affordable housing policies and methods is on increasing the supply of housing that is affordable, whether that be via rental, full ownership or some form of assisted (or progressive) ownership in conjunction with a Community Housing Provider. In all cases, as signalled by the definition in the District Plan, some form of retention mechanism is required to ensure that over time the affordable housing provided is directed at low to moderate income households, and that this 'resource' remains available to future households with similar needs. Retention mechanisms may involve a cap on annual rental or sale price rises and/or a requirement for on-sale or rental only to buyers who meet affordability criteria and/or ownership by a Community Housing provider.

Affordable Housing Programmes

In response to what may be termed 'structural' issues with housing markets, a number of planning tools can be used, such as Linkage Zoning (LZ) and Inclusionary Zoning (IZ), to increase the supply of affordable houses. These types of mechanisms are explained further in the Issues and Options paper.

IZ has a focus on residential development, while LZ focuses on employment generated by business and commercial development and resulting housing needs.

The long-term impact of affordable housing requirements on the price and quantity of housing provided through development is a matter of debate. These issues are discussed in the Issues paper and explored further in this Working Paper. There are transaction costs involved in affordable housing requirements (for example, additional costs in preparing and processing applications), while there can be transitional effects on the feasibility of development as new policy takes effect. Long term, some forms of development may become infeasible from a development perspective if any requirement or contribution is significant in scale, or poorly targeted.

Whatever RMA-based option is selected, it is generally held that well-structured and clear requirements help to address some of the costs and risks involved in affordable housing provisions. It is also necessary to take a long-term view of the rate at which affordable housing stock is built up. Planning-based solutions will not deliver an immediate benefit.

¹ Mayoral Taskforce Report 2017

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Affordable housing programs can be divided into two broad types, being general, mandatory requirements and case-by-case assessments. The two approaches have grown out of two different development contexts:

- Most often mandatory schemes apply to greenfields developments where any requirement is ‘up front’ and can be easily factored into development feasibility assessments.
- In the UK, and in a number of US and Australian cities IZ programs for already built-up areas tend to be based on negotiation on a case-by-case basis, within a supportive policy framework².

The two sets of programs differ in at least two ways:

The “greenfield” programs typically impose the inclusionary obligation on virtually all private residential developments of a certain scale, including those that are completed under as-of-right provisions. They also typically fix all of the fundamental requirements (whether they involve land, serviced sections or houses) in a set of rules. An issue for QLD is whether rural-residential and resort style development should be part of any policy, given the prevalence of this type of development in the district. The district also has a number of outlying settlements.

The “brownfield” programs, on the other hand, have been applied mainly (but not entirely) to residential developments that obtain additional development rights through a resource consent or re-zoning. Also, they allow for determining the appropriate contribution – including density increases to off-set costs – on a negotiated, case-by-case basis. This is so as not to discourage brownfields redevelopment, which may be financially marginal but desirable from an overall planning policy point of view.

Alongside the greenfields/brownfields distinction, affordable housing policies vary between:

- A requirement that lots and/or units be sold at an affordable price (either to eligible buyers or to identified housing providers), or
- A financial contribution be provided to Council’s for the purpose of affordable housing provision (sometimes called a mitigation fee).

Settlement Zones

The QLD has a number of smaller villages outside the main urban areas. The PDP Settlement Zone applies to the settlements of Glenorchy, Kinloch, Kingston, Luggate and Makarora. The lack of Council servicing or limited servicing in these areas restricts the likely take up of housing capacities in these environments.

These settlements are mostly remote from the main centres and historically have offered a more affordable housing product. The PDP enables low-intensity residential development that retains character and amenity through the use of minimum lot sizes. Overtime, the settlements are likely to grow and develop as they respond to a range of demands. In this context it would be appropriate that they contribute to meeting affordable housing needs, but at a rate that recognises their circumstances.

² Review of best practices in affordable housing. Prepared by Tim Wake for Smart Growth BC.

Rural Residential, Rural Lifestyle and Resort development.

A feature of QLD is the significant pool of development potential in rural-residential, rural lifestyle and Special (resort) zoned areas.

The Council's 2017 Housing Capacity Assessment found that residential capacity in the rural (non-urban) areas of the district is in the order of 3,600 dwellings, spread across a variety of zones.

Some of this capacity is in the form of one or two larger lifestyle or rural-residential lots that could be subdivided from an existing lot. In other cases, larger properties could be subdivided into more than 10 lots.

Resort zones like Millbrook have seen considerable residential development. Some special zones may incorporate worker accommodation.

In general, the rural-residential, resort and rural lifestyle zones are not appropriate locations for affordable housing. They are located away from key services and community facilities and likely to result in higher travel costs for residents. Land and buildings are likely to be expensive to maintain and subject to high resident society fees or similar.

Nevertheless, development in these zones generates demand for affordable housing. This is in terms of employment associated with the resort zones, as well as home and garden maintenance services and the like. Equally, the population resident generates demands for community services like education, health and local government services. This demand suggests that 'non-urban' residential development should contribute in some way to help mitigate impacts on low to moderate income households.

The Rural Residential zone generally provides for development at a density of up to one residence every 4000m². The Rural Lifestyle zone provides for rural living opportunities with an overall density of one residential unit per two hectares across a subdivision. Density of development in Special zones vary.

It is considered appropriate to apply any contribution to rural-residential and residential development in resort zones due to the urban type nature of these developments, as well as the indirect demands for affordable housing that they create. Rural-lifestyle and rural lots and housing should not be included, as these types of developments already play a significant role in management of resources (such as landscape protection).

Requirement trigger

This issue relates to what scale of housing development would trigger a requirement or contribution, for example a development of 10 or 20 more dwelling units or lots, and whether certain forms of residential development should be exempted from any requirement.

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Generally, Inclusionary Zoning programmes have a threshold for contribution of 10 units³. The rationale behind treating small developments differently is that an affordable housing requirement might have a greater financial effect on them, compared to larger developments. On the other hand, because smaller developments could represent a significant portion of the total new housing production, exempting them could considerably reduce the provision of affordable housing.

Potential for “boundary effects”, such as developments being staged so each stage is below the trigger point (for example 9 units rather than 10 units) are likely to arise. Any cut-off will create a boundary effect. In comparison, Linkage Zoning requirements generally do not have a ‘cut off’. Rather there is a set fee that applies to all new jobs to be created, based on the floor area of the development.

In greenfields situations, housing subdivisions and developments generally involve larger scale projects where ‘boundary effects’ do not arise.

For brownfields, new development or redevelopment involving a net increase of 10 or more units usually involves comprehensive development of larger sites. A 10 unit ‘cut off’ may incentivise some scaling down or staging of such developments (such as 8 or 9 units on sites that could accommodate 11 or 12 units, or the 12 units being broken down into two stages of 6 units).

The alternative to a requirement is a financial contribution from all development, whatever its scale. Where specified in a plan, financial contributions can be imposed to avoid, remedy or mitigate adverse effects of activities, or to achieve specified outcomes associated with sustainable management of resources. Contributions can be in the form of cash, land or a combination of cash and land. An advantage of a financial contribution approach would be that it could be levied on all residential development over a certain minimum value or size, thereby avoiding most boundary effects. The issues associated with financial contributions are discussed further in the next section.

An affordable housing requirement could be built around a split fee-in-lieu / affordable unit contribution regime; for example for developments of 10 or more housing units, then 10% of units (or 1 unit out of a 10 unit development) must be an affordable unit. For developments involving less than 10 dwelling units, the contribution would be in the form of a financial contribution at a pro rata rate (for example a 6 unit development would pay a fee in lieu at a rate of 60% of the cost of providing an affordable unit).

Exclusions

IZ is aimed at residential development on the basis that mixed income communities provide a number of positive growth management benefits, while zoning decisions that provide for housing confer a degree of benefit to such developments, with that benefit reflected in higher land and property prices. On this basis, all forms of residential development that benefit from residential zoning should be included in any IZ scheme. However, there are a range of residential and related activities that may justify exclusion from any requirement on the basis of the activities providing alternative affordable housing choices.

The QLDC PDP defines a residential activity to mean the use of land and buildings by people for the purpose of permanent residential accommodation, including all associated accessory buildings,

³ A Guide to Developing an Inclusionary Housing Program. Developed for: Acorn Institute Canada, Sept 2010.

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recreational activities and the keeping of domestic livestock. For the purposes of this definition, residential activity includes Community Housing, emergency refuge accommodation and the non-commercial use of holiday homes. Visitor accommodation, residential visitor accommodation and homestays are excluded.

In turn a residential unit means a residential activity which consists of a single, self-contained household unit whether of one or more people.

Clearly stand-alone dwellings, terrace houses and apartments fall within these definitions. There are a range of residential activities that do not necessarily involve residential units as defined, but which may have affordability benefits. Any affordable housing scheme should be explicit as to whether these other types of residential development should be subject to the requirement or contribution.

Possible exclusions from any IZ requirement include:

- Housing developments that share common facilities, (e.g. lodges, boarding houses)
- Retirement villages
- Developments undertaken by Registered Community Housing Providers (such as the Queenstown Lakes Community Housing Trust or Kāinga Ora)
- Minor household unit / granny flat/tiny houses.

It is also necessary to consider whether Residential Visitor Accommodation should be included, even though for District Plan purposes, it is not defined as a Residential activity.

Reasons for and against specific exclusions include:

- Boarding houses, lodges and student accommodation units that share common cooking and dining facilities generally seek to offer less costly accommodation, often on a temporary basis. Rooms in such developments may not be considered to be separate residential units. For example, boarding houses are defined by section 66B of the Residential Tenancies Act 1986 to be residential premises containing 1 or more boarding rooms along with facilities for communal use by the tenants of the boarding house. The proposed district plan QLDC does not facilitate these types of activities in residential zones, but they are possible in commercial areas.
- Retirement villages (under the Retirement Villages Act) offer a specific housing product that does not involve the creation of separately owned lots and dwelling units. However, independent living units can be provided in a retirement village development, along with supported care type facilities. The independent living units are similar to residential units and can benefit from a residential zoning. In the case of QLD, two retirement village developments have offered affordable housing contributions. Supported residential care facilities are facilities like 'rest homes' that provide accommodation and full-time care for the aged. A rest home is defined in section 58(4) of the Health and Disability Services (Safety) Act 2001. Supported residential care units should not be included, but there is justification for independent living units to be included.
- Housing developments that may be undertaken by Kāinga Ora and developments by a Registered Community Housing Provider will generally be aimed as delivering a range of housing products, including social and affordable housing. These should be excluded, provided that there are mechanisms in place to ensure retention of affordable units.

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- Minor household units are a form of residential activity. They are generally limited in size and cannot be subdivided from the main unit. In the QLD context they are defined as residential flats, are a permitted activity and can be up to 70m² in area in urban zones and up to 150m² in the rural zones. They can provide for a form of affordable rental unit. ‘Tiny houses’ (such as houses less than 40 square metres in area and studio type apartment units) are a growing trend. They may be on a separate title and therefore can be classed as a separate residential unit. In a similar vein is studio or 1 bedroom apartments. Their small size is directly aimed at providing affordable living options to a sector of society and as such. Small dwelling units (less than 40 sqm) should be excluded.

In the QLD context, visitor accommodation is defined in two ways. Visitor Accommodation in the form of a hotel or backpackers is its own form of activity, and not defined as a residential activity. Residential Visitor Accommodation is a separate activity to that of Visitor Accommodation. Residential Visitor Accommodation means the use of a residential unit including a residential flat by paying guests where the length of stay by any guest is less than 90 nights. This covers activities such as Air BnB. If Residential Visitor Accommodation is excluded from any affordable housing requirement, then it is possible that residential units will be advanced on the basis of being Residential Visitor Accommodation and not be subject to any requirement or contribution.

In summary, it is recommended that:

- Independent living units within retirement village developments be included in any Inclusionary zoning requirement, along with residential visitor accommodation units.

Exclusions should cover the following sub types of residential activities:

- Boarding houses, lodges and student accommodation and similar co living arrangements that do not involve separate residential units for occupiers
- Managed care units in retirement villages and rest homes
- Small household units (self contained houses apartments less than 40sqm in net floor area)
- Affordable housing delivered by Kāinga Ora and Registered Community Housing Providers that have appropriate retention mechanisms in place.

Requirement / Contribution level

Under some IZ programmes, all eligible residential developments above a trigger level are required to provide the same fixed percentage of the total units as affordable units. In other cases, the requirement is determined on a case-by-case basis.

US evidence is that ‘fixed ‘contributions ranging from 10% up to 20% of dwellings being affordable have been proven to be acceptable in many jurisdictions⁴. In the UK, in major metropolitan centres, affordable housing requirements can extend to 30 to 50% of dwelling units, but each case is negotiated.

⁴ Inclusionary Housing Program Design Worksheet. Sourced from <https://inclusionaryhousing.org/>

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Setting the contribution rate can involve modelling of the financial feasibility of different types of developments, consideration of demand for affordable dwelling as well as issues of practicality.

In principle, any affordable housing requirement should be based on a prescribed and fixed “below market” price or rent. A “below-market” price or rental is one that is likely to be substantially below the lowest market price or rent for the equivalent new unit.

For example, Quotable Value NZ data suggests that sections in Queenstown are in the order of \$400,000 to \$450,000; while houses in Lakes Hayes Estate and Shotover Country sell for up to \$1,000,000. The land component is approaching 50% of the total cost (land plus house).

Typically, inclusionary zoning aims to provide housing that is affordable to households on 80% to 120% of area median household incomes. These units have to be sold or rented to qualifying households; that is households that meet income and asset criteria.

In the case of QLD, with an estimated median household income of around \$110,000 an affordable home may need to be sold at between \$500,000 to \$550,000 to be affordable to a household on 80% of the median income. At this price, assuming 20% deposit, then approximately 35% of the households gross income is required to cover mortgage repayments.

It is important to understand that in most IZ schemes, the affordable unit is still sold by a developer, albeit at a below market rate. The house may be sold to a Community Housing Provider or brought by a household that meets income criteria.

Affordable housing schemes that operate in the form of a financial contribution (or offer this as an alternative) generally base the financial contribution on a monetary value that is similar to the requirement. For example, if the requirement is that 2 lots to be sold at \$250,000 each rather than a market rate of \$350,000, then the financial contribution is equal to the difference (i.e. \$200,000; being two times the \$100,000 difference between \$350,000 and \$250,000).

Possible approach

Based on the discussion in this working paper and the Issues and Options paper, the following approach is suggested as a possible model for subsequent consideration and assessment as part of Section 32 reporting under the RMA.

Table 1: Possible approach

Development Type	District Plan proposed provision	Notes
Large greenfields residential subdivision on land within a urban growth boundary or other residential zone, e.g. more than 20 lots created	5 - 10% of lots transferred to the Council at no cost. Option via consent to provide equivalent off-site or in the form of a monetary contribution	Preference for lots within the development is to support mixed communities across the district
Smaller residential subdivision, 3 to 19 lots, on land within urban growth	5 - 10% of the value of the lots created to be provided as a monetary contribution to the Council. Value to be based on	Contribution in form of money to be used for affordable housing.

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Development Type	District Plan proposed provision	Notes
boundary or other residential zone	valuers report on likely sale value.	Cut off of 2 lot subdivision recognises potential for smaller development to add to housing supply options
Rural Residential subdivision, Settlement or Special (Resort) zone subdivision of more than 2 residential lots	1 - 4% of value of lots created to be paid as a contribution	Contribution level recognises higher value of lots created. Contribution reflects that development does generate indirect demand for affordable housing
Residential development involving more than 2 dwelling units on a lot. Includes Residential Visitor Accommodation and independent living units in retirement villages	1 - 4% of the sale value of the additional units to be provided as a monetary contribution, or set amount per square metre of floorspace added. Possible option for larger developments (e.g. more than 20 units) to provide contribution in the form of a unit or units, subject to consent	Aimed at brownfield type development. Lower rate reflects feasibility issues. To avoid double dipping, if built on a lot for which a contribution has already been made a subdivision stage, then contribution would be reduced or not apply (i.e. a credit is recognised).
Residential development in Settlement, Resort and Rural-Residential zones	Set amount per square metre of floorspace added	
<p>Exempt types of residential development:</p> <ul style="list-style-type: none"> • Small units – less than 40sqm • Boarding houses, worker accommodation • Managed care facilities in retirement villages • Developments by Kāinga Ora / Community Housing providers 		

Affordable Housing (Indicative provision)

The following is a draft of possible amendments to the Operative and Proposed QLDC District Plans relating to affordable housing. The amendments have not been adopted by the Council. The following is provided as an 'exposure draft' to help elicit feedback.

Operative District Plan

Delete 4.10 Affordable and Community Housing.

Proposed District Plan

Insert the following into Chapter 3 Strategic Direction

3.2 Strategic Objective

Add the following to 3.2.1 The development of a prosperous, resilient and equitable economy in the district (addresses issue 1):

3.2.1.8 Affordable housing choices are provided so that a diverse and economically resilient community representative of all income groups is maintained into the future.

Note: Existing Strategic Objectives 3.2.1.8 onwards to be renumbered.

3.3 Strategic Policies

Affordable housing

3.3.38 Ensure affordable housing choices for low to moderate income households are incorporated into new neighbourhoods and settlements and in redevelopments of existing neighbourhoods.

3.3.39 Ensure that affordable housing provided in accordance with Policy 3.3.38 is retained to meet the long term needs of current and future generations of low to moderate income households.

3.3.40 Require from development and subdivision that has a residential component, the transfer of land or money to the Council as a financial contribution towards meeting Objective 3.2.1.7 and policy 3.3.38 and 3.3.39.

40 Affordable Housing

40.1 Purpose

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The purpose of this chapter is to make provision for housing choices for low to moderate income households in new neighbourhoods and in redevelopments of existing neighbourhoods.

The combination of multiple demands on housing resources including geographic constraints on urban growth, the need to protect valued landscape resources for their intrinsic and scenic values, proportionately high rates of residential visitor accommodation and holiday home ownership means that the District's housing market cannot function efficiently, with long term consequences for low to moderate income households needing access to affordable housing. This has adverse consequences for the integrated and sustainable management of natural and physical resources, including pressure for additional urban expansion, displacement of lower income households to outlying settlements, and disablement of social and economic well being.

Affordable housing is where a low or moderate income household spends no more than 35% of their gross income on rent or mortgage (principal and interest) payments. In the Queenstown Lakes District, and for the purposes of these provisions, 100% of the District's Median Household Income for the most recent 12 months is used to define a low to moderate income.

The rules in this chapter apply to residential activity (subdivision and development). Provision is made for affordable housing through imposing as standard and as conditions of consent a requirement for a financial contribution to be made.

This Chapter sets out the purpose of a financial contribution, and the manner in which the level of contribution (i.e. the amount) is determined. A financial contribution taken by the Council is for a different purpose to any development contribution listed in the Council's current contributions policy and may be imposed in addition to a development contribution.

40.2 Objectives and Policies

40.2.1 Objective: Provision of affordable housing for low to moderate income households in a way and at a rate that assists with providing for social and economic well-being and managing natural and physical resources.

Policies

40.2.2 Target affordable housing contributions to residential subdivisions and developments (including Residential Visitor Accommodation and independent living units in retirement villages) where housing is in high demand and generally close to employment, educational and community services, being land within Urban Growth Boundaries, or where a plan change or resource consent seeks to establish urban scale development.

40.2.3 Require developments that indirectly influence housing choices for low to moderate income households, such as residential development in Resort, Special and Settlement zones and Rural Residential subdivisions to contribute to meeting affordable housing needs.

40.2.4 Recognise that the following forms of residential development provide affordable housing and should not be subject to the affordable housing contribution:

- a) social or affordable housing delivered by Kāinga Ora, a publicly owned urban regeneration company, the Council or a registered community housing provider,
- b) managed care units in a Retirement Village (as defined by the Retirement Villages Act 2003) or Rest Home (under the Health and Services Disability Act 2001)
- c) Residential units less than 40m² in floor area), or

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- d) residential development in which rooms are individually let and cooking and living facilities are shared, such as boarding houses (as defined by the Residential Tenancies Act 1986).

40.2.5 Determine the amount of financial contributions in consideration of the following matters:

- a) The longer term demand for affordable housing
b) The impact of a contribution on the commercial feasibility of development at an area-wide scale and over different time periods.
c) The differences in commercial feasibility between greenfields and brownfields urban development.

40.2.6 Financial contributions in the form of a monetary contribution are preferred. Contributions in the form of land should be of serviced lots located within larger developments. Contributions of lots located outside the development site should only occur where this leads to a superior outcome in terms of access to services and community facilities.

40.2.7 Financial contributions received by the Council shall be used for the purposes of providing affordable housing for low to moderate income households.

40.3 Other Provisions and Rules

40.3.1 District Wide

Attention is drawn to the following District Wide chapters.

<u>1 Introduction</u>	<u>2 Definitions</u>	<u>3 Strategic Direction</u>
<u>4 Urban Development</u>	<u>5 Tangata Whenua</u>	<u>6 Landscapes</u>
<u>25 Earthworks</u>	<u>26 Historic Heritage</u>	<u>27 Subdivision</u>
<u>28 Natural Hazards</u>	<u>30 Energy and Utilities</u>	<u>31 Signs</u>
<u>32 Protected Trees</u>	<u>33 Indigenous Vegetation and Biodiversity</u>	<u>34 Wilding Exotic Trees</u>
<u>35 Temporary Activities and Relocated Buildings</u>	<u>36 Noise</u>	<u>37 Designations</u>
<u>39 Wāhi Tūpuna</u>	<u>Planning Maps</u>	

40.4 Interpreting and Applying the Rules

40.4.1 The requirement in Rule 40.8 for affordable housing applies to any residential development that is located:

- (a) inside the Urban Growth Boundaries as identified on the Proposed District Plan Maps, or
(b) outside the Urban Growth Boundaries but within:

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- (i) a Settlements Zones;
- (ii) any Residential Zone;
- (iii) in a Rural-Residential Zone; or
- (iv) Special Zone or Resort Zones.

- 40.4.2 Contributions of money from a subdivision activity must be paid to the council before the issue of a certificate under section 224(c) of the RMA. Where land forms part or all of a contribution, all necessary legal agreements to ensure implementation of such a contribution must be completed before the issue of a certificate under section 224(c) of the RMA.
- 40.4.3 Contributions of money from a land use activity must be paid to the council before the issue of the necessary building consents under the Building Act 2004. Where land forms part or all of a contribution, all necessary legal agreements to ensure implementation of such a contribution must be completed before the issue of the necessary building consents under the Building Act 2004.
- 40.4.4 Where relevant, the estimated sales value of lots, units or residential floorspace shall be determined by a valuation report prepared by a Registered Valuer (mutually agreed between the Council and applicant) within the 3 months prior to the financial contribution being paid.
- 40.4.5 The requirement in Rule 40.4.1 for affordable housing does not apply to any development that:
- (a) will provide more than 10% of dwellings as social or affordable housing delivered by Kāinga Ora , a publicly owned urban regeneration company, the Council or a registered community housing provider that complies with the requirements of Schedule 40.1, or
 - (b) is a managed care unit in a Retirement Village or Rest Home (as defined by the Retirement Villages Act 2003 or the Health and Disability Act), or
 - (c) is a residential development in which multiple households share cooking facilities and living areas, such as boarding houses as defined by section 66B of the Residential Tenancies Act 1986, or
 - (d) Is located in a Zone that already contains affordable housing provisions in the district plan, or where previous agreements and affordable housing delivery with Council have satisfied objective 3.2.1.8 and policies 3.3.38 to 3.3.40.
- 40.4.6 For the purposes of this Chapter, residential floorspace is defined as any floorspace in a building that accommodates bedrooms, living areas, home offices, kitchen dining areas, and bathrooms and laundry facilities used for domestic activities and associated circulation spaces like hallways and entrance areas.
- 40.4.7 Where an activity does not comply with a standard listed in the standards tables, the activity status identified by the 'Non-Compliance Status' column shall apply. Where an activity breaches more than one Standard, the most restrictive status shall apply to the Activity.

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40.4.8 For restricted discretionary activities, the Council shall restrict the exercise of its discretion to the matters listed in the rule.

40.4.9 These abbreviations are used in the following tables. Any activity which is not permitted (P) or prohibited (PR) requires resource consent.

<u>P – Permitted</u>	<u>C – Controlled</u>	<u>RD – Restricted Discretionary</u>
<u>D – Discretionary</u>	<u>NC – Non – Complying</u>	<u>PR - Prohibited</u>

40.7 Advice Notes - General

To be developed. Likely to refer to Council practice note.

40.8 Rules – Activities

	<u>Table 45.4 – Activities - Affordable Housing</u>	<u>Activity Status</u>
40.8.1	<u>Subdivision or development that is proposed to contain residential lots or units (including residential visitor accommodation units) and provides an affordable housing financial contribution in accordance with standard 40.9.1.</u>	<u>P</u>
40.8.2	<u>Subdivision or development that is proposed to contain, or is capable of containing residential lots or units (including residential visitor accommodation units) and does not provide an affordable housing financial contribution in accordance with standard 40.9.1.</u>	<u>D</u>

40.9 Rules - Standards

	<u>Table 45.5 – Standards - Affordable Housing</u>	<u>Non-compliance status</u>
40.9.1	<u>An Affordable Housing Financial Contribution shall be provided to Council as follows:</u> <ol style="list-style-type: none"> 1. <u>Subdivisions:</u> <ol style="list-style-type: none"> a. Residential subdivisions within urban growth boundaries or other Residential Zones outside urban growth boundaries, <ul style="list-style-type: none"> <u>(i) resulting in more than 1 but less than 20 new lots: A monetary contribution shall be paid to the Council equal to 5 - 10% of the sales value of serviced lots.</u> 	<u>D</u>

	<p>Table 45.5 – Standards - Affordable Housing</p>	<p><u>Non-compliance status</u></p>
	<p>(ii) <u>resulting in 20 or more lots: 5 - 10% of serviced lots are transferred for no monetary or other consideration to the council.</u></p> <p>b. Residential subdivisions in a Settlement, Rural-Residential, Resort or Special zones:</p> <p>(i) A monetary contribution shall be paid to the Council equal to 1 - 4% of the sale value of the lots created.</p> <p>2. <u>Development:</u></p> <p>a. <u>Residential floorspace for any new or relocated units on lots that have not been subject to a financial contribution under 1 (a) above: A monetary contribution shall be paid to the Council equal to the lesser of:</u></p> <p>(i) <u>2.0% of the estimated sale value of the additional units, or</u></p> <p>(ii) <u>\$150 per sqm of the net increase in gross residential floorspace.</u></p> <p>b. <u>Residential floorspace for any new or relocated units on lots that have not been subject to a monetary contribution under 1 (b) above: A monetary contribution shall be paid to the Council equal to:</u></p> <p>(i) <u>\$75 per sqm of the net increase in gross residential floorspace</u></p> <p>c. <u>For residential floorspace on lots that have provided a monetary contribution under 1(a) above, a ‘top up’ monetary contribution shall be paid to the council, equal to the lesser of:</u></p> <p><u>1 - 4% % of the estimated sale value of the additional units, or</u></p> <p><u>\$150 per sqm of the net increase in gross residential floorspace, and</u></p> <p><u>less the per lot contribution paid under 1(a) or (b).</u></p> <p><u>For the purposes of this standard, the following types of residential developments:</u></p> <p>a. <u>residential units less than 40sqm in floor area</u></p> <p>b. <u>managed care units in retirement villages and rest homes</u></p> <p>c. <u>residential floorspace that is used to provide social or affordable housing delivered by Kāinga Ora, the Council, a publicly owned redevelopment agency, or a registered community housing provider that complies with Schedule 40.1</u></p> <p>d. <u>residential floorspace in boarding houses for the purposes of providing accommodation involving shared living and kitchen</u></p>	

	Table 45.5 – Standards - Affordable Housing	<u>Non-compliance status</u>
	<u>shall not be counted as contributing to the total number of residential units in a development, nor be counted towards fulfilling the requirement of 40.9.1.</u>	
40.9.2	<u>Affordable lots provided in accordance with 40.9.1 (a) (ii) shall be located within the development site.</u>	<u>D</u>
40.9.3	<u>Where development is to be staged, the affordable housing contribution is to be provided as each stage proceeds, on a proportionate lot basis.</u>	<u>D</u>

40.10 Assessment Matters

40.10.1 Discretionary Activities

Council has full discretion but will shall consider the following but not be limited by:

40.10.1.1 The amount of the contribution

- a. Whether the site or development has unique or unusual characteristics that would mean full provision of the required number of affordable lots or monetary contribution imposes a significant financial burden on the development that would make the development unviable, as demonstrated by a site specific development feasibility assessment that utilises industry accepted assessment methodologies, and an alternative mix or contribution is appropriate. It is expected that a full assessment of costs will be required based on an “open book” approach i.e. the developer will be expected to make all of the relevant cost information available.

40.10.1.2 Lots versus monetary contribution

- a. Whether the contribution is more appropriately provided in the form of money rather than land (lots) due to the location of the lots; their size and on-going high costs of upkeep
- b. Whether there are advantages to community mix and affordable housing choices from transferring serviced lots or completed floorspace.

40.10.1.3 Off-site provisions

Affordable lots should be provided within the development site, however off-site locations may be considered for all or part of the requirement where:

- c. there are exceptional reasons to avoid on-site provision, such as the site being poorly located for affordable provision, and/or

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- d. the alternative sites are in close proximity to the development (i.e. within 2kms) and offer a superior outcome in terms of improved access to services and transport and or improved mix of dwelling types. Particular consideration will be given to whether the off-site provision will better address priority needs, particularly family housing, and/or
- e. the applicant has entered into a legally binding agreement with an Council approved community housing provider who can demonstrate that on-site provision will not meet their operational requirements and that an off-site location will deliver a superior outcome in terms of the number, mix and/or on-going management of the required retained affordable housing.

40.10.1.4 Staging of dwellings units and/or lots

- a. Deferral of provision of affordable lots or units to subsequent stages should generally not occur.
- b. Whether delayed delivery of the affordable dwellings or lots can be appropriately secured through a bond.

40.10.1.5 Alternative forms of contribution

- a. Alternative forms of contribution to that specified in 40.9.1 (such as sale of lots or units to a Community Housing provider) should not result in a lesser contribution.
- b. Transfer of lots or units should involve an appropriate retention mechanism and be subject to eligibility criteria (as specified in Schedule 40.1).
- c. Alternative forms of contribution should only be considered where exceptional circumstances apply.

40.11 Schedule 40.1

Retention Mechanism

40.11.1.1 Where a financial contribution is not provided, and an alternative solution proposed, then the requirements in 40.9.1 must be met by the lot or floorspace being sold to an eligible buyer with a legally enforceable retention mechanism which is fair, transparent as to its intention and effect and registrable on the title of the property, including, but not limited to, a covenant supported by a memorandum of encumbrance registered on the certificate of title or consent notice under the RMA, that:

- a. limits ownership and re-sale (including a future dwelling in the case of a vacant site subdivision) to:
 - (i) a registered community housing provider, Housing New Zealand or the council, or
 - (ii) an occupier who is approved by the council as meeting the eligibility criteria below, and

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- b. limits rent and resale to an eligible buyer based on a formula that ensures that the lot or dwelling remains affordable into the long term, including a future dwelling in the case of vacant site subdivision; and
- c. prevents circumvention of the retention mechanism and provides for monitoring of the terms of the retention mechanism covenant or consent notice and the process should those terms be breached including where occupiers have defaulted on the mortgage and lenders seek to recover their interests in the property, and
- d. is legally enforceable by the council in perpetuity through the means of an option to purchase in favour of the council at the price determined in accordance with (e), supported by a caveat.
- e. at the time of resale, requires the reseller to:
 - apply the same formula used to determine the price of the original purchase;
 - allows the reseller to recover the cost of capital improvements made subsequent to purchase, approved by the council at a value determined by a registered valuer.

Eligibility

40.11.1.2 For the purposes of this Chapter an eligible buyer shall:

- a. Be a household with a total income of no more than 120% of the District's median household income;
- b. Whose members do not own or have interest in other property;
- c. Reside permanently within the District during the majority of the year;
- d. d. Will live at the address and not let or rent the unit to others; and
- e. e. Have at least one member who is a New Zealand resident or citizen.

Affordability

40.11.1.3 Affordability means households who have an income of no more than 100% of the district's median household income and spend no more than 35 per cent of their gross income on rent or mortgage repayments, where:

- a. median household income shall be determined by reference to Statistics New Zealand latest data, and as necessary, adjusted annually by the average wage inflation rate.
- b. in the case of purchase, normal bank lending criteria shall apply, and shall at a minimum be based on a 10 per cent deposit, a 30 year loan term and the most recent 2 year fixed interest rate published by the Reserve Bank. Body Corporate or Resident Society fees may be included in the calculation of purchase costs;
- c. In the case of the sale of a vacant site only, the site is sold at a price such that the resulting dwelling plus the site will meet the criteria set out above.