

Policy on Applicant Eligibility Criteria for Affordable and Community Housing – 1.1

Queenstown Lakes Community Housing Trust

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To be eligible to participate in community housing Programmes (hereafter referred to as the “Programme”), applicants must meet the following set of requirements. These are designed to ensure fairness and equity among applicants, and to ensure that the wider goals of the Queenstown Lakes District Council (QLDC) are achieved.

1) General Requirements

- a)** Participation in a Programme is limited to a Resident or Temporary Worker Household with at least one member, who is and will remain a New Zealand Resident or Citizen.
- b)** The property must be used exclusively as the household’s Primary Residence.
- c)** Applicants shall agree that all information provided on the application is true and correct. Should any information provided be found to be of a false or fraudulent nature, the Trust reserves the right to reject the application, terminate the applicant’s participation in the Programme or cancel the Property Sharing Agreement in accordance with its terms.
- d)** The following requirements may also be applied across QLCHT’s Programme:
 - i)** Applicants have been employed for 6 months or more and remain employed on a Full-time basis in the District with an employer.
 - ii)** Applicants will be required to certify their agreement to abide by the Programme requirements for the duration of their participation in the Programme
 - iii)** Applicants consent to an annual re-certification of the information provided in the application, which includes but is not limited to verification of household income.
 - iv)** If the applicant wishes to include a person in their Household whose primary relationship is that of a flatmate, the applicant must state this relationship in their application form. In this case, Household eligibility will still be based on the Area Median Income (AMI) target for the primary household size. The primary lender’s underwriting criteria can take the flatmate rent into consideration when determining the income necessary for repayments. This situation would only be considered desirable if it allows an applicant to qualify, and if the flatmate situation is temporary (i.e. will only apply during the first 1-2 yrs of eligibility).
 - v)** First Time Homebuyer in the District: Applicants cannot own any other residential property in NZ, or any other part of the world, at time of settlement, and cannot own or be in the process of borrowing funds to purchase a rental property. Households may be deemed to be ineligible if a household member, via a trust or other mechanism, has an ownership share in other residential or commercial property, or other significant assets (i.e. share portfolios), subject to the assessment of the asset as part of test ii above. Applicants will be encouraged to discuss their

situation with staff, which may need further consultation with the Trust prior to making a decision.

- e) Household Income and Household Assets form two of the central eligibility factors for the Programme. The Income Test and Asset Test are utilised in the Gap Analysis, and are defined as follows.

2) Income Test

- a) Applicants are eligible for the Programme if their Household Income is no more than 120% of the Area Median Income (AMI) band for the Queenstown-Lakes District, and as adjusted annually by the average wage inflation rate, or as published by Statistics New Zealand.
- b) Housing is deemed 'affordable' if the Household spends no more than the higher of either the Gross Income or Net Income calculations set forth below:
 - i) Gross Income: a household should be spending approximately 30% of their gross income on rent or mortgage (principal and interest) repayments. In some cases a maximum expenditure of 35% of gross income may be acceptable, for example a higher earning household with no dependents.
 - ii) Net Income: approximately 55% of the household net income (after tax) on all accommodation costs, as further described below:
 - (1) rent or lease payments (to rent a house);
 - (2) mortgage repayments (interest and principal repayments on mortgages to purchase a house);
 - (3) the cost of providing space heating, hot water, power and cooking fuel, such that all habitable rooms can be heated to 18degrees Celsius, 16 hrs per day
 - (4) body corporate fees (if applicable);
 - (5) rates (including local authority rates and water rates);
 - (6) house insurance premiums (excluding contents insurance);
 - (7) mortgage protection insurance or life insurance (only if this is compulsory for the mortgage);
 - (8) essential repairs and maintenance costs to the home;
 - (9) payment towards a deposit (limited circumstances apply).

3) Asset Test

- a) Applicants who currently own their primary residence are viewed as suitably placed in the housing market, and therefore not in need of the assistance provided through the Programme.
- b) Households who have assets that would enable them to meet their housing needs in the District without the use of Trust assistance will not be eligible. Applicants agree to provide details of all assets at time of application in order to determine whether Programme assistance is necessary to achieve the Household's housing goals.
 - i) For Homeownership Programmes, Applicants must demonstrate adequate assets to make the required deposit contribution. At time of application, these may be in the form of a property or

other investment owned outside of the district for which the household would be required to commit to sell and apply the proceeds toward their primary residence in the district. The expected deposit contribution will vary based on the household situation, but would be expected to be at least \$10,000.

- ii) For rental programmes there is no deposit requirement.

4) Gap Analysis

Levels of assistance will be based on the minimum amount needed to secure adequate housing by eliminating the gap between what the household can afford, and availability of an Affordable or Community Housing unit appropriate for the household size.

5) Retention: Repayment and Resale Control

All housing meeting the definition of Community Housing set forth under QLDC policy will be required to comply with some form of long term retention. At this time, the Trust is the primary entity charged with the responsibility for ensuring the retention of long term affordability.

6) Application Ranking

Applications will be reviewed and processed on a first-come, first-served basis. Should demand exceed supply, a ranking system based on those most in need will be implemented. This assessment will include household income, number of children and current living situation.

7) Authority

These criteria are to serve as parameters to guide development and administration of Affordable and Community Housing programmes. The Queenstown Lakes Community Housing Trust shall retain the option to apply further criteria, or waive existing criteria, as needed for the effective operation of various programmes, and to seek approval of the Council should substantial variation be required.

8) Definitions

- a) Assets: All bank, investment, real property, or other assets owned, either directly or indirectly (e.g. in a trust) by any member of the Household.
- b) Full-Time Employment: Defined as 30 hrs per week or more.
- c) Household: Means a single individual or a group of people, and their dependents who normally occupy the same primary residence.
- d) Household Income: Means all income earned from any source, by all household members.
- e) Primary Residence: defined as the place of daily residence for all household members. A Household may have only one Primary Residence.