

## Policy for Affordable Rental Programme Parameters– 1.4

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### Background:

To date QLCHT has conducted its *Shared Ownership* (SO) and *Rent Saver* (RS) programmes throughout the Queenstown Lakes District. SO transactions are always carried out at market value and RS rents are always set at market rates. As QLCHT has evolved it has become clear there is a need to broaden its programmes to help lower income households. This has resulted in the creation of a new programme called *Affordable Rental* (AR).

The essential differences between the programmes from a subsidy perspective are:-

- i. SO = QLCHT provides equity capital at no charge to the occupier and takes a share in the property.
- ii. RS = QLCHT matches the tenant's saving at the end of 5 years up to a maximum of \$13,000.
- iii. AR = the Trust provides a cashflow advantage to the tenant with a below market rental.

The primary goal of the AR programme is to provide affordable, secure tenure in decent quality homes to low income households.

The first AR households occurred in ten properties at the Suffolk Street project which includes two reserved for *Senior Housing* candidates.

### Eligibility Criteria:

1. AR rents will be set as follows:
  - a) For a household who qualifies for Social Housing, the rent will be set at full market rent, subsidised by MSD to approximately 25% of the household's income.
  - b) For a household who doesn't qualify for Social Housing, but meets the AR financial criteria, the rent will be subsidised and set at 30-35% of gross household income or 80% of full market rent, whichever is the higher.
  - c) For those who are no longer eligible for a subsidised rent as determined by the AR financial criteria, rent will be set at full market rent.
  - d) A rent review will be undertaken annually on the anniversary of joining the AR programme and the household's income reassessed to establish the new rent amount, as calculated above.
  - e) Where a genuine and critical need arises for those who meet the AR financial criteria but don't qualify for Social Housing, the rent may be reduced to as low as 25% of gross household income, as determined by QLCHT. Management must report to the Board

on any non-Social Housing households with a rent set below 30% gross household income.

2. AR rent setting policy will be applied uniformly across “standard” and “Senior” households - unless a different application is otherwise agreed to for separate projects, eg agreement with Council at Suffolk Street.
3. The maximum household income for the Affordable Rental programme is set at Band Level 6. The targeted income ranges for applicants of this programme is Band Levels 4-6 of the AMI.
4. The property must be used exclusively as the household’s primary residence, i.e. it is not to be used as a second home or holiday house.
5. Households cannot vacate the property for more than 4 weeks of the year without QLCHT permission.
6. Applicants cannot own any other property.
7. Households must have been in the district minimum 6 months.
8. Within each household at least one member is and will remain a New Zealand permanent resident or citizen.
9. Within each household at least one member must be employed in full time employment in the Queenstown Lakes District (minimum 30 hours per week average). This requirement may be waived at the sole discretion of QLCHT, for households who qualify for Social or Senior Housing.

Programme Parameters:

- a. Households will either fall into the category of “Standard” or “Senior”.
- b. Senior Households (eligibility criteria detailed in QLCHT’s *Senior Housing Eligibility Criteria Policy 1.3*) will sign up to QLCHT’s standard *Residential Tenancy Agreement* with an indefinite lease.
- c. Standard AR tenants will sign up to QLCHT’s standard *Residential Tenancy Agreement* with a 5 year lease. This will be fixed for the first year.
- d. All AR households will be subject to QLCHT’s Housing Management Policies as detailed in QLCHT policy 9.3.
- e. All AR households will have a full review of their financial situation annually and if household income has altered then rents may be adjusted accordingly.
- f. Tenants will be required to pay a bond equating to 4 weeks rent.
- g. Where demand exceeds supply for AR properties, households will be prioritised on a needs basis, eg low income, number of dependents, current living situation. This will be resolved at the sole discretion of QLCHT.