



**RESEARCH REPORT:**

**CLUSTERS AND PARTNERSHIPS OF COMMUNITY HOUSING  
IN NEW ZEALAND**

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## **Intro - Community Housing Partnerships & Clusters in NZ**

Partnerships and clusters can be formal or informal, long term or established to undertake a specific project. The purpose of joining together in these arrangements varies according to the needs of the parties concerned. Some are to enable the parties to specialise in what they do best and/or to share know-how and expertise. These types of arrangements can result in the parties being able to deliver a much better service than they could if they were operating on their own. Some partnerships are formed for the purpose of gaining access to affordable finance or land others are formed to gain access to affordable professional services or discounted goods. Most of the cluster arrangements in New Zealand are at an embryonic stage and not formalized in any way. There are a few exceptions e.g. Abbeyfield with its head office servicing a network of Abbeyfield societies with expertise and support.

The following examples of formal and informal partnerships and clusters show how these arrangements have enhanced and expanded the services being offered within the community housing sector in New Zealand. They are roughly grouped according to the main benefit gained from each arrangement but in practice the benefits tend to be wider than just any one alone.

### **1. Partnerships and clusters for specialization and development of expertise**

#### ***a) Wellington Housing Trust***

The WHT has a formal partnership arrangement with IHC Properties under which IHC Properties are contracted to carry out the tenant and property management functions for rental properties which the Trust owns. The Trust selects the tenants and works with IHC to look after their needs. IHC collects/monitors rent payments, maintains the properties and undertakes most of the tenancy management. IHC takes a percentage of the rent as payment for these services.

The partnership benefits IHC by providing a revenue stream outside their core business. It also enables IHC to gain expertise in the property management field which they may be able to utilise elsewhere in the future. The partnership benefits the Trust which does not have the economies of scale to cover the cost of employing staff for property management and maintenance. It also gets the benefit of IHC Properties extensive expertise in asset management. By contracting out these functions the Trust is able to focus on meeting the housing and support needs of its client group.

With an outside organisation collecting the rents, the Trust has found that tenants have been more responsive to rent collection procedures and the level of rent arrears has decreased significantly.

According to the Trust, the important factors in the success of this partnership are:

- the two organisations have similar philosophies (e.g. both are not for profit and place importance on having good relationships with tenants),
- the Trust is clear about its expectations in terms of how tenants are to be treated
- regular surveys of tenants are undertaken to monitor that the partnership is working in the interests of the tenants
- the Trust and IHC Properties staff communicate regularly to ensure expectations of each are being met

- the Trust undertakes briefings for new IHC staff to ensure that staff changes do not result in a lapse of agreed standards.

The Trust has an informal partnership arrangement with a local architect with particular experience in social housing projects. One architect acts as an architectural adviser to WHT and provides advice on property acquisitions, design, District Plan requirements etc to WHT's Director and Board. The firm is also prepared to give time to attend meetings with HNZC, the Trust Board and with local neighbourhoods. The benefit for the architectural firm is that it acquires a reputation for providing social housing services which it can promote to other community housing organisations.

The Trust also has a partnership arrangement with the Wellink Trust (a mental health support service). WHT leases one of its homes to Wellink for them to use for a mental health forensic service. Wellink selects and supports the tenants. The advantage of this partnership for the WHT is that it is meeting a social need as well as having a long-term, stable tenancy and reliable rent payments. For Wellink, the arrangement enables them to separate the roles of housing provider and care giver in accordance with good practice principles. It also provides Wellink with a guaranteed place to accommodate clients with a provider they can rely on to maintain the house to a good standard and who is empathetic and supportive.

#### ***b) New Zealand Housing Foundation***

The Housing Foundation owns equity shares in fifty houses, through their two home ownership programmes; Home Equity whereby the occupier rents the house with the option to purchase after 5 years and Shared Home Ownership whereby the occupant and Housing Foundation each have an equity share in the home. To date three owners have been able to buy out these shares and now fully own their homes. Over time the Housing Foundation has built up its in-house knowledge of quality low-cost, sustainable design, construction and project management and now provides support to other community housing groups. The services it offers other community housing providers include:

- project management expertise
- contact details of individuals and networks to fill gaps in expertise
- funding in the form of no-interest loans to fill project funding gaps

The Housing Foundation also undertakes the building work for other social housing providers. One such project involved the construction of seven houses, only four of which are to be managed by the Housing Foundation under their home ownership programmes. One is to be a HNZC rental, another is for Habitat for Humanity and the other for the Auckland Housing Trust. A current, much larger scale development will result in houses for IHC, Monte Cecilia, Salvation Army and Habitat for Humanity with the remainder going into home ownership through equity funding. For these schemes, each organisation has to raise funding from a bank or some other source and the Housing Foundation sells the house at a discounted cost. In addition to growing the community housing sector, working together in this way creates mixed residential uses within neighbourhoods.

The Housing Foundation also supports the carpentry trade training programmes in Northland, providing support to the providers in Kaikohe and Kaitia in the form of interest free funding for the purchase of materials to build the houses, and also by generally supporting the programme. The Housing Foundation is keen to develop and expand the programme in to other areas in New Zealand.

### **c) ComCare**

Comcare operates 120 tenancies, the majority of which it owns, with the balance being operated under head tenancy agreements with HNZC, private landlords and the Christchurch City Council. It also has MOU's with specialist mental health services to ensure the ComCare tenants receive the support they require. These arrangements increase the ability of ComCare to meet the housing needs of people with mental health problems and relieve HNZC and the City Council of the task of matching tenants to available rental properties, managing the tenancies and providing tenant support services.

The organisation is funded by the Canterbury DHB, the Canterbury Trust and income from rentals. Because of ComCare's good track record and well developed business systems the Canterbury Trust has provided several no-interest loans to ComCare for the purchase of additional properties.

### **d) Nelson Tasman Housing Trust**

The Trust has a partnership arrangement with six social support agencies to provide emergency accommodation. The operation has a steering committee comprising representatives of all the agencies. The Trust manages the finances and the properties and the agencies refer potential tenants to the Trust. This enables the support agencies to meet the need for emergency temporary accommodation. The Trust sources grants from charitable bodies to help cover its administration costs and provide a cash flow whilst tenants sort out their finances.

The Trust has established a Bond Fund to provide a revolving fund for loans to people who can't afford to pay a bond on their rental accommodation. The fund has been financed by grants from the Fifehire Foundation, Community Organisations Grants (COGs), Lotteries, and the George Brown Trust.

Under the Healthy Homes Initiative the Trust has established a partnership with the DHB, ECCA, the Department of Work and Income and the City Council to provide a retrofit insulation service for low-income people. ECCA provides 60% of the costs of the work and the DHB has contributed \$200,000 for the last three years. The Trust uses its charitable status to obtain funding, manage the contracts and administer a steering group comprising representatives of each of the partners. A specialist retrofitter is employed to do the work.

The Trust and Nelson City Council have developed a Memorandum of Understanding to further their partnership work and the Trust is also currently discussing a MoU with Tasman District Council. The partnership arrangement with the NCC includes a waiver of the development contribution for housing trust schemes and agreement to gift some council-owned land to the Trust for its next affordable housing scheme.

### **e) Abbeyfield NZ**

Abbeyfield NZ acts as a lead agency to the 11 Abbeyfield houses operating across NZ, the five new projects (where sites have been secured) and 4 steering committees looking to become established as Abbeyfield Societies. As the lead agency it acts as mentor, advisor, resource base and overseer providing expertise on property evaluation, design, funding, resident recruitment, tenancy management, employment relations, asset management, emergency assistance, accounting services, building standards and project management. Professional help is engaged for expertise that is not available from among the organisation's volunteer support base. This management structure operates on a very tight budget (\$144,000 for the 2009/10 year) which is provided by supplementing resident fees with project

management fees charged to new builds and by grants from a wide range of organisations.

**f) *Pukekohe Resource Centre and Monte Cecilia Housing Trust***

The Pukekohe Resource Centre has one house which it operates as an emergency house, and a garage which is used as a learning centre. These properties are leased from HNZC. The Centre had no experience with managing a rental property and so Monte Cecilia is providing a mentoring service until the Resource Centre managers feel sufficiently confident to operate on their own. Monte Cecilia has prepared processes and systems for them to enable them to meet CYF's compliance requirements. They have also provide advice as required. The Resource Centre has joined the Emergency Housing Group of which Monte Cecilia is also a member. At these meetings members share their experiences and concerns and agree to take up issues on behalf of members thus helping to build skills and confidence within the sector.

## **2. Partnerships and clusters for access to affordable land and/or finance**

### ***a) Abbeyfield Nelson and the Presbyterian Church***

In 2002 Abbeyfield Nelson assisted the Tahunanui Presbyterian Church to develop land they had been bequeathed. Abbeyfield purchased a site off the subdivision concept plan and the church used this payment to finance the siteworks and subdivision. Since then the church has built and sold 14 townhouses in the subdivision.

Abbeyfield Nelson borrowed \$90,000 and exhausted its reserves to fund the purchase. They have since paid off the loan and the property value has increased to \$400,000. It has taken the intervening seven years for Abbeyfield to attract the support to enable it to commence construction of an 11 resident house with live-in housekeeper accommodation. Each resident will have a studio unit with ensuite. Abbeyfield Nelson will manage the house once it is established.

To get to this stage Abbeyfield has attracted support from the following organisations who could loosely be called “partners”.

- The Canterbury Community Trust (\$100,000 grant)
- Housing NZ Corporation (\$705,000 made up of a grant, a concessionary loan and a suspensory loan)
- Public Trust (commercial mortgage up to \$625,000)
- Local donations and grants (totaling \$196,600 to date)
- Sharp pricing for a community project from local sub-contractors and builders resulting in the building cost coming in at \$130,000 under the quantity surveyor’s estimate.

For this project HNZN accepted a second mortgage as security for its loan which, according to Abbeyfield’s Director, was a first in his experience. The security which HNZN required to approve a second mortgage came from supplementary security provided by Abbeyfield properties in Auckland, Hamilton and Takaka. In this way HNZN has been provided with \$3 of building security for every \$1 invested.

The Public Trust provided the first mortgage on a normal commercial transaction basis but relaxed its standard commercial requirements regarding margins. This meant that Abbeyfield only had to show that its surplus income covered the mortgage payments. The arrangement with the Public Trust was a result of the Bank’s confidence in the organization achieved through the demonstration of sound business practices, many years of engagement between Abbeyfield and senior Public Trust executives and the support of a former Public Trust Chief Executive.

The Public Trust and HNZN have negotiated a priority sharing Deed that allows HNZN to take over the property if Abbeyfield ever defaults. Abbeyfield had previously obtained a \$200,000 ten-year interest-free loan from a charitable trust. This loan was negotiated with the help of the Public Trust.

### ***b) Queenstown Lakes Community Housing Trust***

The Trust was established by the Queenstown Lakes District Council to deliver and manage affordable housing to workers vital to the community who could not otherwise afford to stay. As at the end of 2009, the Trust had 32 units all of which have shared ownership agreements. The home buyer provides on average 70% of the funding and the Trust holds the balance as equity. The units have Tenants in Common agreements which safeguard the interests of both parties.

The shared ownership housing developments have been partly funded by HNZC but a range of other institutions also lend on this scheme including Kiwi Bank, ASB, and the Southland Building Society. In addition, the Trust receives contributions of land, buildings and funds from developers who have committed support for community housing as part of their Stakeholder Deed with the Council.

For each building project the Trust has project specific partnership agreements with the parties involved including developers, the local council and NZHC.

**c) *Abbeyfield and the New Zealand Housing Foundation***

The New Zealand Housing Foundation provided Abbeyfield with a loan to facilitate the development of its Hamilton and Auckland houses. This funding was used to progress the projects through to the building consent stage.

The Housing Foundation has also provided substantial help, including advice and project management skills, to the Abbeyfield development in Palmerston North. According to the Director of Abbeyfield, the Housing Foundation's Director has *"mentored the organisation through negotiations with HNZC and generally been of great assistance in setting our strategy and planning our development."*

**d) *Nelson Tasman Housing Trust and Canterbury Community Trust***

The Nelson Tasman Housing Trust received a grant from the Canterbury Community Trust which enabled it to lever Housing Innovation Funding to build its first six unit development. The NTHT considers it would not have got off the ground without this support. More recently NTHT has received a further grant of \$2.2 million from the Canterbury Community Trust which has enabled it to build a further nine units in Richmond, and has provided equity and cash flow (in combination with Nelson City Council free land and HIF) for the next nine unit scheme in Nelson.

**e) *Golden Bay Housing Trust***

The GBHT successfully applied to the Canterbury Community Trust for funding to help fill the need for affordable housing in Golden Bay. This grant enabled the Trust to buy land and build four housing units. To build the houses, the Trust selected a building company which operated under an environmental sustainability protocol in keeping with the philosophy of the Trust (e.g. the builder specialised in low-cost, energy efficient homes using construction techniques and designs which minimise waste).

The rent for these houses is significantly less than market rents and all tenants qualify for accommodation supplement and the Working for Families benefit which ensures rents are paid. The Trust has now applied to the Southland Building Society for a loan to enable it to build a fifth house using the equity from the existing four.

**f) *Auckland Community Housing Trust***

The Trust has about 30 properties which it has purchased from developers off the plans. The Executive Officer previously worked in the building industry and during that time built up good personal relationships with some property developers which has facilitated access to land in new subdivisions for the provision of community houses.

Kiwi Bank and HNZC provide the mortgage funding and repayments are covered by the rents (most are paid by WINZ through its housing subsidies so the loans are low risk for the Bank). By working with the Trust, developers are able to achieve a proportion of pre-sales which makes their developments viable. Developers now approach the Trust directly to ask if it would be interested in buying properties in

subdivisions they are developing. The developers do all the work involved with council consents so the Trust can focus on establishing and managing tenancies. Through this system, the Trust has acquired houses that it has been able to make available for clients of Spectrum, Affinity, and two DHBs. The informal partnership between the Trust and these social service organisations enables them to separate the roles of housing provider and care giver in accordance with good practice principles.

***g) Wellington Housing Trust***

The Trust has a partnership arrangement with its bank which has resulted in the Trust being able to borrow at a slightly discounted rate. The Trust has been a client of the bank for over ten years so the bank has a good understanding of the Trust's operations and is assured of the Trust's sound history of borrowing and business operation. This relationship enables the bank to make decisions on loans quickly. The bank has provided the Trust with a personal manager which has helped to strengthen the relationship and streamline the Trust's dealings with the bank. The advantage for the bank in having this arrangement is that it helps meet its social responsibility objectives and provides it with a long-term reliable client.

***h) Thames Pensioner Housing Trust***

The Thames Pensioner Housing Trust was able to raise a mortgage from Westpac Bank for the purchase of 41 council units because the District Council acted as guarantor. Subsequently the Trust was given funding from a community organisation which no longer had use for the money. This was done on the condition that the funds were used for the provision of pensioner housing. The Trust applied for supplementary funding from the Housing Innovation Fund and this was topped up with the small surplus the Trust had accumulated, plus some funding raised from local pub charities. The Trust used these funds to purchase a section and build a further unit which it owns debt free.

The Council has only sold its housing units to the Trust, not the land on which they sit which means that the Trust has been unable to use them as equity for further lending. The new unit is on land owned by the Trust and the Trust aims to use it as equity to build more units. The project management experience gained from building this unit together with the property management and maintenance experience they have gained from the houses purchased from the council has given the Trust a track record which they hope will stand them in good stead with funding providers.

### **3. Partnerships to access specialist services or discounted goods**

#### ***a) Te Runanga o te Rarawa***

Te Runanga has a formal contract with HNZC to deliver the Rural Housing Programme in Ahipara. Te Runanga manages the waiting list, puts together the project proposals for funding support, contracts the builders and provides wrap-around social services to the funding recipients to ensure the family is in good shape to enjoy their new home.

Te Runanga commissions a local builder as their head contractor rather than tendering the work or employing their own builder both of which they have tried in the past. The local builder understands the programme and what HNZC requires and can deliver housing improvements efficiently and within budget. The Community Enterprise and Environment Centre (CBEC) in Kaitaia is sub-contracted to fit the insulation at competitive rates.

#### ***b) The Pa Kainga Project***

Pa Kainga is described by its initiator, Te Runanga o te Rarawa, as being “an experiment in social sustainability”. It is currently awaiting a decision on funding from HNZC through the Housing Innovation Fund.

The project comprises the construction of about seven module housing units configured in different ways with a community facility owned by the occupants in common. There will be a charter which sets out the values behind the development, and the mechanisms to make it work (“Body Corp rules”). It is proposed that a variety of residents would buy into the units – elderly, youth, young families - learning to live together, sharing and caring for each other.

The block of land is being purchased from a local developer who has an interest in eco housing. He and a local architect, a specialist in organic architecture, have been meeting regularly with the Runanga to plan the development. It is intended that the current land-owner (a civil engineer) will project manage the build. The local council has been kept informed throughout and has indicated it will support the application for resource consent.

Te Runanga summarised the elements that have made this partnership work as mutual respect, friendship and a common interest.

#### ***c) New Zealand Housing Foundation***

The Housing Foundation works with several councils (Manakau, Waitakere, Auckland City and Papakura) on housing projects. Projects range from a single house to a development of over seventy homes. Projects start with the identification of suitable land which may be surplus to central government or local government requirements, may belong to church organisations or be in private ownership. The Housing Foundation then works with the council concerned to sort out the planning and building consents.

For the build, the Housing Foundation uses smaller design and build companies that carry low overheads and have a good track record. Generally the build is undertaken on a fixed-price contract. Over the years the Housing Foundation has established good business relationships with several builders which has helped streamline the building process.

The Housing Foundation also has supply agreements with specific building suppliers which gives the Housing Foundation an additional price reduction on top of the volume-based price that builders are able to negotiate. Supplies covered by these arrangements range from wallboard to curtaining. These partnership-type arrangements are based on an exchange of letters rather than a formal agreement.

The Housing Foundation has commercial loan arrangements with the ASB and other funding partnerships with a range of philanthropic organisations including the ANZ Community Trust and the Tindall Foundation.

***d) Kaikohe (Rau Marama) Community Trust and Northland College***

The Trust co-ordinates a three-way partnership to build new houses (and in the future is looking to renovate houses that might otherwise be demolished). The New Zealand Housing Foundation funds the building materials and the Northland College organises the building work under its Trade Training Academy. The first two “new build” houses were purchased by HNZC. Through this partnership three new houses have been built, the fourth is underway and several College students have gained employment in the building industry. The project is supported by the Ministry of Social Development, Te Puni Kokiri and in 2011, will be part of the five Trade Academies set up by the Ministry of Education.

## 4. Local government involvement in community housing

Councils throughout New Zealand are working with local organisations to provide community housing and help the sector grow. There are benefits to be gained on both sides as the following examples show. These local councils have recognised the importance of community housing to their local economy and the benefits to be gained by supporting community groups that have expertise in this field. These community groups can relieve local council's of the work involved in administering and maintaining social housing and (either within their organisation or through partnerships with other service providers) ensure that the occupants are provided with the social support they require to be good citizens.

As the following examples demonstrate, the benefits to be gained from community housing organisations working in partnership with local councils are two-way. For the community housing sector, local councils can:

- provide the authority, leadership and skills to bring a wide range of parties together to formulate a district or city wide strategic plan to meet the community housing needs of the local population
- assist with meeting planning and building regulations
- provide access to land surplus to council requirements
- reduce the costs of new builds by reducing or waving reserve contributions and development levies
- provide lower-interest loans to community groups for new builds utilising the ability of local governments to access low-interest loans
- provide funding to local authority community grant schemes for renovations
- through their involvement and support, increase the credibility of the sector and provide added security for loan applications or negotiations with developers.

For the local councils, involvement with the community housing sector can:

- relieve councils of the work involved in tenancy management and property maintenance
- increase the number of houses available to meet the needs of residents unable to house themselves through private sector housing
- raise the quality of the housing stock in their community.

### **a) *New Zealand Housing Foundation and Auckland City Council***

The Housing Foundation has worked with planners and policy staff at the Auckland City Council over a number of years to gain their support for new community housing projects. The Housing Foundation has found that gaining cooperation from councils can reduce costs through increased density levels, changes in design, and in some cases the waiving or offset of reserve contributions and development levies. Establishing good working relationships with councils has taken time. It has been important to build trust and credibility with both staff and councillors by demonstrating that the Housing Foundation can deliver a good product. The Housing Foundation has found that it is important to continue the process of partnership building because of the turnover among both staff and councillors.

### **b) *Hamilton City Council and Te Ara Hou***

Te Ara Hou (the new way) is a pioneering venture established with the support of the Hamilton City Council, to meet and address a complex range of social and community needs.

In 1999 an area of land and buildings previously belonging to the Roman Catholic Diocese of Hamilton was purchased by the Hamilton City Council for the purpose of creating a social work village. To this end the Council retained ownership of the land and on-sold the buildings to a Trust which had been set up for the purpose of operating and promoting the Village and promoting social services generally in the Waikato region.

A community of agencies work together in the village to provide an holistic response to social needs. The village includes a residential centre of 20 beds for women and children run by Anglican Action. There is also an Abbeyfield House (providing 10 beds) for older people, a youth justice residence with 8 beds, run by Youth Horizons. Altogether, over 40 people are living in the village at any one time.

**c) *Abbeyfield and the Tasman District Council***

Tasman District Council has supported Abbeyfield to build two housing complexes for older people – one in Motueka and one in Takaka. They provided an interest bearing \$400,000 loan to Abbeyfield in Motueka and additional interest-free loans of \$50,000 to each project. The mortgage is made at a discounted interest rate below market and is fixed for a longer period of time than commercial banks usually provide, being repayable over twenty years. The Council uses the ability of local government to borrow finance at below market rates and has passed this saving on to Abbeyfield.

The Council also abates its development charges and lends its support to Abbeyfield's applications to other funding sources. The partnership with Abbeyfield has helped the Council to reduce its waiting list for pensioner housing in some areas and by supporting Abbeyfield to provide services, it has relieved pressure on the Council's limited resources.

**d) *Nelson City Council and Nelson Tasman Housing Trust***

The NTHT owns six properties and is currently building nine more in Richmond funded by a grant from the Canterbury Community Trust. It has plans to build nine more houses in Nelson in partnership with NCC. The partnership is based on an MOU in which the Council has agreed to waive development contributions on new builds, look for opportunities to work together and to keep the Trust informed of developments affecting community housing. It has also agreed in principle to gift some land to the Trust for a community housing scheme in support of an application to the Housing Innovation Fund.

The partnership agreement with the Council helps to streamline the work of the Trust and adds to its credibility with potential funding organisations and social support agencies. The advantages for the Council include the public recognition it gets for supporting community housing and being relieved of the responsibility for meeting all community housing needs in the city. The partnership encourages the Trust to provide its housing stock within the city rather than in Tasman District where it might otherwise locate its operations due to the availability of more suitable land.

**e) *Thames Coromandel District Council***

Thames Coromandel District Council has supported the development of the community housing sector in its district through land leases and the sale of its pensioner housing to three community trusts. It has sold all its pensioner units at market value minus some depreciation and leased the land on which the units stand at discounted rentals. Seven units have been sold to the Coromandel Independent Living Trust. These houses required significant retrofitting. The costs of purchase and upgrade have been met through the Housing Innovation Fund. The Trust has recently received planning consent to build seven more units on the leased land,

again funded through HIF. The house plans have also been submitted to the Lifetime Design Foundation to obtain the Lifemark certification.

The District Council sold a further four units in Mercury Bay to the local pensioner housing trust and 41 units to the Thames Pensioner Housing Trust. This arrangement has greatly benefited the Council by relieving it of the cost of maintaining the stock while ensuring that the housing needs of the district's elderly residents are being met.

**f) Christchurch City Council**

Christchurch City Council supports community housing through its Social Housing Strategy, partnership arrangements, rates remissions and rents discounted from normal market rents.

The Council's Social Housing Strategy provides the Council with a policy framework and the ability to explore a wider range of mechanisms including joint ventures, partnerships and the use of leases rather than sales.

One of the partnerships has been with the Beckenham Community Housing Trust. In this project the Trust provided the land and the Council built ten units on it to house people with mental housing needs. The Trust manages the property and the tenants and a portion of the rents are returned to the Council.

One development which has yet to be realised stems from the identification of some surplus land for community housing. The Council called for expressions of interest from community groups to undertake the development in partnership with the Council. The Beckenham Community Housing Trust, NZ Housing Foundation and Abbeyfield put forward a joint proposal to the City Council and this was accepted. Since then the Council has decided it does not have a need for housing in this particular area so it no longer wishes to be a partner in the development. However, it still wishes to ensure the land is used for community housing purposes and has decided to offer the property for sale for that purpose. The community consultation process has been completed, and the Council will be calling for new proposals within the next few weeks. The three joint venture partners intend to submit a tender.

**g) Queenstown Lakes District Council**

The Queenstown Lakes District Council has developed a strategy, policy and planning framework to promote affordable housing and support local housing trusts. The strategy, HOPE 'Housing our People in our Environment' sets an objective of 2,500 affordable housing units in the district within 20 years. This is to be achieved through a mix of rental and homeownership using a range of models including shared ownership, leasehold and rental housing. The strategy also provided for the establishment of the Queenstown Lakes Community Housing Trust and the transfer of land and funding for the purpose of affordable housing to the Trust.

The strategy also provides for the implementation of Stakeholder Deeds - where the Council encourages land developers to make provision for social housing within their new developments. This can be achieved through the gifting of land to the Community Housing Trust or by making provision for low-cost housing within the range of house types in the proposed development. By the end of 2009 over 100 lots had been committed for this purpose.

The Council supported the establishment of the Queenstown Lakes Community Housing Trust with an establishment grant and oversees the transfer of land and cash contributions to the Trust as these accumulate from Stakeholder Deeds.

#### ***h) Urbanplus and Hutt City Council***

Urbanplus is committed to providing quality social housing to the people of Lower Hutt. A part of this is a focus on improving the existing units and increasing the number of housing units available for people requiring social housing. Urbanplus is a Council Controlled Trading Organisation (CCTO) which is a wholly owned subsidiary of Hutt City Council. Ownership of all the Council's social housing was transferred to Urbanplus when it was set up in 2007. It currently owns and manages 186 rental homes for low-income tenants in Lower Hutt.

To date Urbanplus has been able to refurbish and increase the number of social housing units it owns by forming a partnership with the Wellington Institute of Technology (WelTec) for a housing project in Bell Road, Lower Hutt.

The partnership agreement sees students undergo apprenticeship training while refurbishing the existing units and building new housing units off-site that are then relocated onto site. Benefits of the partnership for Urbanplus include the provision of free labour, as well as discounted building materials which WelTec is able to access. The students and WelTec benefit from the availability of practical work experience needed to meet apprenticeship requirements.

In addition to owning and managing social housing, Urbanplus also provides property maintenance for all the Council facilities and undertakes the development of land both private and ex-Council. Any profits made through land development are put back into social housing. .

## 5. Benefits to be gained from partnerships and clusters

Partnerships and clusters enable community housing organisations to achieve more than they can on their own by combining skills, knowledge, networks, assets, capital and access to discounted goods. These arrangements also enable community housing providers to focus on their particular interest and strengths – project managing new builds, managing tenancies or providing support services to tenants.

- **Mentoring:** Through joined up arrangements, more experienced housing providers can act as mentors for less experienced organisations to give them the support and confidence necessary to grow their operations.
- **Enhancing the credibility and expertise of others:** By entering into joint venture arrangements with less experienced providers, established providers can lend credibility and a proven track record to the venture. This facilitates the gaining of planning approvals and access to finance.
- **Capitalising on assets for the benefit of others:** Organisations with existing housing stock can use their assets as security for loans for new builds which organisations without assets are unable to do. The new units can then be made available to the clients of organisations that do not have their own housing stock.
- **Separating the functions of developer and tenancy management:** Smaller organisations can undertake the tenancy management and maintenance of houses built by the more development-orientated organisations. In this way each can specialise in the areas where their expertise lies - growing the amount of stock or administering tenancies.
- **Enabling the separation of landlord and care giver functions:** Partnerships between housing administrators and organisations with a primary focus on care, enable the separation of landlord and care provider functions in accordance with good practice principles.
- **Providing access to discounts based on bulk purchasing:** Larger organisations are more able to negotiate discounts based on bulk purchasing. These can then be passed on to smaller organisations within the cluster.
- **Improving representation of community housing interests:** Cluster arrangements were seen as a way of increasing the strength of the community housing voice at the regional level. A united approach to social housing issues by a consortium of community housing providers could encourage local councils to engage more proactively with the sector. It may also help to raise the profile of the sector and the contribution it is making to the provision of affordable housing at a regional level.

Likewise at the national level, clusters could provide the basis for regional representation on the Board of CHA - the support agency and advocate for community housing at the national level. This would help improve CHA's ability to represent and advocate for the sector at a national level as well as ensuring that CHA remains representative of the sector as a whole.

- **Facilitating collaboration between specialist providers:** Clusters based on a particular community housing focus (e.g. rent to buy/shared equity or housing on Maori trust land) can share expertise, knowledge and ideas to develop solutions and increase their effectiveness in their focus area. They can also use their

combined presence to lobby for changes in policies and systems that are impeding the growth of these types of community housing developments.

## **6. Factors contributing to successful partnerships and cluster arrangements**

Partnerships are typically between two or three parties (e.g. a community housing provider and a support agency, or a housing provider and a supplier of building materials, or a provider and a local council). Clusters are larger groupings which combine a range of housing provider types and associated parties formed to increase the ability of the sector as a whole to increase economies of scale and provide more holistic and coordinated services. Both these groupings work to increase the capacity of the sector and in some cases, increase the stock available.

The idea of forming formal partnerships and regional or special-focus clusters (e.g. home equity or supported housing) to increase sector capacity was discussed with a range of community housing providers across the country. Their observations on the factors needed for these arrangements to be successful are summarised. These observations, based on experience, could be used to guide discussions on the future development of the sector, particularly the formation of clusters which inherently involve greater risks for the members but also potentially provide greater opportunities to significantly improve delivery and grow the sector as a whole.

- ***Trust between the parties involved***

Trust was the most commonly mentioned factor for the success of both partnerships and cluster arrangements. Because there is inevitably some interaction between tenancy managers and tenant supporters with the tenants concerned, both sets of providers need to have trust in each other to interact with the tenants in ways that are compatible with the philosophy of both organisations. Also, if one organisation is to take responsibility for raising the funding for the purchase and construction of community houses the other providers would need to be confident that their housing needs will be met by this arrangement. As one provider observed, a sense of rivalry has been fostered in the past by competitive funding regimes. This would need to be overcome if smaller organisations were to relinquish their fund-raising efforts to larger organisations with good track records and strong asset basis.

- ***Evolution rather than imposition of the structures***

Allowing clusters and partnerships to evolve organically from the local level rather than being imposed from outside was seen to be important. Partnerships and small cluster arrangements are already evolving based on mutual trust, respect for each others' modus operandi, common philosophies and good inter-personal relationships between the parties involved. These factors should provide the basis for larger groupings.

- ***Compatibility between the parties concerned***

The organisations entering into a formal relationship need to be compatible in terms of their objectives and philosophies. The organisations need to also have confidence in the management and administrative systems of the others. Several of the organisations interviewed had considered forming partnerships with other organisations but were deterred from taking this action because of concern about

the governance or financial management practices of the potential partner. This made them wary of, for example, taking responsibility for its administration.

- ***Clarity of purpose and role of the parties***

Any partnership or cluster arrangement needs to be based on a clear understanding of the purpose and the contribution each organisation is expected to bring to the relationship. Written agreements are the best way of ensuring that these understandings remain in place regardless of changes in personnel. These agreements need to be reviewed on a regular basis and adapted as necessary to ensure they continue to meet the needs of members as circumstances change.

- ***Structures must be responsive to regional differences***

It was seen as important that the structures and processes developed for clusters are able to be adapted to meet the particular needs and characteristics of the geographical area concerned. Having national templates and guidelines for partnerships or clusters was seen to be potentially helpful to avoid reinventing wheels and to build on experience, but these will need to be sufficiently flexible to allow for adaptation to suit the circumstances in each region or local area. It was observed that community groups are most effective when they can “think on their feet” responding and adapting to needs as they emerge. *“The more bureaucratic structures become, the more danger there is of the sector experiencing the inflexibility of central government agencies”.*

- ***Maintaining autonomy of individual organisations***

Community housing organisations need to be able to maintain their autonomy which is seen by members as a strength. Cluster arrangements must not lead to larger organisations dominating and over-riding the interests of others. The integrity of small organisations must be respected. It was noted that for large organisations that have established funding arrangements and management and administrative systems designed to service their particular requirements, joining forces with small organisations in a way that respects the autonomy of these organisations could prove to be a challenge.

- ***Genuine benefits for all the parties involved***

Clusters must genuinely assist in building the capacity of smaller organisations. This can be achieved by taking over responsibility for administrative functions, facilitating access to resources, or providing opportunities for specialisation so that the smaller organisations are able to work to their strengths and direct their limited resources to specific needs rather than spreading their services too thinly. The opportunity to streamline administration (especially in tenancy management) was seen as a real potential benefit for smaller organisations.

## **7. Requirements for successful partnerships with lending institutions**

The experience of community housing organisations that have raised significant funding from sources other than HNZA (e.g. from banks and philanthropic institutions) indicates that the following elements have been important contributors to success:

- Having highly skilled people of influence and standing involved in the governance of the organisation. The expertise represented on the Boards of community housing organisations that have been able to attract sufficient funding to engage in significant new housing developments include former senior managers of commercial banks, solicitors, senior architects and planning consultants, as well as people with many years of experience in the community housing sector.
- Existing housing stock or land which can be offered as equity. It is not necessary to own a large number of properties. Just one or two can provide a sufficient asset base to secure a loan for one more property.
- A sound track record in good project management and the effective delivery of services.
- Sound policies and systems in place to manage the project, the organisation and the partnership/s which may be involved in the project
- The maintenance of regular communication with all the parties concerned whether by email or regular meetings. This ensures there are no surprises and problems are identified and dealt with promptly.
- A sound track record in financial management, especially in ensuring regular and reliable mortgage repayments.
- The support and involvement of community leaders including local councillors who not only add credibility but can also step in and help sort out bureaucratic blockages if necessary.