

Media Release

Innovative approach to building new affordable homes in Auckland

Community Housing Aotearoa (CHA) says Auckland Council's decision to support an innovative and proven method of funding to build up to 200 new affordable homes will transform the city.

CHA Director Scott Figenshow says the council's support of the new Auckland Housing Bonds is two-fold. It will act as guarantor to the community housing sector to raise money to build affordable homes in Auckland. It will also provide half of the \$400,000 in seed capital required to start up the entity and provide a reserve fund to meet any delays in repayments of the initial homes, as the programme becomes established.

The seed capital of \$200,000 from Council is specifically for the reserve fund, and will be provided to a new not-for-profit entity delivering Auckland Housing Bonds. It will be wholly owned by CHA, the non-profit umbrella organisation representing community housing providers throughout New Zealand. CHA will establish a new, independent board of directors skilled in both housing finance and socially responsible investment to oversee the initiative.

Community Housing Organisations (CHOs) already provide over 1100 homes in Auckland, meeting the housing needs of more than 3500 people. These are long-standing organisations committed to their communities, ready and able to do more as more resources become available.

Scott Figenshow says the type of homes the bonds would be used to build are similar to those developed at Waimahia Inlet by Tamaki Makaurau Community Housing. For families, the home would be able to be purchased for about \$345,000 or rented.

"The way the Auckland Housing Bonds will work is the council's guarantee of up to \$6 million over three years will act as leverage for the sector to raise funds of \$30 million of socially responsible investment from trusts, foundations and companies," Scott Figenshow says.

It will be the sector, through CHA and Auckland Housing Bonds, that will be responsible for raising the capital from investors and overseeing the loans which will be provided to registered community housing organisations to build homes in the council's designated Special Housing Areas.

Loans made to community housing organisations with Housing Bond capital will be a little above the government bond rate, which today would see investors on a return of about 4 percent and lending to CHO's at about 5%, with the difference being used to run the initiative, he says.

"This is a proven model that has already been used successfully in Queenstown, where the Queenstown Lakes Community Housing Trust has been able to assist over 25 local families using a Council guaranteed housing bond. The Queenstown pilot has been running since July 2011."

Scott Figenshow says Auckland Housing Bonds is a low-cost way for Auckland Council to provide backing to the growing community housing sector.

“The council does not run the programme, it doesn’t provide the loans, and it is not directly involved in the building of the houses, but by acting as guarantor, it will help encourage philanthropic investors to come forward and support community housing organisations to get houses built.”

Scott Figenshow says the council’s backing is a critical step in preparing for the launch of the Auckland Housing Bonds by July next year, one of a number of tools in the toolkit needed to help increase the supply of affordable housing in Auckland.

“In the lead-up to the launch of the bonds, the community housing sector needs to match the council’s seed contribution of \$200,000 over three years, and begin to generate the \$30 million in investment required. We are confident in achieving this with the support of the leadership shown by Auckland Council.”

Registered community housing organisations in Auckland, which could develop the properties using the Auckland Housing Bonds, include those involved in Waimahia Inlet project (Tamaki Collective, New Zealand Housing Foundation, Auckland and Onehunga Hostels Endowment Trust and CORT Community Housing). In addition, others active in the city include Habitat for Humanity, Accessible Properties, Vision West Community Housing, Lifewise, Bays Community Housing Trust, Monte Cecilia Housing Trust and others.

[end]

For more information contact Scott Figenshow 021 061 9664