



Community Housing
Nga Wharerau o Aotearoa

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Minister Paula Bennett
Parliament
Wellington

Dear Minister Bennett

Topics for 9 June 2015 meeting

On behalf of the CHA National Council, we look forward to meeting with you on Tuesday 9 June from 12 noon. Congratulations on the swift progress of the Social Housing Reform (Flexible Purchasing and Remedial Matters) Bill. We also greatly appreciate the support for ongoing funding for CHA as the community housing sector peak body that was confirmed in the budget.

During our upcoming meeting we would welcome the opportunity to discuss the following:

- Certainty of charitable/tax exempt status
- IRRS not being sufficient by itself in many high-cost markets
- Leveraging capital: New Zealand Housing Bonds and the Auckland issuance
- Certainty of long-term supportive / wrap around services funding
- Sector Strategy: Our Place

We note that the Flexible Purchasing Bill may address to some extent the services, IRRS, and capital issues above.

We have invited Peter Jeffries, chair of The Auckland Community Housing Providers Network (The Network) to join us for this conversation. As you know the Network is a regional group of the member organisations of Community Housing Aotearoa. Together we have been actively engaging with officials across MSD / Treasury / MBIE on these issues.

Charitable Status / Tax exemption

We recently made submissions to the Finance and Expenditure Select Committee, regarding the further two year extension on the tax on net assets of deregistered charities. More importantly, we note that government has still not delivered certainty as to the tax status of registered community housing organisations when they deliver across the housing continuum. There is a high level of frustration, that this far into the housing reform programme, something as fundamental as certainty of an

organisations tax status remains unresolved. The uncertainty adds cost, and takes time away from much more important activity. We do understand that you have been pushing hard for a workable solution. We hope you can confirm to us what the solution is going to be and when it will be implemented.

Leveraging capital: New Zealand Housing Bonds and the Auckland issuance

CHA is working with MBIE and MSD officials, and the Auckland Council to launch a \$30M Auckland Housing Bonds fund in July-August. It enables a CHRA-registered CHO to acquire land at the retained affordable price from the landowner (whether private or public sector) in Special Housing Areas (including Tamaki), contract for the build, and then provide the completed home to a family from the Social Housing Register. It allows us to deliver homes for below \$350k – which is nearly low enough for current rents under market rent settings to service the debt. In the process, the CHO holds on to a piece of equity – the difference between the cost of acquiring the land and building the home- and the market value of the completed homes. This can easily be \$100k-200k – equivalent to what Government would have been asked to fund through the social housing fund capital grants.

We would like to discuss with you the nature of the flexible rent subsidy settings that the new Bill might facilitate to fill the gap between market rents and capital costs. With market rents the need for capital assistance has been significantly decreased and in most cases would be less than half of what was required (on a per-home basis) under the HIF and SHU programs. While we clearly understand that Government does not want to continue a capital grants programme, we do need your support for alternatives. We think that Auckland Housing Bonds is one of those tools to help leverage IRRS. We have requested \$160,000 from MBIE towards the startup costs, which are matched by a \$200,000 commitment from Auckland Council; our request is in need of your support for us to move this programme forward.

Sector Strategy: Our Place

Enclosed please find a copy of Our Place. During the meeting we'd like to discuss the opportunity to engage with government over the coming months to advance this as a strategy.

Thank you for your hard work and dedication to advance the reform programme, and we look forward to the discussion on 9 June. Please advise of any information we should circulate to the CHA Council ahead of the visit.

Yours sincerely



Scott Figenshow
Director

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