



Partnering for Progress

Accelerating the Development of Social and
Affordable Housing at Scale in New Zealand

NZ Council for Infrastructure Development

Community Housing Aotearoa

15 April 2015





Sarah Lang Manager Social Infrastructure Portfolio, NZCID



AGENDA

- 3.30pm **Welcome** – Graeme Roberts, Director, Beca
Introduction – John Rae, Chairman, NZCID
- 3.35pm **Scene setting** – Stephen Selwood, CEO NZCID
and Scott Figenshow, Director CHA
- 3.45pm **Social Housing Reform Programme – the big picture**
Chris White, Director Commercial Operations, The Treasury
- 3.55pm **Joint Workshop Findings** – Scott Figenshow and
Stephen Selwood
- 4.10pm **Panel discussion**
- 5.15pm **Facilitated Q+A Session** – Stephen Selwood
- 5.45pm **Summary and Next Steps** – Scott Figenshow
- 6.00pm **Refreshments and networking** – Graeme Roberts





Graeme Roberts

Director, Beca

Host Welcome





John Rae

Chairman, NZCID

Introduction





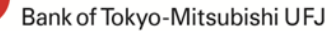
Stephen Selwood, CEO NZCID

Scott Figenshow, CHA

Scene Setting



NZCID Members



Community Housing Aotearoa (CHA)

- National umbrella group for Community Housing sector
- Represents 74 members across NZ, including Councils and NFPs delivering community housing solutions
- CHOs contribute nearly 5,000 homes, for over 15,000 people
- In the local govt sector, 62 councils provide 13,400 homes

CHA Purpose

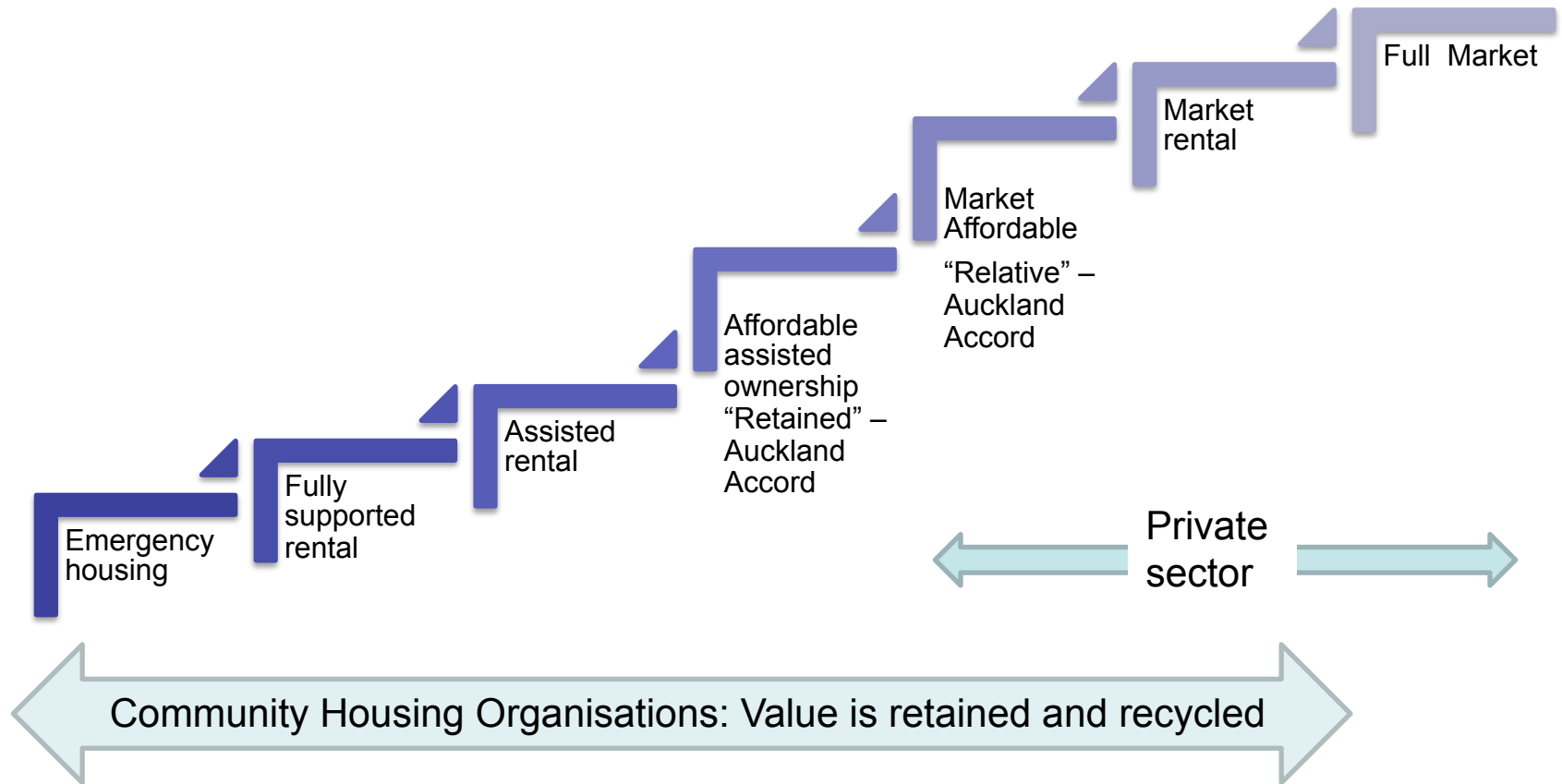
- Championing housing options that are;
 - **Healthy** (warm, safe, universal design standards, access to support services)
 - **Innovative** (various affordable housing options assisting people who struggle in the private market)
 - **Quality** (well designed, integrate well into communities)
 - **Affordable** (targeted at 30% household' s gross housing income, rentals within the means of people on low incomes, home ownership options including rent to buy, sweat and shared equity)

Housing Continuum

Social

Affordable

Market



← HNZN →



Chris White

Director Commercial

Operations, The Treasury

Social Housing Reform Programme – the big picture





Stephen Selwood

Scott Figenshow

Joint Workshop Findings



Joint NZCID and CHA Workshop

- Two peak bodies working together
- Joint half day workshop held on 11 March, 2015
- 18 participants from both NZCID and CHA
- Worked through two example types
 - Special Housing Area (SHA) opportunities
 - Government (Council, HNZN and Crown) land opportunities



Shared Key Challenges - Summary

- Alignment of views between CHOs and commercial partners
 - Certainty
 - Multi year pipeline = scale
 - Funding
 - Probity
 - Auckland and NZ solutions
 - Timing/urgency

Joint NZCID and CHA Workshop Findings

- Get real about
 - Certainty – time, length and complexities of deals
 - funding, subsidies, grants
- Reconcile community and commercial outcomes – currently competing priorities
- Role clarity –
 - CHOs as stewards of community outcomes
 - cost effective capital
 - build method
 - partnership structures that are simple and replicable



Joint NZCID and CHA Workshop Findings

- Deal with Auckland separately from the rest of NZ – different markets AND
- Ensure an option that works outside of Auckland
- Proper, meaningful engagement with government. Transparency? Probity?
- Land and asset valuation – greatest barrier to meaningful progress – put grants back on the table. Capital and rent subsidy – both needed



Panel Discussion





Moderator - David Holden, Anderson Lloyd

Participants

- Rohan Bush, Auckland Council
- Dominic Foote, NZ Housing Foundation
- Steve Penney, HRL Morrison
- Andrew Wilson, Accessible Properties
- John Abel-Pattinson, Blackstone Group

Affordability criteria options



- **Relative affordability - 10% sold at 75% of median sales price or lower (\$461k)**
- **Retained affordability – 5% provided through a community housing provider**
- **Alternative options**

NZ Housing Foundation: our approach, our DNA

Charitable Trust operates as a social enterprise in a commercial manner.

Since 2007 – developed, built and funded more than 350 new homes

- Directly assisted 150+ working households move from renting on to home ownership path

Our goal: Create new neighbourhoods through affordable housing and by applying Placemaking principles that:

- Empowers households through a range of affordable housing products – housing products are tailored to the household need
- Mixes tenures, incomes, typologies that achieves social well being and builds sustainable environments and communities
- Supports the growth of other Community Housing Providers by offering them affordable housing opportunities

Use HF and philanthropic funds to leverage in Gov't and private finance

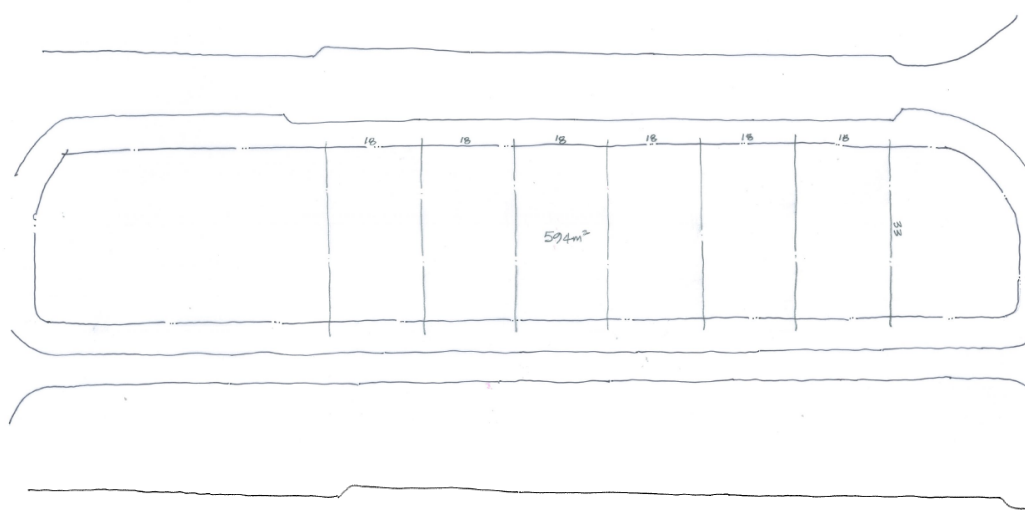
We partner with public, private and community sectors for specific developments

Member of Community Housing Aotearoa and Auckland Community Housing Providers network

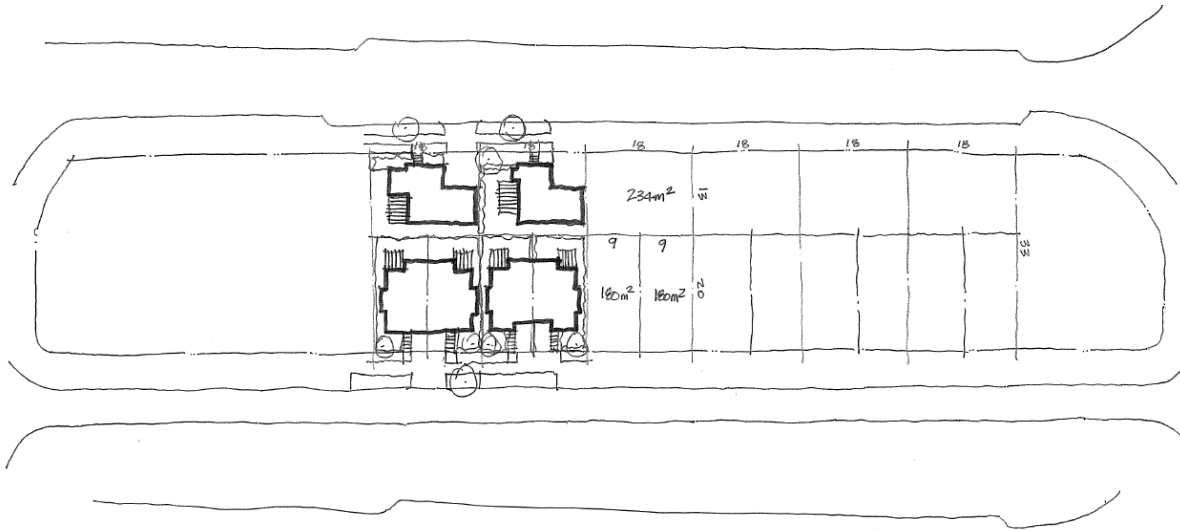
Housing Foundation: Challenges

- Supplying new affordable housing requires subsidy. There is just \$10m of Gov't capital grant funding for NZ for 2015/16 & no guidelines on its use
- Income Related Rent Subsidy is insufficient to cover the cost of new homes (or house lease costs) and provision of support services - forget overheads
- SHA – Appears to be a real lack of desire from land developers to offer CHPS the 5% of new housing as retained affordable housing; Developer preference appears to supply 10% of new housing as relative market
- SHA / Housing Accord criteria doesn't reflect sub-regional aspects (house prices and household incomes) of Auckland's housing market
- Introducing SHAs and changing planning boundaries (the RUB) is unlikely to push land prices down and create affordability in the short to medium term. The market will respond in how land is released. Other responses are needed.
- Have > 80,000 renting working households locked out of the home ownership market as household income / house price ratio is > 6.0. This is now causing significant price and property availability pressure on rental markets
- Moderate/ low income households squeezed out of their neighbourhoods & communities and becoming concentrated in smaller areas of Auckland. This will drive poor social and economical outcomes.

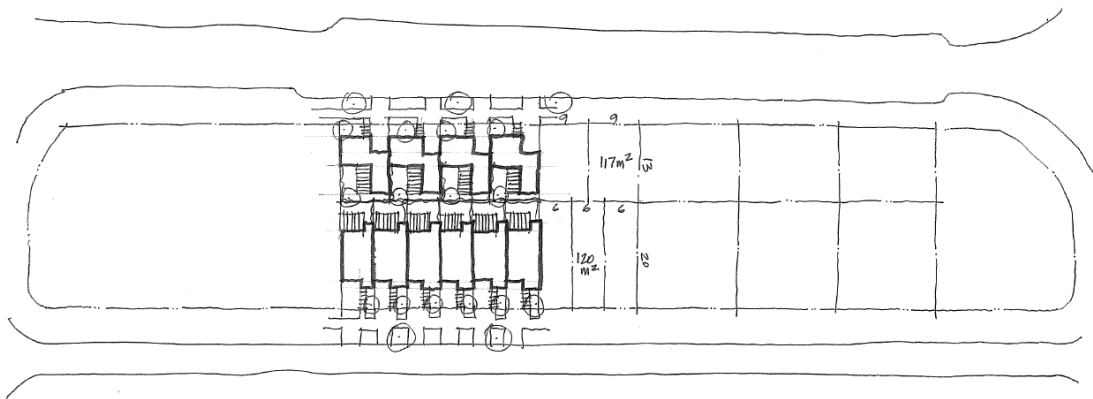
Designing a Strawman for SHA Land



Low
Density

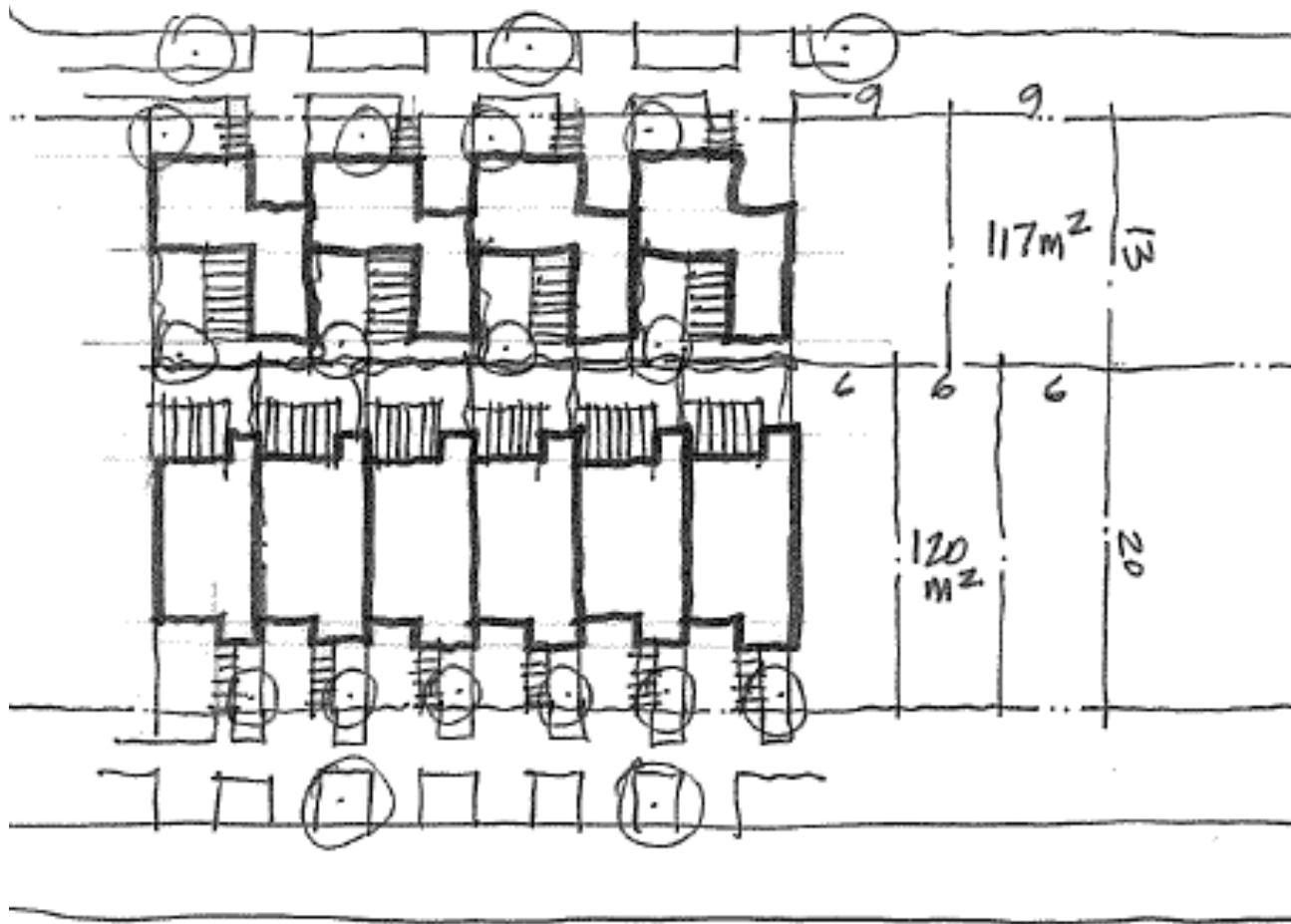


Medium
Density



High
Density

Making the Densities Work for Everyone – Close up



SHA Land- Development Analysis

- Goals: tenure blind development, with managed risk
- Medium Density: best options on 3500sqm site
- CHOs & developers can partner and deliver-
 - Intensify from 18 to **30 units**
 - Land cost drops to \$1000/psm = \$120k site (120sqm)
 - Attached typology
 - Comparable financial return to landowner as if 18 units
 - CHO purchases 20% (six sites) – exceeds 5%/10% req

SHA Land- Development Analysis – part 2

Tenure Blind – Mixed income community

- Build happens at same time as rest of the units
- CHO can contract same builder –scale
- CHO can offer rental/ rent to buy/ shared ownership

Managed risk

- CHO capability - Carefully selected
- Professionally managed properties and tenants
- Adhere to same community rules as everyone else
- CHO takes all marketing risk for its “unique” product



SHA Land- Development Analysis – part 3

How to achieve:

- Commence with early-stage discussions – genuine engagement
- Guaranteed availability of funds to CHO's to settle their purchases when the developer is ready (eg Housing Bonds)
- Scale occurs by repeating with further stages- set timeframes as per the sale and purchase agreement



Facilitated Question and Answer Session

Stephen Selwood





Summary and Next Steps

Scott Figenshow





Close, Refreshments and Networking

Graeme Roberts

