

Social Housing Transactions: Market Sounding & Next Steps

**Community Housing Aotearoa
Impact Conference
22 October 2015**

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Social Housing Reform Programme

Ensure social housing is the right design and size, and in the right place for people who need it

Increase affordable housing supply

Ensure people who need housing support can get it and receive social services that meet their needs

Encourage and develop more diverse ownership of social housing, with more innovation and responsiveness to tenants and communities

Help social housing tenants to independence, as appropriate

Demand initiatives

MSD with tenants:

- Assesses eligibility
- Assists housing independence

MSD as purchaser:

- Can pay IRRS to CHPs or HNZ
- Publishes purchasing intentions
- Flexible contracts (e.g. longer duration, range of prices)
- Provides the ability to match tenant cohorts to provider

Supply initiatives

- MSD's RFP for 300 places in Auckland
- RFI for social housing on private land
- Transfer HNZ houses to CHPs:
 - Tauranga & Invercargill
 - Further tranches of transfers
- Underutilised Crown land in Auckland (20% social, 20% affordable)
- Tāmaki regeneration
- Other redevelopments on HNZ land
- Further supply initiatives to be published in the near future

Market Sounding Feedback

- Market sounding closed on September 25th
- High level of enthusiasm and clear willingness to participate in transactions, but further clarity requested on aspects of commercial structure
- 22 face-to-face meetings took place and we received 13 written responses

Feedback to inform EOI:

- Timeframes: Longer EOI stage opens on Nov 20 and closes early February 2016
 - Transaction Size: Preference expressed for single transactions in both Tauranga and Invercargill
 - Contract term: Preference expressed for up to 25-year contracts
 - Areas where more clarity requested:
 - Form and operation of retained investment and encumbrance
 - What happens at expiry of contract
 - Ability of MSD to release properties from contract
- Incentivising outcomes:
- How reconfiguration would be driven
 - Proceeds sharing mechanism

Building sustainable CHP businesses

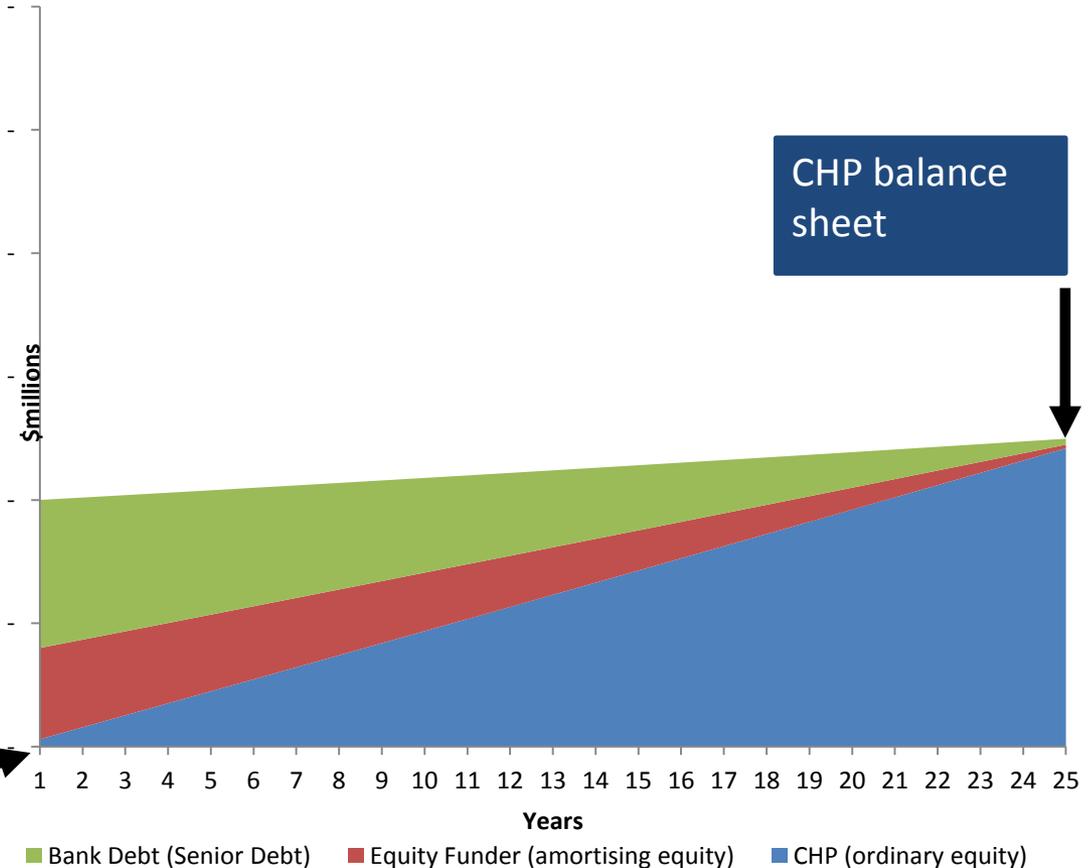
Transfer Transaction (indicative only)

Difference between open market value and the purchase price is indicative of the value of the Crown's Retained Investment in social housing.

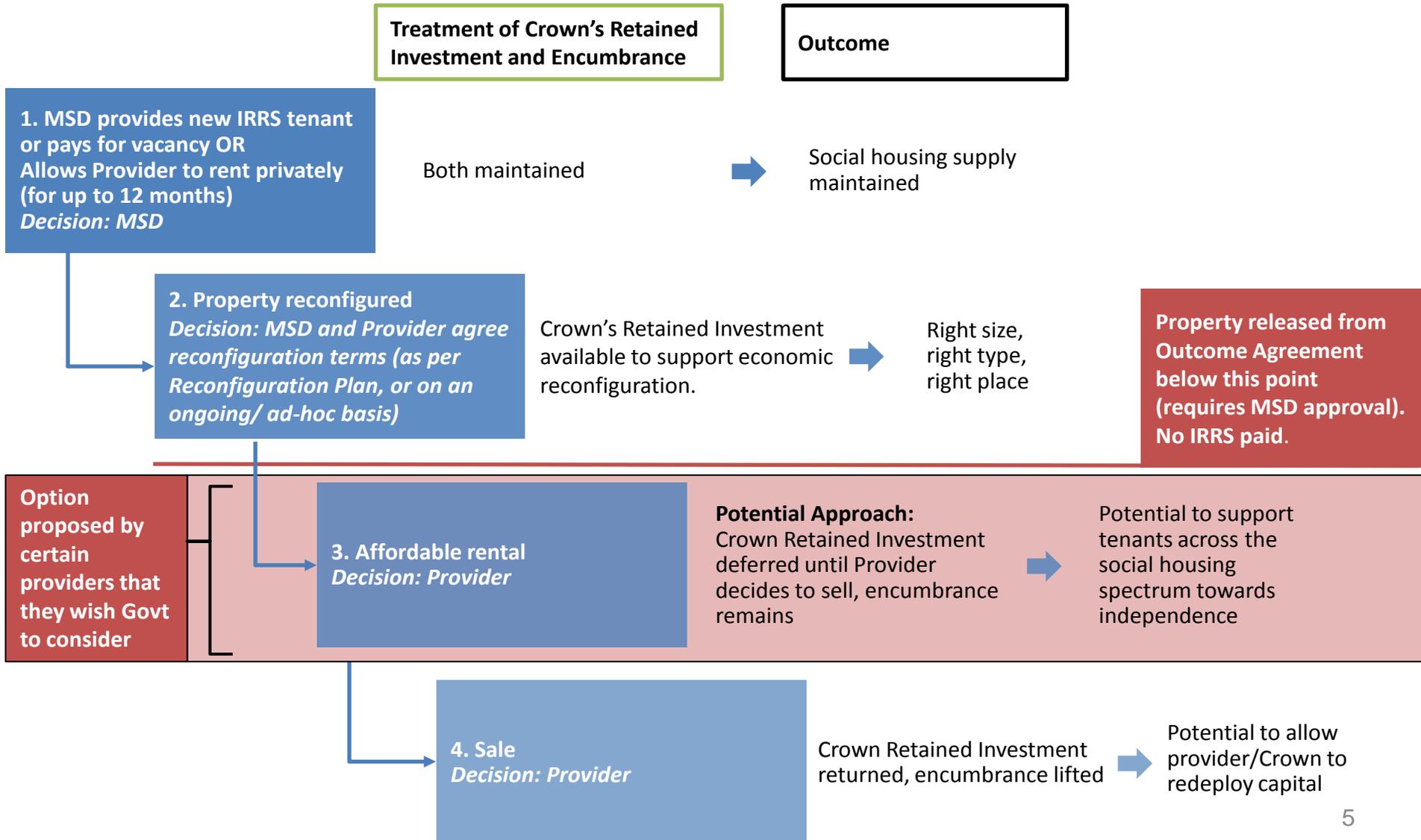
This is indicative of the price that the CHP will pay if based on the cash flows it will receive for social housing.

CHP balance sheet

CHP balance sheet



Securing Supply/Reconfiguration opportunities



Transaction Outcomes

Initial focus is on:

- Better and more innovative tenant management
- How to deliver warm, safe dry homes and maintain them
- How to link tenants to other existing services

Feedback also covered:

- How can we use Crown retained investment to help reconfigure portfolio or move tenants through the housing continuum
- Are there other specific, measurable, outcomes?

EOI Evaluation Criteria

- At EOI we are focused on your capability and experience
- At RFP we are focused on your solution

Categories	Criteria (examples only)
Governance and management	<ul style="list-style-type: none">• Certainty and effectiveness of commercial structure• Suitable governance structures
Tenancy management	<ul style="list-style-type: none">• Understands CHRA registration, legislative, MSD contractual tenancy service requirements and application of industry best practice
Community links	<ul style="list-style-type: none">• Understands the community and social service links and how to connect tenants to those services
Property management	<ul style="list-style-type: none">• Strategy and approach to upgrading and maintaining properties• Property management capability
Financial strength	<ul style="list-style-type: none">• Financial viability and history• Capability to raise finance

Tenant Engagement

Ensuring the tenant perspective is included:

- Improving communications with tenants in both regions
- Conducting tenant focus groups
- Bidders will need to demonstrate how they will engage and understand tenants needs and aspirations
- MSD tenant satisfaction survey



For further information

- www.socialhousing.govt.nz
- If you have any questions or want to register for regular updates, email info@socialhousing.govt.nz

