



**2018**  
ANNUAL  
REPORT





04 Chairman's Message

05 The Numbers

06 Housing Affordability Continuum

07 Pathways to Independence

08 Turning Hope into Home Ownership

10 Financial Report

13 Our People

14 Our Partners and Supporters

The New Zealand Housing Foundation is a registered New Zealand Charitable Trust (CC23927) and Registered Class 1 Social Landlord with the CHRA (RA019).

Chairman's Message

# BUILDING ON SUCCESS A STANDOUT YEAR

I am pleased to report another year of significant progress and achievement for the Housing Foundation as our partnerships have continued to strengthen and deliver, our team has grown and diversified, and our financial position has significantly improved, again.

A milestone achievement for the year has been the award winning Waimahia Inlet project. Waimahia Inlet was the winner of the Australasian Housing Institute Professional Excellence in Housing Award for Leading Housing Development Project in New Zealand. It is the result of an outstanding and ongoing partnership with Te Tumu Kāinga and CORT. Waimahia Inlet is a thriving, mixed tenure community of nearly 300 homes. This community embodies all aspects of the Housing Foundation's values and capability as an innovator and leader of social change, through delivering affordable housing outcomes.

Overall, the operating performance of the Housing Foundation in 2017/2018 has been outstanding by almost every measure. The long-term social impact delivered through the work we do delivers positive outcomes far beyond the individual households in our Affordable Housing programmes. Independent research has repeatedly and clearly shown the long-term health, education and quality of life benefits supported by our products. There is clear evidence that our work and investment in our programmes significantly reduces the long-term net fiscal liability to the Crown.

Our experience of working with motivated low-income households, who face economic hardship and lack access to sustainable affordable housing, is that when they are provided with a chance to improve their lives, and they get into our programmes, the changes that occur strongly motivate them to keep working towards their goal of a better future. Safe, secure, affordable housing is proving to be life-changing for these households.

As households successfully transition through our pathway products to full independent ownership, it enables capital to be recycled and used to support more new affordable housing outcomes.

We have had another extremely successful financial result for the year with a strong and growing balance sheet. The financial results demonstrate the value of robust and mature policies, processes, risk management and quality management systems.

We continue to deliver affordable housing solutions based on the definition of affordable housing that allows for a household spending approximately one third of their annual gross household income on either rent or mortgage payments. These are typically working households facing social deprivation caught in the market rental poverty trap.

We remain focussed on our core products HomeSaver and Shared Ownership. These tried, market-tested, and proven products continue to provide hope and successful pathways for qualifying households to move into greater security of tenure and progress towards independent home ownership.

Housing Foundation's shared ownership product is now accepted by a broad range of institutional banks and lawyers nationwide, and provides affordable access to assisted ownership for a whole group of lower income people who would otherwise be shut out of the mortgage market. The Housing Foundation welcomes and actively encourages other organisations to adopt these products and apply them to meet the massive unmet need we have within the key worker, low-income households of New Zealand.

At the heart of the work we do is empowering communities and building for the future through innovative housing solutions. One of our greatest strengths is our partnerships and the opportunities we have to work with others in different ways in both small and large property developments. Each family, each community, each place is different and so too, therefore, is the appropriate response to the need that exists in that unique context. By working together with partners and households, providing what is needed, continuously improving and learning, we have developed a very successful and scalable model that can be leveraged for transformation.

It is with great pleasure that we look back at the last year and express thanks and gratitude to the households in our programmes, our partners, our staff and contractors for all the great work that has been done and the progress that has been made.

We offer our heartfelt thanks to all of you who have helped make a difference. This report demonstrates the results of our response to ongoing and escalating housing challenges. The Housing Foundation's reaction to circumstances has been to keep going with what we know is working well, and to seek partners and allies who wish to work with us to deal with the problems we see before us.

I would also like to take this opportunity to offer my heartfelt thanks to Major Campbell Roberts and John Delugar who have retired from the Board of Trustees during the period of this report. Their long term commitment and contribution to the establishment, direction and effective governance of the Housing Foundation has been immeasurable. They remain connected to the Housing Foundation extended family as treasured advisors. We'd also like to welcome our three new Trustees to the team.

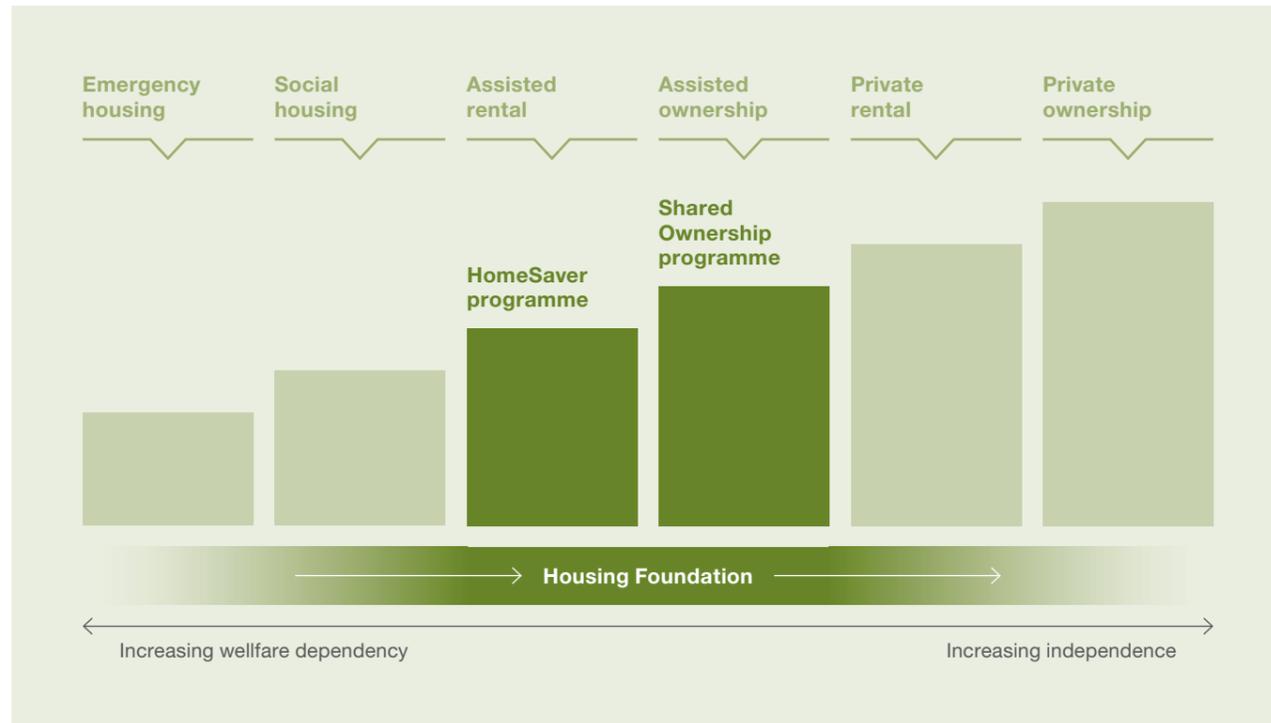
**Dr Tony Lanigan**  
Chairman – Housing Foundation



## THE NUMBERS



# HOUSING AFFORDABILITY CONTINUUM



## PATHWAYS TO INDEPENDENCE

**Greg Freeman, Housing Foundation Project Manager, explains how the HomeSaver Affordable Rental and Shared Ownership programmes work.**

### On shared ownership

Shared home ownership is a well-established way of helping bridge the gap between low-incomes and high housing prices.

Shared ownership can work only if it is a joint ownership arrangement with both parties working together – shared interests: like assisting the household to move towards independent home ownership and also sharing the risks and rewards.

Shared home ownership has been working and operating in New Zealand for many years, mostly with families helping other members of their family to get into their first home.

Shared home ownership is best thought about in terms of what the arrangements might look like if you were a first home buyer and you got some help from your parents buying the house together.

You would need to figure out the details of how much of the house each of you owned.

You would need to agree the details from the beginning about the value of the house, who lives in the house, who owns part of the house but does not live in the house, how and when shares in the house can be bought and sold and on what terms.

An example of this might be that the value of the house might go up or it might go down; so how do the two joint owners of the house treat any gains or losses during the period of the agreement?

Shared home ownership is a form of funding that prioritises the progress of the first home buyer towards ownership, above the interests of the funder getting a full market return.

The social return of helping a family move out of the rental poverty trap is the biggest measure of success for shared home ownership. The Housing Foundation's shared home ownership model is not available in the general housing market, because it is not about buying and selling houses but rather assisting low-income households into independent ownership.

Again, if you think of it as a family arrangement, once the first child has bought Mum and Dad's share in the house off them, Mum and Dad can then recycle and reinvest that same money into helping their next child to do the same thing. This is how the Housing Foundation retains and recycles capital, making it available to help households who have nowhere else to go.

### HomeSaver affordable rent to buy

Affordable rental programmes have been operating in New Zealand for many years. Many have not worked or have failed to improve household circumstances because the provider was motivated by profit more than social impact.

We call our programme HomeSaver because it is a better description of what the household is actually doing. They are paying an affordable rent (based on approximately 30% of gross household income), which allows them to save their deposit to begin their journey towards independent home ownership.

A successful programme gives a low-income household some stability and security and assistance so they can get their affairs in order and prepare themselves for a successful pathway towards independent home ownership.

Housing Foundation's HomeSaver product which has been operating in New Zealand over the past 12 years, provides a five-year rental agreement with an option to purchase the home on or before the fifth anniversary.

Households with the motivation to move towards independent home ownership are provided with budgeting and financial capability assistance. The focus is helping to get rid of debt and increase savings. It is about goal setting, stopping unhelpful spending habits and setting families up for success.

A big motivational incentive for HomeSaver households is to meet their obligations under the agreement – saving, reducing debt and looking after their home. Then at the end of the five-year rental agreement, they have earned the right to carry 25% of any value uplift that has occurred in their home into their ownership agreement, to be applied as part of their deposit.

Successful programmes measure their impact and success by the number of households who successfully transition from uncertain rentals towards stable, secure ownership tenure. They do not measure their success by maximising rental yields.

The Housing Foundation delivers these pathway products to help people move along the housing needs continuum in the most desirable direction, from left to right. We are helping them to move away from emergency and social housing and high levels of subsidy and towards independence. These products provide a helping hand up for those families who are motivated to help themselves and build a better future.

#### Recent Shared Owners say:

"We are one of many that your team has blessed to be able to obtain a home and build our whānau for a greater future. A future that is now hopeful and endless with opportunity in a nurturing, loving, caring, safe, clean, warm environment."

# TURNING HOPE INTO HOME OWNERSHIP

Serenity and Emil's story



“Hi my name is Serenity, and this photo shows one of our daughters and my husband Emil. I’m currently working as a primary school teacher; I used to work as a tertiary lecturer but decided to take time to be more directly involved with our children during these important early years.”

“I’m Emil, I work as the Operations Manager for the Genesis Youth Trust in this area. I am employed by the New Zealand Police.”

Emil: “We came to Auckland over ten years ago from Dunedin. We have had some pretty tough times in the private rental market; lots of moves and cramped, unsafe, damp and cold places with little or no privacy. We found the rent very expensive. It was not the dream we had for ourselves and our children.

For example, the house we were renting in Mangere got sold so we had to move. Then we all moved into one single room at my sister’s place. We lived there for more than four years. It was cold and damp and we all got sick regularly. Winter time was long, and congested, with a lot of time inside and nowhere to escape and find peace.”

Serenity: “That period of our lives was not what we wanted, it was like a test. We had a vision, a dream of a better place, a better life, and it was very clear for us that things would change and that this was just a temporary step on the journey we are on. We have a strong marriage and faith. It was not always easy, we had to take action, make decisions, save money, get onto KiwiSaver, improve ourselves, get better jobs.

It was a decision we made. We sat down with our children recently and made a plan and showed them a pathway toward owning their own homes together some day in the future. It was like that for us too. We have had a ten year dream and journey. Emil said to me ten years ago ‘I just want a home for our kids.’”

Emil: “Moving into this programme of shared ownership means we have to work within quite a tight budget. Some things we wanted to do or buy, have had to go on hold, like further Masters University study for example, because we are focussed on bettering ourselves for the benefit of our children.”

Serenity: “We are actively involved with all the happenings of the area and we have met all of our neighbours and they know us and our children. We touch base with them daily. We share with each other what we do in our homes and help one another. It is such a blessing to be a part of a community that all have the same common goals.

We have now started the journey and pathway to a bigger vision of helping one another feel safe, and grow in a neighbourhood and that we are future focussed for the next generations in the area of Manurewa and the City of Auckland. What an incredible opportunity to be able to put a name to a face in our community and to meet and share with families who want the same common outcome for longevity and prosperity for all.

Again it seems that we’re dreaming some days and that our home isn’t ours that someone will jump out and say ‘sorry guys the house is going to be sold’, we literally pinch ourselves and find ourselves giggling often with such joy.

Our dream is to improve ourselves, the lives of our children and our community. Our message to other people like us is, you can do this too. You can do this. You can.”

## I just want a home for our kids.

—Emil Huch

Serenity, Emil and their family live in the Waimahia Inlet community. Their pathway to home ownership is through the Housing Foundation’s Shared Ownership programme.

# FINANCIAL REPORT

## Statement of Comprehensive Revenue and Expenses

For the Year Ended 31 March 2018

Revenue from exchange transactions	2018	2017
Property Sales	19,377,557	10,488,204
Less Property Purchases	14,863,158	9,174,029
	<b>4,514,399</b>	<b>1,314,175</b>
<b>Other Operating Revenue</b>		
Grants Received	7,689,663	6,342,000
Rent Received	1,220,712	861,261
Other Fees, Interest and Capital Gains	4,231,056	2,555,331
	<b>13,141,431</b>	<b>9,758,592</b>
<b>Less Expenses</b>		
Operating and Administration Expenses	2,247,069	1,981,167
Interest	89,149	183,081
	<b>2,336,218</b>	<b>2,164,248</b>
Net Surplus	<b>15,319,612</b>	<b>8,908,519</b>
Partner's Share of Surplus from Waimahia Inlet	712,569	660,546
<b>Net Surplus and Total Comprehensive Revenue and Expenses</b>	<b>16,032,181</b>	<b>9,569,065</b>

## Statement of Financial Position

As at 31 March 2018

Current Assets	2018	2017
Cash and Cash Equivalents	16,937,668	13,516,181
Receivables	1,155,609	547,747
Land and Buildings Held for Sale	1,608,647	1,799,655
Work in Progress	5,051,902	10,506,386
	<b>24,753,826</b>	<b>26,369,969</b>
<b>Current Liabilities</b>		
Accounts/GST Payable	1,208,185	927,420
Grant Facilities	360,735	3,870,603
Retentions/Deposits Received in Advance	73,216	1,014,814
Term Loan Payable – Current Portion	1,737,379	1,931,204
	<b>3,379,515</b>	<b>7,744,041</b>
<b>Net Current Assets</b>	<b>21,374,311</b>	<b>18,625,928</b>
<b>Non Current Assets</b>		
Land and Buildings	39,626,081	28,676,080
Computers and Office Equipment	2,508	5,016
Investments	1,562,647	850,078
	<b>41,191,236</b>	<b>29,531,174</b>
<b>Non Current Liabilities</b>		
Term Loan Payable	1,751,542	3,375,278
<b>Net Assets</b>	<b>60,814,005</b>	<b>44,781,824</b>
<b>Trust and Shareholder's Equity</b>	<b>60,814,005</b>	<b>44,781,824</b>

The financial accounts have been audited by Walker Wayland, Auckland.



# OUR PEOPLE

## New Trustees

### Kate Armstrong Trustee

Kate has local and international experience as both a lawyer and banker and brings those skills to the Housing Foundation table. However her desire to better connect to the community has led her to be more involved in public policy.

As well as having strong commercial acumen and a focus on risk management, Kate is particularly interested in the impact of key strategic decisions on the end customer. More recently, this has led to work in two Government departments developing and implementing policy change as well as voluntary work with the Citizens Advice Bureau and VisionWest.

Kate is interested in seeing the Housing Foundation increase its pace and scale, as well as using its proven model to assist Government agencies to deliver to the housing needs of New Zealand.

### Sandy Foster Trustee

Sandy has a civil engineering background, and has a strong proven record of business planning, financial modelling, market research and project planning in the area of property development. His specific focus has been affordable and social housing, retirement villages and aged-care accommodation. Sandy is well respected in the community housing sector having been directly involved in the delivery of new supply over a number of years.

### Sarah Sinclair Trustee

Sarah Sinclair is a Partner in the law firm MinterEllisonRuddWatts. Sarah is a highly-regarded construction and infrastructure specialist and brings extensive experience acting for both Government and private sector clients in large-scale, complex infrastructure projects. Sarah is known for providing commercially pragmatic, strategic advice on infrastructure funding models, procurement strategies and contracting structures. Sarah also specialises in Public Private Partnerships.

## New Team Members

### Geoff Fariu Housing Support Manager

Geoff works with households guiding them to and through Housing Foundation programmes. He has a strong background in finance, financial planning, mortgage and KiwiSaver advisory services and building financial capability. He has experience working in Tamaki with Tamaki Regeneration Company and also works with the Commission for Financial Capability. His focus is on household service with a big infectious smile. Geoff is a trained scientist with a BSc in Pharmacy from the University of Auckland and is always keen to help out and enjoy the simple things in life.

### Juanelle Uaisele Office Administrator

Juanelle is a very welcome new member of the office team and provides valuable front line support managing new household inquiries, registrations and applications as well as a broad range of other tasks that are part of our daily business. She is mid-way through tertiary studies with the goal of becoming a qualified accountant. When not at work, Juanelle can be found umpiring netball and enjoying family time and Kapa Haka.

## Board of Trustees

---

Kate Armstrong

---

Brian Donnelly

---

Sandy Foster

---

Tony Lanigan

---

Ian Mitchell

---

Bill Roest

---

Sarah Sinclair

---

Ken Stevenson

## Team Members

---

Joanne Campbell

---

Brian Donnelly

---

Geoff Fariu

---

Dominic Foote

---

Terry Foster

---

Greg Freeman

---

Paul Gilberd

---

Malcolm Hope

---

Bill King

---

Denise McCombe

---

Hans Ottow

---

Austin Parsons

---

Rene Patolo

---

Frank Rientjes

---

Nigel Spratt

---

Janice Thompson

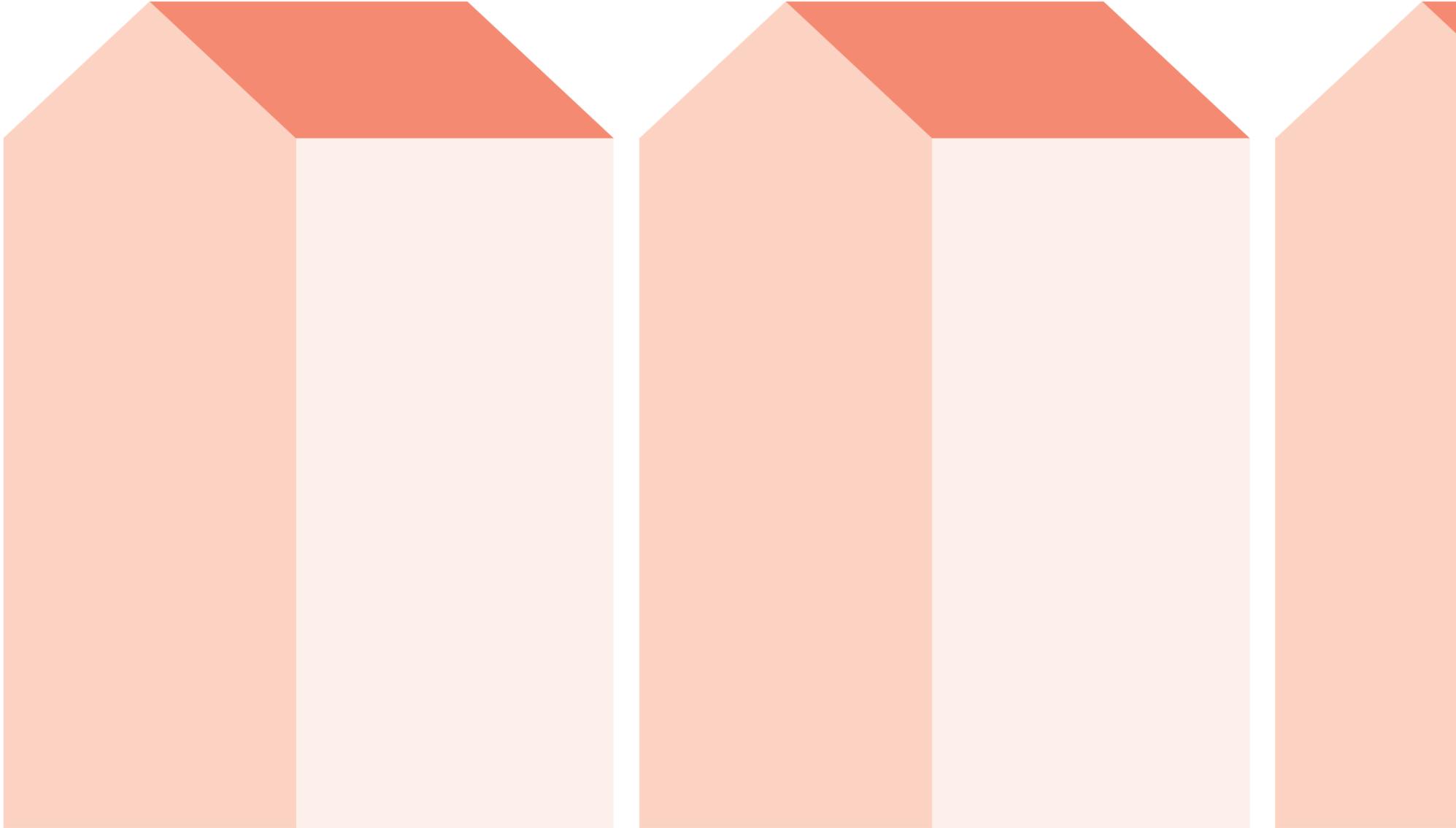
---

Juanelle Uaisele

---

Talei Williams

# OUR PARTNERS AND SUPPORTERS



The Housing Foundation works with a number of organisations and individuals to deliver according to our mission. We acknowledge and thank all the members of our extended network. Thank you everyone. Every little bit of collaboration and assistance makes a difference and for this we are deeply grateful.

**Outstanding service**

After more than a decade with the Housing Foundation, we'd like to thank John Delugar and Major Campbell Roberts for their outstanding service as members of the team and Board.

**Special acknowledgements**

This year the Housing Foundation was awarded a Property Council of New Zealand Merit award in the Multi-unit Residential category for the Whakawhiti Loop Project in Avondale, Auckland. The Housing Foundation managed, designed, and built 33 houses. Of these 22 houses were supplied for use with our affordable housing products and 11 sold to predominately first time home owners.

We'd like to make special mention of the The Tindall Foundation, a key supporter of the Housing Foundation from the outset, and whose continued support is greatly valued and appreciated.

PO Box 44018, Point Chevalier, Auckland 1246  
0800 4 Housing (0800 446 874) • info@housingfoundation.co.nz  
[www.housingfoundation.co.nz](http://www.housingfoundation.co.nz)

The New Zealand Housing Foundation is a registered New Zealand Charitable Trust (CC23927)  
and Registered Class 1 Social Landlord with the CHRA (RA019).

