



## Housing Affordability Forum Meeting

### Agenda

Friday, 13<sup>th</sup> May 2016 – 1:15-3:00pm

Beca Office, 32 Harrington Street, Tauranga

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1. Apologies, Minutes and Matters Arising (**Paper A**)
2. Compacting City Update – Michael Tucker
3. Pilot Project Update:
  - Cooney Lees Morgan, Legal advice on risk assessment (**Paper B**)
  - Panel Members
  - Omokoroa Site Selection
4. Settlement Pattern Review update – Karen Summerhays (**Paper C**)
5. Updates from other forums – Karen Summerhays (Verbal)
6. General Business

## Paper A

<b>FORUM</b>	Housing Affordability Forum
<b>DATE &amp; TIME</b>	8 <sup>th</sup> April 8.30am – 10.30am
<b>LOCATION</b>	Priority One, 29 Grey Street, Tauranga

<b>Present</b>	Christine Ralph, Cr Rick Curach, Jo Gravit, Liz Davies, Jo Wills, Margaret Murray-Benge, Ian Carter, Karen Marjoribanks, Karen Summerhays, Annie Hill	
<b>Apologies</b>	Peter Malcolm, Jeff Fletcher, Cr Kelvin Clout, Andrew Mead	
Previous minutes and matters arising		<p>Previous minutes approved.</p> <ul style="list-style-type: none"> <li>• TCC meeting-Rick: Opal Drive paper decision to be made in a month or so (Pilot Project).</li> <li>• Email update re: TECT – declined</li> <li>• Bay Trust Application: Withdrawn – required matched funds.</li> <li>• Draft ROI – for discussion today.</li> <li>• Draft Panel Members Brief - for discussion today.</li> <li>• Membership approaches – nothing done. Carried forward</li> <li>• Smartgrowth Website HAF page – new update happening through Karen. Karen to look for “technical data” for HAF in Glenda’s old files, or under Justine if unable to find in Glenda’s. Carried forward.</li> </ul>
	<b>Action</b>	Karen to look for HAF research on Smartgrowth files for the HAF page on the website
Pilot Project	Discussion	ROI pre-circulated – worked on by Duncan, Liz, Christine and 2 independents. Christine advised that the document will be checked by a legal advisor. Consideration of the text and amendment s

		<ul style="list-style-type: none"> <li>• Jo W: Pg. 3, 2<sup>nd</sup> paragraph – any updates? Annie to provide update figure. Pg. 4, last paragraph – thinks quality affordable housing is questionable. Interprets as low incomers being supplied with low quality.</li> <li>• Jo G: Does WBOP Council take an interest in the commercial ownership of the land?</li> <li>• Liz: Has been agreed, delayed payment.</li> <li>• Jo W: Had extra queries around paper and specs of houses re: water heating, insulation etc. What does sustainable development mean?</li> <li>• Jo W: to send Christine a rephrase of bullet point.</li> <li>• Jo: Bullet point 2. Would like to see ‘above’ code. Christine suggested removing what’s in brackets.</li> </ul>
	Action	<ul style="list-style-type: none"> <li>• Jo W to send Christine a re-phrase of bullet point and Christine finalise document</li> <li>• Document to be finalised once legal advice received .</li> </ul>
	Discussion	<p>Reasons for 7 on Panel:</p> <ul style="list-style-type: none"> <li>• WBOP, HAF, Architect, Quality Surveyor, Sustainable housing Master Builders and someone who’s done it before.</li> <li>• Jo W suggested Beacon, who is a research oriented business,</li> <li>• ****Agreed that there would be no change in panel numbers****</li> <li>• Discussion on the time needed by Smartgrowth adviser and disbursements to support the Pilot Project programme over the next year.</li> <li>• Karen suggested that HAF put in a submission to SG for the next financial year.</li> </ul> <p>Agreed to prepare an itemised budget.          Ian volunteered to get advertising costs and help with the letter.          Liz and Karen M to go to their contacts to get approximate price of legal fees.</p> <p>Christine has requested a meeting with Bill and Ken to discuss the process going forward.          Rick asked if the final document could be less specific</p>

		<p>Christine advised that the criteria and objectives have to be clear in order to achieve what the Smartgrowth action requires . It will not be of concern to those in the building industry . The Rol is conventional</p> <p>Annie to proof-read and edit the final document.</p> <ul style="list-style-type: none"> <li>• Omokoroa Site Plan hasn't arrived. Christine to pursue.</li> </ul> <p>Comments on Panel Members Brief:</p> <ul style="list-style-type: none"> <li>• Jo W suggested Phil? as a panel member. Christine to send email to him</li> <li>• Particular Quantity Surveyor? Ian recommended Crowther &amp; Co.</li> <li>• Affordable Housing Developers? Have to ensure they're excluded from development. Jo W to talk to Beacon.</li> </ul>
	<p>Actions</p>	<ul style="list-style-type: none"> <li>• Liz and Karen to prepare Smartgrowth time and cost budget for the next two years To be provided to Ken Tremaine by mid May</li> <li>• Ian to get advertising costs.</li> <li>•</li> <li>• Christine to pursue Omokoroa Site Plan and then the team must choose the site(s) before the Rol is completed.</li> <li>• Christine to email Phil.</li> <li>• Jo to send letters to Panel members with draft Rol and confirm nominal payment subject to Ken T approval</li> <li>• Jo W to talk to Beacon.</li> </ul>
<p><b>Other Matters</b></p>	<p>Letter from Anthony Elisara: Christine Respond with 'thanks Paper C discussed – Example of house. Annie advised that it can be built to look like any type of house.</p> <p>Liz: Advised that there is a group at Omokoroa doing housing development. The cheapest is 375K – gated community, body corp, maintenance provided. Doesn't include heating, blinds, or TV aerial.</p>	
<p><b>General</b></p>	<p>Proposed Workshop on Shared Equity. Liz: Waiting on sale of Housing NZ homes (August?) then Scott would be happy to come down to address SGIC and HAF.</p>	

	<p>Potential change of time and day of HAF meetings. Suggested they be held on the same day but the time be changed to 1.15pm – 3.00pm at the Beca office.</p> <p>Christine will chair the next HAF meeting then will be away for 2 months.</p>
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Meeting ended at 10.15am. Next meeting 13<sup>th</sup> May, Beca Office at 1.15-3.00pm

### OUTSTANDING ACTIONS

1.	February	<ul style="list-style-type: none"> <li>• New Members approaches</li> </ul>
2.	February	<ul style="list-style-type: none"> <li>• Karen -SG website and search for HAF technical data that was sent to Justine or Glenda</li> </ul>
5.	April	<ul style="list-style-type: none"> <li>• Prepare Smartgrowth Budget for next two years</li> <li>• Annie to edit final document.</li> </ul>
6.	April	<ul style="list-style-type: none"> <li>• Ian to get advertising costs.</li> </ul>
8.	April	<ul style="list-style-type: none"> <li>• Christine to pursue Omokoroa Site Plan and then HAF choose site(s) .</li> </ul>
9.	April	<ul style="list-style-type: none"> <li>• RoI to be revised following the legal advise</li> </ul>
10.	April	<ul style="list-style-type: none"> <li>• Jo W to talk to Beacon.</li> </ul>

## Paper B

### Risks

The below sets out some risks identified in discussions with SmartGrowth members, and how it is suggested these risks may be mitigated. Some of these risks and/or their means of mitigation overlap.

	<b>Risk</b>	<b>Mitigating steps</b>
1	<p><i>SmartGrowth is not a legal entity:</i> As SmartGrowth is not a legal entity, it cannot enter into agreements with any person to take on any legal obligations or enforce any legal rights. This in particular affects its ability to ensure successful respondents undertake what they say they will in response to the ROI. Further, if it is deemed to be taking on any obligations (such as award of accreditation as a SmartGrowth project), then it is at risk of the ROI respondents looking to the participant public bodies that formed SmartGrowth to enforce their “rights”.</p>	<p>In order to bind any third party respondent to undertake the steps that they say they will in their ROI, SmartGrowth needs a legal entity to enter into contracts on its behalf. SmartGrowth also needs a legal entity that the successful ROI respondents will look to for accreditation. In order to bind the respondents, and to ensure they perform and protect SmartGrowth’s participants, we recommend that WBOPDC is the legal contracting entity on behalf of SmartGrowth.</p> <p>However, if a respondent chooses a site within TCC’s boundary, WBOPDC may not be willing to agree to be the legal entity. TCC would need to be asked if it was willing to be the legal contracting entity. If TCC refused, then it would be very difficult for SmartGrowth to do other than obtain an expression of intent from successful respondents without the right to enforce it, and in turn any written document has the potential to be held out as binding the participant parties in SmartGrowth, although this can be mitigated by expressly stating that it is non-binding. Effectively with a binding agreement between legal entities, there is the ability to enforce rights and obligations, and for parties to be aware that they are bound and so more likely to act accordingly. With enforceable agreements, there needs to be much more reliance on good faith, albeit not enforceable.</p>
2	<p><i>Agreed terms for sale of land sale at Omokoroa</i></p>	<p>The ROI should include an outline of the key terms and preferably have appended to it a pro forma of the agreement for sale and purchase of real estate with key terms inserted for those respondents that</p>

		<p>propose to carry out their development on the Omokoroa Special Housing Area site available.</p> <p>If the WBOPDC making the land available, permits a delayed settlement of the land purchase, it should have a first in priority mortgage over the site until paid in full, so there is not financial loss if the development fails.</p>
3	<p><i>Accreditation:</i> Key terms to be required of successful respondents in order for them to be accredited as SmartGrowth Pilot Projects at completion of their projects (including meeting criteria and complying with obligations such as providing inspection access days, regular reporting of compliance with criteria, disclosure of the financial aspects of the project (eg cost versus profit), open days for public as well prior to sale of properties.)</p>	<p>To be included in ROI and in the contract, hence the need for a legal entity to bind the successful respondents.</p>
4	<p><i>Due diligence:</i> The proper review of ROI's submitted is important for ensuring what the respondent says they can deliver is supported by the information supplied. In particular, the review of the financial standing and likelihood of carrying out the development based on their business case.</p>	<p>It is important that appropriately qualified staff from SmartGrowth participant organisations are available to carry out such reviews, in particular financial/accounting reviews. SmartGrowth needs to ensure the panel reviewing the responses submitted fully understand the documentation provided, (and ask questions if they do not). A legal review of the documentation supplied is recommended as well, to ensure the legal structure of the respondent and the proposed development are in order.</p>
5	<p><i>Development not completed or not completed as anticipated</i></p>	<p>With the best of intentions, third parties can be affected by outside events that may mean they cannot complete the development or that they cannot achieve the financial outcomes for affordable housing that they set out to. The key mitigation measures here are to carry out the proper due diligence in the first instance to ensure there are no obvious reasons why the project may fail at the</p>

		<p>outset, and secondly not to provide accreditation until the project is completed. As set out above, if WBOPDC is effectively providing extended credit for the land purchase, the appropriate first in priority mortgage should be held, so that it still retains the land and assets built on the land if unpaid.</p>
6	<p><i>Reputational risk:</i> If a respondent's project fails or is not completed affordably, will it look like SmartGrowth and/or its participants did not do a good job?</p>	<p>Again, the initial due diligence is important here. Also ensuring that the right message is given when the successful respondents are announced, i.e. that they are successful based on the information provided, that the project is a pilot, both parties are committed to trying to achieve the targets, and there are no guarantees. It comes down to the <u>developer</u> showing what it can do. If it achieves the goals of the project, only then will it be accredited as a SmartGrowth Pilot Project. Also, the reporting requirement throughout will hopefully provide forewarning of issues that may be arising.</p>
7	<p><i>Political risk:</i> The risk that from the elected representatives of SmartGrowth participant's point of view, the project is too risky to their reputations to be associated with it.</p>	<p>The above points in item 6 apply. In addition, it is probably important to ensure the successful respondents have a public face and 'show their face'. That is, they have to be willing to put a human face forward (owner/CEO, etc) as part of the publicity announcements and effectively, put their own personal reputations on the line as well as those of their organisations. Financially, as long as WBOPDC has a mortgage as set out above, there is no other public money that will be invested in the projects. There is a well-qualified panel that will be reviewing the responses, which should also provide confidence. Reporting throughout the projects will be provided.</p>

## Paper C

# Amended Settlement Pattern Completion timetable

Following discussions at the last meeting as well as input from colleagues the timetable has amended to reflect the points raised.

### Settlement Pattern Review – Completion Timetable – 2016

<b>End of March</b>	<ul style="list-style-type: none"> <li>▪ Demand / supply model components identified</li> <li>▪ Preliminary allocation of anticipated growth across options</li> <li>▪ Preliminary assessment / testing on a 3 Scenario high/medium/low demand basis</li> <li>▪ Expert Review Panel established</li> <li>▪ Technical team gap analysis / issues workshop held and outcomes written up</li> </ul>
<b>April</b>	<ul style="list-style-type: none"> <li>▪ Demand / supply model developed to the stage where it can be workshopped with SGIC 20 April</li> <li>▪ Ongoing assessment / testing on a 3 Scenario high/medium/low demand basis</li> </ul>
<b>May</b>	<ul style="list-style-type: none"> <li>▪ Western Corridor (including Kenan Road) draft strategy report workshopped with SGIC 18 May</li> <li>▪ Ongoing assessment / testing on a 3 Scenario high/medium/low demand basis</li> <li>▪ Completion of a comms strategy</li> </ul>
<b>June</b>	<ul style="list-style-type: none"> <li>▪ Te Tumu draft report workshop with SGIC 15 June</li> <li>▪ Compact City draft report on possible future approaches workshop with SGIC 15 June</li> <li>▪ SGIC workshop discussion on potential scope of SPR draft report</li> <li>▪ Sharing of expert panel input with SGIC</li> <li>▪ Testing of directions with SG For a (one all in forum)</li> <li>▪ Targeted public consultation</li> <li>▪ Ongoing assessment / testing on a 3 Scenario high/medium/low demand basis</li> </ul>
<b>July</b>	<ul style="list-style-type: none"> <li>▪ First draft Settlement Pattern Report for SGIC workshop discussion 20 July</li> <li>▪ Use of SG interactive website for peoples panel</li> <li>▪ Feedback from forums and website</li> <li>▪ Revision of report</li> <li>▪ Panel Peer Review</li> </ul>
<b>August</b>	<ul style="list-style-type: none"> <li>▪ Adoption by SGIC of final SPR report for recommendation to partner Councils (supported by peer review panel input)</li> </ul>
<b>First part of 2017</b>	<ul style="list-style-type: none"> <li>▪ Strategy referred from Joint Committee to partner councils for discussion and adoption</li> <li>▪ Public consultation using special consultative procedure</li> <li>▪ Social infrastructure placemaking input into structure planning</li> <li>▪ Hearing of submissions and recommendation to partners for adoption.</li> </ul>