

TE AHO TĀHUHU

the Progressive Home Ownership Webinar Series

Recording and Q&A Transcript

Episode 9 Managing the Build Process

There are two parts to this transcript:

1. The recorded transcript that was captured at the live webinar
2. The question and answer transcript where the panel have provided typed answers

Panel for Episode 9 – Managing the Build Process

Kaiwhakahaere	Vic Crockford	Community Housing Aotearoa, Ngā Wharerau o Aotearoa (CHA)
Kaikorero	Paora Sheeran	Sheeran Associates Limited
Kaikorero	Ingrid Downey	Dwell Housing Trust
Kaikorero	Nic Greene	Habitat for Humanity

Recorded Transcript

*This is the transcript for the recording of Te Aho Tāhuhu,
Episode 8 Working with Whānau*

Vic Crockford (Community Housing Aotearoa):

No Kōtirana me Ingarihi ōku tīpuna

I tipu ake ahau ki te whenua o Ngāti Kahungunu ki Heretaunga

Kei te noho ahau ki te whenua o Te ātiawa ki Te Upoko o Te Ika a Maui

Ko Vic Crockford tōku ingoa

Ko Vic Crockford toku ingoa, tēnā koutou tēnā, koutou tēnā koutou katoa.

Welcome everybody who has joined us to Episode 9 of Te Aho Tāhuhu, the Progressive Home Ownership webinar series. You are joining us for Managing the Build. I'm Vic Crockford, the Chief Executive at Ngā Wharerau o Aotearoa, Community Housing Aotearoa and I have the absolute privilege of being your kaiwhakahaere for this episode. With a husband who is a builder and parents in the trades, I really do feel like it's meant to be. As a reminder, this series is produced by Te Matapihi in partnership with Te Tūāpapa Kura Kāinga, the Ministry of Housing and Urban Development. And we are here with the purpose of helping housing providers and whanau engage successfully with the Progressive Home Ownership Fund. Before we get into our speaker presentations, let's join together in karakia.

Whakataka te hau ki te uru,
Whakataka te hau ki te tonga.
Kia makinakina ki uta,
Kia mataratara ki tai.
E hi ake ana te atakura
he tio, he huka, he hauhunga.
Tihei mauri ora.

Morena everybody. Now it's my pleasure to introduce our kaikōrero, our speakers, for today. We've got Paora Sheeran from Sheeran Associates, Ingrid Downey from Dwell Housing Trust and Nic Greene from Habitat for Humanity.

Right, that's enough from me. Let's get the concrete slab poured and make a start of Manging The Build with Paora Sheeran, who is going to speak to us about the development and construction of papakāinga. Welcome Paora.

Paul Sheeran (Sheeran Associates Limited):

Kia ora, kia ora Victoria. Tēnā koe. Tēnā koe i whakatūwherai tō tātou nei kaupapa o te rān nau te karakia i tuku, nau te ara i para. Tēnā koe, tēnā ana hoki koe i whakatau mai i a tātou, i raro i te manaakitanga o tēnei kaupapa. Nei rā te mihi atu kia koe, otirā koutou e whakarite nei, i tenei kaupapa whakahirahira. Tēnā koutou, kia ora tātou. Ko wai tēnei? Ko Paora Sheeran tōku ingoa. No Ngāti Kahungunu me Ngati Pahauwera. Ko Rākau Tātahi me Te Rongo Ātahu ngā marae. Ko Puera kei runga ko Whatuma kei raro, tihei mauri ora.

Paul Sheeran (Sheeran Associates Limited):

Kia ora. Tēnā koutou ē whakarongo mai ana mātakitaki mai ana. Ē areare mai ana o koutou na taringa.

Kia ora everyone, so Paul Sheeran, Sheeran Associates based in Hastings, Hawkes Bay. We facilitate papakāinga process and we've been fortunate and lucky enough to be involved in a number of cool projects which I want to highlight some of those today. But I guess today I want to just share a high-level overview of a papakāinga development process, including the different stages within and most of the things that are included in that, but it's a very high-level overview within a 10 to 12 minutes timeslot so I'll get into it straightaway.

So basically, when we're building papakāinga, we're creating intentional communities. This is a papakāinga that we did down in the Wairarapa at Hurunui-o-Rangi Marae, and they built six rental properties on their marae. So, they are re-creating their community around their marae. So essentially that's what the whanau are looking to achieve back on their ancestral lands.

So, managing a papakāinga development basically includes three to four different stages. We have the pre-feasibility study stage which we sit down with the whanau and that's where we talk about whanau, whenua and the whare, the whare being the actual process of the papakāinga development and what it wants to look like afterwards. So that's the pre-feasibility and then we would help the whanau apply for some funding and then we would move into the feasibility study process, which is fully funded by Te Puni Kōkiri, however we'll get into how things have changed in the last 12 months around that.

The feasibility study generally takes around nine to 12 months, then we submit another application for development which includes infrastructure and construction and that's roughly around 18 months, depending on how many houses you are building in your papakāinga development. And then once we walk away obviously you guys, the Trustees, the whanau, become landlords and they have got ongoing property management. So those are generally the four overview steps in a papakāinga process.

Pre-feasibility study, as I mentioned, where we're working with the whanau, we're identifying the whanau, get the whanau all rowing in the same direction altogether on the one waka, we are assessing where the land is in terms of district plans, what's relative to the district plan, is there an entity over the land, do we need to establish an entity.

So, we're ironing out, basically the two things that we want to iron out at this stage, probably the most important as well, is to ensure that the whanau are together and all thinking generally along the same lines and rowing the same way and then we're looking at the whenua in terms of what we need to achieve there. So basically, by the end of this process, we know our aspirations, we know where our land is, we know if we've got an entity or if we need to establish one in the Māori Land Court because that's going to be the entity that applies for any funding.

So, we complete that, and we help the whanau fill out an application for feasibility study funding. The feasibility study includes your visioning at the front end, and basically that's establishing your master plan, then we would assess the land accordingly to the master plan, which we're talking topography survey, geotechnical survey. We would then start putting together the application for the resource consent, i.e., the land use. Quite often whanau get confused around resource consent and building consent. So once you've got your resource consent, you know what you're doing within that district plan, what you're allowed to do, and you can do it.

Paul Sheeran (Sheeran Associates Limited):

We start working on the house design concepts, so we can overlay that on to the master plan, and then we can put together a full master plan which is 3D, a full rendered version of a master plan which we have an earlier example of one of ours that we can show you today. From that we are costing the project out budget-wise, what we need grant-wise, what we need to go through for the loan and we are starting to build our financial model. And basically, this is where the rubber hits the road, is it financially viable, or how do we make it financially viable. And then last but not least, we are applying for the development funding, and we are getting a high-level approval of our finance that we need. We'll touch more on some of these things as we go through.

This is a basic example of a master plan. So, we would have done a 2D exercise, putting the house platforms on, putting the infrastructure in, showing the access way, and then we would have put the plans onto the 2D and then done a rendered view. So, this is an actual project that's been approved here in Hawkes Bay, the George and Heni Henderson Family Trust, a whanau trust, on Farndon Road in Clive. So that's just an example of a master plan which you would get in a feasibility study process. Then we get into the development process, which I mentioned is the 12 to 18 months, so we've completed the feasibility study, we've submitted our application to the funders for development, we've been successful, and this is where we step into the development. So just giving you some ideas in terms of what actually happens in the development, i.e. earthworks, I'm not too sure if anyone's friends with Zach Makoare on Facebook, but the two photos on the left are of the Mahue Pera Ahu Trust papakāinga out at Te Hauke and Zach's very heavy on social media so you might have seen that project. And then obviously on the right we've got the two photos, that's the Aorangi Māori Trust Board Stage 2 which shows you the construction of the houses and how it's all coming together in the development process.

The funding and finance and registration, so there's been a change this year from Te Puni Kokiri, Ministry of Housing and Urban Development is obviously involved now under the new announcement from the Government in May and now we have a Whai Kāinga Whai Oranga application process. It is new, whereby you would submit your expressions of interest to go down the papakāinga process, i.e., feasibility and development. Obviously with the financing, if it's Māori freehold land, at the moment we are only dealing with Kiwibank and there are other banks interested, watching this space, but at the moment it's just Kiwibank that have the Kāinga Whenua loan and obviously Kāinga Ora underwrite the Kāinga Whenua loan. And so that's the loan security, Kāinga Ora will underwrite it and Kiwibank will provide the process and the finance for your project. And then obviously you'll have to register any instruments at the Māori Land Court, say a license to occupy if it's a home ownership project, and determination orders and the likes of things like that. So those are the three processes there that will need to be completed.

In terms of Whai Kāinga Whai Oranga funding, what does it fund. We're not going to go too deep in this, but this is a list of infrastructure items that it would look to fund and that's for both rentals and home ownership. Generally, in a papakāinga development we have mixed model ownership, whereby we would have some rentals owned by the trust and some whanau would be coming in as homeowners. But all infrastructure at the moment is funded for both rentals and home ownership and that's the list there.

For the construction costs, there would be a percentage funded and it's relative to what you need which is based on the income, i.e., the rental income and the operating expenses once everything's developed going forward but, as you can see there, so the percentage of construction costs are relative to rental properties only and there's a list there of some of those costs. And these are all identified in what they call the Project Viability Assessment Tool, the PVAT, which to Te Puni Kokiri has developed

Paul Sheeran (Sheeran Associates Limited):

over a number of years based on a number of projects and we've all had input into it. So basically, that covers off everything in a project, but you'll see at the bottom there, not homeownership construction costs. So, the construction grant is only relative to rental properties.

Home ownership support and finance, so obviously the infrastructure is there, you would get your Kāinga Whenua loan from Kiwibank and that would be underwritten by Kāinga Ora. Once the loan is approved by Kiwibank they would then send that off to Kāinga Ora, their lawyers would look at it, assess it against their policy, and they would then produce a tri-partite licence to occupy agreement which covers the trustees, or the landowners would then sign and the homeowner and the Kāinga Ora representative as the underwriter.

Following on from that, I just want to just show you some projects that we have achieved over the years. So, this is a nice little project based at Kohupatiki. Five houses which includes four rentals and one home ownership. This was done on one acre, you can see on the right-hand side, the one acre and I've put this in there just to highlight what you can actually achieve on a one acre and this whanau wanted to put as many houses on there as they could and it's quite a sexy little papakāinga.

On the left and right, two Waimarama papakāinga, very fortunate to be out on the coast, so both papakāinga have a view to the blue, to the ocean, and as you can see on the right-hand side one, they have the marae, their marae is basically at the foothill there so very close to their marae and unlike my tipuna who got off the waka and carried on walking inland, these guys' tipuna decided to set camp up out at the beach and so that's where they are.

This is Aorangi Māori Trust Board Stage 1, this is on 8,000 square metres, and we finished this one in 2015. And then we're on to Stage 2 at the moment, which is on the other side, you can't quite see it but there's a little bit of construction or development going on the left, but this is more of a wider view showing the Waipatu Marae in the top there and just the wider community.

Key takeaways: Definitely you need good governance structure, good governance management through a process, the trustees need to lead this process. There needs to be good whanau communication throughout the whole process, good feedback, so there needs to be two-way feedback. And then you need good project management, whether it's within the whanau or whether it's wider, whether you engage people like ourselves, and I want to say Te Puni Kōkiri are more looking at that now, that they do like to see that you have some experienced project management, it just saves reinventing the wheel, it saves mistakes which cost money and all that.

And there's my details there. Kia ora Victoria.

Vic Crockford (Community Housing Aotearoa):

Kia ora Paora. We've got a couple of questions here that relate to timelines. So you obviously had there that you're looking at around 18 months for that development process, but there's a really good question that's been supported a few times around the fact that, given the construction industry, where it's at, and supply chains and what they are, is actually still taking 18 months do you reckon, or is it taking a bit longer than that now?

Paul Sheeran (Sheeran Associates Limited):

Absolutely, yes, it is taking longer and it's relative to supply. But what we have experienced now, so we started as a project management company and now we've moved into a housing company,

construction company. The suppliers are starting to catch up, the two main items being exterior cladding, linear if you're going with Linear, and unfortunately, we've got an issue with gib at the moment, so it just comes back to good planning and a good relationship with your suppliers.

Vic Crockford (Community Housing Aotearoa):

Kia ora Paora. And the other question here that a couple of people have upvoted is around the process dealing with different agencies and, of course, given our partner on this is the Ministry of Housing and Urban Development, we fully endorse their team and the way they work with us, but there is a question around which is the agency that you prefer to work with, given that Kāinga Ora, Te Puni Kokiri and the Ministry of Housing and Urban Development are all involved, is there one that you've worked with and built a relationship with over time?

Paul Sheeran (Sheeran Associates Limited):

So, Te Puni Kokiri established the Māori housing network back in 2015. Prior to that, the money was with Social Housing Unit under MBIE and now with the big announcement, Te Puni Kokiri are now partnering up with Ministry of Housing and Urban Development. So, I guess it is what it is, we don't have a preference, wherever we can get the funds to help our whanau achieve their housing aspirations. I think with there being a lot more funds available for these types of projects, there's a lot more eyes on the bucket of money in Wellington which creates a more stringent process. But from what I've seen the Whai Kāinga Whai Oranga process looks to be quite easy to navigate and quite user friendly.

Vic Crockford (Community Housing Aotearoa):

Great, thank you. And the final question that I've got for you for now is what's the hardest lesson out of all of this, what's the hardest one you've learnt so far?

Paul Sheeran (Sheeran Associates Limited):

So, I can't emphasize this more, that front end stuff. It's not construction, it's not development, it's that front end whanau. Kia Kotahi i te whanau, so there's a whanau on the same waka. You're taking on a big project, and to get everybody as much as you can on that same page, take the time at the front end to do that, to communicate with the whanau and get everybody as much as you can rowing the same way.

Vic Crockford (Community Housing Aotearoa):

Kia ora Paora. And there we have it up. Upfront communication is absolutely key. Well thank you so much for that, I know I've certainly learnt a lot and I hope that everyone enjoyed it as much as I did. We now have the pleasure of turning to Ingrid Downey from Dwell Housing Trust.

Ingrid Downey (Dwell Housing Trust):

Tēnā koutou katoa.

Ī whanau mai au i taha o te awa o Tucson, Arizona. Ī raro ē te maru o te maunga o Los Rincones. E uri ahau no Italy, Switzerland, no Northern Mexico. Kei to noho o kei Whanganui-a-tara. Ko Ingrid Downey toku ingoa, tēnā koutou, tēnā koutou, tēnā koutou katoa.

Ingrid Downey (Dwell Housing Trust):

I'm honoured to be a part of this webinar to represent Dwell Housing Trust in our development activities. I have to recognise I'm standing on the shoulders of some amazing people. Dwell is celebrating our 40th anniversary this year, and to get here it has been due to the wonderful people who have been involved those forty years and the people who are still involved. So, I'd just like to recognise our Chief Executive Alison and our fabulous Board of Trustees for Dwell Housing Trust. So again, thank you for having me. I'm going to put on my glasses so I can read stuff.

Alright, Dwell Housing Trust. New home development is only part of the story of what we do, but it's an exciting part. I find it an exciting part, that's where my heart is. Again, our history is our first home was purchased in 1981 in Mt Victoria and our first development wasn't until 2007 and it took until 2009 to finish, and that was in Newtown. So, these things do take time to grow and come to fruition, but since then we've made steady progress ramping up what we've been able to do, which I'll show you, and we have 19 new homes under construction right now in Kilbirnie, a suburb of Wellington, and we have, more importantly, some land in the pipeline to do more. So really in a good position. Okay, so just out of my brain on what might be of interest in developing our own homes, so developing is much more than building, creating homes is much more than just the construction part. So, you have that exciting construction part that we're in the midst of now, but to get there we had to do quite a bit more upfront work.

The Land – Obviously and the potential of the land, finding it, researching what's possible to do on a piece of land, buying it, that's no fun, nerve racking, and then moving on to designing what can be on the land, the homes, the gardens, the shared spaces, parking, taking into account sunlight, other important things like utilities, and that's where the engineers come in, they make the design work, they make the building stand up, be fire resistant. The site work for all the different things that have to happen on the site with rubbish collection and safety. Again, the utilities are a big part of what's possible and what's not possible, where those are coming in to your site, how they're connecting to the buildings.

Consenting – Back home in Tucson, Arizona when I would have to submit our plans and applications for what was called permits, in Tucson we used to call the place Mordor – it's never a fun part. What you need to know is what the rules are so that you're designing and planning within the rules, your district plan, controls, the resource consent, and of course the Building Code controls, building consents.

And then the important thing of Cash and Finance – so money, money is what wakes me up in the middle of night worrying about things, it makes the world go round, but dollars in your back pocket are of course the best kind of money, that cash. Back in the day when we had a private banker, again this is back home in Tucson, the private banker and my boss used to talk about how cash is king, and I was like oh yeah haha cash is king, but I really understand that now. If you have cash, you have much more options. But for those when you don't have cash or when you spend all your cash you've got to finance, that's when you're asking someone to lend you the money and that's fine too, that's how things get done. So being in a good position for getting finance for all the costs associated with building homes is a really important item to line up and that's where Government support comes in handy. The Government support that you're going to get, you have to go through an application process, sign contracts, that can be quite a marathon, but having that then helps you get the finance from the banks and the lending institutions. I'll talk a little bit more about that and how that's made a difference in some of our projects. And then the other community support to make it all possible. Again, I'll talk a little bit more about that.

Ingrid Downey (Dwell Housing Trust):

So, all those things, and then you have the construction. The construction contract, deciding who your builder is going to be, and then going through the build process and all the exciting things that can come up during the build process.

This is just my take on what some of the keys to success are with being a developer of your own homes. One thing that makes a lot of difference is owning that land free and clear, because then that counts as your equity which the bank will look kindly on. So again, you're putting together your stack of financing and by owning the land right there at the base that really helps your case.

Unfortunately, I haven't experienced anything on Māori freehold land, so I can't speak about that, but I know there are other speakers who have talked about that.

A great location, really a location that allows your residents a great quality of life. It also affects what you design on the site. If you're right next to a park, if you're right next to a transportation hub, you've got some options of maybe not supplying those things on your site, but having your residents be able to make use of those because they're right next door or nearby.

So again, keeping your residents in mind, building densely, of course, is what we do now. I don't think we're ever going to build a standalone home again to be honest. The land is just too important and especially the land where, again, that great location, near shops near transportation.

But with density you need to consider liveability and what I call just humanity of the experience of people living in those homes. So, design, you just can't get enough feedback and research to help input on the design and you do something, you put it out there, Dwell was very fortunate in that we were able to raise some money to do an independent research project to see how our past designs have done and that allows us to design better next time, so just keeping that in mind.

And then, of course, such an interesting part of design is what your soil will allow you to do. In one project we're in the planning stages of we were hoping for a full timber building but we're looking like we might have to do some concrete and steel on the bottom floor. Flooding is a big one for finished floor heights. Fire, it's always a shock to me how the fire report changes design, but of course we need to keep our family safe, we need to keep our whanau safe. And then again, the utilities, where they come in, where they connect.

Money – again – having money before, during and after – which grade is that? Once the homes are done, you've got money coming in, either through rent or from a settlement.

Quick but thoughtful decision-making – it's kind of true that time is money, so you need to make your decisions quickly. Paora, I think what you said about everyone being on the same waka, that's really important, so you really know your purpose, your decisions can be made clearly and thoughtfully and keeping in mind who we're building for but also balancing that with what's possible. Sometimes what you want to do just can't be done.

And then what's really important I found is partners that will prioritise your work and understand your purpose. So this is the "community" in community housing. And really there's no favours in this industry, you don't want people doing your favours. You do want people supporting you, you want them to bring their best to the project, to believe in your purpose, but you have to make sure that your partners do as well from a project as they need to do too.

Ingrid Downey (Dwell Housing Trust):

Just a few challenges for Dwell Housing Trust specifically that some of you might not face or some of you might face. Again, we all have a different mix of who we are as an organisation and what we're up against. Dwell is an independent charitable trust, so sadly we don't have someone like big pharma or Fletchers behind us, we're on our own doing it on our own, but hey that independent is good.

Even though we were formed by a lot of people, by some great group of people associated with inner city churches here in Wellington, Dwell is not aligned to a church, but being aligned to a church, obviously, it can be a great source of support, purpose. I imagine it's the same when you have the support of an iwi or hapu. Again, that great source of support and purpose for you. Now for Dwell, we have a Deed of Trust and a set of strategic goals that set that for us.

Dwell hasn't really been given a lot of favours from our councils, our city councils. They have their own housing to look after, of course, which in Wellington city is great, they have a wonderful stock of houses. They also have a special land relationship with Kāinga Ora that makes getting land a little bit hard. So, we don't have that pipeline for ratepayer money or anything, but you'll see in some of our examples the councils have been very helpful.

And from Government, the big guys, their support is ever-changing. Every time we go to do a project it's a different team, a different funding stream, a different set of applications, new rules, everything has to be re-learned for every project, I feel like I'm in that Tom Cruise/Emily Blunt movie where you wake up every morning and you try again and try to get to the end. But hey, it keeps you on your toes and you just have to go through it, that's the job. Again, Government support is so important, those contracts for rent subsidy. And there's great people at Government, so you just get the help you need to go through it.

A challenge, but also what I find is a bright spark, a silver lining. Coming from the United States where charitable giving was a little bit different than it is here in New Zealand, I was kind of surprised, but not really that housing wasn't an area where people gave charitably but, of course, because the State, Kāinga Ora, before that Housing New Zealand, would take care of that. But that's changing, I think every day we're bombarded with 10 different articles about the housing crisis, so I think people are beginning to recognise it is a place for their legacy wealth to go, and I think that's something that the wealthy of this country can think about when leaving their legacy and so I'm hopeful for that as a source of the funds to get homes built.

Let's just talk a little bit about the projects that Dwell has developed over the years. Again, our first one was at Stoke in Newtown. Dwell had, again, in the first decades of Dwell purchasing existing homes to renovate and have people live in. So, this was the first one, where Dwell took down two old villas that were past their prime and was able to turn it into six lovely new warm and dry houses. So, Government came to the party with a small grant and then, for those of you who remember the HIF loans, the Housing Innovation Fund, which is a 25-year loan with the first 10 years interest free, so that's again a fantastic support for us, and then the balance from a bank loan.

Again, this was a great first project, had all the normal teething problems, the story of the neighbour is still told with a little bit of grumpiness around the office, but we got through that and got that neighbour's retaining wall up. But you learn a lot, you learn from your mistakes, that's something that I've definitely benefited from, making lots of mistakes and learning from them.

Alright, next project then, we went on to Adelaide, those were the days when you could buy land off the market and not have to mortgage your firstborn, so we were able to purchase this piece of land and fit four four-bedroom homes on it. Again, Government came to the party with the grant, the loan,

Ingrid Downey (Dwell Housing Trust):

and then the balance on the bank loans. This was really nice we'd recognized for this project the importance of the larger family homes, small site so we had to go up three stories, and we were able to put the parking on this also. So, 16 new bedrooms here. Beautiful project, in my opinion, really proud of it.

Vennell, now this is a great example of where we did have a good relationship with Wellington City Council, especially some really cool individuals who have now gone on to do great things in other organisations. They allowed us to purchase some surplus land from them and with that came a zone change so that we could build homes. Before that it was reserved land so homes wouldn't be allowed to be changed. So, they changed the zoning, they gave us the lesser of two valuations, so that was nice for price. We were able to build the four homes, two rentals and two shared homeowners. So, we were able to do our second round of our Own Well shared home ownership programme here at Vennell. And one of those homeowners has already gone to become a 100% homeowner and the other are still working on that. But for those of you who listened in on Episode 7, Alison talked about the Riverside Garden project where we were able to cut our teeth and start up a shared home ownership programme and that's, of course, what we're excited to continue now that there's Government funding again for that.

So again, when you do share home ownership you get the proceeds from the settlement for the homeowner so that again helps you stack up your financing. We didn't have to borrow as much because we could pay down the construction loan with those proceeds from settlements.

And then Mahora, this is where I came in for Dwell, so this will always have my heart. One of the first meetings that took place was with Alison and the Bank where she had to negotiate hard for some better terms and I was just so impressed and that let the project move forward. So again, Dwell owned an old large villa on site that was basically rotting into the ground, so time to rebuild. We had the advantage of the Special Housing Areas Act so that allowed us to not have to provide as much parking on site as the District Plan required, so we were able to build more homes. It also gave us the right to build higher, but we didn't take that because we felt that three stories were enough in the fit in the neighbourhood. But 14 homes, all different sizes, everything from a studio to two or three bedrooms. So, its nice mixed community, lots of different ages and stages of people living there, and it really become a nice little micro community.

At the time, the Government had allowed Auckland some upfront grant money and they had just decided to start allowing the rest of the country to get that, so we were in and we grabbed that, so that really helped because, again, as my previous slide had shown and as Paora had talked about, there's a lot of work to do up front and all of that takes skill and time and so you have to pay for that, the design, the engineering, all of that. So that upfront advance is just a fabulous way to get a project off the ground, supported on the back end by what we had was a 15-year contract to receive the income-related rent subsidy, so we could take that to the bank, they could see that we were going to have no problem getting the cash flow, the income from rent, for those 15 years, and so we were able to settle on the bank loan after some tough negotiation by Alison and that allowed us to move forward. We also had a little bit of a gap that was filled by two private loans from supportive donors, so we're very grateful for that. Again the "community" in community housing. So that's in Kilbirnie.

Across the street that's where we've started our next one. So again, the "Community" in community housing, a piece of land was found by our builder, Wilson Building, at Mahora and they were so keen to do another project with us, they said let's get this piece of land. So that was great for them to go find that and do the negotiations. And then we were also able to go to Foodstuffs and buy their lot, because there's the Pak'nSave right there, and so they sold us that at valuation, so off the market, so

Ingrid Downey (Dwell Housing Trust):

just an incredible support from Foodstuffs and from our builder that allowed us to get this L-shaped site. By the time we were ready, Government had changed their mind and decided no more upfront grants, but we had seen that coming and we started a divestment programme where we divested three of our old homes, so basically, we were rebuilding a number of bedrooms from those old homes and in a much better location also.

But on the backside, without the upfront money, on the backside Government now offers not only income-related rent subsidy, but the operating subsidy, so a little bit more for us and for that we have just signed a 25-year contract. So again, taking that to the bank to get the financing really puts us in a solid position with cash flow income.

So that's what's on my plate now, making sure that that goes smoothly. It's so nice, as you can see from the picture, that we're out of the ground. When you're in the ground you find all sorts of funny surprises. We found an unmarked sewer line from the neighbour's house that we then had to reroute, but surprises are surprises, you just put your thinking cap on and deal with them and hope it doesn't cost too much more money, cut into your contingency.

So, for me, it's a long, strange journey, these things never go straightforward. Like I say, you make a lot of mistakes you learn from, and you just again pick yourself up and make the best decision you can to move forward but it really is made bearable by friends and the partners you have, and when you're able to celebrate the families moving into the homes it's all worth it, and that keeps me going.

Dwell is here because a few people took that first step. I know that people say development is hard, it's risky, yes, yes, yes, but if it's right people then take that step and be a developer. And over time growth is possible, that's Dwell's story, and we're really, really quite proud of it, I'm really quite proud to be a part of it. So, I'll just leave you with that, if there's any questions.

Vic Crockford (Community Housing Aotearoa):

Kia ora Ingrid, fantastic. I just wanted to note too that I'm now a neighbour of your Stoke Street development in Newtown and my kids go to school with the kids who live there, and we often are walking in a big walking bus down to Newtown School. So, I hope I'm a more pleasant neighbour perhaps than what you seem to have previously experienced.

Ingrid Downey (Dwell Housing Trust):

Don't talk to me about your retaining wall.

Vic Crockford (Community Housing Aotearoa):

It's not ours, thank goodness. So, look, I really noted from your presentation the importance of relationships. So, a key question that kind of summarises some of the questions that are coming through in the Q & A is what could we ask of the Government or other funding partners to better support the community sector as developers?

Ingrid Downey (Dwell Housing Trust):

That's a good question because my presentation talked about how much changes, there's loans, there's grants, there's no loans, there's no grants, there's backup money – I think making a decision and sticking with it, having some steady, giving us all a chance to understand and plan knowing what

kind of funding is going to be in the future is probably the number one. But regardless of that, those relationships with your people at HUD, at Te Puni Kokiri, people through the MAIHI project, those are going to be your most important ones and take it from me, you know, there really are no dumb questions, you just need to ask, you need to make sure you understand, but some stability in the funding area would be fantastic.

Vic Crockford (Community Housing Aotearoa):

Thanks Ingrid, and I note there's a few more questions really specific to you in the chat coming through, but I might leave you to answer those as we move into the next presentation. So, thank you very much again and welcome to Nic Greene from Habitat for Humanity.

Nic Greene (Habitat for Humanity):

Tēnā koutou katoa. Ko Nic Greene, toku ingoa, no Kirikiriroa ahau and morena whanau, great to be here today. I'm just going to speak about Habitat for Humanity and some of our lessons learned around the build process.

So, Habitat is an international organisation, I guess the other end of the spectrum from what Ingrid's been talking about, it's been around for over 30 years now and building hundreds of thousands of houses across the globe. In New Zealand that's around 600 houses in the last 25 years and most of you who know Habitat will know that it's been in the progressive home ownership space for whanau looking to enter that home ownership cycle. And most of those have been what I'm going to term self-build, so the things we've kind of run ourselves in that development space, but we have looked to expand recently into more rental properties, mainly to diversify the portfolio and looking to serve people across the much wider housing continuum.

So, I guess prior to 2018, a lot of the houses that we were building were very small single house units on site. Some of those were subdivisions, buy a house subdivide the back section, do some infill, it was low volume. So, for us that central region, less than 10 houses a year, to get the outcomes we were looking for. Our model was mainly using construction staff, both people we employed ourselves and some externals, but also homeowners, so the people who were eventually going to own those houses and a lot of volunteers and so had lots of people on site doing things and engaging with Habitat. And as we've seen already from the guys who have spoken, there's a number of stages in that process – from site acquisition through the design and consenting right through to practical completion and that brings with it its own special set of challenges.

Post 2018, things changed a little bit and I guess what I want to talk about for the rest of this presentation is what are the options that you have available to you when you're looking to do a build, looking to do a development yourself. What changed was some of the compliance requirements, so health and safety became a more significant set of legislative requirements, having volunteers on site is now very, very difficult and the risks that go with that mean that nobody really wants to open themselves up to that kind of risk. And it was also about changes to build guarantee and the quality of finish. You can imagine 20 volunteers in your lounge painting it, you can't really guarantee the type of finish we're going to get.

We also had a strong desire to go to scale and going to scale is difficult unless you're willing to invest in specialist staff, and you need to have a decent supply pipeline to justify those staff.

Lots of risk settings and there's been a session on risk and also changing funding settings and real tautoko to what's been said already, some surety around funding is essential to understanding what your build looks like because these things do take time.

Nic Greene (Habitat for Humanity):

And I think, finally, the recognition from Habitat that our specialist skills weren't necessarily in construction, but they were in other areas, and so we wanted to maximise those without becoming a construction company.

So there are some benefits to this self-managing your own build, you are in total control, you can save costs, you can make profit in the development if you manage it really well, but there's also a bunch of cons as well and I think when we balance the two things out what we decided was the cons overwhelmed the pros to some extent, unless you were really, really clear about what it was you were trying to achieve and how you were going to get through that process. And so those things are listed down there very clearly about the idea that we need to focus on the outcomes we're looking for.

What we did as a next step for Habitat was, we entered into an agreement to do 12 houses in a place called Te Kaarearea in Hamilton city with Waikato Tainui and with Golden Homes as our build partner. So, this is us stepping away from just doing one house at a time, stepping away from being solely responsible for the build and moving more into a contract build space. So, a little bit like what Paul was speaking about, who are you partnering with and how do you manage those outcomes. And in this development there 50-something houses, it was a master plan development under the Special Housing Area, so it had all the various moving parts, and we came in literally as a partner to buy property to house families. There were 300 families that went through Waikato Tainui's home ownership education programme and the idea was that they would take those families, those graduates, and put some of them into housing into Te Kaarearea. And what we found was that a shared equity model worked for some, an affordable straight to market model worked for some, but there were others who those wouldn't work for, and a rent-to-buy model was the model that was needed. And so, Habitat came in as the provider of the rent-to-buy a model for those 12 houses that are coloured purple and yellow, and I guess the upside of that was that we were able to finish those, and those families are now all moved in and ready for Christmas. So, lots of whare, lots of whanau, all happy for Christmas.

The key parts of this that were important I suppose from our perspective was that we selected a really strong build partner, so Golden Homes were really the deliverer of the product. We worked really closely with MHUD to fund the project and we made sure our funding was lined up in advance, and so MHUD were able to fund 50% of the capital costs and then the other 50% came from bank lending. So, we were really clear about where the funding was coming from and how it would be applied. And then our speciality is really in the selection of the families, and so we were able to work with Waikato Tainui and say let's look at the 300 families that you've got there, let's go through a selection process and let's identify those families who we can select for success to put into these homes under the rent-to-buy model that Habitat is going to deliver. And Waikato Tainui had a person on our selection panel, so they were able to sit in those interviews and work through with the families about what the nature of that relationship is going to look like because a rent-to-buy model is a 10-year partnership, and we walk with those families over that entire period of time.

So, the pros of the contract build are you've got some design input, but not a whole amount, this was a master planned community, so we weren't able to change the dwellings themselves, but we did have some control over colour schemes and those kind of things. It had a fixed contract price, known delivery timelines and pretty easy to scale. Going back to my idea about scaling, if you're doing a contract build you can forecast what you're looking for.

The cons, of course, are a more limited input, there's a lot of project monitoring stuff that's required for staff still, so you're the piggy in the middle, you've got MHUD on one end with all of their

Nic Greene (Habitat for Humanity):

expectations around reporting and you've got the contractors on the other end and the families, and you're trying to negotiate and facilitate good outcomes on the way through. So, you still need to really know your staff, know what you're doing.

And the biggest issue is that cash flow may not necessarily match the funding requirements that you have as an organisation. So just as an example of what happens is that under the contract, the drawdown milestones didn't necessarily line up between Government and the builder itself, and so you can see that basically MHUD's definition of closed in and the builder's definition of sheathed and when the drawdown milestones are required, don't line up, and so you need working capital and you need to be really clear about that, even though the whole project was funded 100% we still had an \$85,000 shortfall at a part of the project. And so going into these things with your eyes wide open about how the process is going to work, how the contract works and then how you're going to monitor that, it is an essential part of the build process.

What we've done as an organisation is now looked at it and said contract build is one way of doing it, have we got the working capital, does that enable us to manage this, or is there another way to do it and a turnkey approach is another way. And so, the latest round of funding that we have for 21 houses that we were successful in October, these are all turnkey properties. And the benefit of that, of course, is that you pay 10% up front, and then you don't pay anything else until the house is finished. It's a little bit more expensive because you're paying the builder to cover that cost and cover the risk, but from a cash flow perspective, it makes life significantly easier on our own finances.

The pros, of course, are that you have again some design inputs, you get to choose colour schemes, but depending on the acquisition timings or how early you are in that process, you have limited input. You have less project monitoring required at the fixed contract build price, well it was then, I think these things are becoming less possible because of the way the climate's moving, but limited control over the price and then known delivery time frames. It's a little bit like fire and forget, you buy the house and then you get it when it's finished. The downsides are it's a higher upfront cost, absolutely more expensive, limited input and limited engagement in the process. And the cash flow does match the funding, so it does work better.

The key takeaways that I really wanted to leave everybody with was being really clear about your desired outcomes and I think both the previous speakers have talked about this. What are you trying to achieve, who are you looking to serve and then managing the expectations of everyone. It is essential that you understand the needs of whanau, what they're looking for and then how you're going to get there and being really clear about that. The biggest thing is expectation management. The second one is about choosing good partners, so making sure that you are really aligned in your vision and that you've done your due diligence, because the person with the glossiest brochures isn't necessarily the best partner to have, especially when things get difficult and they will, there'll be times during the process where things are hard and you need to be able to fall back on that relationship and fall back on your understanding and your contracts, rather than oh I thought this was the case.

And finally, understanding your own capacity and competency – don't be afraid to say that we're not good at that – so don't loop into a project think we're going to build it, we're going to deliver it, when building and delivery aren't your strong points. Habitat is good at selecting families and supporting families, construction wasn't necessarily our strong point. Understand your own unique value proposition and surround yourself with partners that complement your weaknesses.

And so that's probably the size of my presentation, so Kirby thanks very much.

Vic Crockford (Community Housing Aotearoa):

Kia ora Nic. So, your presentation for me really underscored four key themes that I think have run through all our presentations and those are whanau, communication, stability and alignment of funding, strong relationships and play to your strengths. So, they've really cropped up for me time and time again, I'm just wondering though, specifically to you, what's been your biggest challenge when it comes to the construction process itself, when you're in the middle of getting these things built and choosing those colours, what crops up as the biggest challenge during that part of the process?

Nic Greene (Habitat for Humanity):

It really is expectation management. I think everything else you can kind of work your way through. But we've had situations, I commonly get the "oh I thought", and it's really managing people and going really clearly here's your specification list, here's the things you're going to get in the house, here's the things that aren't going to be in the property. And so that's from a family, whanau, perspective. And then, from a build contract perspective, really being able to say hey guys, this is what we agreed to, here's what we need you to deliver. And also understanding, I suppose, who carries the big stick. In this case, and I know MHUD are on the call, MHUD carry the big stick, right, they're the ones that are the least negotiable around a lot of these things. And so understanding that and going well we can't change the nature of those drawdowns and so we've just got to manage our way through it, that's been our biggest hurdle, and I constantly find myself in the middle, with my role, saying to people yep I understand that's what you thought, but here's the reality of the situation.

Vic Crockford (Community Housing Aotearoa):

Thanks Nick. I think a question that probably I can ask all of you, if we could start with you Nic, and then move to you Ingrid and Paora is what you look for in a partner entity, what are those key things that you look for when you are choosing those partners and building those strong relationships. So Nic if you could start us off that would be great.

Nic Greene (Habitat for Humanity):

Sure, two things really, one is alignment in principles, so really getting to know the partner and making sure that you agree those fundamental things about who you are as an organisation. Our discussions with Golden Homes were very much about "the why", why are we doing this, you know, they can be the greatest builders in the world, but if they don't understand why we're housing the whanau then actually when things get hard, and they want to make a change, the principles don't line up. And then the second thing is the complementary skill set. So understand your own weaknesses and then find a partner that plugs into those weaknesses. I'm a talker, right, so it's no good having a whole bunch of people around the table if we're all talkers and no doers, so find the people that will add value to your project.

Vic Crockford (Community Housing Aotearoa):

Kia ora Nic. Ingrid.

Ingrid Downey (Dwell Housing Trust):

Absolutely Nic, very well said, those are the foundational considerations for sur. I would also just add that, especially in this time of Covid and weird supply chains, a builder who can really command materials and has good relationships with material suppliers, has land or space where they can store

materials for you, that's become very important on this project. All the materials are ordered much, much earlier now, which means they have to be stored and secured. So that kind of power within the industry to do that, the ability to get on the phone and place those orders, have those orders taken seriously and honoured. So that's just a little one for now, but communication is really important, someone who really, really wants you to understand what's going on and why and will have those hard conversations with you. Like I said, we don't want anyone to do us favours necessarily, we want them to support us, we want them to understand and there's just really some great moments when the penny's dropped for the builders and they really see what they're creating, when they see the families, some great stories there, but we really want them to tell us their truth so we can work with them really honestly and on the level.

Vic Crockford (Community Housing Aotearoa):

Kia ora Ingrid. And Paora.

Paul Sheeran (Sheeran Associates Limited):

Yes, just really supporting Ingrid and Nick, I think, as I mentioned, the front-end stuff is vital in terms of setting the platform. You talked about laying the foundation at the beginning of the webinar, so very, very important. Relationships are very key to a successful outcome in business, in talking with whanau, key stakeholders. You know, you're not looking for best price necessarily, we all know best price are not sometimes the best pathway, so don't make your decisions purely based on price. Base it on a long-term relationship, obviously sometimes we're building one house so that's a little bit harder but that's one thing I would say, don't base your decisions on a price solely model.

Vic Crockford (Community Housing Aotearoa):

Kia ora. So, I'd just like you all to have a chance to leave us with your final thoughts, perhaps a wrap up of the key messages that you'd like everyone to take away, and then I'll close us with a karakia. Maybe if we work backwards this time, Paora from you, what's your final reflection to leave everybody with.

Paul Sheeran (Sheeran Associates Limited):

It's difficult, it's difficult out there at the moment. Ingrid mentioned Covid, supply and that, and Nic mentioned planning, so planning is the key. Planning is the key to a successful – over-plan, over-budget, and then at the end, over-indulge on all the good things. Ē hara taku toa ī te toa takitahi, ē ngari, taku toa ī te toa takitini. So, you know, you can't do it on your own, it takes a wide range of people and skills, so kia ora.

Vic Crockford (Community Housing Aotearoa):

Kia ora. Ingrid, your last reflections.

Ingrid Downey (Dwell Housing Trust):

I guess what's on my mind more than anything is when you're a developer, you get a chance to be in the driver's seat and develop the housing that you really want to see exist, and I think that's really special. It also can kind of do a trick on your mind, because you question everything, and so I just want to make a plug for all those people out there who are researching housing, all the people who are sharing their insights on what makes good housing, our tenants just love them, they're able to give us

really good feedback, sometimes I don't want to hear it, but I mean none of us have our own perfect house, but the chance to develop the kind of housing that the people of New Zealand need is a really great opportunity and I'm just really thankful we have that feedback loop and just encourage you all to keep talking about what makes good humane housing.

Vic Crockford (Community Housing Aotearoa):

Kia ora Ingrid, I think that the idea of humane housing certainly is one that we think about a lot here at Community Housing Aotearoa, certainly. Nic.

Nic Greene (Habitat for Humanity):

Thanks, and really just agree with Paul and Ingrid about what they've said. The key thing for me is that housing is for a long time, these properties that we're putting up are going to be here for generations, so let's do it right first and do it well. And secondly, that it's about the people, the whanau who are going to live there, it's not about the building itself. And so, let's make sure that we're creating homes for people to live in, rather than just whare. So, I think that's really the key. And it was great listening to everybody, when you look at those things and Ingrid was effusive about that was her first project, that's her baby, I think we all want to drive back on to the whenua and be proud of what we've produced.

Vic Crockford (Community Housing Aotearoa):

Nga mihi kia koutou, what a great way to finish. Thank you all for joining us for this episode of Te Aho Tāhuhu, Managing the Build, I am going to close us off with a karakia.

Kua utu a mātou mahi
Mō tēnei wā
Maakitia mai mātou katoa
O mātou whanau
Āio ki te Aorangi

Thank you everybody, have a lovely holiday break and I hope to see more of you in person in the New Year. Kia ora Ingrid, ka kite.

Questions & Answers

Episode 9 Managing the Build Process

These are the questions that were answered by the Panel in written format and therefore not included in the recorded transcription above.

Questions	Answers
How much does all of this cost? Is it worth spending money on the rendering to show the master plans?	A feasibility study generally costs between \$75-90K Development costs depends on the size of your project.
From start to whānau moving in, how long does the process take?	Approx 3-years depending on funding timeframes.
My whānau are just starting out (we are probably just doing the master plan) and the Whai Kāinga Whai Oranga funding is critical. How long do you think we would have to access this fund? Will it be around in two years when my whānau and I might be at a point where we would like to access it?	Potentially yes - The Govt need to turn the funding in to houses so the earlier the better as they will be looking to allocate and lock in projects.
There seems to be more funding available now, is this making it easier to deliver housing?	Yes - there may be someone in your Iwi/Rohe who can umbrella your project. It is a new process - Whai Kāinga Whai Oranga but it looks user friendly.
Is Dwells business model a rent to own scheme? or are they strictly just landlords?	We rent. We have rentals for those on the housing register and some below market rentals. We are also restarting our shared homeownership programme, Own Well. We do not offer rent to own currently
How do you select your whānau?	For most of our homes, we offer them to individuals/families on the Social Housing Register. We currently have an Expression of Interest form for those interested in our shared homeownership programme, Own Well (check our website!).

We also work with some social service agencies to providing shared housing ("flatting") for people who have health/mental health needs.

In terms of being in a position to purchase surplus lands from councils and others - how important is it to keep relationships when staff / personnel move on?

Hard to do! Priorities can change quickly in local councils, but we try to keep our contacts and to meet the new people.

Are you doing developments outside of Wellington?

We only operate in the Wellington region.

Will Dwell work with a homeowner wanting to develop opportunities on privately owned land for extended whānau?

We haven't done that yet, but happy to advise on how you might go about that.



Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development