

# TE AHO TĀHUHU

the Progressive Home Ownership Webinar Series

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Managing Risk

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## Background of the development

50 home development in Central Hamilton marketed at first home buyers, criteria included being registered tribal members, first time home buyers, income caps were set and whaanau had to provide a pre-approved mortgage offer to show they had the financial ability to purchase the whare.

## Some of the risk factors

- Would the cost of the house and land package prove to be out of reach for applicants?
  - I. This turned out to be the case, even though the turn key packages were competitive compared to the open market, of the 300+ EOI received, less than 5% were able to be converted into home ownership (12)
- Would the construction industry understand what it was we were trying to achieve and lower their own profits in order for us to be successful?
  - II. When the tender was opened for group home builders to submit a proposal to deliver the house and land packages, the lack of interest was clear, companies that we approached kept telling us it wasn't possible to deliver the packages at the price points we had set (in line with the first home grants) and that they didn't believe we would have enough buyers (at that time, they did have a valid point) and they would be left with empty homes and no buyers

## Solutions

Cost of the packages – After having 12 purchasers confirmed through outright ownership, 12 months into the project we realised that in order for us to continue supporting whaanau into the whare we needed to offer more options, so we approached New Zealand Housing Foundation and partnered with them to offer Shared Ownership to eligible whanau, this helped 13 more whaanau to achieve their home ownership aspirations and, we then partnered with Habitat for Humanity and they are offered 15 whaanau the opportunity to do rent then own, 5 of the homes were put on the open to off set the costs and 5 more whaanau were able to obtain a mortgage and purchase the whare outright.

Construction Industry reluctance – In the end we had three different home building companies that delivered the packages, the first one who came on-board were a tribally owned company who were understood the kaupapa and wanted to be part of delivering homes to tribal members, once the quality of the houses and the development was there for everyone to see, there was less reluctance by others within the industry, and they came on-board to help deliver the whare to our whaanau.

# KEY TAKEAWAYS

**1. What is considered affordable by many, still isn't anywhere near affordable for Maaori. The price point of \$550,000 was still at least \$100,000 over what most whaanau could get a mortgage approval for. So be realistic when setting price expectations for house and land packages**

**2. Those in the construction industry are still hesitant to work with Iwi, even when you have a healthy balance book, when it comes to delivering truly affordable housing, so be prepared that it may take some time to find the right partners.**

**3. BE PREPARED TO CHANGE YOUR PLAN!! Our ability to be agile halfway through the project meant we were able to support 45 whanau into home ownership, if we had stuck with our first offer, it would have meant that the development was at risk of failing from a commercial point of view or the cost of the homes would have kept rising**

# CONTACT DETAILS

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