

1. Chairperson's Report

This last year saw further decline in the availability and affordability of housing for people on low incomes, and particularly those experiencing financial, health or social integration crises. Our Trust is proud of what it is able to do to improve the lives of our 44 affordable and public housing tenants, but also frustrated that it cannot instantly alleviate the poor circumstances of many others in the Nelson-Tasman region. Over the last 5 years, the waitlist of public housing applicants in the region has grown from 45 to 447 – a disturbing ten-fold increase. These are all households in dire situations.

During the year, the Trust undertook a refresh of its strategic plan. A strategy for growth ensued, aimed at maximising what can be achieved to develop and provide additional public and affordable rental housing. The goal is to grow supply to 100 homes within a 5 year period. Growth will be achieved by utilising development funding support from government and Nelson City Council, as well as greatly-appreciated assistance from our major philanthropic donor. We are also fortunate to have reasonable borrowing capacity resulting from sound investment decisions in the past, as well as prudent financial management. We want to achieve this growth in concert with the efforts of other housing providers, social support agencies, and Councils in the region.

To improve prospects for growth, the Trust has developed a fundraising strategy to provide capital funding to supplement grants from our major anonymous donor. This is now being implemented and it is pleasing to report that sponsorship has been secured from Nelson Pine Industries that will assist our development programme over a five year period through an annual grant as well as supply of timber product. We are grateful for this contribution which will be of real assistance to our plans.

This year, the Trust has developed six new public housing rental units on its Murphy St site. These are due to be ready for tenants in December, and will be our first step to address increasing needs.

Last March, the Trust handed over management of the Nelson City Council elder persons housing portfolio to its new purchaser, Kāinga Ora. We were gratified to receive a letter from the Nelson City Mayor thanking the Trust for the “dedication and professionalism” shown over the three-year period that it managed the Council’s housing.

The Nelson City Council has set aside proceeds from its housing sale into a Reserve Fund intended to assist supply of additional affordable housing. This will be of tremendous benefit to a community in need. The Trust has made an application to enable the development of 5 affordable rental homes on its site in Muritai St, Tahunanui.

Central government housing policy remains focussed on expanding Kāinga Ora as the predominant supplier of new public housing with registered Community Housing Providers (such as the Nelson Tasman Housing Trust) relegated to filling gaps in this supply. While this will

Annual Reports to AGM 2021

pleasingly result in much-needed investment by Kāinga Ora in the region, it is also disappointing, as government is also missing out on the opportunity to create diversity and innovation in supply through involving other providers at scale.

There continues to be no central government funding available for supply of housing to the many households on the fringes of public housing eligibility. Again this is disappointing, but at least partially alleviated in Nelson through the Council's set-up of its Housing Reserve Fund to foster affordable housing.

Looking ahead, we face challenges in making new housing supply financially viable in the current environment of rapidly rising land prices and increasing construction costs. Suitable land is also in short supply. In finding solutions we need to be adaptable, innovative, quick to take up opportunities and be open to new ideas.

This is the first year for me as Chair. I would like to pay tribute to my predecessor, Keith Preston. Keith has been a founder of the Trust, and has either managed it or chaired it over the past 15 years. He is locally and nationally-respected and has been actively involved in the set-up and governance of Community Housing Aotearoa. The Trust looks forward to keeping in touch with Keith as he enjoys his well-earned "real retirement".

I would also like to thank Carrie Mozena for her dedication and drive as the Director of the Trust. We are fortunate to have Carrie's blend of skills and her knowledge extending from founding days of this organisation.

We welcome Peter Barr as a new board member. Peter comes from a senior management background and his experience in obtaining philanthropic support will be of particular help to our board.

I acknowledge and appreciate the contributions and support from fellow board members. It has been great working with you. The board has provided a useful and helpful balance of skills, experience and wisdom.

Andrew Wilson
Chairperson
November 2021

2. Director's Report

Despite many challenges and changes, 2020-21 was a fruitful year for Nelson Tasman Housing Trust. Our new philanthropic donor committed to grant NTHT up to \$5 million over 5 years to kick-start building of new affordable/social housing. We purchased a site in Tahunanui, for redevelopment in 2022, and we began construction of a 6-home public housing scheme at 17 Murphy St, based on funding from the Ministry for Housing and Urban Development (HUD). We also delivered a smooth handover to Council after 3 years of managing their pensioner housing.

Highlights of the Year

Philanthropic Donor: The commitment from a philanthropic donor to grant NTHT \$5m over five years to purchase sites and build new housing is a complete game-changer. Having responsive, upfront funding resources the Trust to secure new sites in a very competitive property market. Our donor requests anonymity, and we are very grateful for their generous support. With their first grant to NTHT late in FY 19/20, we were able to purchase 17 Murphy St.

New Development: We began building new homes for the first time in 4 years. Purchase of the Murphy St site in July 2020 gave us a big, sloping section with one old house. We worked with our established partner Jennian Homes Nelson Bays to design six 2-bed homes. This scheme will achieve a Homestar 6 rating (Green Building Council certification of energy efficiency, waste minimisation, liveability). Two units will be wheelchair accessible, and all units will have photovoltaic roof panels.

NTHT secured HUD funding for this development: a 25-year contract for IRRS (the government's Income Related Rent Subsidy) plus a 28% Operating Supplement. This amounts to a guarantee of 128% of market rent for 6 homes for 25 years, which enables NTHT to borrow \$1.9m or 75% of the full development costs. We appreciate the ongoing finance support from our bank ASB. Despite some Covid-related delays, 17 Murphy St is on track for completion in December 2021.

Development Pipeline: With solid philanthropic backing, NTHT is working to secure more sites for future schemes. In Oct 2020, NTHT purchased 99 Muritai St, Tahunanui – a flat, 1000m² section where we can build 5 homes. We continue to network with local landowners, developers and real estate agents. Our biggest challenge in a hot property market is simply access to land. Developers favour house-and-land packages on greenfield sites, which effectively blocks any 'comprehensive development' by NTHT. Competition for brownfield sites is fierce, and sites suitable for intensified housing development are hard to secure. We will keep hunting.

Nelson City Council Community Housing: NCC opted to divest its 142 pensioner units to state provider Kāinga Ora. While disappointed that the Trust's proposal to purchase this housing portfolio did not succeed, NTHT staff worked diligently to complete the terms of the management contract, to reassure anxious tenants, and deliver a smooth handover in March 2021.

NCC Housing Reserve: This \$12m Council fund was formed from the proceeds of the divestment to Kāinga Ora. We actively consulted with Council to help inform the most productive ways to implement the Housing Reserve, via a joined-up approach including the other local community housing providers, Habitat for Humanity Nelson and Abbeyfield NZ. As a result, Council agreed to set up a Phase One to allocate the first \$2m as upfront grants to build an enduring supply of new affordable housing. We hope to gain Council funding to support our 99 Muritai St scheme.

Heating Upgrades: To comply with the stringent requirements of the government's Healthy Homes Heating Assessment Tool, NTHT continued to replace some heat pumps that were slightly under-powered according to the new specifications (4 this year). Our tenants often comment about how warm and comfortable NTHT homes are, and some question the need for new heat pumps. However, because of the government rules, this is not an expense we can avoid.

Balance of Public Housing and Affordable Rents: As vacancies occur, NTHT maintains flexibility to take on tenants who have different levels of income and housing need. We aim to continue to provide housing options that include affordable rentals as well as public housing. As of 30 June 2021, we had 22 public housing tenants (who qualify for the Income Related Rent Subsidy from MSD), and 22 tenants on affordable rents (at 75% of market rent). Our tenant demographics are very diverse: 48% Pākehā/NZ European, 18% Māori, 4% Pacifica and 30% new migrants/former refugees. 55% are working (mostly part-time), and 45% rely solely on benefits or NZ Super.

Housing Advice: Our staff provided Housing Advice for 158 people in need this year, helping them to be assessed for the MSD Housing Register, access emergency housing, apply for NTHT homes, or find affordable private rentals. The supply of housing in this region continues to be extremely tight. We encourage people to be persistent and we help them to think through different practical short- and medium-term options.

Monitoring Housing Need: This project delivers more comprehensive data than what MSD tracks via the public housing register. We survey community support agencies, motor camps, local Councils and other housing providers in Nelson and Richmond. Our reports since 2018 show a steady increase in affordable housing need: at 30 Dec 2020, we counted 496 households in wider Nelson needing affordable housing – this is on top of the 390 on MSD's Housing Register at the end of 2020. We will use this data to inform further investment in social and affordable rentals.

NTHT Board Renewal: Long-serving trustees Keith Preston and Doug McLearie stepped down in 2021, both ready for a true retirement. Their joint contributions to the Trust cannot be overstated – together they were responsible for developing 90% of our current housing portfolio. NTHT has also been fortunate to recruit two new skilled trustees, Andrew Wilson and Peter Barr, who each bring a wealth of community housing and commercial experience to our endeavours.

NTHT People: Our caring and skilled staff team do the day-to-day work of the Trust. We reluctantly farewelled Finance Manager Jason Templer, Tenancy Manager Judy Honeybone and Office Administrator Bernadette Power this year. Each of them left for new challenges elsewhere as the NCC management contract came to a close. We welcomed Phill Lee back into the Finance Manager role; Phill will contribute his skills honed from two years in the private sector. We also brought in Karen Clark to assist with Administration and Communications. Building Manager Jon Stevenson's role has refocused to include new development, and Tenancy Manager Kelly Dean maintains responsibility for all NTHT tenancies. Our multi-faceted team works daily to serve our residents who rely on and appreciate having stable, affordable, healthy homes.

Finally, I extend special thanks to our new Chair Andrew Wilson, for his wise leadership as we enter a new phase of growth. Further appreciation is due to all the NTHT board members for their energy, commitment and skills in advising and governing the Nelson Tasman Housing Trust.

Carrie Mozena
NTHT Director

3. Treasurer's Report

Highlights

- The Trust's Financial Report (audited) shows another successful year with an operating surplus of around \$902k, compared with \$366k in the prior year. Notable movements:
 - Donations income received this year totalled \$612k (nil for 2020 year). This is mostly in relation to our anonymous philanthropic donor (\$600k), and these funds have all been put towards development of housing. Some of these costs show in the expenses, but largely they are in the Balance Sheet as assets.
 - Minor grant revenue of \$8k was received in 2021 (the \$310k in 2020 related to Warmer Healthier Homes which is now operated under a separate new Trust).
 - Operating costs from providing Trust activities increased during 2021 largely due to the increase in Change in Tenancy Costs (R & M between tenancies) with \$47k recorded in 2021 (\$6.6k in 2020). Grants paid through WHH reduced (linked to grant income above), planned maintenance costs reduced around \$5k, \$17k in 2021 (\$23k in 2020).
 - The NCC council management contract ceased in March 2021. We received income of \$186k this year compared with \$246k for the full year in 2020.
 - Cash balances are still healthy, although much reduced during the year due to capital commitments requiring cash funds.
 - Total assets have increased by \$5.5m with the revaluation of the properties owned by the Trust, a 34% increase (previously they were held on the balance sheet at RV).

Challenges

- NCC Housing Reserve, political agendas and uncertainty and potential delays relating to Covid-19
- There will continue to be challenges in finding suitable land to purchase in the coming years and at the right price (in a highly competitive market and rising prices).

Looking Forward

- 17 Murphy St (six, 2-bedroom homes) is near completion (made possible with the \$600k grant from a donor)
- 99 Muritai St – development to commence in early 2022
- Possible long-term opportunities working with Kāinga Ora in Stoke and on the Nelson City Council land they may purchase for development.

Thanks again to our auditors especially Graeme Scarlett for his support and advice over another year. Thank you to our Finance Manager, Phill for coming back to us, and spending time reviewing and streamlining some of the financial processes.

I move the adoption of the audited Nelson Tasman Housing Trust Performance Report for the year ended 30 June 2021.

Catherine McLellan
Treasurer