

Housing Investment in Aotearoa 2023

Investment action to build the housing solution.



The why

Housing is more than the materials used to construct.

A healthy home provides **safety and warmth**, and **social and cultural benefits** for families and communities. However, Aotearoa is facing a major shortage of affordable housing, particularly for lower income families.

The private market and government alone cannot fill the housing gap.

The major shortage requires a **corresponding collective** and **urgent effort** from investors and providers to catalyse the large-scale housing solutions.

"No single investor, nor market player, can solve the affordable housing shortage.

We're committed to facilitating forums, like the Housing Symposium, to catalyse investor partnerships that contribute to the affordable housing solution"

- Alastair Rhodes, Impact Investing Network Chair

The document is intended to provide examples of organisations contributing to Aotearoa's housing solution.

It is intended for attendees of the 'Housing Symposium' - convened by the Impact Investing Network, New Ground Capital, BayTrust, Wellington Community Fund, Forsyth Barr and Philanthropy New Zealand - and to be shared widely.

Disclaimer: This booklet is for information purposes only. The inclusion of any investments in this booklet should not be seen as an endorsement by the Impact Investing Network or any partners mentioned, nor should any investment information in this booklet be treated as investment advice, investment recommendations, or investment research. Investors are recommended to seek independent investment advice before making any investment decisions. The information in this booklet was gathered in August 2023. Although the information has been produced and processed from sources believed to be reliable, no warranty, express or implied, is made regarding accuracy, adequacy, completeness, legality, reliability or usefulness of any information. Information Memorandums, Indicative Investor Term Sheets and other supporting transaction documents for investment opportunities mentioned within this booklet can be provided by the relevant organisations upon request.

A hand holding a key, symbolizing housing or investment. The background is a blurred office or home setting with a desk and a house-shaped object.

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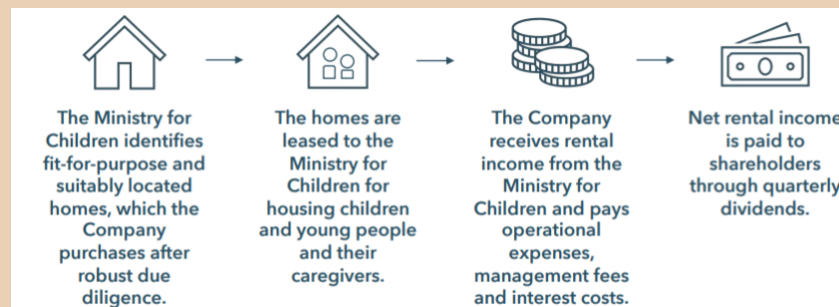
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NewGround

Homes for Tamariki Fund

Summary

Homes for Tamariki Limited is a **Fund** that **purchases existing homes** throughout New Zealand and **leases** them to the Ministry for Children, for the **care and accommodation** of the country's **most vulnerable** children, young people, and their caregivers.



Housing Model	Buy - to - rent
Investment Model	Limited Liability Portfolio Investment Entity (PIE) Company.
Returns	Average quarterly dividends projected to be >4% p.a. over the first 10 years. Dividends are paid from rental income received from the Government, net of the costs of managing the Company, and mortgage interest.
Locations	National focus. Properties currently in, Auckland, Hamilton, New Plymouth, Tauranga & Christchurch.
Target Audience	Wholesale Investors*. Minimum investment: \$50,000. Continuous raise until goals are reached. <i>*as that term is defined in Schedule 1 of the Financial Markets Conduct Act 2013. This fund is not suitable for retail investors.</i>
Target Size	Objective: raise \$20 million over the next twelve months, up to \$70 million over the first three years.





Impact Objectives:

Homes for Tamariki aims to achieve a range of critical impact outcomes based on the findings of a report commissioned by the Ministry for Children in 2019, 'Specialist Group Homes – Business Case', including:

- Increased attainment of NCEA level 2+ by up to 49% on average
- Reduced truancy by up to 35% on average
- Reduced serious offending by up to 45% on average
- Reduced substance abuse by up to 24% on average

The Fund works with the Ministry for Children to ensure that the required data is collected to enable the reporting of the actual impact outcomes against these targets.

Financial Objectives:

The Fund aims to deliver shareholders:

- quarterly dividends >4% p.a. from government rental income
- long term capital growth
- deductibility of interest costs (as properties are leased to the Government)
- protection against rising interest costs via a unique rental pricing mechanism

The Opportunity Key investment attributes:

- **Low risk income:** Properties leased to the government on fixed term leases. Cashflows to the fund have a similar risk profile to government debt. Annual rent is paid in advance.
- **Low correlation:** Residential property has a low correlation to other asset classes.
- **Asset-based:** Properties are modified/improved for use at the Ministry for Children's cost.
- **Tax efficient.**

Bay of Plenty Housing Equity Fund



Summary

Our mission is to catalyse the development of the **much needed, large-scale new housing** supply across the Bay of Plenty for members of the community **most in need** of improved housing options, whilst delivering a **commercial rate of return** to investors.

Housing Model	Housing Equity Fund; providing development of large-scale new housing.
Investment Model	Open-ended fund, allowing for the fund to continue raising additional equity over time.
Returns	Financial objective of the Fund is to generate a commercially acceptable long-term target return of CPI + 4% (pre-tax, net of fees).
Locations	Bay of Plenty.
Target Audience	Wholesale Investors*. <i>*as that term is defined in Schedule 1 of the Financial Markets Conduct Act 2013. This fund is not suitable for retail investors.</i>
Target Size	Achieves the swift mobilisation of \$100m from BOP investors initially.



Contact details: email Terri Eggleton (terri@baytrust.co.nz) or Roy Thompson (roy@newground.co.nz)



The details

Impact Objectives:

- Create more housing supply of typologies/tenures being under-delivered by the market or government
- Create more affordable housing including retained affordable
- House more people who are not able to afford quality housing in the BOP region
- Improve the well-being of the underserved in the BOP region
- Grow the impact of the Fund to attract additional capital from investors with a desire to positively affect the lives of those in the community whose housing needs are not currently being met.

Financial Objectives:

The financial objectives of the Fund are to generate a commercially acceptable long-term target return of CPI + 4% (pre-tax, net of fees), generated from a blend of:

- Development margins from the construction of the properties
- Rental returns from the properties occupied
- Capital growth in the value of properties developed

The Opportunity:

- Invest in the Fund alongside the Founding Shareholders.
- The Fund is open to joint ventures with councils, iwi, developers/builders and community housing providers aligned with the Fund's financial and impact objectives.
- Actively seeking opportunities to purchase land within the Bay of Plenty suitable for the development of affordable housing, or affordable homes either off the plan or already completed.
- Lend to the Fund: The Fund is open to discussions with lenders interested in helping the Fund achieve its financial and impact objectives.

YouOwn allows home buyers to purchase a house with a deposit of 5%.

Since 2017 YouOwn has assisted more than 185 homeowners and invested \$17 million. 35 of those households have subsequently bought out YouOwn's share.

Housing Model	Tenants in common ownership of residential property
Investment Model	Limited Partnership
Returns	Gross pre-tax distributions without any tax deduction or withholding
Locations	National focus.
Target Audience	Charities, community trusts and other wholesale investors
Term	As homeowners buyout YouOwn's share, funds are returned to investors or reinvested at the investors discretion.



Shared ownership



The details

Impact Objectives:

There is a direct link between homeownership, relief of poverty and the impact it has in delivering better social outcomes. Ownership provides a greater sense of belonging, achievement, and an intergenerational shift towards securing financial independence for their whanau.

Impact Measures - the key markers YouOwn reports on are:

- *Households supported into home ownership (number, location & employment)*
- *Equity build up*
- *Impact money multiple - how much help is a YouOwn dollar of investment providing*
- *Households progressing to 100% ownership*

Financial Objectives:

We have provided a cash return to their charitable and community trust investors. The funds aim to deliver:

- *Semi-annual cash distribution target of 5% p.a.*
- *Long-term capital growth from residential property*
- *Diversification by geography and number of houses*
- *Liquidity when the homeowner buys out YouOwn's share, or the house is sold.*

The Opportunity:

YouOwn recently completed a second round of fundraising, with its existing investors increasing fund size to \$23.5 million.

Please view our website www.youown.co.nz, read our customer stories ("Success with YouOwn") and organise asset allocation for investment in 2024.





Habitat for Humanity

Summary



Habitat for Humanity is a non-profit organisation that helps families build and improve a place to call home

*Habitat’s housing model supports low - modest income families into home ownership over an ~8yr period - **enabling intergenerational change.***

This works towards a vision of a world where everyone has a decent place to live.

Housing Model	Rent to own. Progressive Home Ownership.
Returns	Official Cash Rate +1 % paid quarterly basis in arrears
Locations	National focus.
Term	Maximum 15 years, average 8.4 years.
Target Audience	Wholesale Investors*. Minimum investment: \$1,000,000. <small>*as that term is defined in Schedule 1 of the Financial Markets Conduct Act 2013. This fund is not suitable for retail investors.</small>
Target Size	This offering has already attracted significant investment from several Bay of Plenty Trusts, with all funds allocated and developments under construction.





Impact Objectives:

The provision of PHO housing provides the following key outcomes:

- Funding for the development of additional housing units
- Access to property finance for previously excluded groups
- The opportunity for long term financial security for partner families
- Access to wealth creation opportunities for previously excluded groups
- A warm, dry healthy place to call home.
- Tenure security

Financial Objectives:

Habitat for Humanity aims to deliver investors:

- Low risk secured investment opportunities.
- Quarterly interest payments of OCR + 100bps.
- Zero administrative and/or arrangement fees charged on the offering to investors.

The Opportunity - Key investment attributes:

- **High success rates:** the PHO product has been delivered by Habitat for 30 years with 98% of Partner Families completing the programme. Habitat's robust Partner Family selection process is focused on building strong and lasting relationship alongside aspirational and committed families.
- **Government backed:** The Crown contributes 50% of the debt capital.
- **Secured:** all debt is secured against the underlying properties on a senior basis.
- **Medium Term:** Average settlement is 8.4 years.
- Mitigated development risk – homes are purchased through accredited developers, closely managed by Habitat.

BRIGHTLIGHT

Summary

Te Puna Hapori Investment Strategy

Brightlight and its partners have identified opportunities across New Zealand where there is the need to **unlock potential for wellbeing and health**.

The Te Puna Hapori (meaning "spring of wellbeing") Community Infrastructure Strategy aims to deliver **safe, warm and healthy communities** for individuals and families to build a home, be educated, grow and flourish.

\$300 million has been directed into **high impact investments** across 8 different governance jurisdictions, 25+ funds and 500+ underlying portfolio companies.

Housing Model	Community Infrastructure.
Investment Model	Te Puna Hapori Strategy: Te Puna Hapori Infrastructure Fund, Separately Managed Accounts and Syndicated Loan Deals.
Returns	Targeting risk-adjusted market returns while structuring significant downside protection for investors in each investment.
Locations	National focus. Properties currently in, Auckland, Hamilton, New Plymouth, Tauranga & Christchurch.
Target Audience	Wholesale Investors*. <small>*as that term is defined in Schedule 1 of the Financial Markets Conduct Act 2013. This fund is not suitable for retail investors.</small>

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Impact Objectives:

Te Puna Hapori galvanises capital to unlock potential and transform lives in underserved communities in New Zealand.

- *This strategy is designed to invest and capitalise on the growing demand for critical community facilities, particularly in geographies and sectors where there is the need to unlock potential for wellbeing and health.*
- *Each investment to deliver outcomes measured and reported against the NZ Living Standards Framework and UN Sustainable Development Goals, while honouring the Treaty of Waitangi of Partnership, Protection and Participation principles.*

Financial Objectives:

The Fund aims to deliver shareholders:

- *deductibility of interest costs (as properties are leased to the Government)*
- *targeting risk-adjusted market returns while structuring significant downside protection for investors in each investment.*
- *protection against rising interest costs via a unique rental pricing mechanism.*


The Opportunity - Key investment attributes:

- **Flexible investor access:** *Multiple ways for investors to access the Strategy: e.g. Fund, Separately Managed Accounts and Syndicated Loan Deals.*
- **Thorough due diligence:** *counter-party review, asset-level analysis and comparative analysis.*
- **Risk management and capital preservation:** *Heavy diversification.*
- **Community-driven origination:** *The strategy is designed in close consultation with our community stakeholders.*

Community Finance mission: **mainstream impact investing** and support positive social and environmental change in Aotearoa New Zealand.

As of June 2023, there are over **24,700 eligible households on the Housing Register**, an increase of ~20,000 households since June 2017.

With finance typically representing up to 60% - 70% of the cost to acquire new homes, Community Finance, through its impact investors, can be a **real driver in supporting affordable housing providers to meet this rising need.**



Housing Model	Supporting Community Housing Providers and other affordable housing providers to deliver affordable housing outcomes.
Investment model	Community Bonds, which are issued by an investment trust set up by Community Finance for each borrower. 100% of the funds generated by the issue of the Community Bonds are then lent on a secured basis to the borrower, such as a CHP.
Returns	Quarterly fixed interest payments. Interest rates are generally based on a margin above the equivalent swap rate.
Locations	Nationwide.
Term	Term to maturity generally 3-5 years.
Target Audience	Wholesale Investors, as that term is defined in Schedule 1 of the Financial Markets Conduct Act 2013. This fund is not suitable for retail investors.
Target Size	Community Finance has four investment opportunities (noted next page), with a combined value of up to ~\$50m. Information Memorandums, Indicative Investor Term Sheets and other supporting transaction documents for the above investment opportunities can be provided upon request.



Impact Objectives: To lower the cost of finance to NZ's leading charitable CHPs, enabling investors to invest in a meaningful and ethical way, while still earning appropriate returns. Investors also receive annual impact reports, with social and wellbeing outcomes linked to the United Nations' Sustainable Development Goals.

The Opportunities: Community Finance has four current investment opportunities into Community Bonds:

- A ~\$10m Community Bond issuance to support **The Salvation Army** undertake its development of public **housing in Hamilton**. This issuance will be arranged through ANZ (acting as arranger) and settled through NZClear. The bonds will have an ISIN and be lodged on Bloomberg.
- An ~\$11m Community Bond issuance to support **Emerge Aotearoa Housing Trust** acquire a half share of 21 units in **South Auckland** and refinance its existing debt. This issuance will be arranged through ANZ (acting as arranger) and settled through NZClear. The bonds will have an ISIN and be lodged on Bloomberg.
- A ~\$17.7m Community Bond issuance to support **Penina Trust**, a leading Pacific-led NGO, complete a development in **South Auckland**, refinance existing debt, and acquire new homes for public housing and its Progressive Home Ownership programme.
- A ~\$10m unique **Progressive Home Ownership** investment opportunity in **partnership with Hikurangi Enterprises and Whare Ora Trust** - supporting whānau into home ownership, in particular, those that are often locked out of mainstream lending opportunities and housing.

*Our mission is to **get more Kiwi**, who would otherwise find it impossible, **into their own homes, faster.***

*Our **Ownership Accelerator** helps middle income earners **overcome the deposit hurdle.***

Aera aims to improve the lives of its users by accelerating the benefits of home ownership, and offering financial literacy and life support along the way.

Housing Model	The fund will purchase interests in residential properties under two operating models: Equitable interest 'Co-Ownership' (2023) and Rent to Own (2024).
Investment Model	The Aera Home Fund will be a PIE unit trust managed by Aera 22 Properties Limited.
Returns	<p>Projected returns to the fund:</p> <ol style="list-style-type: none"> from Co-Ownership: from the buyback of Aera's interest by the home owner. from Rent-to-Own: from the sale of the underlying property over time as well as yield during tenancy. <p>In most model cases liquidations are planned to commence between years 3-5, ongoing thereafter.</p>
Locations	Auckland (2023). Other main centres (from 2024). Aera is seeking to collaborate with regional partners to pilot our offerings throughout the regions.
Target Audience	<p>Institutional and Wholesale Investors*.</p> <p><small>*as that term is defined in Schedule 1 of the Financial Markets Conduct Act 2013. This fund is not suitable for retail investors.</small></p>



Impact Objectives:

Aera is a **unique pathway to home ownership** for many middle and above-median income earners who currently feel that ownership is out of reach and are not catered to by either government or commercial solutions. This cohort is largely locked out of the market with few options.

Owning your own home has both **individual and flow-on community** benefits, including family security, stability, belonging within a community, long term proven financial benefits for retirement planning.

Financial Objectives

The fund will offer investors residential property backed exposure with a strong return profile, hedged against property price volatility with its co-ownership and tenancy agreements. It aims to deliver:

- Target 8-10% IRR
- Residential property security
- Deductibility of interest costs
- Distributed counterparty risk

The Opportunity - Key investment attributes:

Aera co-invests with first home buyers, backed by competitive main bank lending.

- **Asset quality:** Pre-vetted NZ residential property. Counterparties are effective owners, reducing maintenance and bad debt cost.
- **Strong return metrics:** better return than owning residential property directly. Targeting returns in excess of REINZ HPI (10yr average).
- **Long term view:** Liquidity may be limited initially, however, targeted returns are compensatory. A secondary marketplace will be available for early redemptions.
- **Tax Efficiency.**



QUEENSTOWN LAKES

Community Housing Trust

Unlocking homes in our community.

Transforming the lives of people committed in our district, by providing them an opportunity to secure an affordable place to call home.

QLCHT housing programmes are carefully designed to assist low to moderate income households. These households contribute to the social, economic and environmental wellbeing of the district, and are struggling to commit to the area due to housing stress.



Summary

Housing Model	Public Housing, Affordable Rental, Rent to buy, Progressive Home Ownership (Secure Home)
Investment Model	Fixed-term loans based on official cash rate. Equity position in QLCHT developments.
Returns	Monthly principal & interest payments with fixed interest rates (based on Government bond rates) for loans. Equity returns to be negotiated.
Locations	Queenstown Lakes District.
Term	2-5-year fixed loan terms preferable.
Target Audience	Community Trusts and other wholesale investors*. <small>*as that term is defined in Schedule 1 of the Financial Markets Conduct Act 2013. This fund is not suitable for retail investors.</small>
Target Size	Various opportunities for both loans and equity positions over next few years. Minimum \$2m.





The details

Impact Objectives:

- *Broad impact right across the housing continuum: from Public Housing through to assisted ownership.*
- *Investor's funds are wide reaching: from low-income social housing tenants through to moderate-income key workers, such as police, teachers and nurses.*
- *Designed as an alternative pathway to home ownership that is **affordable and stable**, the Secure Home programme allows QLCHT to hold the land in perpetuity, so that the community can benefit from the programme into the future.*
- *Suitable pastoral care and progression along the housing continuum.*

Financial Objectives:

- *Commercial return from loans repaid as principle & interest.*
- *Long-term capital growth through equity.*
- *Diversification into a very strong housing market.*
- *Low risk investment due to the strength of QLCHT's balance sheet, proven performance and management.*

The Opportunity - Key investment attributes:

- **The relationship:** *partnering with a leading, well-established Community Housing Provider.*
- **The location:** *assisting with housing for low-moderate income workers in NZ's toughest property market.*
- **The homes:** *funding good quality, warm, dry, well-managed homes.*
- **The programmes:** *our four housing programmes are all backed by local and central Governments. We have secured \$30m in interest-free, 15-year loans from central Government for our Progressive Home Ownership programmes.*
- **Other partners:** *you'll be paddling the waka alongside Government (MHUD), market banks, local community trusts, Council and community.*

Sector resources and networks



Parry Field Lawyers Information Hub for Community Housing

Providing free information and resources.
<https://www.parryfield.com/property/community-housing/>



Te Matapihi

Our mission is to catalyse and channel investment into transformative Maori housing solutions.

We strive to bridge the gap between investor aspirations and the pressing need for sustainable, culturally sensitive housing within Maori communities.
<https://www.tematapihi.org.nz/>



Community Housing Aotearoa (CHA)

CHA is a peak body for Aotearoa's community housing sector. If you are a community housing provider, become a member today. Otherwise, sign up for our housing newsletter.
<https://communityhousing.org.nz/>



Housing Foundation

Housing Foundation is a not-for-profit organisation that for the last 20 years has been helping working families become home owners. Our Shared Ownership program is the key.
<https://www.nzhf.org/>



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Te Puni Kōkiri and Te Tūāpapa Kura Kāinga

Over the past year, they have been working with a number of iwi groups to test, develop, and implement new Māori housing models.
<https://www.tpk.govt.nz/en/mo-te-puni-kokiri/our-stories-and-media/maori-housing-iwi-prototypes-underway>



Ministry for Housing and Urban Development

MHUD leads New Zealand's housing and urban development work programme. Focus areas include homelessness, affordable homes, housing by Māori, for Māori, and more houses in well-planned communities.
<https://www.hud.govt.nz/stats-and-insights/>



Te Pae Roa

We support whānau, hapū, iwi and pakihi who promote sustainable relationships with their people and Papatūānuku. We help to establish and scale kaupapa in a way that achieves impact for them and investors.
<https://tepaeroa.org/>



Te-Pouahi-O-Te- Taitokerau

A collective of Northland based Māori housing service providers and supported by Northland iwi, hapū and Ahu Whenua Trusts - working with the Government to build up to 100 houses in the North.
<https://www.facebook.com/people/Te-Pouahi-O-Te-Taitokerau/100088171343709/>



Impact Investing Network Housing Symposium 2023 Event Partners

This booklet was created for the Impact Investing Network Housing Symposium 2023. The symposium connected investors, investees, and other organisations in the ecosystem in order to move the dial and contribute to the housing solution. Our event partners are committed to building and supporting impactful housing solutions in Aotearoa.

NewGroundCapital

New Ground specialises in the development and management of investments that generate commercial financial returns alongside social & environmental impact.

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Philanthropy New Zealand | Tōpūtanga Tuku Aroha o Aotearoa is the peak body for philanthropy and grantmaking.

We support generosity, effective giving, and a strong philanthropic eco-system.
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Website: www.forsythbarr.co.nz



BayTrust's purpose is to accelerate bold meaningful change, assisting Bay of Plenty communities and the environment to flourish.

We use our resources and align our practices and values to progress our priorities of: Kaitiakitanga, Community wellbeing, Tū Maori Mai, and healthy, secure and affordable housing.

Email: info@baytrust.org.nz
Website: baytrust.org.nz



Funding for communities to thrive, across the Wellington region.

We are an independent funder – giving out over \$2 million dollars in grants, every year, in the Wellington region.

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Impact Investing Network Aotearoa

What we do



Connect

Connect the Aotearoa New Zealand impact investing ecosystem.



Educate

Provide access to education resources, events and research.



Advocate

Advocate for optimal regulation and policy settings.

We are a peak body that **connects, educates and advocates** to grow the **impact investing sector** and transition to a **sustainable** Aotearoa New Zealand.

Our role is **increase connectivity** between players in the ecosystem to collaborate on sector-level opportunities.

We have convened the Housing Symposium to **catalyse partnerships** between investors, housing providers and sector players that contribute to the affordable housing solution.

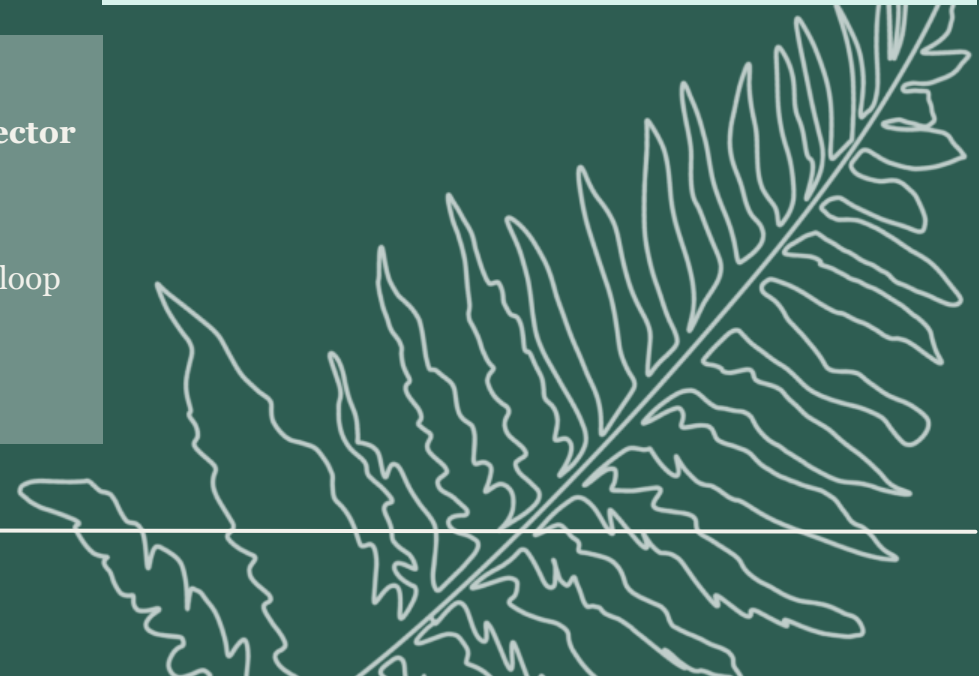
Join us!

Contact us to **contribute to growing the impact investing sector and community** of practitioners committed to creating positive social, environmental and cultural impact.

Subscribe here to connect with the community and keep in the loop with sector developments.

Website: www.impactinvestingnetwork.nz

LinkedIn: linkedin.com/company/impact-investing-network



Thank you.

For making housing investment in Aotearoa a priority.

