

We are writing to advise you that Compassion Horowhenua has been selected as Council's preferred purchaser of Council's Community Housing.

We would like to assure you that all existing Horowhenua District Council pensioner housing tenants conditions of tenancy will not change as part of any transfer to Compassion Horowhenua and firmly believe as part of the transfer tenants will in fact gain access to a number of further services and benefits not currently provided by Council.

The housing portfolio will be managed by Compassion Housing Ltd. as part of the Sisters of Compassion, they are an experienced provider of elderly housing and their tenants have access to regular nursing visits and other services for the elderly.

15 years ago Compassion Housing acquired 93 units from the Upper Hutt City Council and this has been a huge success. Compassion Housing follows the mission and principles of the Sisters of Compassion by:

- Respecting the dignity of older people.
- Offering quality housing that is comfortable and affordable.
- Respecting people's right to independence.
- Offering friendship, encouragement and helping them live active lives.
- Offering advocacy for access to healthcare, social and government assistance.
- Encouraging those with ill health to seek and obtain appropriate care.

Compassion Horowhenua is equally owned by the Sisters of Compassion and Willis Bond & Co Ltd. The two have a long-standing relationship.

All parties involved are committed to long-term ownership and support for the elderly in Horowhenua.

We are now in a period of working through the details, and this may take up to five weeks to complete. Following that will be a transition period until hand over of the properties is completed on 30 September.

Compassion Housing and Council officers will visit each of you during this period to talk through with you what the transition means for you and the extra services that will be provided to you as a result.

Compassion Housing is committed to:

- Ensuring the housing portfolio is maintained in an exemplary standard over the long-term.
- Retaining Horowhenua Housing policy of charging affordable rents.
- Providing nursing assistance and other add-on tenancy services.

Attached is an information pack with frequently asked questions and a copy of the media release that will be issued on Wednesday 14 June.

In the meantime, if you have any concerns or questions, either about this process or continued maintenance issues, then please continue to contact Council and Council Officers will attend to your needs.

Kind regards



David Clapperton
Chief Executive
Horowhenua District Council



Councillor Barry Judd
Chairperson
Community Wellbeing Committee

Media Release: Wednesday 14 June 2017

EMBARGOED UNTIL 4PM

Compassion Housing to become community housing provider in Horowhenua

All Horowhenua District Council Community Housing tenants will remain and gain access to new services as a result of the pending sale.

The portfolio will be managed by the Compassion Housing Ltd, an experienced elderly housing provider and part of the Sisters of Compassion.

The decision was made In-Committee by Horowhenua District Council elected members and is subject to a period of due diligence which may take up to five weeks to complete.

The Chief Executive of Horowhenua District Council David Clapperton has released some of the information made In-Committee in accordance with the provisions in the Local Government Official Information and Meetings Act.

Compassion Housing is a registered community housing provider and has been providing non-denominational community housing in Upper Hutt for 17 years.

The property has been acquired by Compassion Horowhenua, with an equal shareholding between the Sisters of Compassion and Willis Bond & Co private investors. The two have a long standing relationship.

Mr Clapperton says Compassion Housing, as a registered Community Housing Provider, is an experienced provider of elderly housing and their tenants have access to regular nursing visits and other services for the elderly.

"I'm very pleased to say that existing tenants in Horowhenua will have an increased level of service aimed at improving their well-being."

The Sisters of Compassion were founded by Mother Suzanne Aubert in 1892, who is in the process of being recognised as New Zealand's first Catholic saint. Their mission is to bring to those disadvantaged in society love and care.

The Sisters' activities include the Compassion soup kitchen facility in Wellington which has been operating since 1901, a learning and spiritual centre in Jerusalem (Whanganui), a rest home hospital and Alzheimers Unit at Heretaunga in Upper Hutt, a home for women with disabilities in Suva Fiji and many other forms of assistance to those in need. Sisters of Compassion have been providing services to the elderly for over 100 years.

Sister Margaret Anne Mills the Congregational Leader of the Sisters of Compassion said: "All parties are committed to long-term ownership and support for the elderly in Horowhenua.

"Compassion Housing will deliver sustainable, affordable, inclusive and high-quality housing using our collective expertise," she says.

Mr Clapperton says, during the next five or so weeks a period of due diligence will occur and if all parties are satisfied the sale will occur as a result.

The sale to the Sisters of Compassion has meant that the provision of affordable housing for the elderly can continue in a sustainable fashion without a large burden to ratepayers. The Council's community housing portfolio is made up of 115 units distributed across eight complexes in Levin, where 97% are based, Foxton and Shannon.

The average age of portfolio 39.7 year, and the Council's pending renewals consideration is that 50 - 60% will require replacement in the next 20-25 years at an approx. cost of \$4.3M. And there exists a \$5.2m outstanding loan.

Mr Clapperton says as a result of the sale Council will reduce its debt servicing provision by \$367,000 per annum.

As per Council's rates remission policy a subsidy will be available to Compassion Housing..

"We are committed to working with Compassion Horowhenua during this period and then working with Compassion Horowhenua to introduce them to tenants, iwi and the wider community of Horowhenua," says Mr Clapperton. "Compassion Housing is here for the long haul and will be valued community service provider throughout our district as it is in Upper Hutt."

For more information

David Clapperton
Chief Executive of Horowhenua District Council

Or,
Gerard McGreevy
Chief Executive
Compassion Housing

Or,
Sister Margaret Anne Mills
Congregational Leader of the Sisters of Compassion



WILLIS BOND & Co

Editor's notes:

1. Compassion Housing:

- Compassion Housing Ltd forms part of the Sisters of Compassion and currently operates in Upper Hutt having acquired the Upper Hutt City Council's pensioner units' portfolio in 2000.
- Compassion Housing follows the mission and principles of the Sisters of Compassion by:
 - Respecting the dignity of older people.
 - Offering quality housing that is comfortable and affordable.
 - Respecting people's right to independence
 - Offering friendship, encouragement and helping them live active lives.
 - Offering advocacy for access to healthcare, social and government assistance.
 - Encouraging those with ill health to seek and obtain appropriate care.
- The Upper Hutt housing is inclusive and provided the opportunity to provide more community outreach services to existing tenants while also working constructively to keep people in the community.

2. Compassion Housing Horowhenua:

- The Horowhenua social housing project directly relates to the commitment of the Sisters of Compassion. Their Mission and values commit them to the care of the aged; sick; oppressed and powerless; and people of different cultures, races and to all creeds and none. The commitment is to the poorest and most needy in our society.
- The properties will be acquired by Compassion Horowhenua. This entity is equally owned by the Sisters of Compassion and Willis Bond private investors.
- The housing will be managed and operated by Compassion Housing including all the property, tenancy and social services.
- Compassion Housings' operation and management of the Horowhenua social housing stock will be informed by their experience in Upper Hutt.
- Key are: A commitment to older people, inclusiveness, affordability, quality, and long-term sustainability.
- Compassion Housing and Compassion Horowhenua wish to apply these principles in assisting the needs of the current and prospective tenants of Horowhenua on a non-denominational basis.
- They have the means to achieve this through the practical experience and social commitment of Compassion Housing and the expert financial and development advice of Willis Bond.

3. Willis Bond:

- The joint capital of the Sisters of Compassion and Willis Bond makes this investment achievable.
- A disciplined and long-term approach to financial management will be undertaken to protect both the well-being of tenants now and in the future, and the interests of the shareholders.
- All parties are committed to providing inclusive, affordable, sustainable rental housing in the Horowhenua District over the long term.
- Willis Bond has an association with the group because of a long-standing relationship with the McGuinness family.

4. The Sisters of Compassion:

- The Sisters of Compassion were founded by Mother Suzanne Aubert in 1892.
- The process is underway for her to be recognised as New Zealand's first Catholic saint.

- Her mission and the mission of the Sisters' of Compassion Group today is: To bring to those disadvantaged in society love and care.
- The Sisters' activities now include the Compassion soup kitchen facility in Wellington which has been operating since 1901, a learning and spiritual centre in Jerusalem (Whanganui), a rest home hospital and Alzheimers Unit at Heretaunga in Upper Hutt, a home for women with disabilities in Suva Fiji and many other forms of assistance to those in need.

Community Housing FAQs

How big is Council's Community Housing portfolio and what condition is it in?

- 115 units distributed across eight complexes, approximately 97% of which are in Levin, with others in Foxton and Shannon.
- Current portfolio value (Book Value) \$7.191M. Average age of portfolio 39.7 years. Council is aware of a pending renewals consideration 50 - 60% replacement in the next 20-25 years approx. \$4.3M.
- 1.1 hectares of land adjacent to Waimairie Park. Held for the further provision of affordable housing.
- A \$5.2M outstanding loan.

Why is Council selling its community housing?

Following a review of service levels currently being delivered by Council it was determined they are not sustainable in the medium to long-term without significant operational and capital expenditure being made and therefore a more focused delivery model is required.

Due to Government requirements only community housing providers can apply for a capital grant to fund building and also make income related rent subsidies available to tenants.

What is Council's primary aim with community-housing?

To ensure elderly residents and over 60s living with disabilities continue to have access to social housing and that social housing continues to be provided in Horowhenua in the long-term.

What can a community housing provider do that Council can't?

Registered community housing providers, can access government funding to help build new housing. Often, they are in a better position than Council, or the private sector, to connect tenants to the specialist support required by some elderly tenants.

Registered community housing providers focus on the provision of social and affordable housing. Currently, 15,000 New Zealanders are in a home owned and/or managed by a registered community housing provider.

What comfort can you provide to tenants?

Council acknowledges the sale of social housing may be stressful. It is because of this that Council will include in the sale contract a condition of sale. The condition is the retention of all properties as community housing for the district, ensuring existing tenants can stay in their units.

Another condition will ensure the same or better level of service that Council is currently providing tenants with.

Compassion Housing has agreed to these conditions.

Who are your current tenants?

Community housing is reserved for vulnerable members of society who have limited financial income who are 65 or over and, or over 60 and living with a disability.

There are significant costs associated with the management of tenants and it is forecasted that needs of tenants will become more complex and require a greater level of care and assistance than Council has been able to provide.

Are they means tested?

No.

Will current tenants lose their homes?

No – a condition of sale is that the interests of existing tenants will be safeguarded by maintaining their current terms and conditions.

Will there be a change in criteria for those who seek social housing accommodation?

A condition of sale is that the housing remains for its intended purpose, which is affordable rental housing for older people and those with a disability. Also, Council and Compassion Housing are committed to a long-term relationship which will see Council have an advocacy role.

Will rents go up?

Compassion Housing is committed to retaining its housing policy of charging affordable rents.

Current rents are at the lower end of rental rates (\$135-\$170) that are currently being charged in the open market. Any future rent-setting decisions will be the responsibility of the Compassion Housing. Compassion Housing follows the mission and principles of the Sisters of Compassion by:

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- Encouraging those with ill health to seek and obtain appropriate care.

It is important to note that qualifying tenants may potentially be better off as they will be able to have their accommodation costs subsidised by central Government.

How will people apply to live in a Compassion Housing home?

Compassion Housing welcomes people of all faiths and beliefs to become tenants of its portfolio.

Prospective tenants can apply by filling out an application form. The application is then assessed by the Services Manager.

Prospective tenants can also apply through MSD.

What about the land near Waimairie Park?

The offer includes 1.1 hectares of land adjacent to Waimairie Park. That land is currently being held for the further provision of affordable housing. It is the intention of Council to ensure this happens, and/or the land is sold to enable the development of more social housing in Horowhenua. Ultimately, the decision will rest with the Community Housing Provider.

Compassion Housing is committed to developing additional housing stock if there is a clear demand.

How did Council select a preferred purchaser?

The Council initiated a Request for Proposal process to select a preferred purchaser and six interested parties registered their interest and three proposals were received. A condition of participation was for those organisations to be a registered Community Housing Provider, or have the ability to become a registered Community Housing Provider before the transfer.

Proposals were considered by an evaluation panel, which assessed them against a range of different evaluation criteria, including tenancy and property management capabilities, strength of management and governance structures, financial capabilities and ability to forge links in the Horowhenua Community. All these factors provide a level of confidence that the successful purchaser will be able to maintain and grow the community housing service. In addition, a strong emphasis was placed on price, because it was not Council's intention that the transfer should be subsidised by Horowhenua ratepayers.

The preferred purchaser was invited to make a presentation to Council and elected members made the final decision on the sale.

Where are we at in the process?

We are now in a period of due diligence – this is when Council and Compassion Housing work through the contractual details and ensure the required outcomes are achievable and the sale financially stacks up. This process will take up to eight weeks and the sale will not be confirmed until this process has been completed and the conditions agreed.

If approved, there will be a three-month transition period where Council works closely with Compassion Housing to ensure a smooth transition for tenants and Compassion Housing which will occur on 30 September 2017.

So, will Council have nothing to do with community housing now?

No. Council is committed to taking a leadership role in advocating and facilitating for wider community issues with regard to accessibility and affordability of quality housing.

Council and Compassion Housing are committed to a long-standing relationship.

Rates Remission

Compassion Housing is eligible as per Council's rates remission policy for a 50% rates remission. This will occur for a period of 13 years and thereafter a 25% rates remission will apply.

Did Council consult?

Yes. Community Housing is a strategic asset of Council as identified in Council's Significance and Engagement Policy and therefore Council was required to consult with the community.

The consultation document was adopted by Council. A month long consultation process was undertaken in Horowhenua. Council advertised the consultation process, informed tenants of the process and regular media coverage of the issue occurred. The results of the consultation were presented to Council for consideration. Upon consideration Elected Members agreed to proceed with the sale of Council's social housing portfolio to a Community Housing Provider.

Alongside this, and as part of the RFP process, Council again consulted with tenants, to ensure their views about what makes a good community housing landlord were taken into account during the process.

Has the process been audited?

The sale process is following a process set down in accordance with Council's mandate. It is ongoing and following due process. At some stage, the process might be audited, as is the potential for all Council activities.

Why are some people questioning the process?

During the consultation process, Council received many submissions which were considered by Council. Councillors then had to make a decision about whether or not to proceed to seeking tenders. A majority of Councillors voted to do this.

As with all consultations, and council decisions, these are carried out in an open, transparent and democratic manner. The only decision that was made in-Committee was the selection of the preferred provider – this was done due to commercial sensitivities and is common and

expected practice in Local Government. Democracy is built on differing opinion and ideas, and these were considered by elected members who are charged with making decisions.

This process has occurred, however, some of those who were opposed to the sale of social housing to a Community Housing Provider are not satisfied with the decision and have continued to advocate for it not to occur. Advocacy on issues is a democratic right of citizens and Council respects the right to voice an opinion or opposition.