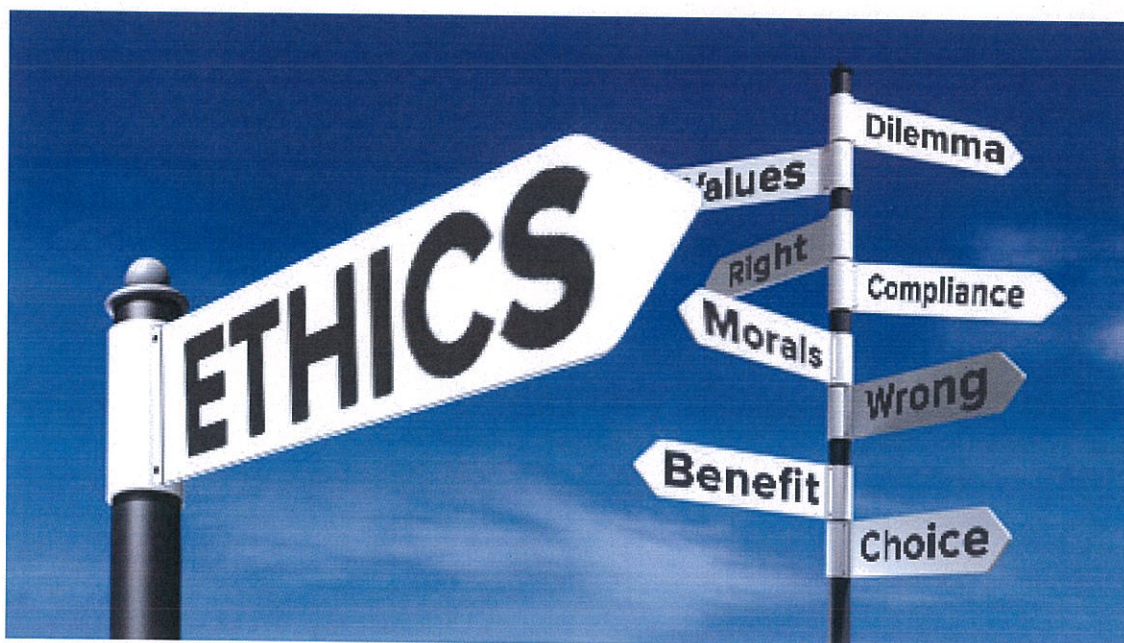




**Diocese of Dunedin**  
**Strategic Property Consultation 2020**

**Extra Reading:**

**4. Strategic and Ethical property investments**



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[Mission Real Estate Development](#) – Trinity Church in Wall Street have an interesting ministry around helping the wider Episcopal Church in USA build financial sustainability for ministry through the creative development of assets. They are working in a missional way in various places in Africa to help Dioceses build up their strategic assets to generate income for future ministry.

**Ethical Investing** has been on the agenda at various times in General Synod and is making inroads into other Diocese in New Zealand, with the effect of looking at how investments are handled, but also what can be done to use property assets differently. Most of this is connected with [Mission Aligned Impact Investment](#) i.e. Motion 11 passed at General Synod 2018. The Diocese of Wellington have created a new role to look at strategic property development differently, including through this kind of lens.

[New Ways of Investing in Our Communities](#) (Social Housing provision with property partners). Currently in the Diocese there are some who are doing some more thinking about how the church could build partnerships to actively use existing properties for ministry or redevelopment land that they have to have a missional impact. For example, two parishes have been exploring this with a community housing provider to offer housing to meet social needs. This is a “win-win” situation with the church retaining land ownership but receiving market rent for properties that are being let. The link above is to a presentation made to the Dunedin Diocesan trust Board last year giving an outline of resources available to assist with this via the Ministry of Housing and Urban Development (the Diocesan Registrar is available to talk through this presentation with any interested Vestry or other Committee).



Today 1:00 pm  
**Pipes at One**

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[Grants \(/social-justice/trinity-grants\)](#)

[Trinity Commons \(/trinity-commons\)](#)

# Mission Real Estate Development

## STRATEGIC INITIATIVE

Trinity Church Wall Street seeks to help our partners in the Episcopal Church and the Anglican Communion build financial sustainability for ministry through the creative development of assets. Trinity supports this work primarily through grants, training, and real estate advisory services for Anglican/Episcopal provinces, dioceses, and seminaries throughout Africa, Latin America, the Caribbean, and Asia. [Learn more about Mission Real Estate Development projects supported by Trinity \(/global-partners/sustainability\).](#)

In 2020 Mission Real Estate Development grants are available to support feasibility studies and construction/business projects that will generate income for ministry.

### Feasibility studies:

Professional assessments of multiple income-generation project opportunities that help the recipient diocese/institution to identify an investment that will suit their market, experience, and financing.

### To receive grant support from Trinity, proposed feasibility studies must:

- Compare and contrast multiple investment opportunities
- Produce a bankable document that can be used to secure developer or bank financing
- Be conducted by independent, professional real estate consultants

### Global Partners Overview (/global-partners)

Anglican Church in Africa  
(/global-partners/anglican-church-africa)

Latin America & Caribbean Partnerships  
(/global-partners/latin-america-caribbean)

Asian Partners  
(/global-partners/asian-partners)

Asian Partners - Trinity Union Fellows  
(/global-partners/asian-partners/trinity-union-fellows)

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### Trinity Grants (<https://www.trinitywallstreet.org/social-justice/trinity-grants-0>)

Leadership Development  
(/social-justice/trinity-grants/leadership-development)

Mission Real Estate Development  
(/social-justice/trinity-grants/mission-real-estate-development)

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Income-generation projects:

Construction/business projects that will serve a primary purpose of generating income for the recipient diocese or institution. The most common real estate business models pursued by our partners include office; retail; multifamily and student housing; hospitality and conferencing; and schools.

Real Estate Advisory services:

Trinity offers guidance in visioning and transaction structuring for potential real estate development projects, and in grant utilization priorities as well as general organizational and governance considerations for grant administration and project execution.

**To receive grant support from Trinity, proposed construction/business projects must have:**

- Completed feasibility study
- Completed business plan
- Some existing financial contributions to the project, in the form of local fundraising, loans, or other grant awards

Preference will be given to projects that benefit multiple dioceses or institutions, are in a position to mentor others, and can articulate a clear and compelling ministry use for the profits that will be generated.

(/)

FAITH · INTEGRITY · INCLUSIVENESS · COMPASSION · SOCIAL JUSTICE ·  
STEWARDSHIP

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MENU

## Mission Aligned Impact Investment

Here's the full text of Motion 11, on "mission aligned investment."

TAONGA NEWS | 09 MAY 2018

### Mission Aligned Impact Investment

**Mover:** The Rt Rev'd TK Pikaahu

**Second:** The Rt Rev'd Ellie Sanderson

#### That this General Synod / te Hīnota Whānui 2018:

Recognising the significant and unjust challenge poverty poses to people in Aotearoa, New Zealand and Polynesia, for present and future generations, and

Recognising the critical role of safe, secure, stable and affordable housing in addressing poverty, and

Recognising the global advancement of impact investment, where money is employed not just to earn an income but also to do good in a manner consistent with one's mission and values, and

Recognising the Church's fivefold mission, particularly to respond to human needs by loving service and to seek to transform unjust structures of society, and

Acknowledging the successful implementation of GSTHW 2014 Motion 22 - Fossil Fuel Divestment, with its emphasis on safeguarding the integrity of creation and the sustenance and renewal of the life of the earth, and building on that positive work with a renewed focus on how we employ God's money and resources to support the people we serve, and their spiritual and physical needs, and

Accepting the responsibilities and duties of the Anglican Church in Aotearoa, New Zealand and Polynesia as an ethical investor,



- (i) Agrees that it is highly desirable that funds invested on behalf of the Anglican Church in Aotearoa, New Zealand and Polynesia should be achieving social and environmental returns in addition to financial returns
- (ii) Requests that consideration be given to proactively investing directly into enterprises that actively align with the 5 fold mission of the Church where this can be prudently achieved.
- (iii) That this Synod/Hinota commission a small working group to provide advice on mission aligned investments to deliver spiritual, financial, social or environmental returns in the regions of the three Tikanga that are most in need, and to;
1. advise on how prudential requirements for trustees might be met in giving effect to this motion;
  2. support and advise trustees on any perceived or real conflicts that may arise as a result of this motions,
  3. if considered desirable or necessary make representations to the Government for legislative change to ensure that this wider understanding of returns has statutory recognition.
  4. take such advice legal and otherwise to give effect to this motion.
  5. And to report back to General Synod/te Hinota Whanui 2020

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Share1

## Comments

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## Top blogs

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OPINION

Richard Rohr (<https://cac.org/an-embarrassing-silence-2020-01-06/>)  
Opening up to God in contemplation

---

Rosa Filoi ([https://www.anglicantaonga.org.nz/features/spirituality/t3\\_sunday\\_2019](https://www.anglicantaonga.org.nz/features/spirituality/t3_sunday_2019))  
Celebrating Tikanga Youth Sunday

---

James Harding (<https://www.odt.co.nz/opinion/visit-poland-highlights-differences-challenge-shared>)  
Poland, priesthood and public life

---

Alister Hendery ([http://www.anglicantaonga.org.nz/blogs/aib\\_fire](http://www.anglicantaonga.org.nz/blogs/aib_fire))  
An insuring tale: saved from fire

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**Called South**

ANGLICAN DIOCESE OF DUNEDIN // RESPONDING TO GOD'S CALL IN OTAGO AND SOUTHLAND

# New ways of investing in our communities

A presentation for the Dunedin Diocese Trust Board and Diocesan Council

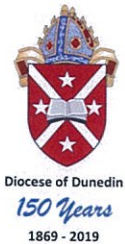
Andrew Metcalfe, July 2019

## Looking at Property Assets differently



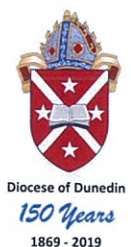
- Last 6 months, DCC hosted meetings with focus on Social Housing
- Variety of people have met – Ministry of Housing and Urban Development, Property Developers, Community Housing Providers, landowners.
- Also present – faith based services, parishes... effectively landowners!

# The main message



- We know there is an increasing housing crisis
- The government is keen to partner with people on different levels to address this
- Funding is in place to help facilitate this on a long term basis
- Talking to you today...to give a heads up and say “could this be a positive direction to look at?”

# National Direction



- Paul Gilberd – NZ Housing Foundation <https://www.nzhf.org/>, talking to Anglican Church about GSTHW Motion 11 (passed at 2018 General Synod) i.e. Mission Aligned Impact Investment.
- What we have started talking about locally (and unofficially) is ways that we can be a part of this in our Diocese.
- The following slides are from a recent Ministry of Housing and Urban Development presentation for your information...





MINISTRY OF HOUSING  
AND URBAN DEVELOPMENT

# New Public Housing Supply: Strategic Partnering Approach and Case Studies

Andrew Plant

General Manager, Strategic Purchasing

New Zealand Government

## What is HUD?



- Ministry of Housing and Urban Development
- Formed in October 2018
- Unites housing policy, funding and regulatory functions from a range of agencies.
- Government's lead advisor on the housing and urban development 'system'
- Responsible for delivering the Government's housing and urban development programme.



MINISTRY OF HOUSING  
AND URBAN DEVELOPMENT

New Zealand Government



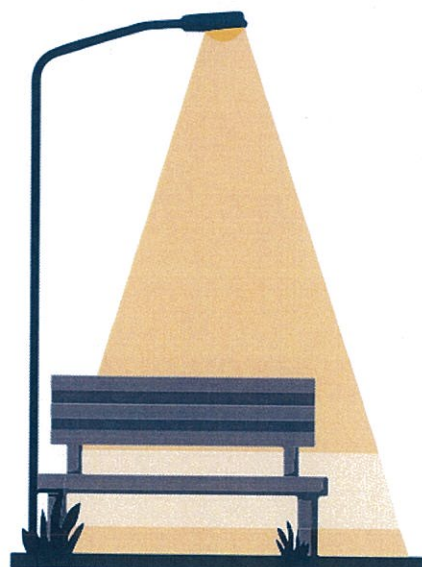
# Increasing Public Housing Supply

- Building more public housing
- Increasing Public Housing places by 6,400 in the next four years (Budget 2018)
- 1,658 places added in 2018
- Working with a range of stakeholders to source and build new public housing places.



## Homelessness

- One of HUD's main objectives is addressing homelessness
- We will do this by:
  - **Supporting more services** to end or prevent homelessness.
  - **Providing immediate housing** support for people in urgent need
  - **Increasing public housing** for people in need





# Increasing support services

- Housing First provides housing and support for homeless people with multiple, high and complex needs.
- Aims to end homelessness – not ‘manage’ it
- This approach is to place the individual in housing quickly, with no preconditions, and then wrap around appropriate support
- People supported holistically to make positive steps to a healthier and safer life
- Currently in regions with large populations of chronically homeless



# Immediate housing support

- Transitional Housing
  - urgent accommodation for those in need
  - managed by contracted providers
  - 77 places in the Southern Region currently
- EH SNGs
  - pay for urgent short-term accommodation
  - used as a last resort
  - grant is only for up to seven days at a time
  - \$177,277 spent on EH SNGs in the Southern Region last quarter



**We will be less dependent on transitional housing and EH SNGs as new public housing supply increases**



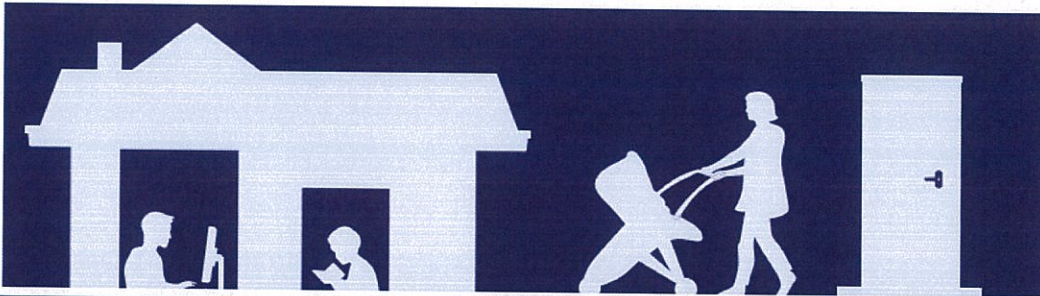
# Increasing Public Housing Supply



- 1,843 public housing places in the Southern Region (end of March 2019)
- 'Public Housing Plan' contains our current purchasing intentions and is reviewed annually

(<https://www.hud.govt.nz/community-and-public-housing/increasing-public-housing/public-housing-plan/>)

- 105 more places planned for the Southern Region
- 55 of these places will be in Dunedin (PH Plan)



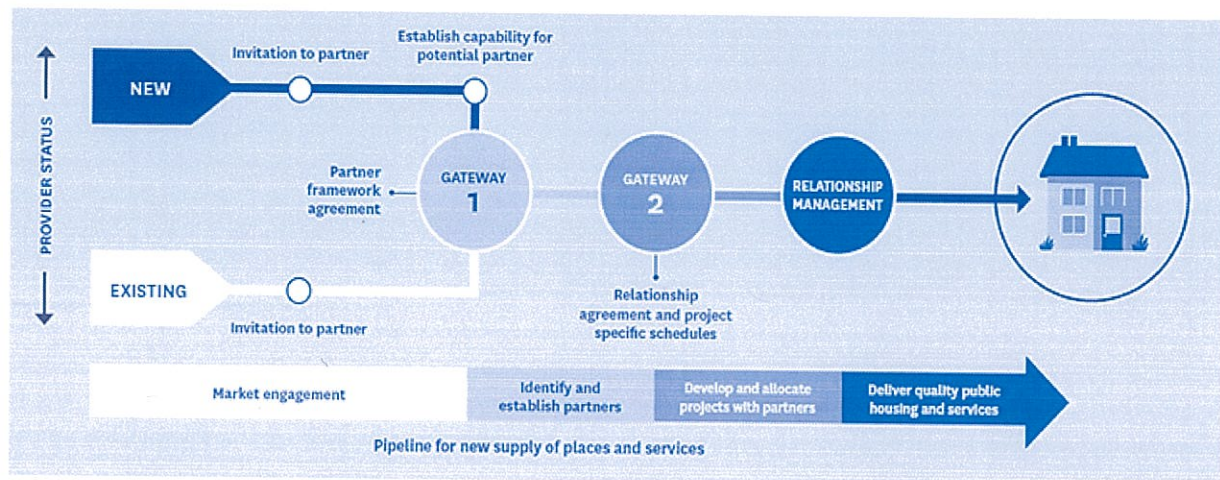
# Increasing Public Housing Supply

- Strategic Partnering
  - Moving away from a 'competitive' approach to working 'collaboratively'
  - More effective way of working together to achieve positive social outcomes
  - Proven method of achieving quality, efficient results
  - Establishing long-term mutually beneficial relationships
  - Designed to maintain a consistent approach





# Strategic Partnering Pathway



## Gateway Process

### Gateway 1

- The CHP will opt in to the Panel, submitting an application under the Invitation to Partner (ITP).
- The application should take no longer than 1 hour to complete.
- The ITP is open to CHPs that have achieved CHRA registration.

### Gateway 2

- Project-specific funding proposals are submitted by Panel providers and are assessed in a secondary procurement process.
- You must be a member of the Panel to be able to submit a funding application for Gateway 2.





# Gateway 2

- **Format**
  - Word document and Excel spread sheet - Electronic submission
- **Who needs to complete the application**
  - Public Housing Strategic Partners (CHPs)
- **Before you apply**
  - List of pre-conditions
- **When to Apply**
  - Anytime during the year
  - Four weeks for complete applications < \$10 million investment



## Gateway 2 – Application for Funding

- Comprehensive standardised application that allows us to evaluate and score the project and assist CHPs on issues such as determining feasibility
- **Value for money**
  - The principle of *value for money* is about getting the best possible outcome over the whole-of-life of the house(s)
  - Doesn't always mean that it's the cheapest option
- **The application has four main components for providers to complete:**
  - Deliverability
  - Fit for Purpose
  - Financial Viability
  - Price (whole of life cost)



# Value for Money Criteria and Weightings

Main Criteria	Weighting
Ability to Deliver	20%
Fit for Purpose	30%
Financial Viability	30%
Price	20%



## What is “Fit for Purpose” Public Housing?

- **Human/Habitable**
  - High quality and incorporate good design principles and practices
  - Appropriately sized spaces, easy and functional living spaces, access to sunlight and safe
- **Social/Community**
  - Create connected neighbourhoods and communities
  - Access to: public transport, employment opportunities, schools, health care providers, shopping and recreational facilities
- **Natural/Environment**
  - Low impact, responsible and resourceful
  - HUD welcomes proposals with higher levels of water efficiency and waste consciousness
  - Encourages the use of recycled and recyclable materials and environmentally friendly materials and finishes
- **Affordable/Durable**
  - Affordable to run, managed to last and are innovative





# Increasing Public Housing Supply

- Funding Settings
  - Income Related Rent Subsidies (IRRS) – Long Term Contracts
  - Operating Supplement (OS)
- Operating Supplement
  - OS is a subsidy paid as a percentage of market rent, and is paid on top of the market rent
  - The amount of the OS will vary depending on the location and nature of the proposed development and can be up to 90% of market rent
  - HUD will work on an “open book” cost basis with providers to establish the appropriate level, which will vary by region and by project
  - OS is available for net new public housing (new build and turn-keys)



## Operating Supplement– Dunedin Example

	Market Rent Cap	OS - 35%	OS - 50%	OS - 90%
1 bedroom	\$ 275.00	\$ 96.25	\$ 137.50	\$ 247.50
2 bedroom	\$ 350.00	\$ 122.50	\$ 175.00	\$ 315.00
3 bedroom	\$ 425.00	\$ 127.50	\$ 212.50	\$ 382.50
4 bedroom	\$ 500.00	\$ 175.00	\$ 250.00	\$ 450.00
5 bedroom	\$ 575.00	\$ 201.25	\$ 287.50	\$ 517.50



## 4 Build Type Options

- **Build and Own**
  - CHP designs, builds, owns, and operates and maintains property
- **Build to Transfer**
  - Development Partnership: Developer designs to CHP specifications; Payments at agreed milestones
  - Ownership transferred to CHP on build completion
- **Turnkey Purchase**
  - Turnkey Purchase: CHP purchases design from specific design plan
  - Ownership transferred to CHP on build completion
- **Build to Lease**
  - Private Developer undertake entire build process. Dwelling is leased to CHP on completion



## Build /Own

### The Salvation Army, Royal Oak

- Royal Oak is a 50-unit development with 47 one-bedroom and 3 two-bedroom units.
- All units are Lifemark 4 and target social housing tenants.
- The project is partially funded by HUD with 18% upfront capital funding and 32% OS.
- HUD has a capacity contract for 25 years with TSA.
- One block due for completion in July, with other two blocks in September.





# Build to Transfer

## Papatoetoe, Auckland

- 22 one-bedroom and 5 two-bedroom units
- Construction due to finish shortly (End of September 2019)
- Build to Transfer –
  - Developer - obtains Land, obtains all consents, pays all professional fees in design and consenting), obtains a fixed price construction contract.
  - CHP picks up project after fixed price contract, pays development fees, connection of services fees, and construction costs, and the developers costs and margin.



# Turnkey

## Mahia Road, Manurewa

- Greenfield development of 112 homes in Manurewa of which 51 will be for public housing. Balance for Kiwibuild and private sales
- Mixed tenure community including public housing through three Community Housing Providers (CHPs) - Accessible Properties, Penina Health Trust and Emerge Aotearoa
- CHPs are purchasing turnkey (deposit paid and balance on CCC). Developer leasing approx. 10 units to CHP on long term lease (15 years)
- Community housing a mix of 1, 2 and 5 bedroom homes
- All Lifemark 3 or 4 Star rated, providing good accessibility





# Build to lease

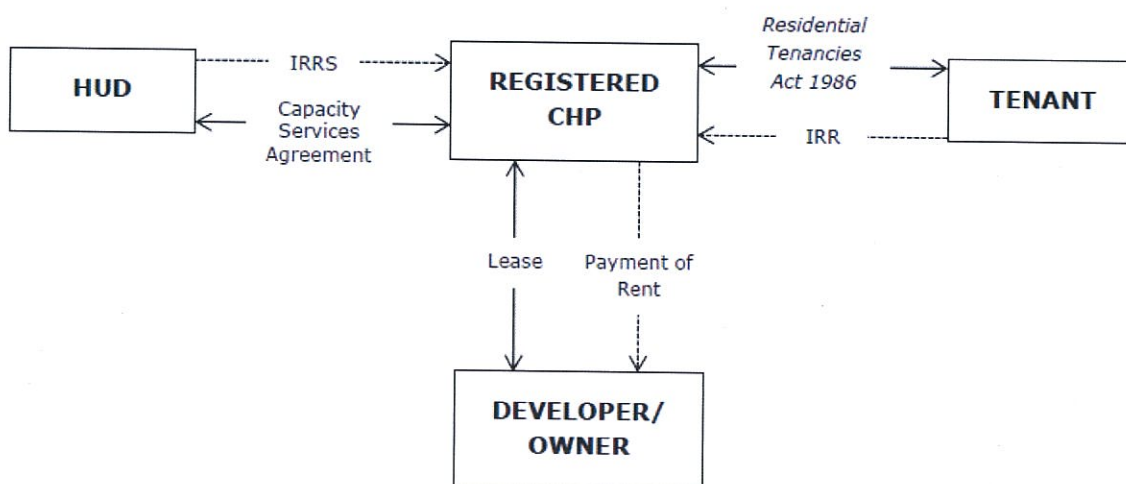
## Henderson Valley Road

- 40 x 1 Bedroom units for older persons
- Due to be completed on 1 November 2019
- CHP entered into long term lease arrangement with a Council controlled entity. CHP entered into 25 year IRRS Capacity Contract with HUD.
- 50% operating supplement to be paid on top of market rent of \$450 per week per unit for the term of the contract term.



## Standard Leasing Model

*Standard model (CHP leasing from private developer / owner):*



## Direct Leasing

- A funding model where the Crown directly leases a property from the developer/owner/investor (the Property owner) and then subleases that property to a registered CHP
  - CHP provides the tenancy and agreed asset management services for the term of the lease
  - Memorandum of Understanding links the three parties together
- Scenario allows both current and future public housing needs to be better met, by broadening the market
- While the model can suit both small-scale and large-scale developments, it is better suited to larger-scale development proposals



## Criteria for Direct Leasing

- The developer/owner/investor must not be a registered CHP.
- The developer/owner/investor must first proceed through a due diligence review.
- The project is larger than 20 units.
- A registered CHP is required to partner with HUD in the project to provide tenancy management services in the completed project.
- The developer/owner/investor, HUD and relevant CHP must agree on design and spec, tenancy and asset management costs and, asset and property management roles and responsibilities through the term of the lease prior to HUD entering into a Development Agreement.





# Networking

## Become a Partner

<https://www.hud.govt.nz/community-and-public-housing/partner-with-us/>

Business Development Manager – Southern

Rachel Fleet

Rachel.Fleet@hud.govt.nz

Senior Commercial Advisor – Southern

Brett Smith

Brett.Smith@hud.govt.nz



## Where are we at?



- Very initial conversations
- For Diocese – potentially best options for parishes and DDTB as landowner is **build to lease** where private developer undertakes the build and then it is transferred to a Community Housing Provider on completion. We would essentially bring “land” into a three way partnership and get a financial return on investment in terms of leases
- First thoughts?