

# Social Housing Fund

Pūtea Māori

Application Guidelines

2013– 2014

September 2013

## Introduction

The Social Housing Unit (SHU) is committed to facilitating the provision of social and affordable housing in New Zealand. Pūtea Māori is focused on increasing the social and economic well-being of Māori, by reducing housing deprivation and delivering quality housing principally (but not necessarily exclusively) on multiple-owned Māori land.

This guide is intended to provide information to Māori housing providers on the Pūtea Māori application process and should be read in conjunction with the following documents: the Relationship and Grant Agreement (RGA); the Social Housing Fund Allocation Plan 2012-2015 (both of which can be found on SHU's website at [www.socialhousingunit.govt.nz](http://www.socialhousingunit.govt.nz)); and, the Pūtea Māori Application Form.

## What funding is available?

In September 2012 SHU published the Social Housing Fund Allocation Plan 2012-2015 (the Allocation Plan).

The Allocation Plan details how SHU proposes to invest the Social Housing Fund (SHF) over the next three years with investments split between:

- Capital Grant funding (including Pūtea Māori);
- Developments and/or asset transfers; and,
- Proposal development funding.

Capital Grant funding is available to housing providers (including Māori Organisations) who have achieved housing provider pre-qualification.

Pūtea Māori funding, as a distinct portion of the Capital Grant programme, is exclusively available to Māori housing providers and has a total allocation of \$13.8 million (allocation target of \$4.6 million in each of the three years).

In addition to Pūtea Māori a Proposal Development Fund of \$0.5 million has been setup (total over the three years) to operate as a revolving fund to assist Pūtea Māori housing providers with project development funding.

The above Pūtea Māori allocation target is indicative only. The SHF is a multi-year programme and offers opportunities for providers to consider more complex projects that cross into more than one year. SHU will consider applications that either individually or in total exceed the annual allocation target.

Depending on the types of projects submitted, SHU anticipates that funding decisions will result in a mix of single-year and multi-year projects being selected.

For more information about the SHF (including the Proposal Development Fund) please refer to SHU's website at [www.socialhousingunit.govt.nz](http://www.socialhousingunit.govt.nz).

## What is the objective of Pūtea Māori?

The objective of Pūtea Māori is to fund Māori providers to increase **social and affordable rental housing** (defined below) and to support sustainable communities for Māori, with a preference for housing on multiple-owned Māori land.

**Social Housing:** housing for low/moderate income households (primarily on income support) that also face multiple barriers to accessing and sustaining housing, including:

- tenants with high economic or support needs and other people requiring subsidised or supported housing (including Housing New Zealand Corporation A and B applicants and those C and D applicants with additional support needs); and,
- those in need of tenure stability and better housing and who face constrained access to the private rental market.

Social Housing is provided as 'social rental housing'. That is tenancies most conform to the Residential Tenancies Act and with rent assessed on income at no more than 30% of gross household income (plus Accommodation Supplement).

**Affordable Housing:** housing for low/moderate income households (possibly with paid employment) that face difficulties in accessing or affording housing in the mainstream housing market, including:

- those requiring some support to transition to housing independence as renters and, potentially into home-ownership

Affordable Housing is provided as either:

- ‘affordable rental housing’ – tenancies must conform to the Residential Tenancies Act and with rent assessed on an affordable basis at a discount to market rent, with the maximum rent charged being generally no more than 80 percent of a comparable market rent, unless the household’s circumstances allows for a greater rent, up to market rent, and which generally remains below 30 percent of the household’s gross household income (plus Accommodation Supplement); or,
- ‘assisted home ownership’, as defined below.

**Assisted home-ownership:** this is a component of **affordable housing** and includes rent to buy, shared equity or shared ownership assistance facilitated by a **housing provider** for eligible social and/or affordable housing clients.

## What is a Māori Housing Provider?

It is acknowledged that Pūtea Māori housing providers may differ from a growth or niche ‘housing provider’ as defined in the allocation plan (and through pre-qualification process) as they:

- Are owned and/or governed by hapu, iwi or Māori trusts;
- Will more than likely be seeking to build on specific multiple-owned Māori land (but not exclusively so), for the benefit of the beneficiaries of that land, and for one-off social housing projects (that is, once the housing project is complete, the provider will be unlikely to undertake further social housing projects); and,
- Will generally operate a number of health and welfare services of which housing may only be a small part, and therefore it may not fully comply with the long term requirements and expectations of a housing provider (as defined by the SHU’s pre-qualification assessment) beyond the capacity to complete the proposed building project.

The following table provides a definition of a Māori Housing provider for the purpose of Pūtea Māori:

Definition of Māori Housing Provider	
Characteristics	Behaviours
<ul style="list-style-type: none"> <li>• The intention of their service provision is targeted at Māori individuals, whānau, hapū, iwi or Māori communities.</li> <li>• The organisation is owned or governed by whānau, hapū, iwi or Māori.</li> <li>• The accountability framework of the organisation has clear and identifiable responsibilities to whānau, hapū or Māori communities, and is dedicated to meeting the needs of Māori clients.</li> </ul>	<ul style="list-style-type: none"> <li>• Housing service provision maybe aligned to improving the health and education outcomes of Māori.</li> <li>• Housing development is focussed on utilising Māori land and/or general land specifically for Māori housing needs, and Māori economic and community development.</li> <li>• The management of the intergenerational issues associated with Māori land is consistent with Māori values and philosophies.</li> <li>• The operation of the organisation is located within the Māori community that it serves.</li> <li>• The utilisation of Māori land recognises the barriers to development and seeks legal remedies to reduce the potential of alienating Māori from their land.</li> <li>• Licensed Building Practitioner involvement may consider the utilisation of Māori trades people.</li> </ul>

## Who is eligible for Pūtea Māori?

In order to be eligible for the Pūtea Māori, applicants must:

- Be a not-for-profit Māori Organisation, such as a Māori Land Trust or whānau group, with a housing development plan which shows how the houses will be built and maintained in the long-term;
- Possess organisational capability and a mandate from stakeholders;
- Demonstrate a housing need that the project addresses; and,
- Focus on providing social and/or affordable rental housing.

## What types of housing projects will be funded?

Pūtea Māori is targeted at projects that:

- increase the supply of new social and affordable rental housing<sup>1</sup> where there is demonstrated evidence of need, and where improved outcomes for clients will be achieved; and,
- are at an advanced stage of readiness (e.g. ready to commence construction work within six months of Pūtea Māori funding approval or in the case of multi-year growth proposals, be able to demonstrate that projects are able to move from concept quickly).

In contrast to Kainga Whenua, which supports individual households into homeownership, the houses built with Pūtea Māori funding, if properly maintained, will benefit numerous households over the life of the house.

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<sup>1</sup> Funding for assisted home-ownership is possible (though consideration will be given to other government responses such as Kainga Whenua, Welcome Home Loans, and Kiwisaver Deposit Assistance which have that focus). It is possible that a project may include some assisted home-ownership options as part of a sustainable development that also includes social and affordable rental housing. SHU will consider each proposal on its merits.

## What locations are priorities for funding?

There is no geographical priority for Pūtea Māori funding. Proposals themselves will determine priority through detailed analysis of the identified need as outlined in the applicant's proposal.

## What leverage or co-contribution is required?

Applicants building on multiple-owned Māori land are expected to be able to contribute at least 25 percent of the total project costs (this includes construction costs and site works - defined as below) of the development. This contribution can be in the form of cash, philanthropic donations, self-contribution (i.e. sweat equity, note: 10% maximum of the total project cost), borrowing, or through a combination of these.

When a Pūtea Māori housing provider proposes to build on general land, they are required to contribute at least 50 percent of the total development costs (which may include the value of the land).

**Project cost** is defined as both "construction cost" and "site work cost".

**Construction Cost:** all work required to gain a Code of Compliance Certificate within the footprint of the house. It is usually the construction cost per square metre and does not include site-work or soft costs.

**Site Work Cost:** includes the costs outside of the footprint of the house that supports the functioning of the house. For example:

- providing utilities—a waste water system or connecting to the city sewer as the case maybe; providing telephone and electrical service, digging a well or connecting to city water; and,
- landscape work, like a driveway or sidewalk for example, as well as any landscape planting and reseeding.

Generally, an urban development requires less site work than a rural development. SHU will apply the test of reasonableness to determine the exact amount covered under site works using value for money measures.

**Soft Costs** are not considered part of the project cost, but reasonable soft costs will be

accepted as part of the cost of building. These include professional fees (i.e. architect, consultant fees), boundary and topographical surveys or site analysis (i.e. provided by a geotechnical engineer or wetland biologist), as well as building permit fees and reimbursable expenses.

### **What is the process to apply?**

Pūtea Māori is an ongoing programme with opportunities throughout the year for providers to apply for funding. As such providers are able to submit proposals for consideration as and when they are ready and as their capability allows.

Project assessments will occur on a three monthly basis in February, May, August and November of each year (with the first assessment happening on 28 February 2013).

This allows more flexibility for providers to work on their projects and opportunities for more direct and face-to-face engagement between SHU and providers in respect to specific projects.

Future dates and times when project assessments are to occur will be emailed to all providers registered with SHU and also published on SHU's website at [www.socialhousingunit.govt.nz](http://www.socialhousingunit.govt.nz).

### **What is the evaluation process?**

Pūtea Māori applicants are required to complete all fields in the application form. The form provides lists of documents required as attachments in support of the key business disciplines that will be assessed.

This information will then be used by the evaluation team to assess the provider's eligibility and capacity to complete the project. SHU will establish an internal evaluation team and will include independent contractors, chosen for their particular expertise or experience.

The evaluation process includes:

- Pre-assessment of whether an applicant meets the eligibility requirements (SHU will not evaluate applications from applicants that do not meet eligibility requirements);
- Detailed assessment of each application against SHU's areas of assessment (see section 2 - Summary of Eligibility Requirements and Areas of Assessment);
- Notification of decisions; and,
- Execution of RGA with preferred applicant(s).

Under each of the four key business discipline areas detailed evaluations will be undertaken that effectively identify areas of strength, areas for further development and areas of weaknesses. For ease of reference a "traffic light" system will demonstrate the evaluation result. An assessment of "Green" means these areas are demonstrated, "Amber" means there are some areas for improvement, while "Red" means not demonstrated.

All applicants that pass the eligibility requirements will receive a post-assessment report indicating strengths and areas for development across each of the four key assessment areas.

Decisions on the allocation of funding will have a level of contestability to ensure a consistent process is followed that is fair and transparent. Proposals will be ranked from highest to lowest based on the overall evaluation result across all four key areas of assessment. The number of successful applications will correspond with the total dollar value of grant being applied for and the total dollar allocation for the fund.

As stated previously, this is a multi-year programme and there will be opportunities for providers to consider more complex projects that cross into more than one year. SHU will consider applications that either individually or in total exceed the annual allocation target.

## Section 2: Summary of Eligibility Requirements and Areas of Assessment

Applications to Pūtea Māori will be assessed against the following four key business disciplines, with equal weightings as follows:

- Provider Capacity and Capability (25 points).
- Project Viability and readiness (25 points).
- Financial Viability<sup>2</sup> (25 points).
- Sustainable Communities (25 points).

The table below is provided to give guidance as to areas that will be assessed. The evaluation panel will incorporate these aspects into their assessment of applications.

<p>Provider Capacity and Capability (25 points)</p>	<p>Proposals will be scored more highly if applicants:</p> <ul style="list-style-type: none"> <li>● Have a proven track record in the social housing or a related sector or are partnering with other organisations or providers who do.</li> <li>● Have a robust balance sheet and a track record of sound financial performance.</li> <li>● Governance body have many years in social housing or related sectors and/or have qualifications in a relevant discipline(s).</li> <li>● Have documented systems for allocating housing fairly, transparently and consistently, are responsive and show strong commitment to servicing and valuing tenants.</li> <li>● Have policies with respect to standard maintenance, urgent repairs, non-scheduled maintenance and upgrade show compliance with these policies, and has adequate provision in its business plan (including allocation of resources) for these aspects.</li> </ul>
<p>Project Viability and Readiness (25 points)</p>	<p>This dimension mitigates risk by assessing the probability of a proposal being successfully executed, having regard to project readiness.</p> <p>Applicants will tend to score more highly if:</p> <ul style="list-style-type: none"> <li>● Building on multiple-owned Māori land.</li> <li>● Planning is comprehensive and realistic (i.e. strong well documented project plans).</li> <li>● Critical decisions have been made (e.g. land, funding sources and building contract are in place).</li> <li>● Housing will be built to a high building specification with sound infrastructure and spatial requirements being fully considered and housing density seems appropriate.</li> <li>● The development has strong phasing plans with site specific issues, such as potential constraints and risks being identified.</li> <li>● Proposed housing meets Lifemark (or similar) for building design.</li> <li>● Provider is in a high state of readiness to deliver the project.</li> </ul>

<sup>2</sup> Due to the high risk of project and/or provider failure, a low score on the financial viability measure may result in an application being excluded from further consideration.

<p>Financial Viability (25 points)</p>	<p>This dimension will require trade-offs to be made between:</p> <ul style="list-style-type: none"> <li>• The number of tenants housed per dollar of government investment.</li> <li>• Housing quality.</li> <li>• Affordability for end users (e.g. the amount of rent payable by the tenants).</li> </ul> <p>Applications will tend to rank more highly if, among other things, they:</p> <ul style="list-style-type: none"> <li>• Require a smaller proportion of government funding relative to other proposals taking into account number of tenants housed and regional variations e.g. house prices.</li> <li>• Result in more affordable housing to tenants relative to other proposals, taking into account dwelling size (including the number of bedrooms), quality and regional variations in market rents and house prices.</li> <li>• Can demonstrate the project is financially sustainable long term (i.e. 25 year project forecasts demonstrate that the project is self-sustaining over time), including provision for cost increases relating to maintenance, interest rate increases and inflation. In addition assumptions made in the forecasting are detailed, and are considered reasonable.</li> </ul>
<p>Sustainable Communities (25 points)</p>	<p>This dimension prioritises applications according to the degree and nature of unmet housing demand in the market segments, geographic locations that providers are targeting, and how effectively their proposals respond to that demand.</p> <p>Applicants are required to provide justification and evidence to support the level and type of social and affordable rental housing proposed both now and over time.</p> <p>Applications will tend to score more highly if:</p> <ul style="list-style-type: none"> <li>• They are in locations identified as having a high unmet demand for social and affordable housing, or have identifiable issues with housing quality.</li> <li>• Housing will enable cohesive and sustainable Māori communities to develop.</li> <li>• They provide a demonstrable alignment with unmet need for social and affordable rental housing in the proposed market segments and/or location.</li> <li>• Proposed housing is of an appropriate size, has the right facilities for its intended tenants and there is a good match of bedroom numbers to household size.</li> <li>• Proposals have good proximity to transport, employment, shops and medical care, as appropriate.</li> <li>• They have given appropriate consideration to housing quality.</li> <li>• If they meet a housing need for tenants who face multiple barriers to accessing and sustaining suitable accommodation in the mainstream market, as opposed to solely focussing on households who face affordability issues.</li> <li>• The project supports the economic, health and social development of the community it serves (for example, by providing work based training opportunities and having a high proportion of the building and construction work completed by Māori).</li> <li>• Demonstrates a strong linkage with wrap around services and strong consideration of Whanau Ora.</li> </ul>

## Section 3: Application Process

This section outlines the process for submitting an application.

### Submitting Applications

Pūtea Māori is an ongoing programme with opportunities throughout the year for providers to apply for funding.

There are four project assessment opportunities planned for 2013 with applications required to be submitted by 4pm on the last Thursday of; February, May, August and November.

Applications can be submitted at any time and those applications received by the closing time and date for each assessment period will be evaluated (note: applications will not be evaluated prior to the closing time and date of submission).

Applications received after the closing time and date for submission will be evaluated at the next assessment date.

Applications must be submitted to SHU by Courier or hand delivered to:

**Pūtea Māori**  
Social Housing Unit  
Level 5, 33 Bowen St  
Wellington, 6143

SHU will confirm receipt of applications by email.

If you do not receive email confirmation please follow up by phoning +64 4 901 8655.

### Application Format

Applicants should ensure that their application includes the following:

- A covering letter containing an overview of the application and project;
- A completed application form along with the requested supporting documentation;
- **Five** printed copies and one electronic copy; and,
- The completed application checklist.

The electronic copy should be supplied in Microsoft Word format or as a PDF on a CD or memory stick.

### Contact Person

Applicants may contact SHU to clarify any matter regarding this process or to request additional information.

For enquiries relating to Pūtea Māori please contact Audrey Trotman by phone +64 4 817 4255 or via email [info@socialhousingunit.govt.nz](mailto:info@socialhousingunit.govt.nz).

All applicants will be notified if there is any additional information about Pūtea Māori which SHU considers should be shared with all applicants.

### Key Timeframes and Milestones

The key timeframes and milestones are:

Date	Milestones
10 December 2012	Release of Pūtea Māori application guidelines.
4pm, 28 February 2013	Closing time and date for <b>submission of February Pūtea Māori</b> applications for assessment.
4pm, 30 May 2013	Closing time and date for <b>submission of May Pūtea Māori</b> applications for assessment.
4pm, 6 September 2013	Closing time and date for <b>submission of August Pūtea Māori</b> applications for assessment.
4pm, 28 November 2013	Closing time and date for <b>submission of November Pūtea Māori</b> applications for assessment.

The milestones and associated dates are indicative only and may be subject to change at the sole discretion of SHU.

SHU will notify applicants of any changes to these dates that it considers may affect them.

## Section 4: Terms and Conditions

This section details the terms of the application process. These are not negotiable and do not require a response. Each applicant that submits a proposal will be deemed to have read and agreed to these terms.

### Confidentiality

SHU will use all reasonable efforts to maintain the confidentiality of information supplied in applications. However, SHU, as part of the Ministry of Business, Innovation and Employment, is subject to various disclosure requirements. Examples include the Official Information Act 1982, Government requirements for disclosure of contracts and response to Written and Oral Questions in Parliament.

SHU will not be liable for any disclosure it believes (acting reasonably) it is required to make.

The applicant must clearly indicate those parts of its application it regards as commercially sensitive and confidential. It is not acceptable for the entire application to be marked as such.

### Privacy

Each applicant authorises SHU to collect and hold any information from the applicant and relevant third parties and to use that information in assessing the application.

SHU intends to publish the names of successful applicants once RGA's are signed.

SHU will retain information submitted in the application in order to reduce the level of information needed in any future application for funding. Information provided will also be used to inform the Government's understanding of the social housing sector.

### Business as Usual Contact

During the Pūtea Māori funding process business as usual contact between SHU and usual contacts will be maintained.

### No Contractual Obligations Created

No statement in these guidelines binds or places SHU under any contractual or other obligation. The request for and receipt of applications does not imply any obligation

on SHU to contract with the respondent. SHU will not be bound in any way until the execution of a RGA.

SHU makes no representations and gives no warranties in this guideline.

Any verbal communications made during the application process will not be binding on SHU and are subject to the terms of these Guidelines.

### Rights Reserved

SHU reserves the right at any time to:

- Not consider any application;
- Refuse to accept any application, including any application complying with these terms;
- Consider, accept or reject any non-conforming application;
- Seek clarification of any application;
- Amend or extend any date in the process by notice to all applicants;
- Amend or withdraw all or any part of this process or any associated documents by notice to all applicants;
- Reissue these Guidelines by notice to all applicants;
- Waiver any irregularities or informalities in the application process;
- Take into account any other relevant information that SHU may have in its possession, and to make enquires of any person to assist it in the evaluation process;
- Contact, liaise and negotiate with any applicant(s), at any time before or after the selection of a successful applicant, and entering into a RGA, upon any terms and conditions;
- Reject or not consider further any documentation related to an application it receives; and,
- Not enter into any RGA's in relation to the matters described in this guideline.

All amendment notices or clarifications issued will become part of this application process.

## General

It is SHU's preference to accept applications on the basis of this application process. However, SHU may (at its discretion) consider non-conforming applications. Any non-conforming applicants should clearly identify the aspects of the application that do not conform to the application requirements.

By submitting a proposal, each applicant warrants that all information it provides to SHU, in or in relation to the proposal, is complete and accurate in all respects.

In considering applications, SHU may ask for further information, or to verify information, in relation to any aspects of an applicant's proposal.

A decision to select an application may be conditional, for example, subject to certain revisions being agreed.

## Exclusion of Liability

SHU does not warrant or guarantee the accuracy of the information contained in the guidelines and will not be liable (whether in contract, tort (including negligence), or otherwise) for any cost, damage, expense or loss suffered or incurred by any applicant, or any other person arising directly or indirectly in connection with this application process, including without limitation:

- The evaluation process;
- The preparation of any application;
- Any investigations of or by any applicant;
- Negotiating or concluding any contract;
- The acceptance or rejection of any application;
- The suspension or cancellation of the process; and,
- Any information given or not given to any applicant(s).

## New Zealand Law and Time

This application process will be governed and interpreted in accordance with the laws of New Zealand.

Dates and times are New Zealand time.

For more information about the Social Housing Unit, the Social Housing Fund and to receive scheduled information please refer to our website:

**[www.socialhousingunit.govt.nz](http://www.socialhousingunit.govt.nz)**

Interested parties are encouraged to register on the website so they can receive regular updates and news by email.

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