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*Working together to take Horowhenua from  
Good to Great*

## Request for Proposal – Community Housing Transfer

16<sup>th</sup> February 2017



# Table of Contents

Disclaimer and Definitions ..... 2

## Section A –The Opportunity

1. Introduction ..... 3  
2. Outcomes Sought by HDC ..... 3  
3. The Community Housing Portfolio ..... 3  
4. The Horowhenua District ..... 4

## Section B – Commercial Structure

1. Agreed Transfer Price ..... 6  
2. Sale and Purchase Agreement..... 6  
3. Transfer of Housing Innovation Fund (HIF) Loans ..... 8

## Section C – Request for Proposal Process and Structure

1. RFP Timetable ..... 10  
2. HDC Authorised Representative..... 10  
3. Closing Date for Proposals ..... 10  
4. Letter of Intent ..... 11  
5. Structure of Proposals ..... 12

## Section D – Conditions of Participation

1. Fully Informed ..... 16  
2. Questions and Answers..... 16  
3. General Conditions..... 16  
4. Submission of RFP Proposal ..... 18  
5. Acceptance of Proposal ..... 18  
6. Confidentiality ..... 18  
7. Subject to Agreement ..... 19  
8. General Provisions ..... tba  
9. Acceptance of Gifts ..... 19  
10. Governing Laws ..... 19

## Appendices

I Community Housing Portfolio – Property Profile  
II Sale and Purchase Agreement - Term Sheet  
III Due Diligence Material – to be made available to Qualifying Respondents

### Message from the Chief Executive

Horowhenua District Council is committed to supporting a long term sustainable community housing model that will provide our older residents with access to affordable housing, and ensure that they are connected to those services which enhance social connectedness and wellbeing.

We are seeking a Community Housing Provider partner that shares in our vision for affordable housing in the Horowhenua District and wants to take a key leadership role.

We look forward to receiving your response to this Request for Proposal and working with the successful Respondent in the years to come.

David Clapperton  
Chief Executive

## Disclaimer

Whilst all reasonable care has been taken in compiling this Request for Proposal (RFP) document and the figures, documents and details are presented in good faith, no warranty or guarantee (expressed or implied) is given by Horowhenua District Council (HDC) as to the completeness or accuracy of the document or any information provided in connection with it.

## Definitions

In this RFP, unless a contrary intention is apparent:

“Community Housing Portfolio” or “Portfolio” means the land and buildings listed in 1.3 below, and more fully described in Appendix 1.

“Community Housing Provider” or “CHP” means a registered Class 1 Social Landlord, or an entity that can demonstrate that they are in the process of becoming accredited by the Community Housing Registration Authority (“CHRA”) and, if selected as the Selected Party, will be a registered Class 1 Social Landlord prior to 31 July 2017.

“Community Housing Transfer” means the Transfer of ownership and management of HDC’s Community Housing Portfolio from HDC to a Community Housing Provider.

“Deed of Novation” means a deed entered into by HDC, Housing New Zealand Corporation (“HNZC”) and the Selected Party that will transfer HDC’s Housing Innovation Fund (“HIF”) Loans and Relationship Agreement from HDC to the Selected Party.

“Execution” means the signing a binding Sale and Purchase Agreement by HDC and the Selected Party (or another qualifying CHP and HDC’s absolute discretion).

“HDC” or “Horowhenua District Council” means the current owners of the Community Housing Portfolio, represented by the Authorised Contact Person, other staff and consultants responsible for managing the RFP process.

“Mortgage Guarantee” means a Guarantee offered by HDC to HNZC to safeguard against default by the Selected Party after assuming responsibility for the HIF Loans.

“Potential Respondent” means any Community Housing Provider that has received or been notified about this Request for Proposal

“Proposal” means a Proposal for the transfer of HDC Community Housing Portfolio as described in this RFP, prepared and submitted by a Respondent in accordance with the requirements set down in this RFP;

“Respondent” means any Community Housing Provider that has submitted a Letter of Intent to participate in this RFP process;

“Selected Party” means the Community Housing Provider that has been selected as HDC’s preferred CHP partner for this Community Housing Transfer process;

“Sale and Purchase Agreement” or “Agreement” means a binding agreement between the HDC and the Selected Party setting out the terms and conditions of transfer, and the Transfer Price in respect of the Community Housing Transfer;

“Settlement” means the point at which all conditions of the Sale and Purchase Agreement have been satisfied (or waived) and all financial considerations paid.

# SECTION A: THE OPPORTUNITY

## 1 Introduction

Horowhenua District Council (“HDC”) invites registered Community Housing Providers (“CHP’s”) to submit Proposals to purchase and manage HDC’s Community Housing Portfolio, and to respond to anticipated demand growth for affordable housing in the Horowhenua District.

This Request for Proposal (“RFP”) is designed to ensure that the community housing sector is aware of HDC’s intention to transfer its Community Housing Portfolio to a registered CHP, and that qualifying parties have access to information about the portfolio to inform their proposals. The RFP outlines the process that HDC intends to use to select a preferred CHP (the “Selected party”) and to manage the Community Housing Transfer process.

This opportunity will suit a variety of potential CHP’s. You do not need to have an existing presence in Horowhenua although you must be willing and able to make a long term commitment to the District.

## 2 Outcomes Sought by HDC

HDC has recently undertaken a review of its community housing portfolio, and decided to transfer its community housing assets and responsibilities to a CHP that is ready and willing to make a long term commitment to the Horowhenua District. HDC’s specific objectives are to:

1. Build a sustainable CHP within Horowhenua that:
  - is committed to the long term delivery of affordable rental housing of good quality;
  - will seek to grow its social housing role in the district.
  - wishes to provide an integrated wrap-around service for the target population.
2. Provide security of tenure for all tenants for the duration of their need, while also maintaining their rights and welfare.
3. Safeguard the interests of existing tenants by maintaining their existing tenancy terms and conditions for so long as they pay their rent, are capable of independent living and do not become a nuisance to other occupiers.
4. Receive a fair market value on sale.
5. Ensure that any residual obligations associated with HDC’s Housing Innovation Fund (“HIF”) loans are met.

## 3 The Community Housing Portfolio

HDC’s community housing portfolio currently consists of 115 units in eight complexes in Levin (97 units), Foxton (12 units) and Shannon (6 units). The portfolio includes almost 6,000 m<sup>2</sup> of improvements spread over four hectares. In addition, there is a 1.1 hectare block of residential land adjacent to the Waimarie Road for future development. The properties benefitted from a substantial capital upgrade programme between 2007 and 2014, which included:

- Refurbishment of all units in seven existing complexes; and
- Construction of 40 new units in a brand new complex at Cambridge Park, Levin.

Other portfolio highlights are:

- The portfolio has a combined annual rent roll of \$902,000, and a rateable value of \$9.2 million. This equates to a gross yield of almost 10%. Rents are currently based on lower quartile market rental levels for similar properties in the District.
- As at 31 January 2016, 128 people were living in HDC’s community housing units, including fourteen couples. The units are targeted at pensioners and people over the age of 60 with a disability.

- The portfolio was 99% occupied, with a waiting list of qualified applicants in most locations.
- Rental arrears are minimal, with only about \$500 outstanding at the end of January 2016.
- As a result of recent changes in HDC's procurement approach, maintenance costs have been substantially reduced - without sacrificing the quality of maintenance services purchased from the Horowhenua business community.

The table below provides a summary overview of the portfolio. A more detailed description of the improvements is contained in **Appendix I**.

Location	Complex	Legal Description	CT Ref.	Year Built	Floor Area (m <sup>2</sup> )	Land Area (m <sup>2</sup> )	Units	Unit Type
5 Union Street FOXTON 4814	Podmore Flats	PS 126 Town of Foxton	WN526/43	1962	234	1595	6	Bedsit
42 Johnston Street FOXTON 4814	Seaview Flats	Lot 1 DP 79672	WN46A/520	1962	254	1850	6	Single
9-14 Churchill Crescent SHANNON 4821	Churchill Crescent	Lot 1-2 DP 26534	WN5A/160 WN6A/628	1974	284	1618	6	Double
23-31C Rugby Street LEVIN 5510	Rugby Street West	Lot 1 DP 65760	WN37C/306	1965	625	2638	10	Single
							5	Large Double
16-22B Rugby Street LEVIN 5510	Rugby Street East	Lot 2 DP 17827	WN56/60	1972	312	1636	8	Single
1-31 Cambridge Place LEVIN 5510	Cambridge Place	Pt Lot 3 DP 1406, Pt Lot 2 DP 17842, Lot 1 DP 19658	WN905/48	1962	754	6202	4	Single
							8	Double
							4	Large Double
1-40 Cambridge Park LEVIN 5510	Cambridge Park	Lot 5 DP 2417	WN23C/452	2007- 2009	2560	18089	2	Double Wheelchair Access
							28	Double with Carpark
							10	Double with Carpark
4-30 Waimarie Park LEVIN 5510	Waimarie Park	Lot 2 DP 475121	654480	1977	800	6783	5	Single
				1985			1	Double with Garage
							10	Single Stand Alone
							2	Double Stand Alone
		Lot 1 DP 475121	654479		0	10960	0	Vacant serviced lot
					5823 m <sup>2</sup>	5.1371 ha	115 units	

#### 4 The Horowhenua District

After years of low levels of population and household growth, the Horowhenua District is currently experiencing a boom as new households are attracted into the District for lifestyle and affordability reasons. The Northern Corridor motorway project is also providing an economic catalyst for growth, creating new jobs locally and bringing Horowhenua closer to major employment centres to the south.

Over the next twenty years, Horowhenua's population is expected to grow by about 10,000, or 5,000 households. About 3,000 new jobs will be created as money flowing into the local economy drives business growth and urban development.

The impact of growth is already being felt in the local housing market. Over the past year, house sales have increased by 50%, and more than 200 new housing units have been added to the District's housing stock. House prices have increased from an average of about \$200,000 to more than \$250,000. In the rental market, there are fewer rental houses available, which is putting upwards pressure on rental levels.

**What does all this mean for affordable housing?**

Economic and household growth is generally good news, but there are those (in particular older people on fixed incomes) who will face additional burdens as a result of rent increases and higher costs associated with moving from family housing to more suitable forms of accommodation.

As we see it, demand for affordable rental housing from older people and other low-income rental housing consumers will grow beyond HDC's current ability to supply good quality rental housing for older people and others with special housing needs. This is why HDC is seeking to work with a community housing provider that can grow the supply of affordable rental housing in the District over time, while still protecting the interests of our current tenants.

The HDC Community Housing Portfolio provides an excellent foundation for growth. It has very good rental cash flows, and would especially suit a CHP that can leverage off its existing asset base and access Crown funding to help fund future growth.

## SECTION B: COMMERCIAL STRUCTURE

The commercial structure for the proposed Community Housing Transfer will be based on:

- an Agreed Transfer Price;
- a Sale and Purchase Agreement between HDC and the Selected Party documenting the terms of sale; and
- a process for transferring HDC's HIF Loan obligations to the Selected Party.

### 1. Agreed Transfer Price

The Agreed Transfer Price will be determined by Respondents in their RFP Proposals and any subsequent negotiations between the Selected Party and HDC.

#### **Deposit:**

Unless otherwise agreed by HDC, a deposit of no less than five per cent (5%) of the Agreed Transfer Price shall be payable on execution of a Sale and Purchase Agreement between HDC and the Selected Party.

#### **Settlement:**

Unless otherwise agreed by HDC, the balance of the Agreed Transfer Price shall be payable on Settlement.

#### **Late settlement:**

In the event that the Selected Party is unable to complete the Community Housing Transfer on the Settlement Date, HDC may, in its absolute discretion:

- agree to a new Settlement Date; and/or
- apply an interest charge of 12% per annum on any outstanding balance; or
- cancel the agreement and take action to recover costs from the Selected Party.

#### **Funding:**

The Selected Party will be responsible for arranging its own finance. HDC will not provide short or long term finance. Respondents will be asked to provide details of their proposed financing arrangements as part of their RFP Proposal. Mortgages over the properties in favour of HNZ to secure HDC's obligations under the HIF Loans will be released on Settlement.

### 2. Sale and Purchase Agreement

The Sale and Purchase Agreement (ref. terms sheet attached as **Appendix II**) will contain standard terms that you would expect to see in the conveyance of properties that are subject to existing tenancies. In particular, the HDC Sale and Purchase Agreement will specify what is being purchased, the tenancies in place at the time of settlement, and other conditions of sale including any transition arrangements that may be required. It will contain minimal warranties, consistent with an 'as-is where is' sale.

#### **Property schedule**

The Sale and Purchase Agreement will document all properties to be transferred including improvements and chattels that are included in the sale (ref. **Appendix I** for an initial description of each property). Short-listed Respondents will also be provided with a comprehensive property pack to assist with due diligence (ref. **Appendix III** for further details).

As a result of the capital upgrade programme and ongoing maintenance, all the properties are presented in good overall condition, with the recently-built units being in very good overall condition. To HDC's knowledge, there are no outstanding major maintenance issues.

***On this basis, the HDC portfolio is offered for sale on an as-is where-is basis.***

### **Subject to existing tenancies**

The properties are offered for sale subject to existing tenancies. In this regard, the Sale and Purchase Agreement shall document all tenancies in place at the time of Execution, including details of rent payable and rent review dates. The HDC Sale and Purchase Agreement shall also document any units that are vacant at the time of Execution.

As at 30 June 2016, 99% of all rental units were occupied, with a waiting list for preferred complexes. The nature of HDC's tenant population means that there will inevitably be some changes in tenants over the course of a year. Because of this, HDC has an active tenancy management programme, and it is a condition of sale that, in the period between executing a Sale and Purchase Agreement with the Selected Party, and Settlement, HDC will be free to enter into any new tenancy and approve any assignment, subletting, renewal and/or surrender or variation to any tenancy without needing to obtain the Selected Party's prior consent.

A revised schedule of existing tenancies shall be provided by HDC to the Selected Party at the time of settlement. HDC will not be providing any warranties relating to the validity or enforceability of any tenancy that transfers to the Selected Party on Settlement.

### **Other terms and conditions**

Other terms and conditions of the HDC Sale and Purchase Agreement may include (but are not limited to):

#### *Rents and rental arrears:*

Rents will be apportioned between HDC and the Selected Party for the rental period that settlement falls within. The benefit of any arrears of rent outstanding from earlier periods or any other amount owing to HDC that is directly attributable to the properties at the time of settlement will be transferred to the Selected Party. The Selected Party will be entitled to collect any arrears that exist at the time of settlement without any requirement to account to HDC.

#### *Maintenance:*

As noted above, the properties will be transferred in as-is where-is condition. HDC will not be providing any warranties in respect of property condition, however recent condition surveys are available for all blocks. In the period between executing a Sale and Purchase Agreement and final settlement, HDC will continue to attend to responsive maintenance items as they arise.

#### *Property and tenancy management systems:*

The Sale and Purchase Agreement will document any property and tenancy data and/or management systems to be transferred to the Selected Party. This may include proprietary software and stand-alone systems developed by HDC but will not include any software or systems that require ongoing access to HDC's information technology infrastructure or ongoing support by HDC.

#### *Transition services:*

The Sale and Purchase Agreement shall also document any post Settlement transition services agreed to between HDC and the Selected Party. HDC may at its sole discretion, agree to provide a range of post Settlement transition services for a period of no more than three months after Settlement, which may include (but are not limited to):

- Rent and arrears collection, including maintaining a bank account and rental management systems.
- Tenancy management, including new tenancy allocations, terminations and general support for tenants.
- Property management, including commissioning responsive maintenance and maintaining property records.
- Systems support, for property and tenancy management systems transferred to the Selected Party on settlement.

Any transition services shall be provided on a full cost recovery basis, and shall be invoiced monthly.



### 3. Transfer of the Housing Innovation Fund (HIF) Loans

It is a condition of sale that HDC's HIF Loan obligations will be transferred to the Selected Party on Settlement. The HIF Loans are provided and administered by HNZ, which holds a registered mortgage against each of the properties offered for sale. These mortgages provide security for two HIF Loans, totalling \$5.2 million, which were used to partially-fund HDC's capital upgrade programme carried out between 2007 and 2014. Copies of the HIF Loan documentation will be provided to short-listed Respondents as part of the due diligence process, and include:

- a suspensory loan agreement for modernisation of \$3.1 million due to expire on 17 December 2028;
- a suspensory loan agreement for new construction of \$2.1 million due to expire on 16 March 2029; and
- a relationship agreement setting out the rights and obligations of each party in relation to the properties, and the principles for resolving any breach or dispute.

Under the HIF Loan terms and conditions, no interest or principal requirements are payable over the 20 year term of the loans, and no repayments are required at the end of the loan term - provided that the housing stock that was upgraded and/or created as a result of the loans has been retained by HDC and used for social and affordable housing purposes.

HNZ has agreed that the HIF Loans can be transferred from HDC to a CHP on the same terms, provided that the conditions of the original loans are substantially adhered to. The main requirements are that:

- The Selected Party will be a registered Class 1 social landlord at the time it enters into a binding Sale and Purchase Agreement with HDC.
- The Selected Party will agree to take on the full liability of the HIF Loans for their remaining terms.
- The Selected Party can demonstrate that it has the capability and financial resources to manage a social and affordable housing programme over the remaining term of the HIF Loans.
- The properties will continue to be used for affordable housing purposes over the remaining term of the HIF loans, in particular for the purpose of providing affordable housing for pensioners, as evidenced by:
  - Rents being set at an affordable level taking into consideration:
    - the low income levels and social needs of the target cohort; and
    - the need for the CHP to generate sufficient income to deliver a level of service consistent with that currently being delivered by HDC.
  - A rental eligibility criteria and allocation process based on social and affordable principles.

The Selected Party will also be expected to adopt sound management practices, including robust property and tenancy management procedures and good support systems for tenants. Properties will need to be kept fully insured over the remaining term of the HIF loans.

#### Managing the impact of the HIF Loans

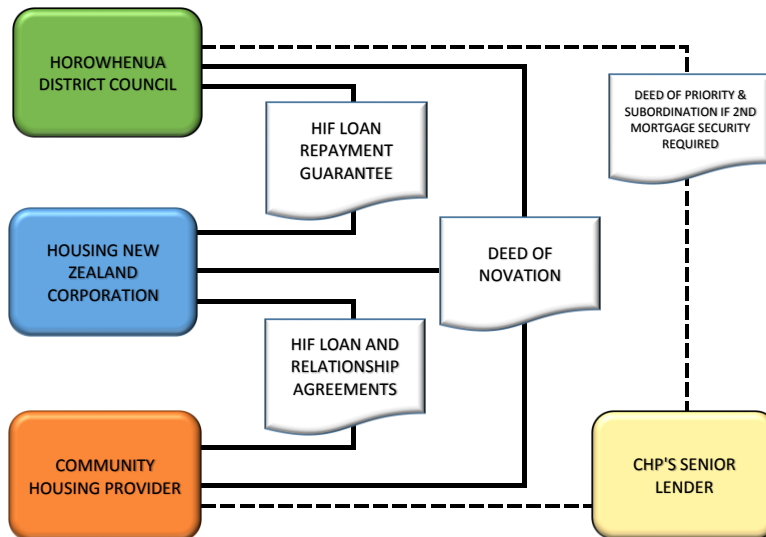
In the Market Sounding exercise carried out in mid-2016, some participants expressed concern about the impact of taking on full responsibility for the HIF Loans. In particular, whether the HIF Loans would constrain the ability of a CHP to raise debt to fund the purchase of the HDC property portfolio.

To minimise the impact of the HIF Loan requirements, the following process will apply:

- The HIF Loans will be transferred from HDC to the Selected Party at Settlement under a Deed of Novation, the execution of which will be a condition the Sale and Purchase Agreement.
- The relationship agreement between HDC and HNZC will also be transferred to the Selected Party under a Deed of Novation, the execution of which will be a condition of the Sale and Purchase Agreement.
- As with the current HIF Loans, no interest or principal will be repayable over the remaining term of the HIF Loans provided that they remain in CHP ownership (unless agreed to in writing by HNZ), and continue to be used as social and affordable housing.
- On the transfer of the HIF Loan to the CHP, HNZ will remove its mortgage security over the properties. This will effectively negate the need for a Deed of Subordination and Priority, and provide greater flexibility and headroom for the CHP and its Debt Funder.

- To ensure that HNZ is not disadvantaged by removing its mortgage security, HDC will provide HNZ with a Loan Repayment Guarantee which can be called on by HNZ in the event of a serious breach by the CHP.
- HDC will register either an encumbrance or a second mortgage on each property to assist with the recovery of any monies paid out under the Loan Repayment Guarantee. If HDC elects to register a second mortgage on each property, it will be subject to such priority as the Selected Party's Debt Funder reasonably requires.

The figure below summarises the process and documentation as currently anticipated by HNZ and HDC:



Respondents should note that the purpose of the Loan Repayment Guarantee is solely to help Respondents to negotiate debt funding arrangements with their principal lenders, by enabling them to grant first mortgages over the properties. The Selected Party will remain fully liable for meeting the terms and conditions of the HIF Loans for their remaining term.

HDC's current preference for documenting the Loan Repayment Guarantee is to register an encumbrance on each property, and address default risk and remedies within the Deed of Novation, along the following lines:

- If the Selected Party is unable for any reason to meet its HIF Loan obligations once the Community Housing Transfer is complete, HNZ may notify the Selected Party that it is in breach of the HIF Loan terms and conditions, and call on it to repay the HIF Loan in full, plus any interest and other costs incurred from the time of breach.
- If the Selected Party is unable for any reason to repay the outstanding amount, and HNZ calls on the HDC Loan Repayment Guarantee, HDC will have a right to repurchase the properties at the lesser of the initial transfer value and fair value (as assessed by an independent valuer) less its costs of exercising the right, on terms otherwise substantially the same as were in the original Sale and Purchase Agreement between HDC and the Selected Party.
- HDC may nominate another CHP to repurchase the properties under the right of first refusal, provided that the new CHP purchaser agrees to hold the properties for social and affordable housing purposes.
- If HDC or its nominee purchases the properties, the HIF Loan will be novated back to HDC or its nominee on substantially the same terms as the original Deed of Novation
- HDC may retain any amount payable in respect of the repurchase of the properties in excess of the amount required to repay a first mortgagee until such time as HNZ releases HDC from the Loan Repayment Guarantee.

The intention is that this process will avoid the need for HNZ to trigger the Loan Repayment Guarantee. However, should HDC be required by HNZ to make a payment against the Loan Repayment Guarantee, HDC may call on retained funds to do so.

## SECTION C: REQUEST FOR PROPOSAL PROCESS AND STRUCTURE

This section provides an outline of the RFP process, and what is required in a qualifying proposal. To help contain participation costs, a single-stage bid process has been adopted.

### 1. RFP Timetable

Note that this timetable is indicative only and may be subject to change at the sole discretion of HDC. HDC will make reasonable attempts to notify all Respondents of any changes.

Activity	Date
RFP issued by HDC	16 February 2017
Briefing by HDC and sample property inspections	27 February 2017
Closing date for questions or points of clarification	13 March 2017 (Noon)
<b>Closing Date for Proposals</b>	<b>31 March 2017 (4pm)</b>
HDC assessment of Proposals including seeking points of clarification from Respondents if required	31 March to 10 April 2017
Short listing of proposals	10 April 2017
Short-listed respondent presentations to selection committee.	28 April 2017
Commercial negotiations with the Selected Party Recommendations to Council including presentation by the Selected Party Council approval to Transfer	1 May to 26 May 2017
Notification to all Respondents of the outcomes of the RFP process	26 May 2017
Finalise transition arrangements with the Selected Party	23 June 2017
Execute Sale and Purchase Agreement between HDC and the Selected Party and begin the Transfer	No later than 30 June 2017 (Subject to negotiation)

### 2. HDC Authorised Representative

All communication/correspondence between Respondents and HDC will be conducted in writing through the following authorised representative:

Monique Davidson  
Group Manager Customer & Community Services  
126 Oxford Street, Levin  
Levin 5540  
(06) 366 0999  
DDI: +64 6 366 0973  
Email: [communityhousing@horowhenua.govt.nz](mailto:communityhousing@horowhenua.govt.nz)

HDC will not be bound by any statement, written or verbal made by any person other than its authorised representative. HDC's authorised representative is the only person authorised to give explanations in respect of this RFP document.

### 3. Closing Date for Proposals

All Proposals should be submitted by couriered, posted or submitted by hand to HDC's main office at 126 Oxford Street Levin no later than 4.00pm on 31 March 2017. Proposals submitted by email or fax will not be accepted. Respondents are required to submit **four (4)** bound copies of their Proposal. They must be placed in a sealed envelope clearly marked "**Confidential in Confidence**" and addressed as follows:

**HDC Community Housing Stock Transfer RFP**  
C/O Group Manager Customer & Community Services  
Horowhenua District Council  
126 Oxford Street  
Levin 5540

HDC reserves the right to accept and consider late Proposals. However as a general rule any Proposal received at the place of closing after the closing time, for whatever reason, may not be considered.

#### 4. Letter of Intent (one or two pages)

Respondents are required to submit a letter of intent for consideration by HDC prior to being given access to due diligence material. This letter of intent is intended as a short and succinct format for providing contact information, and ensuring that access to due diligence material is restricted to qualifying CHP's that have undertaken to abide by the RFP process. Please submit this letter of intent, with a completed confidentiality agreement.

The letter may be submitted by hand, by post, or by email to HDC's authorised representative.

Heading		Content Guide
1	Respondent name	This should be the registered name of the entity that intends to enter into a Sale and Purchase Agreement with HDC.
2	Respondent contact details	This should include the respondent's physical and mailing address, and (if appropriate) website.
3	Authorised contact person	This is the person who has been authorised by the respondent to be the primary point of contact during the Community Housing Transfer Process. Name of Person: Position: Address for correspondence (if different from above): Phone (mobile and landline): Email:
4	CHP registration status	Please provide details of the respondent's current CHRA registration. If you are not yet a registered community housing provider, please provide details of the status of your application.
5	Respondent Members (including Parent Organisations)	Please provide a list of all Organisations, Companies or Individuals that have a financial or other interest in the Respondent CHP, including: Legal name: Registered company number or equivalent: An outline of what role each Member is expected to play in the respondent organisation.
6	No Conflict of Interest	The Respondent and Respondent Members undertake that they are not aware of any conflicts of interest in respect of this HDC Community Housing Transfer. Any perceived conflicts should be declared so that HDC can assess and advise whether action is required to resolve these prior to considering a full proposal.
7	Confidentiality Agreement	The Respondent undertakes to abide by the conditions of confidentiality set out in Section D (6) of the RFP, and is willing to sign a separate confidentiality agreement to this effect.
8	Undertaking to abide by Conditions of Participation	The Respondent undertakes to abide by all other Conditions of Participation as set out in Section D of this RFP.
10	Signatures of authorised person (s)	This may be the Chair, Chief Executive or other person(s) mandated to enter into the undertakings listed above.

## 5. Structure of Proposal

All Proposals should include a cover sheet, executive summary and full Proposal. You may attach supporting material (for example excerpts from manuals and other reference materials) only if this is explicitly referenced in your proposal and reasonably required to support points made in the proposal.

All Proposals must be clear, legible and complete, and conform to the structure outlined below. Incomplete or non-conforming Proposals may, at HDC's sole discretion, be accepted for consideration although HDC reserves the right to take account of any deficiencies in the Proposal during subsequent evaluation.

### Executive Summary (one or two pages)

This one-page summary will be used to prepare information for senior managers and Councillors, and provides an opportunity for Respondents to highlight their organisational strengths and key features of their proposal in a shorthand format.

Heading		Content Guide
1	Respondent Name and CHRA Registration Status	Please specify the name of the registered entity that is seeking to enter into a Sale and Purchase Agreement with HDC, and provide details of current CHRA registration.  If you are not yet a registered community housing provider, please provide details of the status of your application.
2	Community Housing Experience	Brief outline of the Respondent's experience as a CHP. National or regional focus? Number and location of tenancies under management? What social housing consumer groups are targeted?
3	Organisational Structure	Brief outline of the Respondent's organisational structure. How many staff? Where located? What services do you provide in-house? Who is the CEO, who is the Chair?
4	Proposal	Brief outline of how the Respondent proposes to manage the HDC community housing portfolio if it becomes the 'Selected Party', including its approach to tenancy and property management, and transition management.
5	Transfer Price	Provide an indication of the price you will offer for the portfolio, how the offer price will be funded, and any conditions of offer.
6	Longer-term Vision	If you become the 'Selected Party' what role do you expect to play over the next 10-20 years, for instance: <ul style="list-style-type: none"> <li>• Remain a niche housing provider but improve the quality of life for existing tenants?</li> <li>• Grow the number of affordable rental units for older people in the District?</li> <li>• Broaden your scope to include other affordable housing consumer groups?</li> </ul>
7	Signatures of Authorised Person (s)	This may be the Chair, Chief Executive or other person(s) mandated to enter into an agreement of this scale.

## Full Proposal

The proposal itself should be no more than **twenty (20) pages** and follow the format outlined below. The proposal will be evaluated against the criteria and weightings outlined below. Note that submissions from Respondents that are **NOT** willing to make a long term commitment to providing affordable rental housing in the Horowhenua District and/or are not in a position to become registered community housing providers before the end of the RFP process, will not be considered.

### 1. VISION AND RATIONALE FOR PARTICIPATING IN THIS RFP (MANDATORY )

RFP Response Requirement	Evaluation Criteria and Weighting
1. Provide a short explanation of why you wish to purchase the HDC Community Housing Portfolio, and why you wish to make a long term commitment to the provision of affordable rental housing in the Horowhenua District.	The respondent has made, or is willing to make, a long term commitment to providing affordable rental housing in the Horowhenua District . <b>(Non-negotiable requirement)</b>

### 2. ORGANISATIONAL CAPACITY AND EXPERIENCE (10%)

RFP Response Requirement	Evaluation Criteria and Weighting
1. Provide a brief outline of your capacity and experience as a community housing provider: <ul style="list-style-type: none"> <li>• How many properties do you currently have under management?</li> <li>• Do you have a national, regional or local focus?</li> <li>• How many staff?</li> <li>• What affordable housing consumer groups do you target?</li> <li>• What property and tenancy management activities are managed in-house? What activities are contracted out?</li> </ul>	The Respondent is a registered community housing provider, or will be registered by the time a Sale and Purchase Agreement between HDC and the Selected Party is executed. <b>(Non-negotiable requirement)</b>  The respondent has prior experience as a community housing provider, and/or has the capacity to manage a portfolio of this scale. <b>(10%)</b>

### 3. GOVERNANCE AND MANAGEMENT (10%)

RFP Response Requirement	Evaluation Criteria and Weighting
1. Provide a brief profile of those people who will be responsible for governance during this RFP process, and after the Community Housing Transfer has been completed  2. Provide a brief profile of key management personnel including any previous experience managing affordable housing and working with local government  3. Provide an organisation chart depicting your proposed management and governance approach : <ul style="list-style-type: none"> <li>• Governance structure, including the role to be played by Respondent Members (if appropriate)</li> <li>• Management structure</li> <li>• Core property and tenancy management functions and how they will be managed (e.g. in-house or contracted out).</li> <li>• Community engagement functions including liaison with HDC</li> </ul>	The respondent has suitable management and governance structures with appropriately-skilled people at all levels <b>(10%)</b>

### 4. FINANCIAL STRENGTH AND FUNDING CAPACITY (15%)

RFP Response Requirement	Evaluation Criteria and Weighting
1. Provide audited financial statements for the past three financial years for the Respondent Organisation or (if the Respondent is a new organisation) Respondent Members, including: <ul style="list-style-type: none"> <li>• Statement of profit and loss for each period</li> <li>• Balance sheet for each period</li> <li>• Cash flows for each period</li> <li>• Any qualifications to the accounts, litigation or other claims against the Respondent or Respondent Members over the past three years</li> </ul>	The Respondent is financially viable and has a history of sound financial management, and also has sufficient assets and/or other security to purchase the HDC portfolio and prudently manage future risk. <b>(7.5%)</b>

<p>2. Provide a brief outline of how you intend to fund the Transfer Price and maintain future property and tenancy management activity, including (but not limited to):</p> <ul style="list-style-type: none"> <li>• Cash inputs including those from Respondent Members</li> <li>• Apart from the HDC Community Housing Portfolio itself, what assets owned by the Respondent will be offered as debt security?</li> <li>• What other guarantees or securities will be offered by the Respondent or Respondent Members?</li> <li>• What level of Bank debt is expected and who will the principal lender(s) be?</li> <li>• What other loans or financial arrangements are proposed?</li> <li>• Based on your offer price, what are your expected debt servicing costs over the first three years?</li> </ul>	<p>The Respondent has the capital, and the ability to secure debt funding, to ensure that HDC receives fair value for money for the community housing portfolio without undermining future viability. <b>(7.5%)</b></p>
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**5. COMMUNITY LINKS (5%)**

RFP Response Requirement	Evaluation Criteria and Weighting
<p>1. Provide a brief outline of your current links to the Horowhenua District, and how you will build or strengthen relationships with local stakeholders (including Council, iwi, hapū and local community groups)</p> <p>2. Provide a brief outline of how you plan to work with other community stakeholders to improve the range of services available to tenants.</p>	<p>The Respondent has, or will build, strong links within Horowhenua communities. <b>(2.5%)</b></p> <p>The Respondent has the capability and willingness to work with other community stakeholders to improve tenant wellbeing. <b>(2.5%)</b></p>

**6. TENANCY AND PROPERTY MANAGEMENT CAPABILITY (10%)**

RFP Response Requirement	Evaluation Criteria and Weighting
<p>1. Outline your proposed tenancy management approach, including:</p> <ul style="list-style-type: none"> <li>• Process for allocating new tenancies</li> <li>• Supporting existing tenants</li> <li>• Financial management systems</li> <li>• Process for managing arrears and dealing with disputes</li> </ul> <p>2. Outline your proposed property management approach, including:</p> <ul style="list-style-type: none"> <li>• Strategic asset management planning (if any)</li> <li>• Property condition monitoring</li> <li>• Planned and responsive maintenance</li> <li>• Capital renewals and new development</li> </ul> <p>For both tenancy and property management, please provide an indication of which functions are likely be contracted out, or carried out in-house.</p>	<p>The Respondent has the capacity and capability to deliver tenancy and property management services in accordance with HIF requirements, recognise the special needs of older people as tenants, and are of an appropriate scale. <b>(10%)</b></p>

**7. TRANSITION MANAGEMENT (10%)**

RFP Response Requirement	Evaluation Criteria
<p>1. Provide a high level transition plan, including key milestone dates, outlining how you intend to work with HDC to manage the transfer process including (but not limited to):</p> <ul style="list-style-type: none"> <li>• Communications with tenants, staff and the public</li> <li>• Information transfers</li> <li>• Transfer of tenancy and property management functions</li> <li>• Transfer of contracted services (e.g. maintenance contracts)</li> <li>• Cash flow management</li> </ul> <p>2. Briefly discuss any initiatives that, in your view, would help to make the transition a more positive experience for tenants, and what role you could play in delivering these.</p>	<p>The Respondent understands the steps required to successfully transition a community housing portfolio of this scale, and has the capacity and capability to manage the transition in conjunction with HDC. <b>(7.5%)</b></p> <p>The respondent understands the transitional impacts on existing tenants and has proposed innovative and practical steps to ameliorate those impacts. <b>(2.5%)</b></p>

**8. TRANSFER PRICE (40%)**

RFP Response Requirement	Evaluation Criteria
<p>1. Set out your offer price for the HDC Community Housing Portfolio (excluding GST if applicable)</p> <p>2. Set out any commercial requirements, transfer conditions or other special conditions that your offer is subject to</p>	<p>The offer price represents fair value for the portfolio, and any proposed conditions pose a low risk for the transfer process. <b>(40%)</b></p>



## **SECTION D: CONDITIONS OF PARTICIPATION**

### **1 Fully Informed**

You are responsible for ensuring that you understand this RFP, for obtaining all information you need, and for verifying the correctness of any information on which reliance is to be placed, in preparing your Proposal and in any subsequent negotiations with us. In submitting a Proposal to us, you will be deemed to be fully informed.

If you are in any doubt about the meaning of any part of this RFP, you must seek an interpretation from us through our authorised representative before submitting your Proposal, or set out clearly in your Proposal the interpretation that you have used or assumption(s) that you have made.

### **2 Questions and Answers**

All questions are to be submitted in writing to the HDC authorised representative. Respondents may submit written questions to clarify issues relating to the RFP up to the closing date for questions or points of clarification. Any questions or requests for clarification received after this time and date may not be responded to.

Only communications that are in writing from our authorised representative may be considered as properly authorised expressions on our behalf. Only communications from you that are in writing to our authorised representative will be recognised by us as properly authorised expressions on your behalf. Failure to comply with these requirements may, at our discretion, result in your Proposal being disqualified.

HDC will post a copy of all properly authorised written questions to persons that register a formal interest in responding to the RFP via email. If any question relates only to an individual Proposal, any matters raised will not be discussed with other Respondents. All notices issued will become part of this RFP.

### **3 General Conditions**

HDC reserves the right to:

- Vary or withdraw this RFP (or any part of it) at any time. Any such variations notified by HDC will become part of this RFP;
- Reject all or any Proposal;
- Call and/or re-advertise for Proposals;
- Waive or relax any irregularities or informalities in the RFP process;
- Amend the closing date, or any other date in the RFP document;
- Seek clarification or more information of any Proposal;
- Consider or reject any alternative Proposal;
- Deal separately with any of the divisible elements of any Proposal, unless the relevant Proposal specifically states that those elements must be taken collectively;
- Enter into discussions and/or negotiations with any CHP at any time and upon any terms and conditions before or after acceptance of an Proposal;
- Obtain similar goods and/or services from any third party and not deal exclusively with any tenderer under this RFP process; and
- Meet with any Respondents before and/or after the RFP closes and prior to award.

HDC will not be bound to give any reasons for decisions made as a result of this RFP or as an outcome of the evaluations.

**Canvassing:** In respect of this RFP, Respondents will not canvass any HDC employees, contractors, consultants or any other person that has role in the Community Housing Transfer Process other than the authorised representative. A Respondent found to be canvassing or have canvassed any HDC employee, contractor, consultant or any other person that has role in the Community Housing Transfer Process other than the authorised representative regarding this RFP may be excluded from further consideration.

**Conflict of Interest:** HDC must be certain that there can be no perception by clients, staff or the public of any individual or organisation receiving preferential treatment over any other individual or organisation. Respondents must not place themselves into a situation that could create a conflict of interest. If there are any situations or relationships that could be so construed they should be declared immediately as they become known. HDC will assess the impact and advise any further actions as required.

**No Warranties or Representations Concerning Information Provided by HDC:** Respondents will be responsible for verifying the accuracy and adequacy of information supplied by or on behalf of HDC and HDC makes no warranties or representations in respect of such information.

**Information Complete and Accurate:** All information provided by the Respondent in its Proposal is warranted by the Respondent and Respondent Members to be complete and accurate in all material respects. The Respondent also warrants to HDC that the provision of information to HDC, and the use of it by HDC for the evaluation of the Proposals to this RFP will not breach any third party intellectual property rights.

**Independence of Proposal:** By submitting your Proposal you certify that:

- a) The Proposal submitted has been arrived at without any consultation, communication or agreement for the purpose of restricting competition; and
- b) You have not made and will not make any attempt to induce any other person or firm not to submit a Proposal for the purposes of restricting competition.

**Proposal Costs:** The Respondent must pay their own costs incurred in submitting their Proposal, including any costs relating to:

- a) Preparation of the Proposal;
- b) Any communications or negotiations with HDC;
- c) Any presentation to HDC; and
- d) Preparation and agreement of any contract that may result from this RFP process.

**Evaluation Criteria:** HDC will evaluate each Proposal against criteria determined by HDC at its absolute discretion. Proposals will be evaluated on:

- a) Information given by the Potential CHP in its Proposal;
- b) Any further information obtained by HDC as a result of further communications between HDC and the potential CHP (including, where relevant, any presentation); and
- c) Any such other information available to HDC regarding the Respondent that HDC considers assists it to assess the Proposal.

**Evaluation Process:** Each Proposal will be assessed on how it meets HDC's evaluation criteria and aligns with the HDC's community housing transfer objectives. Respondents may be contacted to clarify any aspect of their Proposal. However, there is no obligation on HDC to check any Proposal for errors.

**Short Listing and Selected Party Selection Processes:** Respondents will be short-listed and selected in accordance with the criteria outlined in Section X, and whether the Respondent has conformed to the process and complied with the terms and conditions contained in this RFP. HDC may also, at its absolute discretion, choose other criteria or adjust the weighting of existing criteria without further reference to Respondents.

**Presentation:** As part of the evaluation process, short listed Respondents must be willing and able to make a presentation to the evaluation committee. The Selected Party may also be requested to make a formal presentation to nominated individuals of HDC and Councillors as part of the formal approval process.

**Communication of Outcomes of the RFP:** Using the contact information provided within by Respondents, HDC will notify in writing each Respondent that submits a Proposal individually of the outcome of the RFP evaluation process.

**Ownership of RFP Documents:** The original copies of all Proposals submitted to HDC will remain the property of HDC and will not be returned.

**Exclusion from Liability:** HDC endeavours to supply correct information, it disclaims, to the extent allowed by law, any liability (whether in contract or in tort, including negligence) for any loss or damage arising from any statement, representation, misrepresentation, inaccuracy, act or omission in respect of any information supplied, or statements made by or to any Potential Respondent, or otherwise in connection with any Proposal or this RFP (including any cost or loss to Potential Respondent associated with the completion and submission of a Proposal or if the RFP process is delayed or cancelled).

## **4 Submission of RFP Proposal**

In submitting a Proposal, the Respondent does so subject to and upon the basis of:

- a) Accepting and agreeing to comply with the provisions of the RFP documents; and
- b) Undertaking to promptly enter into a formal negotiation upon notification of being the Selected Party under terms deemed acceptable by HDC.

Proposals once submitted cannot be withdrawn or modified except with the written consent of HDC.

## **5 Acceptance of Proposal**

Each Respondent that submits a Proposal shall be notified in writing of acceptance or rejection of its Proposal as soon as is practical. No Proposal shall be deemed to be accepted or rejected unless and until the Respondent has been notified by HDC.

If in the opinion of HDC and at HDC sole discretion, none of the Proposals submitted are acceptable, HDC reserves the right to enter into negotiations with one or more Respondents or any other party.

HDC shall exercise this right only after notification to all Respondents that their Proposals were unsuccessful.

Nothing contained or implied in the RFP shall oblige HDC to discuss or justify any of its decisions or actions relating to this RFP or any Proposal.

## **6 Confidentiality**

It is a condition of this RFP that information provided is for the sole purpose of allowing a Potential Respondent to prepare and submit a Proposal. Receipt of this RFP by any Party indicates acceptance of the obligations relating to confidentiality set out in this RFP.

Neither this RFP nor any other information provided to a Potential Respondent shall be used in any other context nor shall it be disclosed to any party not directly involved in the formulation of a Proposal. Where other parties are involved, they shall be deemed to be subject to the same requirements of confidentiality, and the Potential Respondent shall be responsible for ensuring that.

The RFP documentation and any copies produced with or without approval will remain the property of HDC and must be returned upon request.

The Potential Respondent shall not make any public statement in relation to this RFP, or in relation to the award of any subsequent negotiations and agreements without the prior written permission of HDC.

Except as required by Law, or under any agreement subsequently entered into with HDC, the Potential Respondent shall take all reasonable steps to ensure that any person engaged or employed by the Potential Respondent or Respondent Members does not disclose to any person the contents of, or information relating to, any document or material which comes to its knowledge, or into its possession in connection with this RFP or as a result of any engagement or employment which relates to affairs of HDC.

Before releasing any confidential or commercially sensitive information to the Potential Respondent, HDC may require the Potential Respondent to sign a confidentiality agreement.

Through the RFP process, HDC may collect and hold information about the Potential Respondent and may also use that information for business planning or statistical purposes.

HDC reserves the right to:

- Disseminate any information received from Respondents amongst HDC staff and representatives;
- Utilise any information received for its own advantage or benefit without thereby creating any obligation, financial or otherwise, to the Potential Respondent of that information; and
- Publicly notify the name of the Selected Party in advance of notifying other Respondents.

## **7 Subject to Agreement**

Any Respondent that submits a Proposal agrees that the RFP and any provision contained within it does not give rise to a separate Agreement between HDC and that party, whether as to content of the RFP or otherwise.

Any Respondent that submits a Proposal agrees that nothing in this RFP or in the relationship between HDC and that party imposes any duty of care on HDC and any such duty of care is expressly excluded.

Proposals are submitted on the basis that no binding legal relations with HDC are created unless and until HDC and the relevant party execute a Sale and Purchase Agreement covering the transfer of HDC Community Housing portfolio.

## **8 Acceptance of Gifts**

In compliance with HDC policy; gifts, inducements, promotional products, services or any such similar thing will not be accepted by HDC's and the Trusts employees, agents, consultants or contractors at any time during this RFP process. Any Potential Respondent attempting to provide gifts, inducements, promotional products, services or such similar thing to any HDC and Trust employees, agents, consultants or contractors acting on behalf of HDC may be disqualified from participating in the RFP and RFP process.

## **9 Governing Law**

This RFP is governed by the laws of New Zealand and New Zealand courts have exclusive jurisdiction as to all matters relating to this RFP.

## APPENDICES

- I Community Housing Portfolio – Property Profile
- II Sale and Purchase Agreement - Term Sheet
- III Due Diligence Material – to be made available to Qualifying Respondents
- IIII Confidentiality Agreement – to be completed when registering.

## **APPENDIX I**

### **COMMUNITY HOUSING PORTFOLIO - PROPERTY PROFILE**

## HOROWHENUA DISTRICT COUNCIL COMMUNITY HOUSING PORTFOLIO - PROPERTY PROFILE

Location	Complex	Legal Description	CT Ref.	Year Built	Floor Area (m2)	Land Area (m2)	Nature of Improvements	Units	Unit Type	SPM Asset Condition Summary	Items highlighted in recent assessment series	Weekly Rent 2016/17	Potential Gross Rental p/a	Rating Valuation	Potential Gross Yield @ RV
5 Union Street FOXTON 4814	Podmore Flats	PS 126 Town of Foxton	WN526/43	1962	234	1595	A long row of 6 attached units, some being mirrored with a painted metal roof, PVC spouting and downpipes, a mix of painted weather boards and fibrolite wall cladding, with a painted concrete render base. The unit is a Bedsit with the lounge and bedroom combined, a separate kitchen with laundry tub, a small hall accesses the bathroom. The ceilings are painted Pinex, walls painted gib-board, floors are carpet with vinyl in the wet areas. Heating is by a split air conditioning, hot water is by an electric storage type cylinder in a kitchen cupboard.	6	Bedsit	Very Good - Excellent - 4.8	The exterior is in good condition with no defects. Overall the grounds are well kept with only the clothes lines being in poor condition	\$130.00	\$40,560	\$325,000	12.5%
42 Johnston Street FOXTON 4814	Seaview Flats	Lot 1 DP 79672	WN46A/520	1962	254	1850	Six single units in three blocks of two. The roof is painted metal, spouting and downpipes are PVC, cladding is painted weatherboard, windows are mainly painted timber with some being aluminium, entrance doors are painted timber glass. Inside has a separate kitchen, lounge dining, bedroom and wet shower bathroom. Ceilings and walls are painted gib-board, flooring is carpet with vinyl in the wet areas. Heating is by a split air conditioning unit, hot water is electric storage type.	6	Single	Very Good - Excellent - 4.8	The exterior is in good condition with no defects. The grounds are well kept with no defects.	\$140.00	\$43,680	\$310,000	14.1%
9-14 Churchill Crescent SHANNON 4821	Churchill Crescent	Lot 1-2 DP 26534	WN5A/160 WN6A/628	1974	284	1618	Two blocks of three units. Decramastic roof tiles, PVC spouting and downpipes, mainly brick cladding with some painted fibrolite cladding, aluminium windows with timber glass entrance doors. Inside, the units have separate bedroom, bathroom, small rear hall and open plan kitchen, dining and lounge. Ceilings are painted Pinex tiles, a mix of painted gib and block, flooring is carpet with vinyl in the wet areas, and heating is by a split air conditioning units, hot water is electric storage type.	6	Double	Very Good - 4.5	The complex is in good overall condition with some minor maintenance issues. The Decramastic roof tile chip is worn, the spouting has a hole at the rear, and the fascia paint has slight peeling patches. The painted fibrolite cladding, windows and doors are all in good condition. The grounds are well kept with some letter boxes having slight rot and paint peeling, some cloths lines have rust	\$135.00	\$42,120	\$300,000	14.0%
23-31C Rugby Street LEVIN 5510	Rugby Street West	Lot 1 DP 65760	WN37C/306	1965	625	2638	Five blocks of three. These blocks were converted from 4 one bedroom into 3 one bedroom units with the middle unit larger than the front and back ones. This block has a concrete tiled roof as well as corrugated on the extensions to the front and back units when the properties were renovated. They have metal spouting and pvc downpipes. Timber weatherboards clad the exteriors and there is a combination of timber and aluminium Windows and doors. The properties have a timber floor with a concrete and timber footing. There are some steps and ramps to some units with handrails and a tap attached to the outside of each. Access to under the house is provided by a door on the outside but room there is limited.	10	Single	Very Good t - 4.5	This property is in very good condition and has been maintained well over the years. However there is some cracking in the concrete paths and some of the timber fencing is collecting moss as well as some rust on washing lines. The exteriors recently painted means there are no obvious maintenance issues	\$140.00	\$72,800	\$1,100,000	6.6%
								5	Large Double			\$150.00	\$39,000		
16-22B Rugby Street LEVIN 5510	Rugby Street East	Lot 2 DP 17827	WN56/60	1972	312	1636	Four blocks of two. They have a corrugated roof with metal gutters and pvc downpipes. The walls consist of a mixture of fibrolite and brick cladding on a timber frame. The doors are timber/glass and the windows are aluminium. The property sits on a concrete slab. There is a designated car park spot for each unit and a garden shed as well. A glass partition separates each units front doors and the meter and fuse box is located on the outside of one unit only. There are paths to access the back and clothes line.	8	Single	Very Good - Excellent - 4.6	These units and grounds are in excellent condition. There are some minor paint repairs around doorways and on some of the metal fascia and spouting but otherwise there is no immediate maintenance issues.	\$145.00	\$60,320	\$550,000	11.0%

Location	Complex	Legal Description	CT Ref.	Year Built	Floor Area (m2)	Land Area (m2)	Nature of Improvements	Units	Unit Type	SPM Asset Condition Summary	Items highlighted in recent assessment series	Weekly Rent 2016/17	Potential Gross Rental p/a	Rating Valuation
1-31 Cambridge Place LEVIN 5510	Cambridge Place	Pt Lot 3 DP 1406, Pt Lot 2 DP 17842, Lot 1 DP 19658	WN905/48	1962	754	6202	Two blocks of four double units, two blocks comprising two singles and one large double, and one block of two large doubles. They have a concrete tiled roof with metal spouting and downpipes. The walls are timber weatherboards. The windows were initially all timber but some have now been replaced with aluminium. There are some steps to the front and back doors with metal handrails. There is a timber entrance door at the front and a screen door at the back. They have a concrete pad for parking and a steel shed in their front gardens. Meter boxes and fuse boxes are located together, opposite the front door.	4	Single	Good-Very Good 4.3	These units are in good condition though there are some issues, the roof has sagged a bit over the years and moss has grown on the tiles. Some of the metal downpipes have been squashed. Paint on sills and remaining timber windows is peeling and starting to break down. Paint on steps leading to doors has deteriorated. Some weatherboards have splitting issues especially at junctions.	\$140.00	\$29,120	\$1,105,000
								8	Double			\$145.00	\$60,320	
								4	Large Double			\$150.00	\$31,200	
1-40 Cambridge Park LEVIN 5510	Cambridge Park	Lot 5 DP 2417	WN23C/452	2007-2009	2560	18089	40 double units in 7 blocks of 4, 3 blocks of 2, and 1 block of 6 units. Coloursteel roofing, spouting and downpipes, exterior wall claddings are a mix of painted Hardiplank and plywood, doors are painted timber with aluminium windows and a sliding door. The units inside are one bedroom with an open plan lounge, dining and kitchen, separate bathroom and laundry with an external locker. Ceilings and walls are painted gib-board, flooring is carpet with vinyl in the wet areas. Heating is by a split air conditioning unit in the lounge and hot water is an electric storage type. Separate standalone office building currently vacant	2	Double - wheelchair accessible	Very Good to Excellent - 4.7	The fences, lawns and gardens are very well kept with no additional gardening required. Some units have cracked concrete at the patio areas with a majority of the timber garden retaining walls having peeling paint on the top rails. Overall the exterior is in very good condition with only very slight fading paint on the entrance doors	\$170.00	\$17,680	\$4,255,000
								28	Double - with car parking in front			\$170.00	\$247,520	
								10	Double - remote carpark provision			\$160.00	\$83,200	
4-30 Waimarie Park LEVIN 5510	Waimarie Park	Lot 2 DP 475121	654480	1977	800	6783	Two blocks of three. Construction is Hardiplank weatherboard, concrete floors, concrete tile roofing and aluminium joinery. There is a concrete tiled roof with a 40 degree pitch. There are timber rafters and joists. It has polyester insulation in the ceilings. The walls are timber with a painted Hardiplank cladding. There are aluminium windows and doors with a screen on the front. The rear door is timber. The spouting and downpipes are PVC. The building is on a concrete slab. There is a concrete pad for parking and an outdoor shed for storage. Each unit has an outdoor tap.	5	Single	Very Good to Excellent - 4.7	In very good condition after almost 40 yrs. since built. There is some peeling paint on the weather boards and fascia. Some aluminium joinery has faded and door handles have peeling chrome.	\$135.00	\$35,100	\$1,050,000
				1985				1	Double With Separate Garage			\$155.00	\$8,060	
								10	Single Stand Alone			\$145.00	\$75,400	
								2	Double Stand Alone			\$150.00	\$15,600	
		Lot 1 DP 475121	654479		0	10960	Vacant Serviced Lot	0					\$185,000	
					5823	51371	m2	115	units			\$901,680.00	\$9,180,000	

Potential  
Gross  
Yield @  
RV

10.9%

8.2%

12.8%

9.8%



### SALE AND PURCHASE AGREEMENT - TERM SHEET

**1. VENDOR**

Horowhenua District Council

**2. PURCHASER**

Registered Community Housing Provider

**3. PROPERTIES**

3.1 The properties being sold are:

- (a) eight pensioner housing complexes containing a total of 115 rental units and other improvements; and
- (b) a 1.1 hectare block of residential land adjacent to the Waimarie Road Complex in Levin.

3.2 An overview of the properties for sale is included as Appendix I.

3.3 All properties are offered for sale subject to existing tenancies.

**4. OTHER ASSETS**

4.1 The Vendor will also transfer to the Purchaser:

- (a) relevant data relating to the properties and tenancy management;
- (b) any proprietary software and stand-alone systems developed by Vendor for property or tenancy management, other than any such systems that require ongoing access to the Vendor's information technology infrastructure or other ongoing support from the Vendor.

**5. PURCHASE PRICE**

5.1 The agreed purchase price will be determined based on the RFP proposal of the Purchaser and any subsequent negotiations with the Vendor.

5.2 A deposit of 5% will be payable on the execution of the sale and purchase agreement.

5.3 The balance of the purchase price will be payable on the settlement date.

**6. SETTLEMENT**

6.1 The settlement date will be [                      ].

6.2 On settlement, the Vendor will:

- (a) transfer titles to the properties;
- (b) deliver originals of tenancy agreements;
- (c) if required, redirect any rental payments to the Purchaser's bank account; and
- (d) deliver any data and systems the Vendor has agreed to transfer.

6.3 If the Purchaser is unable to complete the transaction on the Settlement Date, the Vendor may:

- (a) agree to a new settlement date; and
- (b) charge 12% per annum on any outstanding balance for each day settlement is delayed; or
- (c) cancel the transaction and take action to recover costs from the Purchaser.

**7.**

## **OBLIGATIONS PRIOR TO SETTLEMENT**

- 7.1 Following execution of the sale and purchase agreement until settlement, the Vendor will:
- (a) continue tenancy management on the properties, including entering into new tenancies, approving any assignments, subletting, renewal, surrender or variations to any tenancy without needing approval or consent from the Purchaser. An initial schedule of tenancies will be provided to the Purchaser on execution and then an updated schedule will be provided on settlement; and
  - (b) continue to carry out responsive maintenance to the properties as necessary.
- 7.2 Notices under the Residential Tenancies Act 1986 will be delivered to tenants.

## **8. APPORTIONMENTS ON SETTLEMENT**

- 8.1 On settlement, the Vendor and the Purchaser will apportion rates due, and rents paid in the period prior to settlement that relate to the period after settlement and account to the Purchaser for those amounts.
- 8.2 The Purchaser will be entitled to all rental payments paid after settlement, including any outstanding rental payments relating to the period prior to settlement (rental arrears).

## **9. CONDITIONS**

- 9.1 The sale will be conditional on:
- (a) the novation of the:
    - (i) a suspensory loan agreement for modernisation of \$3,118,500 due to expire on 17 December 2028;
    - (ii) a suspensory loan agreement for new construction of \$2,100,000 due to expire on 16 March 2029; and
    - (iii) a relationship agreement dated XX XXX XXXX setting out the rights and obligations of each party in relation to the properties, and principles for resolving any breach or dispute,
- ("HIF Loans")** to the Purchaser on terms acceptable to the Vendor and HNZ. This will involve the Purchaser assuming all of the Vendor's obligations under the HIF Loans; and
- (b) the Purchaser entering into an agreement with HNZ contemporaneously with this agreement whereby the Purchaser agrees to purchase HNZ's social houses in the Horowhenua District with settlement on the same day as settlement under this agreement.

## **10. TRANSITION SERVICES**

- 10.1 The Vendor may agree to provide a range of transition services for a period of no more than three months following the settlement date.
- 10.2 These transition services may include:
- (a) rent and arrears collection, including maintaining a bank account and rental management systems;
  - (b) tenancy management, including new tenancy allocations, terminations and general support for tenants;
  - (c) property management, including commissioning responsive maintenance and maintaining property records; and
  - (d) systems support, for property and tenancy management systems transferred to the purchase on settlement.
- 10.3 Transition services will be provided on a full cost recovery basis and invoiced monthly.

**11. VENDOR WARRANTIES**

- 11.1 The properties are being sold on an as-is where-is basis and no warranties will be given regarding the condition of the properties (including, for the avoidance of doubt, in respect of contaminants).
- 11.2 The Vendor also will not warrant any other matters, including the accuracy of information provided in respect of the transaction.

**12. PURCHASER WARRANTIES**

- 12.1 The Purchaser will be required to warrant that it is a registered community housing provider and is authorised to enter into all transaction documents associated with the sale of the properties.

**13. NON BINDING**

- 13.1 This term sheet sets out indicative terms of sale. It is not intended to create a binding contract between parties. That contract will be contained in a formal sale agreement.

**14. OTHER TERMS**

- 14.1 The formal sale agreement will contain such other terms as are usually contained in a contract of this nature.

## APPENDIX III

### **DUE DILIGENCE MATERIAL TO BE MADE AVAILABLE TO QUALIFYING RESPONDENTS**

- 1 Portfolio overview and location maps.
- 2 Land Information Memorandum for each property.
- 3 SPM Property Condition Summary reports for each property.
- 4 Rental and financial performance summaries for each property.
- 5 A copy of HDC's housing for older persons policy, and terms and conditions of tenancy.
- 6 A recent valuation appraisal by a registered valuer.
- 7 HNZA HIF Suspensory Loan conditions and draft novation documents
- 8 Schedule of contractors.
- 9 Portfolio disclosures (if any).
- 10 Other material as agreed-to in writing by HDC.

**CONFIDENTIALITY AGREEMENT**

between

**The Horowhenua District Council**

and

---

*[Legal Name of Entity]*

## CONFIDENTIALITY AGREEMENT

THIS AGREEMENT dated the \_\_\_\_\_ day of \_\_\_\_\_  
2017

### PARTIES

A. THE HOROWHENUA DISTRICT COUNCIL (“HDC”)

and

B. \_\_\_\_\_ (“the Interested Party”)  
*[PRINT Legal Name of Entity]*

### BACKGROUND

- A. HDC and the Interested Party propose to negotiate further the possible stock transfer of HDCs Community Housing portfolio (“the transaction”) in a confidential manner.
- B. It is contemplated in the course of the transaction the parties will make available to each other certain confidential information.
- C. The parties acknowledge the right of each party to preserve and protect the confidentiality of the confidential information in accordance with the terms set out in this Agreement.

### AGREEMENT

1 Interpretation

1.1 In this agreement, except where context requires otherwise, –

“**confidential information**” means any and all information provided in connection with the transaction by or on behalf of one party to the other party or to any permitted recipient of either party, in any form whatsoever or which comes into existence as a consequence of discussions relating to the transaction whether provided before or after the date of this Agreement. But this does not include any information or material which clearly:

- (a) is publicly known or which became publicly known after the date of this Agreement other than through breach or non-performance by a party of any of its obligations under this Agreement; or
- (b) is received in good faith by a party from an outside source and who was lawfully in possession of and had the right to disclose the information and did so to that party not owing (directly or indirectly) any obligation of confidentiality to the other party.

“**disclosing party**” means the party who has disclosed confidential information to the receiving party.

“**permitted recipient**” means:

- (a) any legal, tax, accounting, financial or other professional advisors acting in their professional capacity under instruction of the receiving party; or
- (b) any other person authorised in writing by the disclosing party.

**“receiving party”** means the party who has received confidential information from the disclosing party.

1.2 **Headings:** section, clause and other headings are for ease of reference only and do not form any part of the context or affect this Agreement’s interpretation.

## **2 Confidentiality Undertakings**

2.1 The receiving party agrees that they will keep confidential all confidential information received by them, use such confidential information only in connection with the transaction and will not disclose any such confidential information to anyone except as provided for in this Agreement.

2.2 The parties shall be permitted to disclose confidential information received from the disclosing party to a permitted recipient where such disclosure is necessary or desirable for the purpose of the transaction or matters concerning it.

2.3 The party disclosing under clause 2.2 must ensure that each permitted recipient is made aware of the confidential nature of the confidential information and ensure that the permitted recipient complies with the terms of this Agreement as if they were a party to this Agreement. If any permitted recipient does any such thing in breach of this Agreement then the party who disclosed the confidential information to the permitted recipient shall be deemed to be in breach of this Agreement.

2.4 The receiving party undertakes that, within 10 working days of a written request from the disclosing party, they will:

- (a) return or destroy all confidential information provided to them; and
- (b) destroy or permanently erase all copies of confidential information made by them; and
- (c) use all reasonable endeavours to ensure that any permitted recipient that has been provided with confidential information destroys or permanently erases such confidential information, provided that they, and any permitted recipient may, retain sufficient copies of all confidential information given to or made by them for audit and/or compliance purposes and any confidential information that forms part of an electronic back-up system which is not immediately retrievable as part of day-to-day business.

2.5 The receiving party agrees (unless prohibited by law) to immediately, on becoming aware of any unauthorised disclosure of confidential information, inform the disclosing party of the full circumstances of any unauthorised disclosure by them or any permitted recipient, and to take all such steps as may reasonably be requested by the disclosing party to remedy or mitigate any such breach.

## **3 Waiver**

3.1 Failure or omission by a party at any time to enforce or require strict or timely compliance with any provision of this Agreement shall not affect or impair that provision in any way or the rights of any party.

## **4 Indemnity and Equitable Relief**

4.1 Each party indemnifies the other from and against any and all loss, inquiry, damage, liability and reasonable costs (including all reasonable legal, accounting and other professional fees), payments, proceedings and expenses suffered or incurred by them arising out of or caused by a breach of this agreement by that party.

4.2 Both parties agree that the other will be entitled to equitable relief, including an injunction and an order for specific performance, in the event of any breach of the provisions of this agreement.

**5 Severability**

5.1 If any provision of this Agreement is found to be unenforceable, illegal or invalid for any reason, the relevant provision shall be deemed to be modified to the extent necessary to remedy such unenforceability, illegality or invalidity or if this is not possible then such provision shall be severed from this agreement without affecting the enforceability, legality or validity of any other provision of this Agreement.

**6 Governing Law and Jurisdiction**

6.1 This Agreement is governed by and shall be construed in accordance with New Zealand law and each party hereby irrevocably submits to the non-exclusive jurisdiction of the courts of New Zealand.

**7 Counterparts**

7.1 The parties may execute this Agreement in counterparts, each of which is deemed an original and all of which only constitute one original.



**8 Entire Agreement:**

8.1 This Agreement:

- (a) constitutes the entire Agreement between the parties as to its subject matter and supersedes all prior representations and Agreements in connection with that subject matter; and
- (b) may only be altered by written agreement between the parties.

**EXECUTED** as an Agreement

**SIGNED** by  
**THE HOROWHENUA DISTRICT COUNCIL**

\_\_\_\_\_  
Monique Davidson, Group Manager Customer and Community Services

\_\_\_\_\_  
*Witness signature*

\_\_\_\_\_  
*Full name of witness*

\_\_\_\_\_  
*Occupation of witness*

\_\_\_\_\_  
*Address of witness*

**SIGNED** by

\_\_\_\_\_  
*[PRINT Legal Name of Organisation]*

\_\_\_\_\_  
*Signature of Director/Authorised Signatory*

\_\_\_\_\_  
*Name of Director/Authorised Signatory*

\_\_\_\_\_  
*Witness signature*

\_\_\_\_\_  
*Full name of witness*

\_\_\_\_\_  
*Occupation of witness*

\_\_\_\_\_  
*Address of witness*