

# LESSONS FROM GROWTH



> *David Zussman and Marc Slade look at the rapid growth of CHPs in New Zealand in recent years, and offers Christchurch's Ōtautahi Community Housing Trust, Accessible Properties and Haumaru Housing as persuasive examples from which others can learn.*

In the last five years, the community housing sector has grown rapidly. New central and local government housing policies have meant the transfer of housing stock to a number of new and large Community Housing Providers (CHPs).

Some of these CHPs have been set up from scratch, while others have had to scale up very quickly. This has created challenges in recruiting new staff, procuring IT systems, organising contractors, taking inventory of housing stock, commencing deferred repairs, and simply getting to know hundreds of tenants. For some of these organisations, they have gone from nothing to become the largest CHPs in New Zealand – sometimes in the space of mere weeks.

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So what has this meant for them? What have been the challenges, and what are the lessons they can pass on to others?

Christchurch's Ōtautahi Community Housing Trust (OCHT) is an example of a new 'purpose-built' housing provider, set up in 2016 as a charitable trust after Christchurch City Council decided to transfer the tenancy and property management of

its 2,300 homes while retaining ownership of the assets, and responsibility for major and capital maintenance. The newly established OCHT had to start up and be ready to go live in just three months.

Chief Executive Cate Kearney says a lot of Ōtautahi's initial decision-making was driven by the fact that it only had 12 weeks in which to make key decisions and implement systems.

“That's a large ask,” she says. “In hindsight, if we had more time, we might have gone to the market to do a full procurement for things like IT and social housing software. As we didn't have the time, we used consultants to identify software and, in the end, we selected the only programme that we knew could be implemented in three months. It was a matter of we've got the systems, they may not be the best but they'll get us going.”

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An early decision in which Cate is pleased was deciding to push back on how the council saw the structure working for the trust, instead determining it themselves.

“We set the model very early to be tenant-centric, which meant we needed to have more resources to be able to spend more time with our tenants,” she says. “The council had tenancy portfolios of around 300 to 350 tenancies per tenancy manager, which OCHT reduced to 200.”

Though OCHT advertised the new jobs to test the market, they also committed to interviewing every interested, existing council housing staff member who had each been part of a “really



OCHT's first development opened in January 2019

dedicated” team. However, OCHT didn’t want to just transfer the council’s culture – “It had to be about the cultural fit with OCHT and a values-led way of working for us. That was a line we wouldn’t cross.”

Among the 25 staff they recruited in three to four weeks, OCHT ended up bringing over several senior managers, leading to a smoother transition because people knew and trusted each other already. However, OCHT did lose a few staff in the first year due to a process of reviewing policies and processes to deliver a better service to tenants.

“It’s that whole thing of being a startup – we were working through issues as we went live,” Cate says. “Whereas now, those processes are embedded, written down, and there are process maps for key tasks. You don’t want to be overly bureaucratic and systemised but people need tools when they’re out in the field so they can confidently go about their work. If we had more time early on to develop these tools before the go live, that would have been great.”

“ We went from zero properties to 1,412 units and 1,458 tenants overnight ”

Haumaru Housing was a joint venture startup (between Auckland Council and Selwyn Trust) when it took on Auckland Council’s community housing portfolio in July 2017: “We went from zero properties to 1,412 units and 1,458 tenants overnight,” says Chief Executive Gabby Clezy.

“The challenges faced would be familiar to any joint venture startup – developing and operationalising systems and processes, connecting information systems, opening bank accounts, recruiting staff, developing and implementing policies and procedures, as well as developing a customer centric culture for the organisation.”

But they had the additional challenge of managing the intangibles – creating a strong community and defining a space for older people: “That’s what makes us different,” Gabby says. “We brought a high level of service to meet the specific needs of older people.”



OCHT tenants on an outing organised by the Tenant Advisory Group



Accessible Properties’ Moire Rd Kowhai Ridge tenants, Michael Webb and Rikki Lee Parker

Unlike previous landlords, Haumaru manages all the assets, the tenants and the community-based issues. The organisation liaises one-on-one with tenants regarding medical, physical or social issues. And it has continued to grow; in the past two years bringing on 285 more tenants: “We had to make sure they had a good experience moving into our communities.”

Gabby says one of the lessons learned along the way became apparent in their first survey – that older people are really interested in what’s going on in their community: “We have spent a lot of time listening to what the tenants have told us, making sure we engage with them and delivering services they need – not ones we think they need.”

Accordingly, Haumaru has spent the last two years getting constant feedback (in seven languages) by phone, complaint, compliments and real-time surveys. Through this process, one of the big issues that became apparent was the age of their inherited housing stock.

“The challenge for us is we didn’t have a deep understanding of the quality of housing we had taken on board,” Gabby says. “We have spent the first year finding out what it is we were responsible for, and making sure we had a plan in place to fix all the buildings, the problems, and really get on top of maintenance issues.”

“ Look very carefully at the stock you’ve got and make some hard calls about what you’re going to continue to maintain ”

“The lesson we can give people is to look very carefully at the stock you’ve got and make some hard calls about what you’re going to continue to maintain and what you’re going to have to repurpose or sell to reinvest in the housing.”





*Haumaru tenants – Mrs Anna Anderson, Mrs Carmelita Laxa and Mrs Tauri Kairamaki – enjoying coffee during a Haumaru community event*

Accessible Properties (AP) manages 2,535 homes across New Zealand, providing about 6,500 people with a place to live. The organisation was established by IHC New Zealand, and became a vehicle for the charity to invest in more community housing for people in need.

But, seven years ago, AP had a balance sheet of nothing. They first built new homes, then bought properties from existing providers such as the Hamilton City Council and HNZN. In Tauranga, for example, AP is currently providing more than 1,150 homes to some 3,500 tenants and their *whānau* (extended families), most of which was bought from the Crown under the last Government's transfer policy.

## “ Providing warm, safe, secure homes is in IHC's DNA ”

Chief Executive Greg Orchard says, although the latest growth has been quick, it had the support of IHC, which has been in community housing for more than 60 years: “Providing warm, safe, secure homes is in IHC's DNA.”

As with OCHT and Haumaru some of the main challenges for scaling up so quickly were in systems and staffing: “What works for 10 or 100 properties doesn't work for 1,000 or 2,000. The scaling up means you need different systems and capability.”

“When I joined as Chief Executive two-and-a-half years ago, people in the office in Wellington knew every property and tenant well,” explains Greg. But the fast growth meant the policies and systems for tenancy and asset management had to be upgraded and updated.

On top of that, AP's 15 staff doubled in three months during

2017. That meant getting people to understand intangibles like the philosophy of the organisation, in addition to the practicalities of setting up a new office, and recruiting and training new staff in a very short space of time.

“If I was doing it again, I would be more conscious of the amount of effort in trying to deliver the business as usual, while undertaking major growth and the need to resource both sufficiently,” Greg admits. “We got through, but we asked for a lot from our people during that time, particularly with the Tauranga transfer. We grew from 527 to 1,665 homes overnight. It was a major effort and, if we were going to do a jump like that, I would be resourcing the project for that growth a bit earlier than we did.”

## “ If you are embarking on rapid growth, it is important to keep in mind your reason for doing it and not lose sight of your core purpose ”

He says it's crucial that others looking to scale up have a good relationship with funders, the ability to build confidence from the finance industry including lenders such as banks, have cashflow to pay interest, and also have collateral or security for the money they're borrowing. He adds, if you are embarking on rapid growth, it is important to keep in mind your reason for doing it and not lose sight of your core purpose.

“We are really clear that the only reason we took on any of these opportunities is because they fit with why we exist, and we believe we can deliver a far better service and do a better job than the parties who were doing it before,” Greg says. “We take a generational view and invest in communities for the long-



POCHT tenants on an outing organised by the Tenant Advisory Group; (inset) OCHT team with their e-cars and e-scooters

term. It is about much more than just a house – we look to create places where people feel they can belong and thrive.”

All three providers say, now that they’ve done it, they’re available to share their experiences with others on the journey of growing.

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“There is so much we can learn as a group and so much we can learn from each other,” Gabby Clezy says. “Who are the power brokers? Who are the people we need to talk to? Things are changing all the time and we need to make sure we are across people who are the decision-makers.”

Cate Kearney says she and her team were grateful for the time spent talking to Auckland’s Tamaki Regeneration Company (TRC), which also had three months and a similar number of homes to transfer. TRC was generous with advice, policies and systems, and Kearney says things are running so smoothly for OCHT two-and-a-half years down the line that they’re now the ones sharing their experience with new providers.

All three demonstrate that, from little things, big things grow – just some faster than others.



**David Zussman** is Senior Programme Manager at Community Housing Aotearoa (CHA). He joined CHA in February 2016, and brought with him a wide range of experience from working for housing associations in the UK, as well as the last 15 years in New Zealand for community and emergency housing organisations.

David works closely with many CHA members through the support provided to the Auckland Community Housing Provider Network, the Te Waipounamu Community Housing Network and Housing Connections, The Auckland Emergency Housing Network.



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Marc developed the NZ Community Housing Best Practice Guide for CHA and worked for the Community Housing Regulatory Authority. He is a Level 3 Certified Housing Professional through the AHL.