

# Instructions for Respondents

1. Check that you have all the relevant documents, including:
  - The Request for Information (Rfi) which outlines what information is needed.
  - The Response Form (this one) to fill out your response.
  - The Rfi Terms.
2. Before filling out this form, read the Rfi carefully, particularly Section 2 (Our Requirements).
3. Please follow the layout of this Response Form:
  - Don't change the section headings and sequence as this needs to be consistent across all Respondents.
  - Insert any extra images or graphs either as part of your answer or in a separate attachment (but make it clear in the Response Form that you have done so).
  - You can insert links to videos up to 50 MB in size.
  - Do not insert links to long documents if possible. They may not be viewed.
4. Everything highlighted in **PURPLE** in this document is information for the Respondent (you). Delete these **PURPLE** parts before sending the Response Form. Everything shaded in **BLUE** is customisable by you. When you have completed these areas please un-shade them.
  - The purple boxes are Respondent Tips. Delete these after reading.
  - Write your response in the blue sections. Un-shade the blue once you have filled these out.
5. Feel free to ask us if anything is unclear.

# Checklist for Respondents

## Before you submit your Response...

1. Fill out all sections of the Response Form.
2. Remove all the purple 'Respondent Tip' boxes from this Form.
3. Delete the **PURPLE** instructions from this Form.
4. Un-shade the **BLUE** highlighting where you fill out your answer.
5. Prepare your Response. 

We prefer that you submit your response through [GETS](#). If you are unable to do that, send a digital copy by email to [SHFinance@hud.govt.nz](mailto:SHFinance@hud.govt.nz) .
6. Arrange for the Response to be submitted electronically before the Deadline for Responses.

[insert your (Respondent's) name and logo]

## Request for Information (Rfi) Response Form

In response to the Request for Information

By: Te Tūāpapa Kura Kāinga – The Ministry of Housing and Urban Development  
For: Social Housing Finance

Date of this Response: [insert date of this document]

# SECTION 1: About the Respondent



## RESPONDENT TIP

- This section gives HUD basic information about your organisation and identifies your Point of Contact for the Rfl process.
- If an item is not applicable, e.g. you do not have a registered office, complete the box by stating 'not applicable'.

## 1.1 Our profile

Choose one of these statements to complete, and delete the others

[This is a Response by [insert the name of your organisation] (the Respondent) to provide information.]

OR [This is a [joint/consortium] Response, by [insert the name of your organisation] and [insert the name of the other organisation/s] (together the Respondents) to provide information. ]

Item	Detail
Full legal name:	[insert the name that you do business under]
Trading name (if different):	[if applicable]
Physical address:	[put the address of your head office]
Postal address:	[e.g. P.O Box address]
Registered office:	[if you have a registered office insert the address here]
Business website:	[url address]
Type of entity (legal status):	[sole trader / partnership / limited liability company / registered charity / other please specify]
NZBN number:	[if your organisation has a NZBN registration number insert it here]
Country of residence:	[insert country where you (if you are a sole trader) or your organisation is resident for tax purposes]
GST registration number:	[NZ GST number / if overseas please state]
IRD definition of a Māori Business	Yes / No

## 1.2 Our Point of Contact

Item	Detail
Contact person:	[name of the person representing the Respondent and responsible for communicating with HUD]
Position:	[job title or position]
Phone number:	[landline]
Mobile number:	[mobile]
Email address:	[work email]

## 1.3 About you

[Insert up to a half page summary about your organisation and your interest in Social Housing financing options.]

# SECTION 1: Our Requirements



## RESPONDENT TIP

- Carefully read RfI Section 2 (Our Requirements). Then provide your response to the RfI Questions.
- Please mark any information that is 'commercially sensitive' or 'Confidential Information' to your business so that HUD knows. You cannot make the whole document confidential unless this is truly the case. Refer to the RfI Terms for more information.
- Keep it simple. If an answer is in another document e.g. a marketing brochure, just cut and paste the relevant part into this form. Do not show the whole document unless necessary - HUD may not read it all.
- Any video or separate document should be uploaded and the link inserted into this form.
- You may include extra information in your Response but only if it adds value and is relevant.

## 1.1 Responses

The following table outlines our questions. Only answer the questions which are specific to your area.

Topic	Purpose	RfI Questions
IRRS Contract Terms	Government has received feedback that some clauses within the current Income Related Rent Subsidy (IRRS) contract allocate risks to Community Housing Providers (CHPs) that they are not best positioned to manage, or that this risk allocation comes with a disproportionate premium and may limit investor appetite.	<ul style="list-style-type: none"> <li>• Are you familiar with the general terms of an IRRS contract for Social Housing?</li> <li>• Have you directly lent or invested money on an IRRS backed Social Housing project?</li> <li>• If not, have you considered doing so? What were the key factors which made you decide not to proceed?</li> <li>• Are there specific clauses or commercial terms that the Government could consider changing or adding, that would have a material impact on your ability to lend or the risk and pricing of the investment?</li> </ul>
[Response]		

Topic	Purpose	RfI Questions
Scale	Institutional investors often require relatively large investment amounts to justify the due diligence resources expended in their investment decisions and the transaction costs. It is important to know what level of investment is required to attract a significant number of investors.	<ul style="list-style-type: none"> <li>• What is your minimum required level of investment?</li> <li>• Could this amount be invested in tranches over a long period of time, or would it need to be invested in one lump sum?</li> </ul>

Topic	Purpose	Rfl Questions
		<ul style="list-style-type: none"> <li>Do you have any limitations in terms of the geographic spread of projects in which you would be open to investing or lending? What are your specific considerations in regional, rural or remote locations?</li> </ul>
[Response]		

Topic	Purpose	Rfl Questions
<b>Investment Terms</b>	<p>The total cost of a Social Housing development is usually expected to be amortised over a very long time (25+ years).</p> <p>Standard bank loans usually have a term limit much shorter than the IRRS contract (e.g. 5 years), exposing the borrower to refinancing risk.</p> <p>Interest rate risk is also a significant concern for many CHPs.</p> <p>Equity investors have a range of expected holding periods.</p>	<ul style="list-style-type: none"> <li>For debt investors, what is the longest loan term that you would be able to consider and what factors are restricting that limit? (e.g. regulations, credit risk policies, investment mandates, etc.)</li> <li>What repayment profile do you require? Amortising or interest-only?</li> <li>What measures or initiatives could be offered (either by the lender or the Government) that might reduce the CHP's exposure to refinancing risk?</li> <li>What are your minimum required lending covenants (i.e. LVR, ICR, DSCR) and what determines these levels (e.g. specific regulations/ credit risk policies)?</li> <li>What is your approach to interest rate risk?</li> <li>For equity investors, what is the typical holding period you are seeking? What are your key investment criteria?</li> </ul>
[Response]		

Topic	Purpose	Rfl Questions
<b>Returns/Pricing</b>	<p>Investors require different levels of returns, typically driven by risk and the return requirements of their shareholders/governance bodies.</p>	<ul style="list-style-type: none"> <li>What are the general return parameters you are seeking for social housing investments?</li> <li>What factors influence your pricing?</li> <li>What would need to change in the structure or contracting to improve your pricing to CHPs?</li> </ul>
[Response]		

Topic	Purpose	Rfl Questions
<b>Counterparty</b>	<p>Under the “Build Own” model, the IRRS contract is with the CHP, and the CHP is responsible for arranging the finance (and owning the homes). CHPs are regulated by the Community Housing Regulatory Authority (CHRA).</p> <p>Many CHPs have limited equity to invest in new projects, limiting the number of homes they are able to own. By introducing alternative counterparties (such as a bond aggregator, private developer or other long-term asset holder), there may be scope to increase the amount of Social Housing able to be delivered.</p>	<ul style="list-style-type: none"> <li>• Would you be more/less/just as likely to invest/lend in a project with a commercial counterparty vs a CHP? If so, why?</li> <li>• What role does regulation play in your investment decision?</li> <li>• Would the presence of an intermediary make you more/less/just as likely to invest/lend to social housing? If so, why? What key features would the intermediary require?</li> </ul>
[Response]		

Topic	Purpose	Rfl Questions
<b>Development vs long term ownership/operation</b>	<p>The risk profile of a Social Housing development is very different depending on where it is in the development process (i.e. development phase vs ownership/operation of completed houses). There may be merit in decoupling the development of the houses and their long-term ownership/operation.</p>	<ul style="list-style-type: none"> <li>• Would your appetite or required return for investing/lending to a social housing project change if the development of the project was separated from the long-term ownership/operation of the houses? If so, how?</li> <li>• Would you be more interested in financing the development stage or the long-term ownership/operation?</li> <li>• What about refinancing of existing debt?</li> </ul>
[Response]		

Topic	Purpose	Rfl Questions
<b>Security</b>	<p>Investors have a range of security requirements. Some requirements extend to more general, rather than project specific, security.</p> <p>Land is also typically a form of security for lenders. There are instances where a landowner is unable or unwilling to provide the land as security (such as Māori freehold land) for a loan. This is often cited as a reason these projects are unable to progress. Creating options for structuring IRRS contracts for projects on whenua Māori (or other unalienable land) will maximise the amount of land available for such projects.</p>	<ul style="list-style-type: none"> <li>• What are your typical security requirements? Do you typically require a General Security Agreement (GSA)? If so, why? Under what circumstances would you not require a GSA?</li> <li>• Do you have experience in investing in or lending to IRRS projects where land was not used as security (e.g. leasehold structures)? If so, can you explain how you were able to become comfortable to support the project?</li> </ul>



Topic	Purpose	Rfl Questions
[Response]		

Topic	Purpose	Rfl Questions
<b>Investment Category</b>	Some investors allocate a portion of their portfolio to (or focus solely on) impact investing or Environmental, Social and Governance (ESG) investing. These types of investments seek to generate financial returns while also creating a positive social or environmental impact. The required financial return can sometimes be lower than an equivalent investment that does not have the same positive social or environmental impact. Social Housing could be considered as such an investment. It will be helpful to understand the size of the impact/ESG sector and what considerations are taken into account when deciding what qualifies as impact/ESG investing/lending.	<ul style="list-style-type: none"> <li>• Does your organisation have a portfolio allocation dedicated to impact/ESG investments? If so, what proportion of your portfolio is allocated to such investments?</li> <li>• Would investing in/lending to Social Housing qualify as such an impact/ESG investment? If not, why not?</li> <li>• What are the sorts of considerations your organisation makes when deciding whether something fits into a impact/ESG allocation?</li> <li>• Is the required return on impact/ESG investments/lending lower than the rest of your portfolio? If so, by how much?</li> <li>• Are there additional external ongoing reporting requirements or certifications to qualify? If so, at what cost does this typically come for the borrower?</li> </ul>
[Response]		

Topic	Purpose	Rfl Questions
<b>Any other limitations</b>	Some stakeholders have mentioned regulatory settings, liquidity and the ability for the investment to receive a credit rating as critical to their ability to invest/lend to Social Housing. It is important to understand these and any other limitations or opportunities that we should be aware of when evaluating any proposed Government support mechanisms.	<ul style="list-style-type: none"> <li>• Is your organisation regulated by the Reserve Bank of New Zealand? If so, do you have views on whether their current settings impact your appetite or required return for investing/lending in social housing?</li> <li>• Are there other regulations that restrict your appetite or required return for investing/lending in Social Housing?</li> <li>• Is liquidity (ability to exit the position within a specified period of time) critical to your appetite to invest/lend against IRRS contracts? If yes, why?</li> <li>• Is the ability for the investment to obtain an external credit rating critical to your appetite to invest/lend against IRRS contracts?</li> <li>• Is there any information that is not readily available to you that would assist in understanding the risks associated with investing/lending to the sector that may improve access to, or pricing of, financing for CHPs?</li> </ul>

Topic	Purpose	Rfl Questions
		<ul style="list-style-type: none"> <li>If you are a bank, does your organisation have an existing product framework or set of policies that ensure consistent treatment and pricing of IRRS Social Housing projects? We understand that in some cases CHPs have been offered inconsistent lending terms and pricing through their local relationship manager/contact. How could this be improved? Are there opportunities for Government to help address these issues?</li> <li>Are there any other limitations to investing/lending against IRRS contracts that we should consider?</li> </ul>
[Response]		

Topic	Purpose	Rfl Questions
Experiences lending on other Government-backed contracts	The aged care and early childhood education sectors have alternative forms of Government backing.	<ul style="list-style-type: none"> <li>Do you have experience investing/lending to other sectors that have Government-backed cashflow?</li> <li>Are there lessons we can take from these sectors?</li> </ul>
[Response]		

Topic	Purpose	Rfl Questions
Other issues/barriers		<ul style="list-style-type: none"> <li>Are there other issues/barriers we should be aware of in our broader work on Social Housing finance?</li> </ul>
[Response]		

Topic	Purpose	Rfl Questions
Opportunities		<ul style="list-style-type: none"> <li>In addition to anything covered above, what (if any) other opportunities do you see to lower the cost of and improve the access to Social Housing finance?</li> </ul>
[Response]		

## 1.2 Assumptions

### Assumptions

Please state any assumptions you have made in relation to the Response.

[insert answer here]



#### RESPONDENT TIP

- An assumption is something that is accepted as true or as certain to happen without proof e.g. that HUD (or a third party) will provide certain information or assistance so that the Respondent can deliver on the Requirements.

## SECTION 2: Respondent's declaration



### RESPONDENT TIP

- Here you are asked to make a formal declaration. Select 'agree' or 'disagree' at the end of each row. If you don't, you will be deemed to have agreed.
- Have the declaration signed by someone who is authorised to sign and able to verify the declaration, e.g. Chief Executive or a senior manager.
- If you are submitting a joint or consortium Response, each party involved in the joint or consortium Response must complete a separate declaration.

Topic	Declaration	Respondent's declaration
<b>Rfl Terms:</b>	I/we have read and fully understand this Rfl, including the Rfl Terms. I/we confirm that the Respondent agrees to be bound by them.	[agree / disagree]
<b>Conflict of Interest declaration:</b>	The Respondent warrants that it has no actual, potential or perceived Conflict of Interest in submitting this Response.  Where a Conflict of Interest arises during the Rfl process, the Respondent will report it immediately to HUD's Point of Contact.	[agree / disagree]
<b>Details of conflict of interest:</b>	[if you think you may have a conflict of interest briefly describe the conflict and how you propose to manage it or write 'not applicable'].	

### DECLARATION BY THE RESPONDENT

I/we declare that in submitting the Response and this declaration:

- the information provided is true, accurate and complete and not misleading in any material respect
- the Response does not contain any material that will infringe a third party's intellectual property rights
- I/we have secured all appropriate authorisations to submit this Response, and to make the statements and to provide the information in the Response.

I/we understand that the falsification of information, supplying misleading information or the suppression of material information in this declaration and the Response may result in the Respondent being eliminated from further participation in any procurement process flowing out of the Rfl, and may be grounds for termination of any Contract awarded as a result of such a procurement process.

By signing this declaration the signatory below represents, warrants and agrees that they have been authorised by the Respondent to make this declaration on its/their behalf.

Signature: \_\_\_\_\_

Full name: \_\_\_\_\_

Title/position: \_\_\_\_\_

Name of organisation: \_\_\_\_\_

Date: \_\_\_\_\_