

Date: Tuesday, 23 February 2021
Time: 2.00pm
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

**Kōmiti Aromātai Whakahaere Kaupapa Kei Raro
I Te Maru O te Kaunihera /
Council Controlled Organisation Oversight
Committee**

OPEN ATTACHMENTS

**ADDITIONAL ATTACHMENTS
UNDER SEPARATE COVER**

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9 February 2021

Memorandum

To: CCO Oversight Committee

Subject: Letter of Expectations for 2021/22 for Tāmaki Redevelopment Company

From: Alastair Cameron – Manager, CCO Governance and External Partnerships

Purpose

1. To note the letter of expectations for 2021/2022 for Tāmaki Redevelopment Company.

Summary

- Tāmaki Redevelopment Company (TRC) was established by the Crown and Council in 2012, but is majority owned and controlled by the Crown.
- The Ministry of Housing and Development have produced a letter of expectation for Tāmaki Redevelopment Company for the 2021/2022 year, to help set their strategic direction and inform the development of their Statement of Performance Expectations for the year ahead. Auckland Council staff have provided input to this letter.
- The letter of expectations is attached to this memo for your reference.
- The current Shareholder's Agreement is due for review this year. A process for this review is currently being considered by Crown and council staff and will be reported to this committee later in 2021.
- There are no further steps. This memo is for information purposes only.

Next steps

2. There are no further steps. This memo is for information purposes only.

Attachments

- Attachment 1: Letter of Expectations for 2021/22 - Tāmaki Redevelopment Company

Hon Dr Megan Woods

MP for Wigram
Minister of Housing
Minister of Energy and Resources
Minister of Research, Science and Innovation
Associate Minister of Finance



13 JAN 2021

Mr Evan Davies
Chair of Tāmaki Redevelopment Company
PO Box 18070
Glen Innes
Auckland 1743

Dear Evan,

Letter of Expectations for 2021/22 – Tāmaki Redevelopment Company

I write on behalf of shareholding Ministers to convey our expectations to the Tāmaki Redevelopment Company (“TRC”) for 2021/22, to help set TRC’s strategic direction and inform the development of TRC’s Statement of Performance Expectations for the year ahead. I have shared these expectations with TRC’s other shareholder, Auckland Council.

Government’s priorities and challenges presented by COVID-19

The Government wishes to signal an increased priority for housing and wellbeing. This includes continued focus on homelessness, public housing, and affordable housing, as well as strengthening Māori housing outcomes through collaborative partnerships. It is important that TRC aligns its strategic direction and performance with the Government’s priorities.

The COVID-19 pandemic has presented unprecedented challenges as we work together to respond to the emerging risks from this outbreak while tackling housing priorities. I commend TRC’s outreach initiatives to the Tāmaki whānau during these testing times (and the delivery of kai parcels), which have been well received. I encourage you to continue to work alongside mana whenua and the community and to remain focused on playing a vital role in economic recovery and the Government’s wellbeing priorities.

TRC’s Strategic Direction

I continue to support TRC’s vision – “Tāmaki is an awesome place to live” – and your four strategic priorities, being social transformation, economic development, placemaking and housing resources. These are all aligned with the Government’s priorities on housing and urban development. In particular, I am pleased with your efforts in helping more Tāmaki people into jobs. This exemplifies how TRC drives social and economic outcomes for Tāmaki and for Māori and Pasifika communities.

Specific expectations for TRC

I have set expectations that I would like the TRC Board (the Board) to deliver in 2021/22. These are critical in supporting the delivery of the Government’s priorities for the year ahead.

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Regeneration

Regeneration is an all-embracing approach to responding to urban challenges through lasting improvements in economic, physical, social, and environmental conditions. TRC plays an important role in achieving the regeneration outcomes and wider Government urban development objectives.

I expect TRC to contribute to the Government's focus on pace and quantum of housing, which helps to increase public housing supply. This means working with Kāinga Ora as the master developer to ensure continued delivery of housing in Tāmaki. In particular, I expect you to agree with Kāinga Ora on a joint Public Housing build target for the 2021/22 year and the years ahead in the SPE by no later than 26 February 2021.

I recognise the infrastructure costs to enable the delivery of housing in Tāmaki are more significant than previously understood, which requires you to continue to work with Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD), Kāinga Ora, and Auckland Council to develop options for future delivery. I am aware the funding uncertainty may have significant implications on TRC's strategic priorities, such as housing delivery. We hope this will be addressed by June 2021, and if not, HUD will work with you on alternative options.

Please continue to seek decisions from Ministers, and Cabinet, where appropriate, on all investment proposals where the investment requires new Crown funding, has impacts on other Crown expenditure, or is high risk or high value (refer to Cabinet Office circular CO(19) 6 (Investment Management and Asset Performance in the State Services)).

Recognising the value of TRC's partnership in the Eastern Porirua redevelopment, I expect TRC to be an exemplar of what successful regeneration looks like and share your regeneration learnings with Kāinga Ora and other large scale housing redevelopment projects to drive non-housing outcomes (the value-add).

Specifically, I would also like you to demonstrate the impact of regeneration in Tāmaki by enhancing your reporting to me. I am particularly interested in insights on Māori and Pasifika outcomes. I understand that you have been working on quantifying the impact of your regeneration activities on Tāmaki residents' wellbeing. I encourage you to work with HUD and the Treasury on this, and provide preliminary results through your quarterly reporting.

TRC Shared equity scheme

I note the success of the Tāmaki shared equity pilot. The Government has supported TRC to expand its shared equity scheme to 1500 homes in Tāmaki over the next 20 years. This will contribute to affordable housing and home ownership in Tāmaki and the Government's priorities in housing.

I expect you to work with HUD to ensure TRC's shared equity scheme will remain consistent with all relevant aspects of the Government's Progressive Home Ownership Investment Framework, and to continue to share learnings and insights with stakeholders on a similar trajectory. It is important that you carefully manage the risks associated with the shared equity investment. Please include in the FY 2021 quarterly reporting and annual reporting TRC's progress, performance and key risks, issues, and exposures, and please develop with HUD key performance measures to be included in the 2021/22 SPE by no later than 26 February 2021.

Tenancy management and asset management

As a Crown-owned registered Community Housing Provider, Tāmaki Housing Association (THA), I expect TRC to support THA to be a standout example of meeting the Community Housing Regulatory Authority (CHRA) requirements for registered Community Housing Providers. Importantly, I expect you to ensure THA retains sufficient governance and financial independence within the Group structure to meet the Community Housing Regulatory Authority's Performance Standards and act in the best interests of THA. I

also encourage THA to progress to the 'Open Terms Agreement framework' with HUD and enable better data sharing among other benefits under new contractual arrangements.

High-quality tenancy management is critical during a regeneration programme. THA also has a crucial role in effectively liaising with tenants to manage relocation during the regeneration process. I encourage TRC to support the Government's Homelessness Action Plan through sustainable tenancies for current tenants or household members who could be at risk; I appreciate the work you have already done in this area, including the wrap-around support and partnerships with NGOs to house homeless people.

I understand TRC has work in progress to ensure its existing housing portfolio meets the Residential Tenancies (Healthy Homes Standards) Regulations 2019 by June 2023. I ask that you include a measure(s) in your 2021/22 SPE to track the progress of healthy homes standards compliance.

Board governance

TRC's governance and leadership capabilities are critical to ensuring TRC delivers on its performance objectives. On the upcoming board appointments/reappointments, please continue to work with Auckland Council and my officials collaboratively. I encourage you to continue to strengthen capability on the Board, and leadership position. This includes undertaking regular performance reviews to ensure the Board has the right capability to perform as an effective governance body for TRC. Please ensure you share the review outcomes with my officials.

As set out in the Enduring Letter of Expectations to statutory Crown entities last year, I expect the Board to embody the Government's good-faith and collaborative approach to Māori Crown relationships. This will include engaging appropriately and often with Māori on relevant issues, pursuing opportunities for partnership with Māori entities and businesses, and building staff Māori capability, including knowledge of tikanga Māori and te ao Māori.

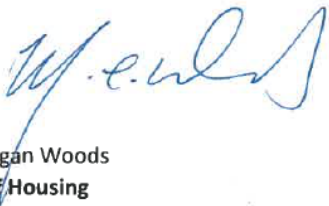
Statement of Performance Expectations and Statement of Intent

I expect TRC's 2021/22 SPE to respond to the expectations set out in this letter and link with TRC's delivery programme for the year ahead, which may mean reviewing some of the SPE performance measures. Please work with HUD to ensure the measures are adequately set to tell TRC's performance story, and I would like you to take a 'no surprises' approach to keep me and my officials informed of any significant risks or issues.

I note a new Statement of Intent to replace your current SOI 2018-2022, is required by 1 July 2021. I understand you have started early work on the SOI. I encourage you to take the opportunity to work with my officials on completing the SOI and other accountability documents.

Again, I thank you for TRC's dedicated work in building a strong and thriving Tāmaki and driving equitable outcomes for Māori and Pasifika communities.

Yours sincerely



Hon Dr Megan Woods
Minister of Housing

cc: John Holyoake, Chief Executive, Tāmaki Redevelopment Company

Email: john.holyoake@tamakiregeneration.co.nz