



PAEKĀKĀRIKI HOUSING TRUST
A GOOD COMMUNITY IS NO ACCIDENT

CONTRIBUTE TO THE FIRST COLLECTIVE HOUSE PURCHASE

INTRODUCTION

CONTRIBUTE TO THE FIRST COLLECTIVE HOUSE PURCHASE FOR A LOCAL FAMILY THROUGH THE PAEKĀKĀRIKI HOUSING TRUST

The Paekākāriki Housing Trust is now seeking expressions of interest from people wishing to assist the Trust to collectively purchase our first house - 148 Tilley Rd (the Kingi-Warena home). We are looking for "social investors" who will loan the Trust funds for the deposit. Your 5-year loan will earn interest comparable to similar savings plans. If you are interested, we'd like to hear from you by Friday 27th of October, at paekakarikihousingtrust@gmail.com. Come to an information evening where we can answer your questions — 8pm Thursday 19th October, 22 Te Miti Street, Paekākāriki

“NEVER DOUBT THAT A SMALL GROUP OF
THOUGHTFUL, COMMITTED, CITIZENS
CAN CHANGE THE WORLD. INDEED, IT IS
THE ONLY THING THAT EVER HAS.”

—MARGARET MEAD

PURCHASING 148 TILLEY RD: THE BASIC FACTS

- The Trust secures loans from you and the bank to purchase 148 Tilley Rd. Donations are also welcome.
- The bank will be the first mortgage holder. You act as second mortgage holders. This secures your loan.
- You can earn a maximum of 4% interest on your loan. However you may choose to earn less (0-3.9%), with the difference being donated to the Trust.
- To make this model work, our aim is to secure \$250,000 in loans from community members to the Trust.
- Your loan to the Trust will require a 5-year commitment.
- At the end of the 5-year period, the house will be offered to the Kingi-Warena whānau, who will have accumulated equity in the house and be in a better position to secure a mortgage.
- You get a return that is both social and financial.

ABOUT US

HOUSING IS NOT A GAME FOR GAIN — OUR HOMES ARE PLACES WHERE WE GROW AND THRIVE AND BUILD CARING COMMUNITIES

Housing affordability is a very serious and immediate issue. House prices are driving those who want to live here out of our village, but as a small, connected community we can do something.

We have come together to ensure that Paekākāriki has the diversity and strong connections we treasure. We are taking small steps that make a real difference to the lives of people in our village.

We are looking for innovative, practical, win-win solutions to housing difficulties in Paekākāriki. Read more about the Trust and our aims at <https://www.paekakarikihousingtrust.org/>

PAEKĀKĀRIKI HOUSING TRUST OBJECTIVES



1. To help ensure a strong, diverse and connected community by assisting those people in need to access affordable and appropriate housing in Paekākāriki.
2. To recognise mana whenua Ngāti Haumia's special connection to this land.

WHY HELP US?

Your support of the first Trust initiative means you will:

- Make a positive difference to our community by facilitating affordable and secure housing for a family that gives so much.
- Strengthen the values of a vibrant, connected and caring community that make Paekākāriki such a unique place to live in.
- Benefit from a reasonable-return, low-risk savings option, and establish a model for community-managed social enterprise that challenges current political and economic trends.

By becoming a supporter of the Trust, you are not only “doing well by doing good”, you are contributing to new ways in which the people of Aotearoa New Zealand can shape the future of our country.

WHY ARE WE BUYING THE PROPERTY?

The things we treasure about Paekākāriki are under threat. Many of our community enablers — young families, artists, writers, mana whenua and the elderly — are struggling with rent increases, lack of secure tenure, homes that don't fit their needs and high house prices. And they are leaving.

WE DON'T HAVE TO JUST ACCEPT THIS AND WATCH AS OUR NEIGHBOURS MOVE AWAY

We started work to form the Trust when we realised that the village was about to lose Raima Kingi and her whānau, who have lived here for many years and have contributed to so many people's lives. The house at 148 Tilley Road has been the Kingi-Warena whānau home for more than 15 years. Their landlords wanted to sell the house and there were no other affordable rental options for them in town.

The Trust managed to convince the owners to sell the house to the Trust at a reasonable price (\$450,000). A generous local family purchased the home, giving the Trust one year to set itself up and buy back the house at the same price. That year is coming to a close and it's time for the Trust to buy the property back, with the intention of reselling to the Kingi-Warena whānau in 5 years.

FOR THE KINGI-WARENA WHĀNAU THIS MEANS:

- **Secure rental tenure for the next 5 years.** Their rent will service the mortgage and other outgoings.
- **The opportunity to purchase their home in 5 years at an affordable price.** A sale and purchase agreement will be completed with them when the Trust first purchases the house. This is likely to be significantly lower than the market price due to the generosity of the current owners.
- **A return on their initial investment.** The Kingi-Warena whānau, just like you, will lend their own funds to the Trust to purchase the house in the short term. They too will earn interest on their loan—and may choose to donate some or all of that interest to the Trust.
- **Evidence of housing equity as second mortgage holders,** increasing their likelihood of obtaining a mortgage in 5 years' time.

Raima and her whānau inspire us. We value their incredible community contribution and think that's something worth tangibly valuing. We want to keep them in our village. Their plight is symbolic of the bigger problem that we are tackling. If we can reverse this situation then we will show what is possible, and keep building on that success. You can learn more about the Kingi-Warena whānau here : <https://givealittle.co.nz/cause/keepthekingiwarenanawhanauintheirhome>.

THE FINANCIAL DETAILS

THE MODEL: LOCAL COMMUNITY MEMBERS BECOME SECOND MORTGAGEES

We need cash to buy back the property. We willingly accept donations but recognise charity alone is insufficient to secure the total needed to buy the house.

“Social enterprise”—strategically using commercial markets (in this case the real estate market) for social benefit—is at the core of this project. We have consulted other housing trusts, accountants and lawyers and have chosen to seek loans from our community as a model for buying this property back.

The Trust will buy the house using your contribution as deposit, with the balance obtained through a bank mortgage. Effectively, you become second mortgage holders, with the bank as the first mortgage holder. Your loan will be secured against the house. The interest compounds annually and is paid at the end of the 5-year term. You nominate the interest up to a maximum of 4%, and may choose to donate some or all of your interest to the Trust. Four percent is a commonly used figure for estimating return on retirement savings as well as being at the higher end of government bond 5-year yields over the last few years.

We must raise \$200,000 but hope to raise at least \$250,000. The additional \$50,000 will mean the mortgage and other expenses can be covered by a reasonable rent and also gives us a buffer.

Example of interest earned on a \$10,000 loan to the Trust:

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Capital (\$)	10,000	10,400	10,816	11,249	11,699	12,167
Interest (4%)($\$$)	400	416	433	450	468	

Increase your assistance by donating some or all of the interest.

If you nominate a lower rate of interest you can make an even bigger difference with your capital, for example:

	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Donation
Capital (\$)	10,000	10,300	10,609	10,927	11,255	11,563	604
Interest (3%)($\$$)	300	309	318	328	338		
Capital (\$)	10,000	10,200	10,404	10,612	10,824	11,041	1,126
Interest (2%)($\$$)	200	204	208	212	217		
Capital (\$)	10,000	10,100	10,201	10,303	10,406	10,510	1,657
Interest (1%)($\$$)	100	101	102	103	104		
Capital (\$)	10,000	10,000	10,000	10,000	10,000	10,000	2,167
(0%)($\$$)	0	0	0	0	0		

FAQ

HOW WILL I GET MY MONEY BACK?

After 5 years, the house will be sold and your loan repaid, along with the nominated interest.

WHAT ARE THE TAX IMPLICATIONS?

Because your contribution is a loan to the Trust and not a donation, it is not tax-deductible. Similar to other interest-earning loans, any interest you receive will be considered income and you'll have to pay tax on that. **If you choose a lower rate of interest, and donate the difference to the Trust, this donation will be tax-deductible.**

WHAT IF THE KINGI-WARENA WHĀNAU CAN'T BUY THE HOUSE IN 5 YEARS?

- The house could be sold, lenders will be paid their capital and interest, and the remainder of the sale proceeds would remain with the Trust to continue its charitable work.
- The Trust could set up a similar arrangement for another period of time.
- The Trust could use a different model to assist the whānau to purchase their home.

In any case, at the end of 5 years, your capital will be returned to you, along with any interest owing.

WHAT ARE THE RISKS?

Normally, a fixed-interest loan is relatively risk free compared to an investment. But in the loan agreement we will include a clause to explain the “macro risks” that might affect the Trust’s ability to repay the loan and/or the return expected. Macro risks are beyond the control of the Trust. These include the housing market deflating and house values falling or unforeseen increases in the mortgage interest rate. Other macro risks include economic recession and natural disasters. Like any investment, you should lend only what you can afford to lose. We encourage you to seek independent advice before lending any money to the Trust.

WHAT IF I NEED MY MONEY BACK BEFORE 5 YEARS ARE UP?

The Trust will work with you to find a solution. This may include finding another lender who is willing to take your place. However, it should be assumed that the money is locked in for 5 years.

INTERESTED? ANY MORE QUESTIONS?

**Come to an information evening 8pm Thursday 19
October. 22 Te Miti Street, Paekākāriki.**

Contact Mark Galbraith Ph 021 461 518
mark@mcarawellington.co.nz

HOW ELSE CAN I HELP THE TRUST?

It isn't just about money.

Everyone can help. If you have spare time, key contacts, influence, financial advice, leverage, can offer building, legal or other services, can organise a fundraising event or just come along and help.... we can find a way to utilise your skills and abilities.

Keep an eye out for our regular hui. Come along and have your say. We welcome your involvement.

Contact us at:

paekakarikihousingtrust@gmail.com or call Tina Pope 027 232 9998.

DESIGN BY ELISE CREATIVE

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