

Draft Communication Plan – Sale of Houses

Aim: to announce the sale of HNZ's Wairarapa housing to Trust House Ltd.

Messages

There are three

- This sale is about local people taking control of local assets
- There will be no negative consequences for tenants or prospective tenants
- This is part of HNZ's concentration of effort in areas of high demand

Timing

The announcement is likely to take place sometime between the 16th and the 22nd of December. The preferred date is Friday December 18.

How and When

1. Local Body Politicians and any other key local interests

The Mayors of the towns affected will be briefed personally by the buyer on the day before the announcement. The local MP should also be kept up to date with the sale and informed well beforehand of what is planned. His advice should also be sought on a later draft.

2. Staff

Locally in the office on the morning of the announcement to the media.
Nationwide by local regional, area and tenancy managers in the early afternoon, just prior to the publication of the local newspaper.

3. Tenants

In the late morning of the announcement by letters delivered by courier to each home. Some tenants to receive special communications and/or personal visits (55 plus, tenure protection, the elderly). There should be two letters, one from the seller and one from the buyer.

4. News Media

The announcement will be made in.....by the Chief Executive of The announcement will be made to the local newspaper through a personal briefing (accompanied by a press release and a question and answer sheet) arranged the previous day. Other local media can also receive a briefing in the late afternoon on the announcement day. The latter will be supported by a press release (and a question and answer sheet) from the Chief Executive of the vendor and, perhaps, the Minister responsible for.....

The Chief Executive ofhas already been approached by a reporter from theinquiring about a possible major acquisition by and has been told he will be given first preference when there is something more concrete to announce. A local announcement will emphasise that the purchase is being made for local reasons and that it is a local initiative.

5. Other Audiences

Information packs on the afternoon of the announcement to

- Local Councillors

- Community Groups
- Local opposition politicians
- Local/National agencies which deal with tenants
- Local welfare groups

These should be sent out by the purchaser but should be completed in association with the seller. It might also be a good idea if the buyer ran a half page/full page ad in the local newspapers to announce the purchase a day or two after the announcement. This could explain the thinking behind the transaction and their plans for the future.

Possibility of foreshadowing purchase?

1. How

One possibility would be for the reporter who has indicated an interest in the story to be told that THL is interested in buying some of the properties in theregion held by and to write a story on that basis which would include some comment by the Chief Executive of THL outlining the rationale for such a purchase. He could also be told the local MP.....has indicated his support for the purchase and to approach him for comment.

2. When

3. Benefits

This foreshadowing would allow the possibility of a sale and the rationale to be publicly exposed before a sale was announced. It would also allow some debate on the merits of such a proposal. There would almost certainly be opposition expressed and, if the matter draws the attention of national politicians and occurs before the House rises for the year, could lead to questions in the House. If they did so, the Minister could point to the Fanau

Centre proposal and say that the idea of communities taking greater ownership of local assets was something that appealed to some.

Some foreshadowing could also begin to prepare the small number of local staff for the possibility of a sale and mean that any pre-sale activity (inspections etc) could take place without the same problems of intra-company security.

1. Risks

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Announcement Issues - External

1. Customer Concerns?

How will the tenancies be administered? Where will customers pay their rent? Will they still be able to assign their benefit as with HNZ? Who will they contact for maintenance issues? Will it be as good or better than the service provided by HNZ? Won't there be pressure to skimp on maintenance so the new owner can make more money? What about arrears – will the new owner take the same approach or will they be harder than HNZ? Will the rent go down or will it have to go up so the new owner can pay for the purchase? How will the rent be set? What is the existing vacancy rate? Is this area one of high demand for customers or low? How many A and B priority applicants are there on the waiting lists? Will the new owner have the same sort of priorities or will people with high needs and poor reputations go to the back of the queue? The same question will be asked of those with poor credit ratings? What about transfers within the area – will it still be allowed? Are tenants still able to buy their properties? What about those in the existing programme who

haven't bought yet? Modified properties – will they still be rented to those with special needs? Will the new owner still have access to the disability modification programme? Will tenants under the tenure protection programmes and 55 plus still be protected? Are there any Lawson list tenants in the area? And, can tenants make a legal challenge to the sale?

Draft answers to the above questions are attached.

Response:

Most of these questions can be answered through two channels

- The press releases and question and answer sheets made available when the sale is announced, and
- The letters sent to tenants

There should also be

- the back up provision of a free calling service (are all the areas affected by the sale within the same free calling area?) which would be available for the first week.
- Extensive question and answer sheets which are not part of the public release but which anticipate the kinds of questions likely to be asked and provide answers agreed between the buyer and seller.

The response should largely be made in a few general statements – Tenants are still eligible for the accommodation supplement which is the main form of housing assistance for low income earners. They will notice little if any change. Local ownership will mean the landlord is more in touch with rental levels in their area. The housing will still be targeted at the same rental market as that served by HNZ. HNZ will maintain a monitoring role and will be prepared to move back into the area if the target market is not being served.

Some of these messages will appear in communications by the new owner and some by the seller.

However, we also need answers for specific questions at quite a detailed level even if these are only in reserve should they be asked. And, for some groups of tenants, such as those in modified housing and participants in the tenure protection and 55plus programmes there is a need for highly specific communication in the form of letters or, if they are small in number, personal visits. The latter might also be needed for very old and longstanding tenants.

2. Political Concerns

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[Redacted text block]

Response:

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3. Local Concerns

Local reaction is going to initially be dominated by curiosity rather than position taking. It is important that the buyer and seller get their messages across to key local audiences as quickly as possible.

Response:

Key members of the community can be approached either directly before (24 to 48 hours) prior to the announcement. Candidates for such briefings or information packs are

Prior to the announcement

- The mayors of the towns affected

After the Sale

- National politicians – Labour/Alliance/NZ First etc
- Local opposition politicians – Alliance, Labour
- Council members
- Local Iwi
- Community organisations which deal with tenants. These include Government Agencies such as Income Support (local and national level), Community Housing Ltd, The Police, The Ministry of Housing, Children, Young Persons & Their Families Service. Local principals, and NZCFA.
- Briefings or information packs should also be offered to local community organisations and welfare groups such as the Presbyterian Social services and the Salvation Army.
- HNZ also needs to communicate with its regular contractors in the area.
- The local Chamber of Commerce and any other local service organisation

Would any of the above be prepared to consider an endorsement post sale?
Some of the mayors, for example, and the local Chamber of Commerce.

Announcement Issues – Internal

1. Local Area Staff

Timing depends on whether there has been any foreshadowing. If there has, then preparations for sale probably need less security than if the announcement is made without any preparation and staff can, to a degree, be involved in the sale preparation. However, if the sale is kept secret until the announcement this level of secrecy should also apply to local staff and any pre-sale briefing should only take place on the morning of the announcement. At this briefing staff can be told of the scale of the deal and possibility of employment by the new owners. It would be ideal if they had the opportunity to talk to outplacement specialists immediately following the briefing and could also receive application forms for possible employment with the new owner. Are the staff members of any union?

2. National Staff Announcement

This could take place closer to the media announcement – say after Midday but before publication of the local newspaper. The communication could be very straightforward and announce the give the company's rationale for selling – the reconfiguration programme. A standard question will be – what about other such deals? The company will not be able to rule them out and this is likely to generate a great deal of anxiety. Some of which may be productively expressed in better performance but it is also likely to stimulate contacts with MPs and media outlets. There will be rumours within the company as to where such a sale is likely to happen next and some of these rumours will be commented on by MPs and find their way into the media. The closeness to Xmas will also be a standard comment.

Post Sale Issues

There are two matters here.

1. Settlement Date

The settlement: will take place onand will involve the complete transfer of ownership of the properties and their administration to the new owners.

There will be a new office for tenants to contact and, presumably, new telephone numbers, Post Office box, staff etc. What communication will take place at this point and whose responsibility will it be?

2. Post Transfer Administration

One of the lessons of the reform process was that all problems following the announcements were attributed to the reforms whether or not this was actually the case. In health any and all problems with waiting lists and poor treatment are attributed to the reforms. In housing all affordability issues are attributed to market rents. And all reconfiguration is attributed to the commercial goals of HNZ. During the HCNZ mortgage sales process the only significant negative issue was the fact that mortgagors whose loans were sold to one buyer had to pay higher than market interest rates throughout the life of their loans. Given that this is the first of a number of sales stretching over a lengthy period of time, it is worth considering post sale administration and whether or not HNZ should have any role in a transitional administration period. While it would elongate the sale process it is probably worth making a special effort to ensure the transition is a smooth one and that the first sale does not reduce the probability of further sales. S(9)(2)(g)(i)

[REDACTED]

[REDACTED]

[REDACTED] Remember, the post sale period will be one of political intensity generally and the sale will receive a greater detail of attention than in other years.

Possible Press Releases – the buyer.

Licensing Trust Buys Wairarapa Houses

Trust House Ltd has bought all of Housing New Zealand's rental housing in the Wairarapa, Trust Chairman,.....announced today. The deal which includes 595 houses and units in Masterton, Ekatahuna, Greytown, Carterton, Dannevirke and Martinborough was worth \$....., said Mr

"This is an excellent opportunity for the Wairarapa community to take greater control of local assets and provide a better service for those wishing to rent in the area," said Mr "It will also mean that money which would normally have left our community and flowed into the coffers of the Government will be retained for the good of the people of the Wairarapa."

"I would like to reassure existing and prospective tenants. You will have the same rights and responsibilities as when your landlord was the Government. Indeed, we like to think, as local people, we will be able to provide a better service."

Trust House Ltd is the commercial operating arm of the democratically controlled Masterton Licensing Trust. The licensing trust is also partly owned by two charitable foundations, the Tararua Foundation (80%) and the Flaxmere Charitable Trust (1%).

"The Masterton Licensing Trust has for some time been pursuing opportunities outside its traditional activities but which are closely linked to its objectives of assisting the development of the area," said Mr"This purchase is an excellent example of that approach which will strengthen the communities we now serve."

Mr said that if demand from the target market justified it Trust House Ltd would also consider building new rental housing.

Possible press release – the vendor

House Sales in Wairarapa Help Housing New Zealand Meet Demand.

The sale of Housing New Zealand's housing assets in the Wairarapa will help the company meet demand from low income earners in high need areas, HNZ Chief Executive Brian Roche announced today.

“The sale will be used to concentrate HNZ's resources in areas of high demand as part of the company's policy of reconfiguring its housing stock to more closely match the demand for its services among low income New Zealanders, “said Mr Roche.

“I am confident the new owner will be a good landlord and may even have an advantage over Housing New Zealand because of its knowledge of the area and the people who live in it,” said Mr Roche. Tenants were informed directly by letters couriered to their homes this morning and reassured that the sale will not mean any negative changes in the service they are now receiving. They were also told the sale will not affect the opportunity they have now to buy their existing rental property, he added.

“The new owner is committed to serving the same low income target market but Housing New Zealand will continue to monitor the area closely and if we notice unmet needs among low income earners we have a duty to re-enter that market.”

Mr Roche said that although the local Housing New Zealand office in Masterton, which services all HNZ housing in the Wairarapa, is to close and the three existing staff are to be made redundant, they will be asked to apply for jobs with the new landlord.

Question and Answers

1. How will the tenancies be administered?

Tenants should not notice any difference in the way in which their tenancies are administered. Processes and policies will be largely those employed by HNZ. Tenants have the same rights and obligations.

2. Where will they pay their rent?

The houses will be administered from the THL offices in central Masterton. Automatic payments and assignment of benefits will continue as normal and NZ Post cash payment facilities will still be available.

3. What about maintenance?

Once the handover is completed tenants will approach THL about maintenance in exactly the same way as they now do HNZ.. THL is committed to being a good landlord and wants to maintain the housing in as good a condition as possible.

4. Won't they try and save money on maintenance?

If THL don't care for their properties they will lose tenants (what's the private sector market in Masterton like?) and both the value of their investment and their standing in the community will fall.

5. What about arrears?

Tenants have the same obligation to pay their rent under the new owners as the old and the same legal processes are followed. As with HNZ, as long as tenants are open and honest when they get in difficulties, arrangements can be made to allow them to meet their obligations without a threat to their tenancy.

6. What about the rent?

HNZ charges the market rents prevailing in the communities in which it provides services. So will THL.

Rents in Masterton are relatively low. Average rent for a three bedroom home is \$103 a week. Give examples of single superannuitant and five person family on a benefit.

7. What's the existing vacancy rate?

2.24%. There are currently 4 houses available to let. Masterton is an area of relatively low demand for rental housing. There are no top priority cases on HNZ's waiting list and only two in the next level down. There are a total of 75 applications classified as non-urgent.

8. Will the rent go up or down as a result of the sale?

Masterton is a relatively stable rental market with little movement up or down in rents.

9. Will the new owners have the same priorities for tenants?

THL wants to serve the same market as that served by HNZ and will give the same priority to people in urgent housing need.

10. What about good and bad behaviour. Will tenants have to pass a good behaviour test?

HNZ primarily judges tenants on their payment of rent, the care they take of houses and their ability to live peacefully in the community. THL will use much the same criteria.

11. Credit ratings – will they determine who gets a house?

THL will, like HNZ, take credit ratings into account when applications are made. But, like HNZ, this will not be the sole determining factor in accepting someone as a potential tenant. Other matters such as high housing need will be taken into account.

12. Will tenants still be able to buy their houses?

Existing applicants in the Homebuy scheme will be able to complete their purchases and THL have stated they will be introducing a scheme of their own to allow tenants to buy their houses.

13. Modified properties? Will they still be available to the disabled?

There are 22 modified properties in the Wairarapa. THL will still have access to Community Housing Ltd's modification service should there be demand for modified properties.

14. What about tenure protection and 55 plus?

These programmes will continue.

15. Is there any possibility of a legal challenge to the sale?

No. We need to get chapter and verse on why HNZ was left out of the Treaty process.

ENDS

Possible Press Releases – the buyer.

TRUST HOUSE EXPANDS INTO PROPERTY MARKET

Community owned company Trust House Ltd announced today that it has bought all of Housing New Zealand's rental housing properties in the Wairarapa.

"The \$..... deal includes 576 houses and units in Masterton, Eketahuna, Greytown, Carterton, Dannevirke and Martinborough" said Trust House Chairman Mr Brian Bourke.

"This is an excellent opportunity for the Wairarapa community to take greater control of local assets", said Mr Bourke. "It will also mean that money which would normally have left our community and flowed into Government coffers can now be retained locally for the benefit of the people of the Wairarapa"

"We would like to reassure existing and prospective tenants that they will have the same rights and responsibilities as when your landlord was the Government. Initially, our processes and policies will largely be the same as those of Housing New Zealand and this will include the opportunity for tenants to buy their houses."

"Prospective tenants can also be assured that we aim to serve the same people as has HNZ and those with the highest housing needs will receive top priority."

Trust House has for some time been pursuing opportunities outside its traditional activities in the hospitality market. Recent initiatives include acquisition of the supermarket at Eketahuna and development of the Lansdowne Court Rest Home & Hospital.

"We are committed to operating businesses that can benefit from community ownership and the Housing New Zealand deal is certainly an example of this" said Trust House Chief Executive Mr Bernard Teahan. "This purchase is an excellent example of our intention to strengthen the communities we serve and will help extend the amount of community support we are able to extend."

Trust House profits are distributed back to the community through its shareholder trusts, the Masterton Licensing (Charitable) Trust and the Tararua Foundation and last financial year in excess of \$300,000 was granted to a wide variety of community projects and organisations.

11th December 1998

Contact:

Lloyd Wilson

General Manager (Marketing)

Possible press release – the vendor

House Sales in Wairarapa Help Housing New Zealand Meet Demand.

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"The sale will be used to concentrate HNZ's resources in areas of high demand as part of the company's policy of reconfiguring its housing stock to more closely match the demand for its services among low income New Zealanders," said Mr Roche.

"I am confident the new owner will be a good landlord and may even have an advantage over Housing New Zealand because of its knowledge of the area and the people who live in it," said Mr Roche. "Trust House have also given a written commitment to adhere to the social responsibility obligations contained in Housing New Zealand's Statement of Corporate Intent," said Mr Roche.

Tenants were informed directly by letters couriered to their homes today and reassured that the sale will not mean any negative changes in the service they are now receiving. They were also told the sale will not affect the opportunity they have now to buy their existing rental property, he added.

"Prospective tenants also need to know Trust House is committed to serving the same group of people as has Housing New Zealand. Those with the highest housing needs will receive the same priority under Trust House as HNZ. Following the handover Housing New Zealand will continue to monitor the area closely and if we notice unmet housing needs among low income earners we have a duty to re-enter the area."

Mr Roche said that although the local Housing New Zealand office in Masterton, which services all HNZ housing in the Wairarapa, is to close and the four existing staff are to be made redundant, they will be asked to apply for jobs with Trust House. Staff will also be needed to help manage the transition to the new owner.

ENDS

Contact: