

Negotiating Brief:

Aspects to be Covered in Sale and Purchase Agreement

- (a) name of purchaser and ownership structure
- (b) objectives of the purchaser in relation to the transaction
- (c) purchaser's financial capacity to complete the transaction
- (d) preconditions for each party to the transaction
- (e) warranties and guarantees in respect of the purchase
- (f) procedures for setting and reviewing rents
- (g) continuation of current tenancy rights, including rights to purchase property and assistance from Housing Corporation
- (h) procedures for repairs and maintenance
- (i) covenants in respect of existing tenancies for the properties
- (j) transition, transfer and settlement process - rates, insurance, arrears, contracts in progress, asset/chattel identification, methodology for asset and pricing alterations etc.
- (k) required documentation for settlement and responsibility for drafting
- (l) s9(2)(ba) [REDACTED]
- (m) structure and term of any transitional or on-going management contract between HNZ and THL in relation to the transaction
- (n) public relations and tenant communication strategies (identify and brief key local opinion leaders - mayors, Fed Farmers, WDFP, DSW(?), Salvation Army, PSSS and other welfare/community agencies)
- (o) process for title issue and/or transfer - survey for any incomplete titles and management rights for THL prior to transfer of title
- (p) access to properties and other practical matters
- (q) s9(2)(ba) [REDACTED]

Information Requirements

- Do the Community Trust want access to Rentel? (upgrade to new network PC's due by Christmas). If so, for what time period?
- If not, what historical information do they require (property and customer information) and in what form?
- Privacy Issues: Client information that has been gathered in the course of and for the purpose of managing the tenancy can be released. This would include name and address of tenant, credit rating, failures to pay rent, damage reports, complaints and so forth. In short, matters pertinent to the proper and commercial management of the properties. Information that was gathered in relation to the tenants eligibility for a house, their special needs, or in respect of the government social policy will not be handed over. See email response from Bruce Riden.
- Do the Community Trust want to use existing rent collection agreements (Post Office)? Approximately 60% of tenants nationally pay by AOB (WINZ)?
- What systems are the Community Trust going to use to manage properties/tenancies?

Maintenance / Capital Improvements

- How will the Trust ensure the condition of the assets is maintained?
- Will there still be a 24 hour maintenance service for customers?
- Will existing contractor base be used? Will the Community Trust take over our maintenance contracts? Existing contracts are with Clifton Decorators, Heberley Contracting and Graeme Baker Electrical.
- Does the Trust plan to add amenities, eg driveways, drapes? If yes, do they perceive utilizing HNZ's existing contracting base?
- Will property inspections be carried out? How will this be managed?
- Will there be a smoke alarm programme?

HomeBuy

- Is it possible to establish a proxy HomeBuy scheme for these customers?
- As of 20 Nov, there are 19 active applications for HomeBuy
- Is HNZ going to exclude active HomeBuy sales from this deal?

Treaty Claims

- Are any properties subject to claims?

Titles Issues

- There are currently six properties for which titles are being sought. Two should be finished by Jan 99, three by May/July 99 and one by Sept 99. See printout of addresses.

Tax

- Is the sales price GST inclusive?

Priority Cases

- Can HNZ lease back houses to house priority cases?
- Or come to some other arrangement to make the housing of priority cases by the Community Trust worthwhile?
- As at 25/11/98 there are 3 priority B tenants on the waiting list in Masterton.
- 26 priority applicants have been housed in Masterton since May 1997 (see printout for detail)

Modified Properties

- There are all together 22 modified properties, 4 with modified access, 7 with modified access and bathroom and 4 with modified bathroom. A further 7 are recorded as modified but with no further specifics on the modification.
- Is the Trust willing to make these available on vacancy as a first preference to customers of Community Housing Ltd?

Hand Over Issues

- Interim management by HNZ - we want them to succeed, interim period could allow for knowledge transfer.
- Do they want to take over the lease on the Masterton Neighbourhood Unit? This lease expires on 1 March 1999 with the option for renewal for a further 3 years.
- Do they want to take over any of the office furniture and equipment or vehicles (2) in the Masterton Neighbourhood Unit? At what cost - book value or market value?
- Confidentiality Clause until settlement
- What about any pending evictions / tribunal cases?
- Is the Community Trust licensed to act as Property Managers?
- HNZ has a wealth of expertise in property management, property management information systems, residential property maintenance etc. There is the option of HNZ specialist staff acting as consultants to the Community Trust for a certain period of time, as part of the Sale and Purchase Agreement
- Seven properties are currently listed on the open market. Are vacant properties for sale included or excluded from this deal?
- What will happen to rental arrears and customer credit balances on transfer?

Staff Requirements

- Do they want to employ any of the Tenancy Managers? - Terms and conditions of transfer (existing or new)?
- There are currently three Tenancy Managers in the Masterton Neighbourhood Unit. They each have six years of experience with HNZ. All Tenancy Managers are on individual employment contracts.
- The average Tenancy Manager salary in this Neighbourhood Unit is s9(2)(a) (total salary bill s9(2)(a)). Sizing for the Tenancy Manager role in this area is s9(2)(a) (note this is the sizing for Provincial areas only)

55+/ Tenure Protection

- There are 14 55+ tenants in this area
- There are 66 Tenure Protection tenants in this area

Customer Service

- Will a shop front approach be used?
- What Customer Service Standards will be maintained and how?

Debt Management

- What process will be used for debt collection?
- Will debt collectors be introduced? Is so, at what point?

Rents

- How will rents be established?
- Does the Trust plan to continue with a market rent policy?
- If yes, how does the Trust propose to ensure rents are consistent with the market?

- Will rent reviews be established on a periodic basis e.g. six monthly (minimum legally possible under RTA), annual or only at time of vacancy?