



# **AGENDA**

## **City Future Committee Workshop meeting Monday, 16 June 2025**

**I hereby give notice that a City Future Committee Workshop meeting  
will be held on:**

**Date: Monday, 16 June 2025**

**Time: 11:30 AM**

**Location: Tauranga City Council Chambers  
Level 1 - 90 Devonport Road  
Tauranga**

*Please note that this meeting will be livestreamed and the recording will be publicly available on  
Tauranga City Council's website: [www.tauranga.govt.nz](http://www.tauranga.govt.nz).*

**Marty Grenfell  
Chief Executive**



**Order of Business**

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## 1 BUSINESS

### 1.1 Bay of Plenty Housing Equity Fund

**File Number:** A18487052

**Author:** Anahera Dinsdale, Governance Advisor

**Authoriser:** Anahera Dinsdale, Governance Advisor

**External presenter(s):** Alastair Rhodes (HEF/Bay Trust) and Roy Thompson (HEF/New Ground Capital)

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## Workshop information

### Purpose of workshop

1. The purpose of the workshop is to update the members on the Housing Equity Fund.

### Attachments

1. BOPHEF - TCC Workshop - A18377062 [↓](#) 



# Bay of Plenty Housing Equity Fund

TCC Update  
16 June 2025



# Agenda



**Introduction**

**Alastair**      **(10mins)**

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- Welcome and introductions
- Update on Fund establishment and progress to date:
- Background – Fund Partners
  - Strategic Aims – Financial and Impact
  - Benefits of TCC investing through the Fund
  - Governance & Structure

**Management, Deal Flow, and Looking Forward**

**Roy**      **(10mins)**

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- Update on Fund Management & Pipeline:
- Committed Deals (TRG Focus)
  - Devonport Road & Smiths Farm
  - Pipeline
  - Bank Relationships
  - Future Capital Raise, liquidity challenges for institutional capital, and benefits of freeing up constraints associated with founding shareholder rights

**Discussion**

**Cr Taylor**      **(15mins)**

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- Are the Fund’s early housing investment commitments consistent with your original expectations, including in respect to risk/reward?
- Is the reporting and transparency from the fund sufficient?
- Are there aspects of the way the Fund is operating you would change?
- What are the housing challenges within TCC boundaries?
- How can the fund support Māori housing aspirations?
- Any other feedback/ideas/concerns?



The Bay of Plenty Housing Equity Fund is a pioneering initiative to tackle the region's pressing shortage of affordable housing.

This innovative fund is designed with a dual purpose: to tackle the critical shortage of affordable housing in the region while delivering competitive returns on the \$60 million invested by shareholders.







Bay of Plenty  
Housing Equity Fund



# Strategic Aims of the Fund

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The Fund’s primary impact objectives are to:

Impact Objectives



Significantly increase housing availability in sectors underserved by the market and government



Boost the provision of affordable housing, ensuring long-term affordability



Provide healthy, secure housing for those struggling to find decent accommodation in the region



Enhance the living standards of the regions most disadvantaged groups



Grow the Fund’s impact and reach by drawing in further investment

The Fund’s financial returns (CPI = 4%+) are achieved through a combination of:


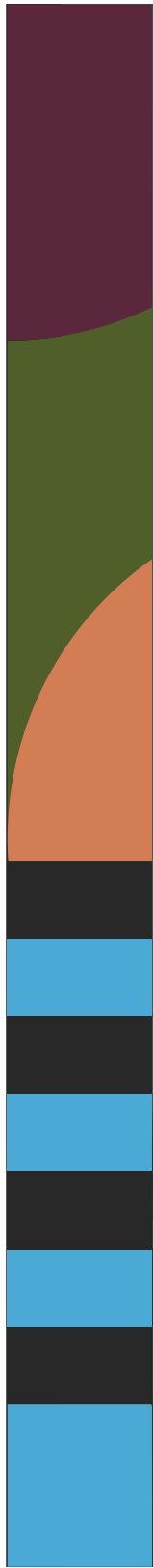
## Financial Objectives

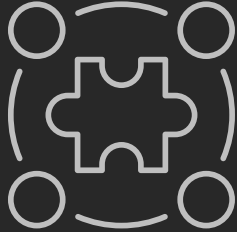
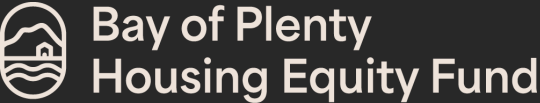


## TCC \$20m Investment - Benefits

- Aligns with public commitments (sale proceeds and Smiths Farm)
- Capital deployed within TCC boundaries but risk and return spread over entire portfolio
- Ability to leverage the \$20m TCC investment with ~ \$20m of debt
- Fund Manager expertise in housing development & operation
- Experienced co-investors
- Strong returns and impact with ability to recycle capital
- Security over whole fund
- Arms length

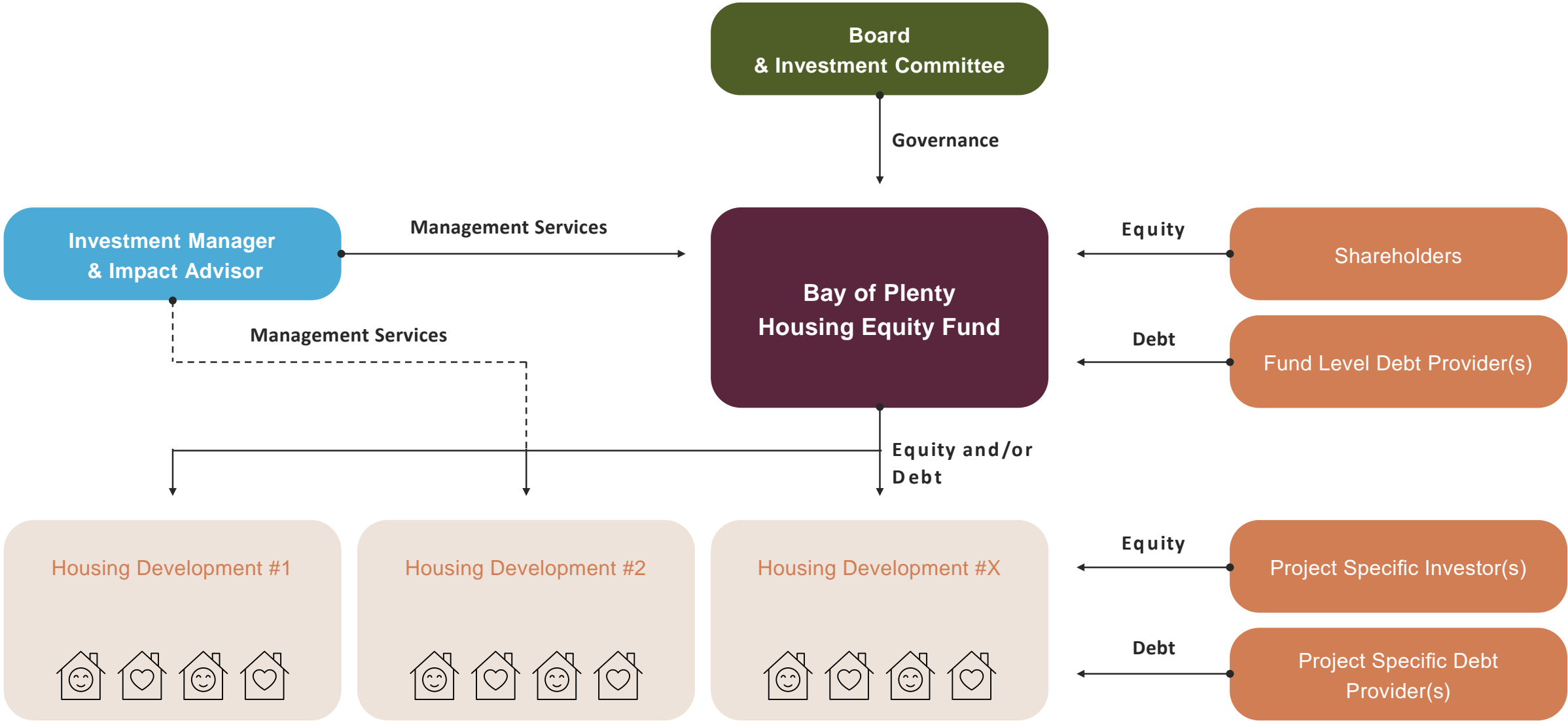






# Structure of the Fund

Fund Structure







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# Progress to Date

# Pipeline



Pipeline	Project Size	BOPHEF Funding	# Homes	Catalyses (additional)	Tenure	Cohort (Payer)	Sub -Region	Counterparty Type	Stage / Timing
<b>Eastern BoP:</b>									
Whakatane	\$5,500,000	\$2,000,000	10	-	Affordable Rental	Market	Eastern BoP	Iwi\Maori	Next 6 Months
Opotiki	\$3,400,000	\$2,600,000	23	-	Affordable Rental	Market	Eastern BoP	Developers	Approved
Coastlands	\$25,000,000	\$2,830,000	16	38	Papakainga	Government	Eastern BoP	Iwi\Maori	Approved
Kawerau	\$4,000,000	\$2,000,000	7	86	Open Market Rental	Market	Eastern BoP	Councils	Next 6 Months
<b>Tauranga:</b>									
Devonport Rd	\$10,000,000	\$3,000,000	20	-	Elder Housing	Government	Tauranga	CHPs	Approved
Smiths Farm	\$13,000,000	\$6,500,000	21	324	Open Market Rental	Market	Tauranga	Councils	Approved
Otumoetai	\$35,000,000	\$9,000,000	44	45	Open Market Rental	Market	Tauranga	Developers	Next 3 Months
Fraser St	\$4,600,000	\$3,500,000	8	-	Open Market Sales	Market	Tauranga	Developers	Approved
Greerton	\$10,000,000	\$5,000,000	20	-	Affordable Rental	Market	Tauranga	Other	Next 6 Months
Papamoa	\$8,100,000	\$4,500,000	15	21	Elder Housing	Government	Tauranga	CHPs	Approved
<b>Rotorua:</b>									
Tarawera	\$7,500,000	\$2,000,000	10	-	Papakainga	Market	Rotorua	Iwi\Maori	Next 6 Months
Kawaha Pt Rd	\$22,000,000	\$8,000,000	44	128	Mixed Tenure\PHO	Market	Rotorua	Councils	Next 3 Months
<b>Western BoP:</b>									
Katikati	\$14,800,000	\$8,000,000	30	-	Mixed Tenure\PHO	Market	Western BoP	Councils	Next 3 Months
Te Puke	\$6,200,000	\$3,376,694	10	34	Affordable Rental	Market	Western BoP	BOPHEF	Approved
<b>Total</b>	<b>\$169,100,000</b>	<b>\$62,306,694</b>	<b>278</b>	<b>676</b>					



# Devonport Road, Tauranga



### Investment

\$3.0m equity investment into a joint venture with Tauranga Community Housing Trust.

Potential to also provide \$4m in development debt financing, to be considered in next 6 months.

### Outcomes

Development of 20x 1-bed homes for superannuants or those aged 55+ with chronic health condition/disability.

All residents will be on low fixed incomes, on the housing register, and qualify for subsidised rental (IRRS).

### Overall

Delivering one home per \$150k of investment by the BOPHEF.

### Background

- Tauranga Community Housing Trust owns two sections of land comprising 2,052m2 on Devonport Road (Tauranga South). They aspire to deliver 20 x 1-bedroom apartments for elder citizens aged 55+ and/or who have a chronic health condition / disability. All residents will be on low fixed incomes (NZ Super/Health benefits) and the MSD housing register and qualify for subsidised rental (IRRS).
- An initial masterplan process was undertaken by TCHT but they did not have financial capacity at the time to complete the project. However with BOPHEF able to come in as a 50/50 partner the project is able to proceed.
- Following the initial masterplan work, Mike Greer Commercial (MGC) was engaged by TCHT, at BOP HEF's suggestion, to run the design work through to Resource Consent and subsequently Building consent, now submitted.
- The total project cost is ~\$10m. TCHT will provide the land and some additional cash funding to cover 50% of the required equity on the project (\$3m), with BOP HEF providing the other 50% of equity as cash (\$3m).
- This will then be supplemented with debt (\$4m), it is probable that BOPHEF will also provide the development debt.
- TCHT will manage the precinct on a day-to-day basis and aspires longer term of buying out the BOPHEF as their balance sheet allows.
- Impact score assessed at 77.5 of 100.

### Progress since approval

- MGC have progressed design to building consent stage and submitted to council.
- Devonport Road Development Limited (JV entity, DRDL) has been established and is operating well.
- DRDL appointed Veros as the Development Manager and they ran a procurement process which has led to Mike Greer Commercial being appointed as the preferred contractor.

### Risks

- Demolition and earthworks occurring over the more challenging winter months.
- Variations to the build contract are limited by the form of contract being entered.
- Potential for a breakdown in the relationship with TCHT.

### Next steps

- Enter into formal build contract (this month).
- Call additional capital to fund project build.
- Planning of site blessing and public announcement.



# Smiths Farm, Tauranga



### Investment

\$6.5m equity investment into the Smith’s Farm project, total purchase price of \$13.1m. Potential to also take up option for further \$2m of housing on the same terms.

### Outcomes

Development of 4x 1-bedroom homes and 17x 2-bed homes for use as affordable housing.

Currently expected to be rented on a long-term basis. Offering healthy, safe and secure homes for tenants. Potential to rent to households at discounted rates to equal 30% of household income.

### Overall

Delivering one home per \$310k of investment by the BOPHEF.

### Background

- In 2024, Tauranga City Council (TCC) entered into an agreement to sell a 28-hectare portion of its 47.5-hectare property at 10 Richards Way, known as Smiths Farm, to Venture Projects Smiths Limited (the Developer).
- Under the agreement, the Developer is required to offer 21 affordable housing units to the BOPHEF.
- The proposed BOPHEF properties will comprise four one-bedroom, single-level units and seventeen two-bedroom, two-storey units, forming part of a 345-lot masterplan.
- The total cost of these units is \$12.8 million plus an allowance for Solar taking the total to \$13.1m.
- The land transaction (TCC and Venture) is subject to several long dated conditions and the project will run for an extended period.
- Ultimately, the expected delivery timeframe for these homes is between June 2028 and December 2032.
- BOPHEF had until 31 May 2025 to accept the offer of the affordable units.
- The Developer proposed that BOPHEF signal its commitment by executing a Deed of Commitment (DoC) to purchase the units, with individual Sale and Purchase Agreements (SPAs) to be completed subsequently.
- A significant portion of TCC’s investment in the BOPHEF is tagged to this investment.
- Impact score assessed at 55 of 100.



### Progress since approval

- Executed the DoC with Venture.
- Beginning planning phase for the ultimate use of these homes and potential partners.

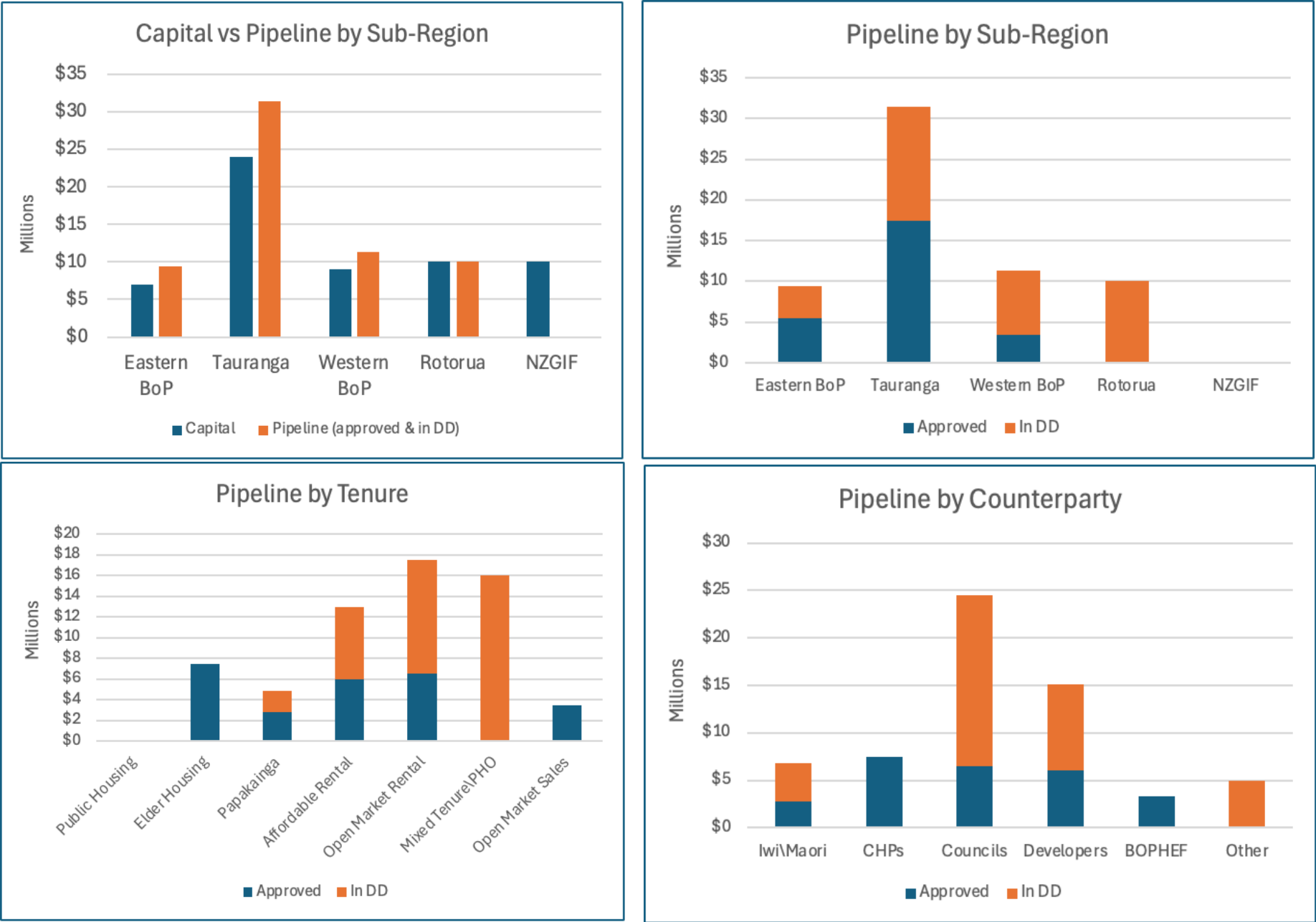
### Risks

- Delivery is dependent on timely subdivision and resource consents, completion of infrastructure, and coordination between TCC and the Developer. Delays in any of these areas, particularly civil works or consenting, pose a risk to the project timeline.
- The masterplan may change over time due to consenting processes, infrastructure design, or evolving development priorities. These changes could affect the location, configuration, or feasibility of the affordable units.
- The base case approach is to engage a property manager to rent the homes; however, the final operating model remains undecided. Options under consideration include progressive home ownership, a head lease to a community housing provider, or leasing to iwi.

### Next steps

- Enter into SPA’s for the homes when appropriate.
- Finalise operating model.

# Capital vs Pipeline by Sub-Region







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Looking  
Forward



# Future Growth Plans

- Recycling capital as often as possible
- Securing up to \$40m debt funding at the fund level
- Raising new equity capital from institutional investors ex BoP



# Discussion



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