

Annual Report 2019

CORT Community Housing

[COMMUNITY OF REFUGE TRUST]



We believe in Community Housing

Community housing is affordable housing provided by not-for-profit, charitable and community organisations. It includes public housing, assisted rental housing, assisted home ownership and transitional housing.

Affordable housing is accommodation where total housing costs do not exceed 30% of a household's gross income.

Community Housing provides a crucial alternative to the housing provided by HNZC (Housing New Zealand Corporation) and the private market.

CORT supports the work and is a member of Community Housing Aotearoa (CHA) and was a founding member of the Auckland Community Housing Providers Network (ACHPN).

Cover image Tenant Reagen and her daughter Marlowe outside their home in Hobsonville

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Who are we?

CORT Community Housing (Community of Refuge Trust) is a registered community housing provider which offers homes for people on very low incomes in Auckland. We are a non-government, not-for-profit community organisation and a registered charitable trust. Any operating surplus created by the trust is used to expand and improve the work we do.

The Trust was founded in 1987 by Auckland's Ponsonby Baptist Church in response to the housing needs of low-income and vulnerable people in its local area. It operates independently of the church and is governed by a board of trustees. CORT's focus has traditionally been on providing homes for people who use mental health services. This has now expanded to include other people in need, including the elderly and small families.

CORT employs ten staff and provides rental accommodation for over 307 tenants and their families. We own or manage over 290 properties across Auckland.

To find out more about CORT and our history visit:
www.cort.org.nz

Our Vision

Good homes for all.

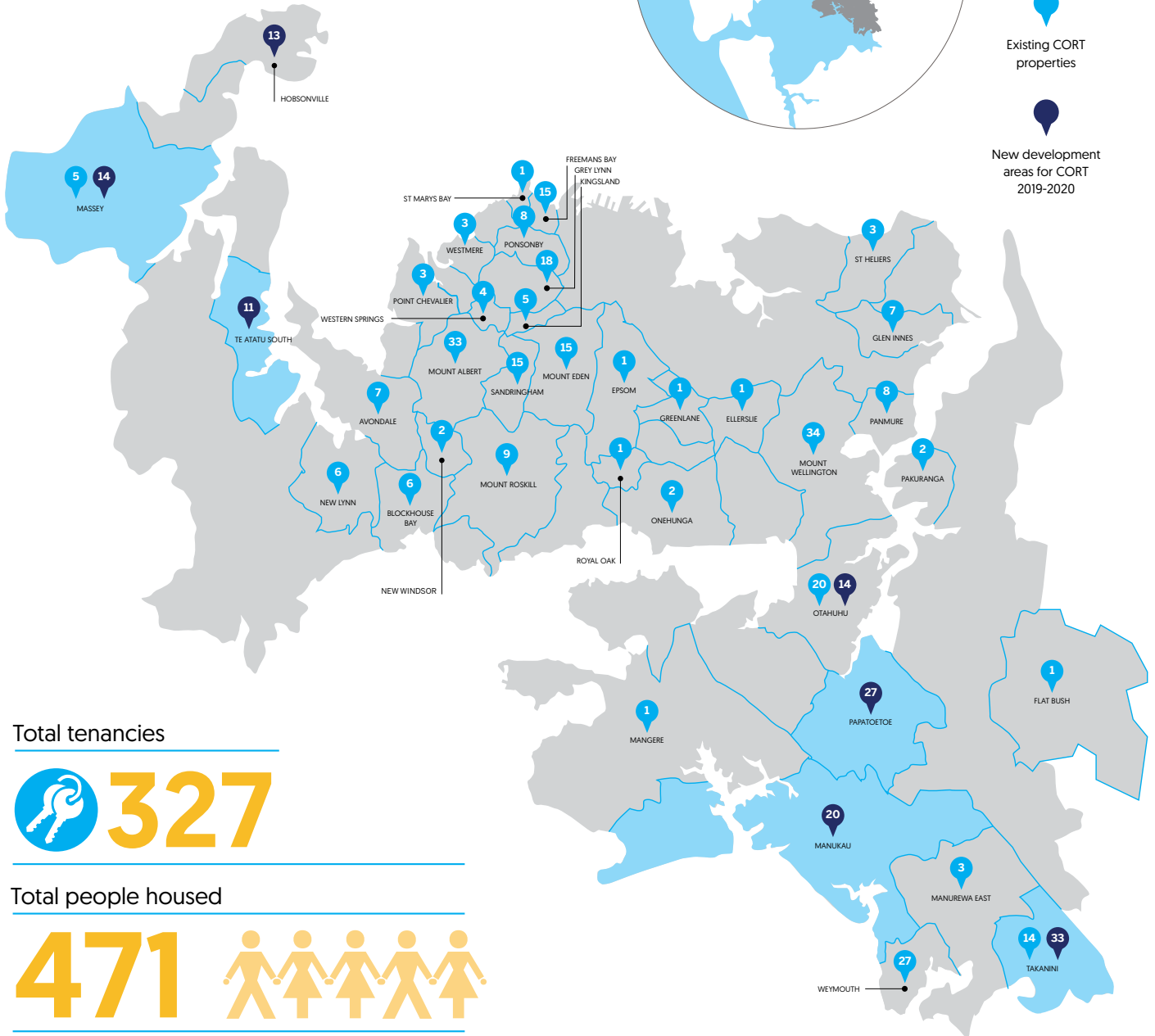
Access to good quality housing is a fundamental human right and should not be conditional on age, education, health or employment status. It forms the foundation for stable, inclusive and functional communities.

To support the vision where every person has a good home, CORT offers people on low incomes great places to live. We do this by focussing on the quality and location of our homes, engagement with our tenants, strong community connections, and a supportive and well-resourced tenancy and asset management service.



Our properties

CORT owns or manages over 307 properties throughout the Auckland region. We are currently building a further 108 new homes.



 Existing CORT properties

 New development areas for CORT 2019-2020

Total tenancies

 **327**

Total people housed

471 

Type of housing



Chairperson's Review

CORT has a critical role to play in making sure everyone has a home to call their own.

Tēnā koutou katoa. I look back on CORT's performance in the past year with a great deal of pride. We now have more than \$124 million in assets. With four new projects nearing completion, building on another four last year, 2019 will be our biggest year yet in terms of growth. But there are still challenges which need to be faced.

The New Zealand public has grown tired of hearing the words 'housing crisis', as if it was a sudden and immediate event. We now know it is a long-term, critical social problem which will take time and investment to address — and CORT is an important part of the solution.

We believe the market doesn't deliver for everybody

Figures released by the Ministry for Housing and Urban Development in September 2019 show nearly 14,000 people are on the social housing waiting list, up a shocking 46 per cent from 2018. Nearly 3000 people are now on the transfer list. A record number of emergency housing grants are being made, and it's taking longer and longer for those in need to be moved into permanent homes. There's a massive shortfall between the number of people who need a home and the number of homes available.

Good public housing is based on quality developments, combined with people-centred tenancy management. CORT has proven it can deliver on both those fronts, and we're ready to scale up to meet the ever-increasing demand for homes.

We believe everyone has a right to a home to call their own

Housing New Zealand is building just 500 new homes in Auckland a year. In the past year, CORT has delivered

100 — one-fifth of the Housing New Zealand total. That makes us a significant provider.

But if CORT is to continue to expand its capacity to provide desperately needed, quality community housing, it needs continuity of funding. Unfortunately, three planned new developments were turned down for government funding in the past year. We are disappointed that the government is choosing to not use all the resources at its disposal, and believe the sector is missing out on the special qualities which community housing can bring to the mix.

Providers such as CORT have a vital role in meeting the current demand for affordable housing. CORT has built a strong asset base and developed a robust and sustainable tenancy-management process. Now we're ready to take it to the next level.

We believe we can do more

In 2018, CORT developed 43 new units. This year, the figure will be closer to 100. We have also been involved in the Puhinui Park and Waimahia Inlet development partnerships. You won't get this combination of scale and innovation from the current government providers.

We are ready to step up and build even more homes. We have the systems in place, the relationships and the capacity to produce up to 150 or more homes a year, and we've proven we can deliver on time and on budget.

Looking ahead, we plan to complete our current development pipeline of 167 new homes by 2020. We are also actively seeking alternative funding sources to build more.

We will continue to make the case for community housing, and to strongly advocate



The CORT Community Housing Board of Trustees Left to right: Sue Watson [Chairperson], Zheyne Tahana, Julie Dudfield, John Deyell, William Alexander, Tony McNamara, Alex Duncan, Graham Davison, Peter Jeffries [CEO], Jody Kilpatrick

for government support. The community housing sector must be part of the solution to meeting New Zealand's demand for housing.

We believe what we do changes people's lives

Our mission is simple: to provide good homes for people who need them. As long as people are sitting on the housing waiting list, we will continue to find ways to provide homes for them. We know the difference our work makes to people's lives.

We are in this for the long haul. We know that the homes we provide will be part of people's lives for years to come. That's what community housing providers have to offer.

CORT has a vision for what we want to deliver, and we're doing it. We're building it, we're managing it, and we're working in partnership for long-term success.

I would also like to acknowledge two of CORT's kauri who have fallen in this past year. Wilf Malcolm [trustee 2010–2014], passed away on 6 October 2018, and Robin Guy [manager 1998– 2008], also passed away, on 9 April 2019. The work CORT does would not be possible without such strong and committed people, and we mourn their passing.

Ngā mihinui

Sue Watson
Chairperson, CORT Board of Trustees



“At CORT, we have placed a major focus on what makes a great home. That means thinking beyond the bricks and mortar...”

CEO's Review

CORT is growing, but we have stayed true to our core values, working together to create great homes.

Over the last three years CORT has experienced strong growth, and 2019 will be our biggest year yet in terms of providing much-needed new homes. With the continuation of our development pipeline, which aimed to build 100 new homes a year, we are now managing 307 properties across the Auckland region, with 89 more to be occupied by early 2020. We have fully delivered six developments, with the remaining six to be completed in 2020.

But it's important to remember the core values on which all our work is based, which make us both unique and a valuable player in the struggle to meet the demand for adequate housing.

We believe we need to work together

Building 100 units a year is a major accomplishment. But we can't — and don't — do it alone. First, we have an experienced board, led by Sue Watson, with a mature understanding of governance and the issues facing both community housing providers and the wider sector. Their knowledge, enthusiasm and expertise are invaluable in supporting the work CORT does.

Secondly, one of the main reasons we are consistently able to deliver quality homes on time and on budget is because we choose good partners throughout the development process. We're proud of the relationships we have with planners, architects, engineers, builders, landscapers and other professionals and tradespeople. There are a lot of little things that add up to make a really good home, and everyone needs to contribute to that. The people we work with actually care about who will live in these homes.

We also enjoy strong partnerships with community services and other housing providers who work with our tenants. Through these connections CORT is

able to coordinate support services to create strong neighbourhoods and sustained tenancies. We believe we do this better than government or private providers, because we take the time to understand our tenants and prioritise working with the appropriate agencies to meet their needs.

We believe in working with our tenants to create great communities

The other partner in all the work we do is, of course, the people who live in the homes we provide. The traditional model of tenancy management is to just find someone a house to live in wherever you can, then collect the rent. CORT's model is different. We work closely with individual tenants to help them make a home.

We believe placement is very important. We spend a lot of time trying to understand each tenant's needs before finding them a home that is going to work for them, in a community they want to live in. CORT then advocates on their behalf to make sure they are getting the support they need, and continues to work with them in their new community.

While our development focus is on building warm, dry, practical new homes, our ongoing focus is making sure the people who live in them become part of a community.

We believe a home is much more than four walls

At CORT, we have placed a major focus on what makes a great home. That means thinking beyond the bricks and mortar and looking at the wider community: where new developments are placed, what services and facilities are available nearby, access to public transport, safety and security. It means creating developments

which are designed for light, sun and privacy, and making sure there are green spaces, places to get together and appropriate utility areas. It also means working closely with tenants and support services.

We have developed a set of design guidelines to aid everyone involved in creating new developments for CORT, to act as a useful planning tool and a starting point for discussion. Putting it together was an informative process for us, helping us to crystallise our philosophy, and now we will be sharing this with our development partners.

It's not just about creating new homes, either: this year we have embarked on a refurbishment programme of some of our older housing stock. The board has allocated a significant budget to this programme, and we will be working steadily on improvements to insulation and sustainable lighting and heating, to bring these properties up to the same high standard of the rest of our portfolio.

We believe in listening to our tenants

To make sure that what we are doing is working for the people who live in our properties, CORT recently engaged housing quality research organisation Beacon Pathway to review two of our completed projects, Lynton Road and Mount Wellington. The team from Beacon spoke with tenants about their experience living there, and compared that with CORT's original goals and expectations.

We are pleased to report that the results were highly positive, with both developments measuring up well to what we hoped to deliver, in terms of liveability, accessibility, connectedness and sustainability. This gives us both reassurance that we are doing the right things, and ideas about what we can do better in the future. There's no such thing as a perfect development, but we're committed to trying to get as close as possible!

We have also continued conducting annual tenant satisfaction surveys, from which we gain valuable feedback. This year's results were almost universally positive, with improvements in all our benchmarks, and overall satisfaction rising from 88 per cent to

93 per cent. We have also established a tenancy advisory group, to meet regularly and discuss what tenants want and how CORT can deliver it. Talking to the people who live in our homes and responding to their needs is an important part of CORT's management process, and we believe it is a key part of why we enjoy such sustained tenancies.

We believe the real crisis is yet to come

CORT understands the market will continue to be difficult for people renting, and will get harder. The real housing crisis is that nearly half of Auckland's population lives in rental accommodation. Rents will continue increasing and if incomes do not rise in tandem, the flow-on effects are clear. Homelessness will increase, housing wait-lists will grow further, and we'll see the spread of sub-standard housing and low-quality boarding houses. House prices may have stabilised, but the real crunch for renters is yet to come.

Despite what we have been able to achieve with our development pipeline, following the withdrawal of government funding for new projects we are looking into an uncertain future in terms of building new homes. We are committed to completing our current developments and to providing high-quality tenancy management of our existing properties until alternative funding can be found to get new housing projects underway.

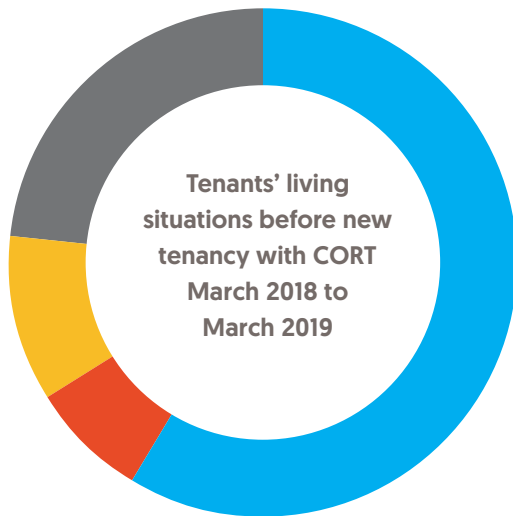
We are from the community, to serve the community. We reinvest the money we make back into the community. Everyone has the right to a home to call their own, and we believe we have a vital role to play in delivering those homes.

Thank you for your support of CORT, and we look forward to continuing to positively contribute to society for many years to come.

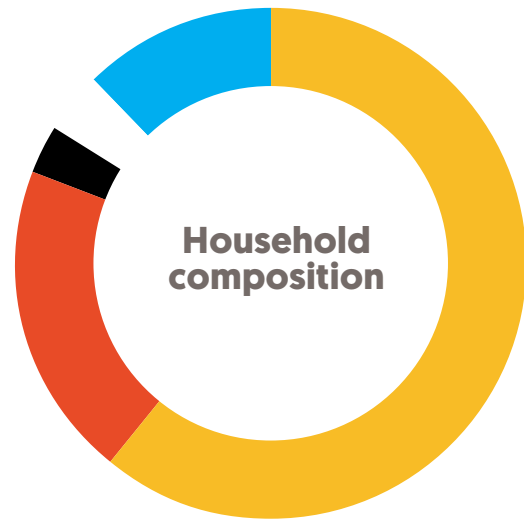


Peter Jeffries
CEO, CORT Community Housing

24 - the number of different ethnicities living in CORT homes



- Homeless / or at significant risk **59%**
- Overcrowding / unsuitable housing **8%**
- Supported housing **10%**
- Transfer to more suitable property **23%**



- Single person **61%**
- Sole parent families **20%**
- Couples with children **3%**
- Couple only **4%**
- Shared house **12%**

5 years and 2 months - the average length of a CORT tenancy

Tenant satisfaction statistics during 2018-2019

Source - CORT Tenant Satisfaction Survey 2019. Sample size n=147

93%

Overall tenant satisfaction



91%

Tenants agree that CORT is easy to contact



91%

Tenants agree that CORT maintains their home to a reasonable standard

85%

Tenants agree that their current housing situation contributes positively to their overall wellbeing



McLennan was recently awarded the Leading Housing Development Project **for New Zealand by the Australasian Housing Institute**



McLennan Park, Takanini

CORT built eight one-bedroom and six two-bedroom units in this new South Auckland subdivision, which also features a mixture of private and state-owned housing. Because CORT was involved early in the master planning process, we were able to secure a premium site for this development, opposite a large park.

Partnering for better housing

“We feel CORT is very responsive to our needs, as well as to the needs of the tangata whaiora we support”.

Mahitahi Trust are a kaupapa Maori mental health provider who support individuals and whanau to achieve wellness.

“When we have people who are requiring accommodation, we liaise with organisations such as CORT to find suitable housing. We feel CORT is very responsive to our needs, and the needs of the tangata whaiora we support. CORT is always proactive about what housing options are available, and really flexible when looking at options, both for individuals and groups.

This works particularly well with our kaupapa Māori approach. We recently placed four clients into a new development in Otahuhu, as a group but in individual homes. As a service, we provide wrap-around support, a key part of their transitioning into the community. CORT’s tenancy managers take a very supportive approach, and the whole way that they manage the tenancy process is very client-friendly. This really supports our clients to sustain long-term tenancies.”

**Rachel Morris, service manager,
Mahitahi Trust**

L-R: Ben from Mahitahi,
Jade Thorne - CORT
Tenancy Manager,
Lee from Mahitahi and
CORT tenant, Waru from
Mahitahi



“Having a home in my community means the world to me. I have been blessed. Thank you CORT”

CORT tenant from Waimahia

Waimahia Inlet, Clendon

CORT was a proud partner in the Tāmaki Makaurau Community Housing consortium which developed this new subdivision. This long-term project is now complete, with CORT owning 25 units, the last four of which were a kaumatua housing complex, handed over in early 2019.

“Words cannot describe how I felt when we were offered this home. We couldn’t believe how lucky we were.”

Lili from Waimahi Inlet

Lili’s story

My husband and I moved into our two-bedroom unit at Waimahia in November 2018. Before that we were living in emergency housing, and before that with family, but the house was very crowded.

Our home now is warm and new. I’m asthmatic, and being in a warm, dry home has made this winter so much better. Moving in here has alleviated a lot of my symptoms.

I love the community we’re living in. There is a great mix of people, and it feels like a safe community, too. I also love the location, close to the Clendon town centre and the medical clinic.

I had so much going on in my life last year, it was such a relief to be able to move in here and finally have a place to stay and call our own. Just having our own space means a lot to the both of us.

We feel as if CORT really cares about the people who live in their homes. They are very genuine, and they keep in touch with us and let us know what’s going on. They have done so much for us, and for a lot of my neighbours. We hope we can stay here a long time.



Scott Point, Hobsonville

CORT has built 13 two-bedroom duplex townhouses in this new mixed-tenure development. These family-friendly properties were built under the now discontinued Retained Affordable Housing scheme.

“I really love and enjoy living in my house, it is comfortable, safe and quiet. The people at CORT are amazing and very nice.”

CORT tenant from Scott Point

Hokonui, Otahuhu

CORT developed this complex of units on a site which had held two run-down, older houses. Officially opened by Minister for Building and Construction Jenny Salesa in October 2018, it now offers 12 new homes in three buildings.



“I love my apartment because it’s warm and safe and I have a home.”

CORT tenant from Hokonui

Michael O'Keefe

CORT Property Manager

I came to CORT in 2017, from a role in the private sector. I wanted to make a positive difference to people's lives. In a commercial environment, decision-making processes are based on return on investment. At CORT, when we make a decision we are also considering the impact it will have on the people living in that property.

I have a varied role, and I love that. I love being a solution provider. The personal highlight for me is seeing tenants move into what will become their home. They might have been living in a car with their family, and now they have a place of their own.

I believe there is a need for community housing. Anyone who believes there isn't has got their head in the sand.

What we do at CORT astounds me, in terms of the amount of time and attention that goes into making sure tenants have all the support they need and that they are going into the right homes. That's what makes us different, and why we are successful — that investment in people.

“At CORT, we believe we are making a difference to people's lives.”



Treasurer's report

The financial performance of CORT has again been sound in 2019. The Trustees and management are aware of their stewardship role to prudently expand and maintain the Trust's portfolio in accordance with its purposes. This is evident in further significant growth in the number of dwellings, while also maintaining strong cash flow and a prudent balance sheet.

Total assets of the Trust have now reached \$124 million, up from \$90 million in 2018. This increase of \$34 million is mainly attributable to 43 new properties added to the portfolio and work in progress on projects currently under development.

Mortgages account for most of the Trust's liability and are around \$29 million. Additional liabilities include \$17 million in conditional grants, which incorporate legally enforceable conditions that require the Trust to meet specified performance objectives.

During this financial year, the Trust reviewed the treatment of conditional grant funding and where the Trust was satisfied that it had fully met enforceable conditions, funding received was recognised as revenue. However, while this is recognised as revenue, there is still a contingent liability should the trust cease to provide social housing. This results in higher revenue and retained earnings in 2019. To enable a meaningful comparison with the prior year, the results of 2018 have been restated to reflect this change in treatment.

The Trust's equity is higher as a result of this change and stands at \$73 million, an increase of just under \$15 million from 2018.

With a strong balance sheet, and proven management and governance expertise, CORT has never been in a better position to continue to take up opportunities to prudently grow for the benefit of our clients. Refer to the full audited version of the financial statements for further information in respect to the restatement highlighted above.

Alex Duncan
Treasurer, CORT Community Housing

Trust directory

For the year ended 31 March 2019

Purpose of Trust To obtain and maintain affordable accommodation for disadvantaged people with social needs within Auckland

Incorporation Date October 1987

Charities Register Number CC36795
Address 68 Grafton Road
Auckland

CEO Peter Jeffries

Trustees Sue Watson (Chairperson)
Alex Duncan (Treasurer)
Graham Davison
Jody Kilpatrick
John Deyell
Julie Dudfield
Tony McNamara
William Alexander
Zheyne Tahana

Bankers ASB Bank Limited, Auckland
Auditors RSM Hayes Audit
Newmarket
Auckland

Consolidated statement of comprehensive revenue and expenses

for the year ended 31 March 2019

	2019	2018 (re-stated)
	\$	\$
Revenue from exchange transactions		
Rent received	2,906,998	2,947,676
Interest received	8,125	7,490
Directors' fees	–	–
Dividends received	40,521	20,000
Revenue from non-exchange transactions		
ADHB contract income	546,607	554,027
Grant income	5,472,558	1,107,500
Rental subsidies	2,374,024	1,481,232
Total revenue	11,348,833	6,117,924
Expenses		
Property expenses	2,946,085	2,509,230
Administration expenses	344,659	330,407
Personnel expenses	1,130,364	871,521
Finance costs	852,068	702,983
Depreciation	26,513	16,138
Loss on disposal of assets	384,236	41,241
Total expenses	5,683,926	4,471,519
Income distribution from limited partnership	252,000	–
Urealised net change in the fair value of investment properties	8,688,956	8,823,060
Total surplus for the period	14,605,863	10,469,466
Other comprehensive revenue and expense	–	–
Total comprehensive revenue and expenses	14,605,863	10,469,466

CORT's full audited financial report 2018-2019 available at cort.org.nz

Consolidated statement of financial position

as at 31 March 2019

	2019 \$	2018 \$
Current assets		
Bank	2,170,822	2,337,861
Accounts receivable	1,317,037	848,059
Prepayments	29,073	68,354
	3,516,932	3,254,273
Non-current assets		
Investment properties	99,392,506	72,047,000
Development work in progress	20,584,931	14,370,056
Plant and equipment	71,164	49,320
Investments	396,000	-
	120,444,601	86,466,376
Total assets	123,961,533	89,720,650
Current liabilities		
Sundry creditors	2,867,824	1,285,283
GST payable	2,541	5,591
Tenant funds	3,127	7,568
Loans - current portion	1,773,923	1,053,142
	4,647,415	2,351,583
Non-current liabilities		
Loans - term portion	29,148,471	19,490,888
Conditional grants	17,225,343	9,543,738
	46,373,814	29,034,625
Total liabilities	51,021,229	31,386,209
Net assets	72,940,304	58,334,441
Trust funds		
Retained earnings	27,241,586	21,324,679
Property reserve	45,698,718	37,009,762
	72,940,304	58,334,441

For and on behalf of the Executive Committee:

S. Watson

Chairperson

14th November 2019

Date

P. Jeffries

CEO

14th November 2019

Date



CORT's full audited
financial report 2018-2019
available at cort.org.nz

CORT values the contribution of our partners in assisting us to create great homes for our tenants. We work in a range of partnerships to share and gain valuable experience and expertise.

- Accessible Properties
- ACOS
- Affinity Services
- ASB Bank
- ASB Community Trust
- Auckland City Mission
- Auckland Community Housing Provider Network
- Auckland DHB
- Bays Community Housing Trust
- Beacon Pathway Inc
- Buchanan Rehabilitation Centre
- Crossroads Clubhouse
- Community Housing Aotearoa
- Cornwall House
- De Paul House
- Ember
- Emerge Aotearoa
- Equip Mental Health Services
- Habitat for Humanity
- Housing New Zealand
- Kiwibank
- Lifemark
- Lifewise
- Link People
- Mahitahi Trust
- Manaaki House
- Ministry of Business Innovation and Employment
- Ministry of Housing and Urban Development
- Ministry of Social Development
- New Zealand Housing Foundation
- Monte Cecilia Housing Trust
- Pathways
- Penina Health Trust
- Ponsonby Baptist Church
- St Lukes Community Mental Health Centre
- Taylor Centre
- Tamaki Collective
- Te Tumu Kainga
- Te Tumu Paeroa
- The Cottage CMHC
- The Salvation Army
- Vision West Community Trust
- Waitemata DHB
- Westpac Bank

Electronic copies of this report are available on our website cort.org.nz

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