

The Tindall Foundation

CASE STUDY

Changing the affordable housing system

STRATEGIC INSIGHT

Impact investment can change the game for social change

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ABOUT THE FOUNDATION

The Tindall Foundation (TTF) was set up by Margaret and Stephen Tindall, with the money from the public float of the Warehouse in 1995. Half of the donations go towards initiatives that support children and whānau. Central to the ethos of TTF is generosity with minimal strings.

In the affordable housing arena, TTF has chosen to partner with the New Zealand Housing Foundation (Housing Foundation), since its formation in 2003.

'The challenge was to find a model of housing development at scale that was affordable for low-income families. There was an approach from Brian Donnelly at Housing Foundation, with an idea about how housing could be made more affordable. The Trustees knew and trusted Brian from his previous involvement in a group of social entrepreneurs that TTF had brought together.' John McCarthy, TTF

'Housing needs are significant and diverse in New Zealand. We need a hell of a lot more and we need to be innovative around funding models. That speaks to how you do social investment large scale.' Brian Donnelly, Housing Foundation

APPROACH AND TOOLS

The primary tool TTF has used to create system change in affordable housing is impact investment. TTF has supported Housing Foundation through its rent to buy and shared ownership models. About \$2 million has been invested via grants (largely operational funding early on) and \$10 million in loans or long-term mortgages, that has been used as development finance for housing developments. Housing Foundation has been able to show commercial lenders (ie banks) that they have an investable proposition. TTF gets its money back plus a social return.

Impact tools include

- A long-term strategy, 'the Trustees have been doing this for 16 years and will be in it for quite a bit longer,' and, 'TTF has been there all the way through, from building horse power to coming on the full journey'
- Grants and impact investment, 'TTF investing first proved it could be an investable proposition for others'
- Thought leadership and trialing investment options, 'they are thought leaders'
- Building a partnership and high trust relationship, 'TTF is a long-term genuine partner. They bring credibility, ability to leverage and provide us with thought leadership, confidence and support'



The Tindall Foundation partners with the New Zealand Housing Foundation.

- Advocating for this model with government, Council, philanthropy, commercial channels and others, 'a lot of this advocacy is behind the scenes'
- Recognising the mahi of Housing Foundation at TTF 20th anniversary, 'they received a recognition award, they are doing incredibly good work'
- Supporting a longitudinal study, 'this ties well into the governments thinking, it links back to wellbeing outcomes'
- Providing communications advice via TTF, 'Liz Tindall has provided communications advice to Housing Foundation'
- Understanding the eco-system for affordable housing in Aotearoa

'TTF has actively supported in thought leadership and trialing social capital and investment funding options. The difference with TTF is they have supported through different forms of funding – developing capacity, working capital for projects, long-term loans to create a debt facility and right now we are trialing equity into a charity.' Brian Donnelly, Housing Foundation



A member of the Housing Foundation team hands over keys at Orchard Street development.



Housing Foundation site at Waimahia Inlet community development.

'We have tried to make change in the housing, impact investment and finance system, and in the philanthropic system to encourage people to invest as well as grant fund. What this means is firstly maintaining a really up to date understanding of a system, who the key players are, the points of influence and where there is readiness to change. That readiness is important. So is building partnerships for collective action.' John McCarthy, TTF

ACHIEVEMENTS AND MILESTONES

Long-term support of Housing Foundation has seen a \$12 million investment from TTF giving credibility and confidence to others to invest – resulting in the building of over 800 houses with 150 low-income families having reached full ownership.

The Tindall Foundation's practical approach has paved the way for philanthropy. John McCarthy explains, 'It has been game changing. It's one of the first examples in New Zealand of philanthropy investing, rather than traditional grant making or giving a donation.'

Further achievements include supporting Housing Foundation to develop a range of financial models; and influencing changes in government behaviour to replicate the model, 'the government has announced support for a shared ownership pilot in Glen Innes.'

'Since we began we have housed about 800 households in new housing. Of those approximately 450 are in home ownership programmes and of those about 150 have moved through to full independent home ownership.' Brian Donnelly, Housing Foundation

'The Tindall investment has given the Housing Foundation leverage to go to banks and other commercial lenders. Housing Foundation has now built confidence with other funders including commercial funders. That has enabled them to scale. The \$12 million Tindall Foundation investment has been leveraged into about 800 houses or \$350m worth of assets. If our Trustees had simply grant-funded \$12 million, they wouldn't have been able to achieve anywhere near this.' John McCarthy, TTF

LEARNINGS AND ADVICE

John McCarthy would like to see other social housing providers picking up on the Housing Foundation model. 'They seem to have gone more down the path of providing long-term rentals, rather than long-term home ownership. That's useful, but home ownership is also a pathway out of poverty. For The Tindall Foundation supporting the Housing Foundation is as much about ending poverty as it is about building houses.'

He observes the importance of stable policy and the potential role of government. 'Housing developments are expensive long-term propositions, so need stability of policy and finances for investors and developers to take risk.'

Learnings from the affordable housing experience include the 'critical' importance of values alignment and trust; being patient and in it long-term; and taking a proactive, problem-solving approach.

Advice to others included

- 'Get cracking'
- Find an issue your Trustees are passionate about; investigate how an impact investment approach may complement grant making; and bring some of your wider networks to the table

- Understand these investments can be hugely successful, but like any investment, sometimes fail
- Talk to others and ask for help, 'there is a small but growing group of people, developing expertise in impact investment'

'This was TTF's first significant go at impact investment. We have made our balance sheet work for good outcomes, for social impact. Other philanthropy organisations are looking at how they can do that as well. To me it's part of the future of philanthropy.' John McCarthy, TTF

WHAT'S NEXT FOR TTF

The future challenge for TTF in affordable housing is 'how you scale to other regions', encouraging the government to make the shared ownership model part of its housing programme and for more commercial lenders to see shared ownership as a valid housing model. Also developing the investment models the Housing Foundation has on offer, so it can bring in a broader range of funders.

'Brian and the Housing Foundation - they are such humble people, they just get on with it. Recently, TTF has agreed to put another \$5 million into a housing 'portfolio' fund - a mix of rent-to-buy and shared ownership. It's being used to effectively share the equity in houses with families.' John McCarthy, TTF

tindall.org.nz

www.nzhf.org