



SAMOA HOUSING CORPORATION

# STATEMENT OF CORPORATE OBJECTIVES

*2024/25 – 2026/27*

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## **1. MANDATE**

The SHC commenced operation in May 1990, and has operated for over 30 years. The Corporation was constituted, to meet the needs of borrowers who were unable to secure loans from commercial financial institutions for housing and land purchase, due to their inability to meet collateral or repayment requirements. Accordingly, the principal function of the SHC is ‘lending money [secured by mortgages or other security] for the purposes of building, renovating, extending and completing residential homes or to assist the borrower to acquire land for residential purposes’ (Housing Corporation Act 1989). In addition, the government has given SHC the responsibility of managing government rental housing properties.

In 2010, the Housing Corporation Act 1989 was amended for the SHC to perform additional functions of managing the government rental housing portfolio and to access related business activities and opportunities to meet the growing needs of the population. As a result, the government housing portfolio was transferred to the SHC from the Ministry of Works, Transport and Infrastructure (MWTI) in 2013. The SHC now provides residential rental accommodation for approximately 73 families. In 2022, five new rental units of two and three bedrooms were constructed on a ¼ acre land at Moto’otua to maximise the use of leased land, and to increase rental revenue and housing stock.

## **2. ENTITY PROFILE**

### **2.1 Vision**

*“All Samoans accessing competitive financing and affordable rental housing”*

### **2.2 Mission**

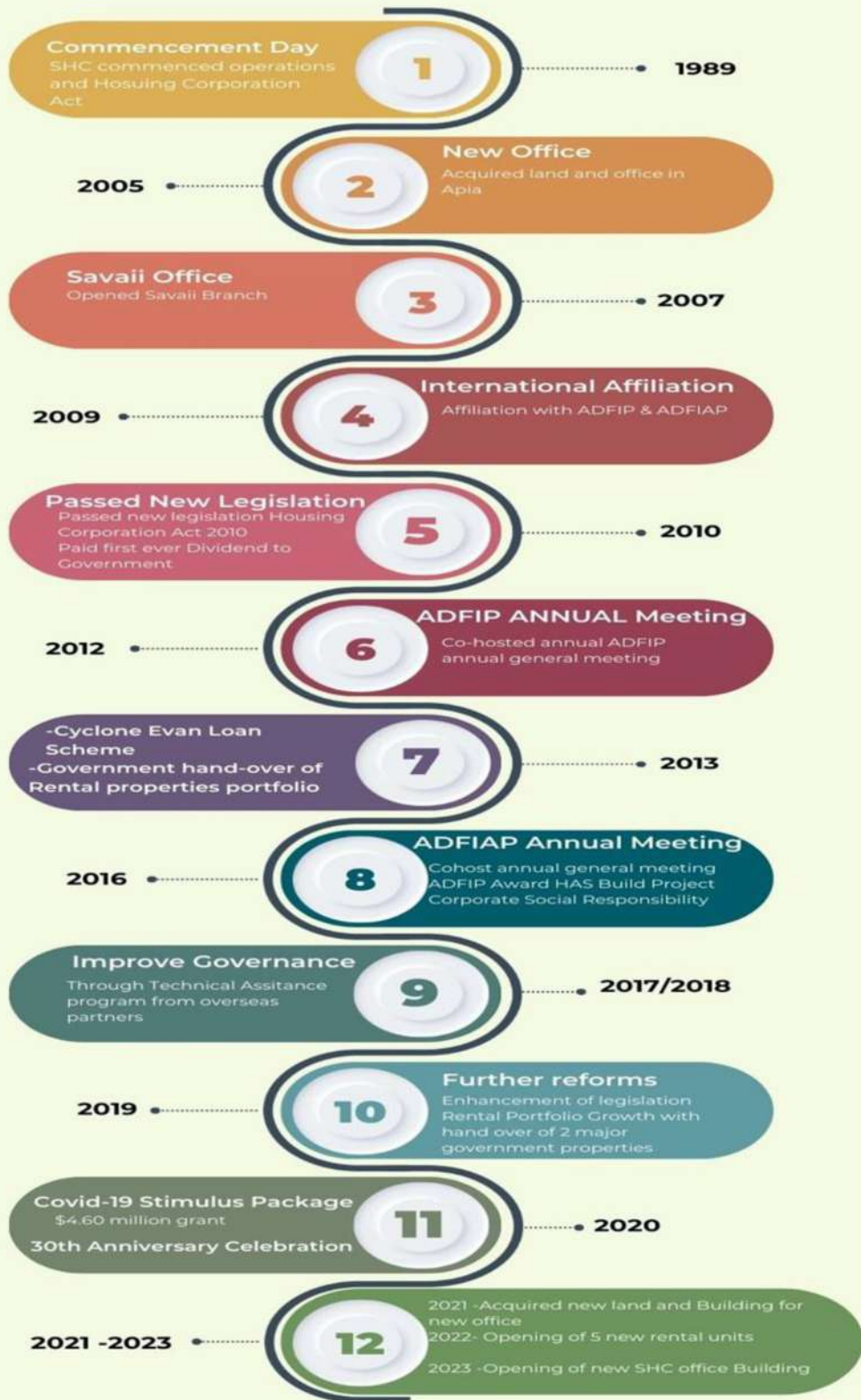
*“Empowering Samoans to improve their living standards, so they can live and thrive in safe and resilient communities, by providing access to cheaper finance and better social housing options, while contributing to the sustainable growth and development of Samoa”*

### **2.3 Entity History**

The milestones and important events in the history of the Corporation are outlined in Figure 1 below, highlighting the journey and growth of the SHC over the years since its establishment in 1990:

Figure 1: SHC milestones and important events since its establishment.

# TIMELINE



### **3. OBJECTIVES**

We have identified four strategic objectives to contribute towards achievement of the vision and mission:

1. Strengthening the provisions of accessible and sustainable finance for housing.
2. Improving access to safe and affordable housing and properties.
3. Increasing resilience to climate change risks, hazards and shocks through integrating adaptation and social protection measures for housing and properties.
4. Enhancing our capability to improve, grow and sustain our business and service.

### **4. FINANCIAL STATEMENTS**

No Financial Statements are required.

### **5. SPECIAL PROJECTS**

#### **5.1 IFRS 9 accounting standard**

To further minimize risks, the SHC is moving towards adopting the modern IFRS 9 Accounting Standard to better account for its expected credit losses (ECL) and income, to better reflect the quality of its loans portfolio, and to obtain assurance of the Corporation's accounts. The IFRS 9 "Financial Instrument" is a new international financial reporting standard where the methodology for how the provisions for loan losses is determined is different from SHC's existing accounting practice.. ECL is based on a forward-looking process estimate rather than the current method of historical perspective. Under the historical perspective data on 'loan payments past days due,' 'non-performing loans' and 'history of arrears' are used as the basis for determining the provisions for loan losses. With the IFRS 9, entities are required to determine several 'probabilities of default' (PD) and to collate the assessment into a forward-looking estimate. The PD estimate has a forward-looking focus where the estimate takes into account the current accounting information for the loan portfolio and includes a factor for forecast (or risk assessed) future economic and social conditions. The SHC is in the process of moving towards adopting this new standard to improve the assessment of its provisions for doubtful debts, and to obtain assurance from external auditors of the Corporation's accounts.

#### **5.2 Housing Corporation Act 2010 Review**

The 2010 review and proposed amendment to the Corporation Act will be revisited and pursued further as a special project, to be implemented during the timeframe of this Corporate Plan. The proposed review and amendment are important for the development of the business and services of the SHC, to ensure that it has the enabling policy and legal framework to grow and sustain its operation, services and financial viability. Getting the leadership support from Government and key stakeholders on this initiative is crucial to the development of the SHC. As such, the proposed legislative amendments will be discussed with key stakeholders' in open

discussions on the subject and areas of key concerns. SHC will provide evidence-based analysis to further support the proposed review and amendments to the Act.

### **5.3 Housing rental properties portfolio business plan**

The SHC will develop and implement as a ‘special project’ a comprehensive business plan for the development of the government leasehold rental-housing properties portfolio. The business plan will outline strategies, pathways and necessary funding and other requirements upgrade the existing rental-housing stock and to build new units on available vacant lands. The objective is to ensure that the existing stock is refurbished to make safe and suitable for rental, vacant leasehold lands are developed and used to maximise rental-housing stock, and that the portfolio is financially viable and sustainable. Also included in this futuristic business plan are potential Public Private Partnerships (PPPs) and other initiatives, actively seeking partnerships with development partners and private finance providers that would bring SHC more financial capacity to upgrade and develop the rental-housing portfolio on the government leasehold properties.

Further, the Corporation has commenced discussions with the Ministry of Natural Resources and Environment (MNRE) in 2023 on a potential partnership in the area of climate resilience through ‘green infrastructure’ and ‘climate-resilient’ housing and homeownerships. To showcase its commitment to Samoa’s nation’s call for a decarbonised economy, the SHC will incorporate in its Corporate Plan strategies to support the government’s low carbon economy quest by promoting renewable energy and energy efficiency of its rental portfolio and major infrastructural works.

### **5.4 Samoa Business Hub loan guarantee scheme.**

The Corporation has over the years attempted to tap into the Samoa Business Hub (SBH) scheme in its efforts to help mitigate the inherent risks encountered by its unsecured loans portfolio. Subject to further discussions and consideration and approval by the Board, this potential partnership with SBH on a Loan Guarantee Scheme for Small to Medium Enterprises (SMEs) owners and operators is planned to be operational within the lifespan of this Corporate Plan. The target market for this project is the small to medium business operators with established business records with SBH, while we aim to improve their access to finance for their residential homes. SBH for a starting point has offered a 50% guarantee, and possibly more, depending on the scope of the unsecured loans. This would immensely improve the security coverage for the unsecured portfolio which often encounter problems with enforcing loan guarantees.

### **5.5 Social Housing Project.**

The SHC believes that it is not yet reaching the vulnerable communities with the products that it currently offers – in terms of loans and rental housing. This is why the SHC is considering the launch of a social housing project to increase its reach and assistance to the vulnerable communities. SHC hopes to bring together experienced consultants [such as architects, engineers, and quantity surveyors], skilled tradespeople [such as plumbers, electricians, carpenters and builders, potential funders as well as potential clients, to collaborate on this project. Through this collaboration, design options for low-cost housing that comply with the

National Building Code will be produced and built to improve the housing standards for the vulnerable communities. It is envisaged that the services provided by the required consultants and tradespeople will be volunteered free of charge as part of their social obligation contributions for low-cost houses costing between \$30,000 to \$50,000. The eligible SHC clients will be selected based on their needs and in accordance with documented studies of people under the Basic Needs Poverty Line (BNPL). The project will commence with an initial number of 10 houses to be built during the first and second year of the Corporate Plan, with this number doubling over the next 5 years. The client will contribute up to 30% towards the cost of building their house, which can be in kind (land, labour, materials – e.g. rocks for the foundations or trees for posts, etc.) and ‘paying it forward’ by helping the next client build their house using the skills acquired from building their own house. The balance of the cost for each house will be sourced from aid funders such as New Zealand Habitat and others.

## **5.6 Savaii Housing Project**

The Savaii Office has been operational since 2007 and is currently renting on the top floor of the Salelologa Market. The current office does not meet modern OSH standards as the building was not designed specifically for SHC, with clients that require access to its services on a daily basis. Accessibility is a major issue for the existing office – it is located on the top floor which poses accessibility challenges for the elderly and people with disabilities (PWDs) who require services of the Corporation. Safety of clients and staff is a priority. The location of the current Savaii office poses a safety issue. This project shows SHC is committed to being inclusive and puts into action its GEDSI (gender equality, disability and social inclusion) Strategy 4.10 of this Corporate Plan.

SHC has a ½ acre of leasehold land from the Ministry of Lands and Survey (previously Samoa Land Corporation) in Salelologa, which has remained undeveloped for over eight (8) years. The Ministry of Lands and Survey (MLS) has instructed the Corporation to develop the land as part of the Government’s policy to speed up the development of the Salelologa Township. Failure to do so could result in the lease being terminated, with the land reallocated to another government ministry or business given the high demand for land leases in the area. Moreover, this leasehold land is on prime location just behind the Salelologa market. SHC can capitalise on this prime location to maximise its services to existing clients and be in a position to attract new clients, bolstering its loans portfolio.

A feasibility study will be undertaken to determine the commercial viability of the project and confirm the optimum size and potential usage of the new complex [in addition to the SHC office, should the new complex also include commercial rental space for other government ministries and private businesses] to maximise SHC’s return on investment. A detailed design brief will be prepared to ensure the new building meets SHC’s requirements [including potential commercial rental space] and uses sustainable design principles to minimise environmental impact and running costs, and ensure the building is accessible and future-proofed. The new building complex will fully comply with OSH standards and the NBC and will be funded through the Capital Projects Reserve Account held with UTOS. The new building is projected to have a life span of 50 years, with any major renovations anticipated

after the first 10-15 years of construction. The new building will further strengthen SHC's assets-based and contribute to the growth of the Corporation's business operations in Savaii.

## **6. SUPPORT FOR GOVERNMENT POLICY**

The Corporation will continue to refine and align its responses to the Government policies periodically and in particular the Pathway for the Development of Samoa (*PDS 2021-2026 plan*). These are:

- **Key Strategic Outcome 1: Improved Social Development**
  - Key Priority Area 1: Alleviating Hardship
  - Key Priority Area 2: Improved Public Health
  - Key Priority Area 5: Skilled Workforce
- **Key Strategic Outcome 4: Secured Environment and Climate Change**
  - Key Priority Area 15: Build Climate Resilience

This approach has been adopted in the preparation of this Corporate Plan to coincide with the Corporation's short and long term financial objectives.

The Corporation will continue to review and improve its procedures and controls to align with the Governments focus on principles such as accountability, transparency and good governance.

## **7. DIVIDEND**

<b><u>Financial Year</u></b>	<b><u>Forecast Dividend Payable</u></b>
2024/2025	\$415,255.00
2025/2026	\$465,163.00
2026/2027	\$517,166.00

The Corporation is committed to meet its legal obligation for payment of 35% dividend to the Government.