



# Briefing for Incoming Ministers



MINISTRY OF HOUSING  
AND URBAN DEVELOPMENT

3 November 2020

# Homes and communities are the foundation for wellbeing

There are few things more important to people and whānau in New Zealand than the homes and communities they live in.

Well-performing housing and urban systems are critical for New Zealand's social, economic and environmental performance, and the adaptability of our communities.

New Zealand needs:

- **Affordable homes for every generation** – where people are able to buy or rent a home that is sustainable, affordable and meets their needs.
- **Wellbeing through housing** – where people have a warm, dry and secure place to live that meets their needs and with access to the support they need.
- **Vibrant, flourishing communities** – that provide homes, education, employment, and amenities that meet people's needs.
- **A self-adjusting system** – where people across the systems work together to review, respond and adapt.

# Our housing and urban systems are still underperforming

New Zealand continues to face a housing crisis.

Too many people are in overcrowded homes, homeless and in need of housing support. Too many people struggle to purchase their first home or access affordable rental homes.

There are many and varied reasons for why this is the case:

- **Not enough houses have been built in the right places, at the right prices, at the right time, to meet people's needs. Prices and rents have steadily risen in most places across New Zealand.**
- Urban development has not been responsive, including to population growth, demographic change and evolving preferences and needs.
- Rising house prices have encouraged investors to treat housing as a commodity, leading to higher house prices and rents and fuelling inequality.
- The systems need to be better coordinated to work towards the outcomes New Zealand needs.

Government expenditure on housing is rising, including significant spending on temporary housing solutions to meet acute needs, rather than permanent housing solutions.

## We are making good progress, but a lot more is needed

Fundamentally the housing and urban systems need to deliver more homes and support communities and local economies to thrive with jobs, education and services. We are catching up on decades of under investment and supply. We are responding to the crisis where Māori housing outcomes are disproportionately worse.

We have made changes and are making progress, but it will take time and sustained effort to realise the impact.

We need to continue to deliver to meet the needs of people today and continue to put in place changes to the system so that it delivers improved outcomes that endure over time, by:

- delivering and enhancing the work programme that is already underway - e.g. public housing build
- undertaking further work to strengthen the system, address underlying issues and enable the housing and urban systems to deliver the homes and communities needed in the future - e.g. resource management system reform.

Achieving the outcomes New Zealand needs will require significant ongoing investment by central and local government. The intergenerational wellbeing gains to people and communities are substantial if we do this well.

Increasing levels of investment and making the changes needed to the urban and housing system will require tough choices and trade offs around spending priorities and opposition to change within some communities.



# Part 1: Progress, challenges and opportunities

In this Part:

<b>Progress</b>	<b>6</b>
<b>Challenges</b>	<b>9</b>
<b>Next steps</b>	<b>11</b>
<b>Near term decisions</b>	<b>14</b>

# Good progress has been made...

Investment to meet the needs of people and increase housing supply:

- \$1.4 billion for additional public and transitional housing places (alongside additional borrowing by Kāinga Ora)
- \$400 million to prevent and reduce homelessness, including \$20 million for kaupapa Māori services, and \$100 million to provide safe accommodation and support to vulnerable people during Covid-19
- \$260 million to support the Housing First programme, providing immediate access to housing and wrap-around tailored support
- \$40 million to supplement work that targets and impacts Māori, aided by the Māori and Iwi Housing Innovation Framework (MAIHI)
- \$1.4 billion to deliver programmes to build more affordable homes (including KiwiBuild and Land for Housing programme)
- \$400 million Progressive Home Ownership Fund, allowing families to share the cost of a mortgage with the government and overcome deposit barriers
- \$460 million for housing and urban development shovel ready projects – including \$240 million for Kāinga Ora and the Ministry of Housing and Urban Development
- \$350m Residential Construction Fund, cushioning the impacts of Covid 19, and positioning the sector to bounce back quickly.

**6,300 homes built or enabled by Kāinga Ora and registered Community Housing Providers\***

**4,900 additional public housing places**

**3,900 homes under construction through the government build programme**

**Funding committed to deliver 8000 additional public and transitional housing places over the next 4-5 years**

All figures are rounded and correct as at 30<sup>th</sup> September 2020, since June 2018. \*gross total built. See the Government Housing Dashboard: <https://www.hud.govt.nz/news-and-resources/news/government-housing-programme-dashboard-updated-august-2020/>

## Putting in place key foundations to enable a system approach:

### *New institutions have been established*

- The Ministry of Housing and Urban Development was established to take an end to end view across housing and urban development and facilitate action.
- Kāinga Ora - Homes and Communities was established to bring a more cohesive, joined-up approach to delivering urban development and providing and managing state housing. This includes working across the public and private sector, and with Māori and local communities to ensure an integrated and informed approach to urban regeneration and housing development opportunities.
- The Infrastructure Commission, Te Waihanga was established to lift New Zealand's strategic infrastructure capability and planning.

### *New settings and programmes have been initiated*

- The Aotearoa Homelessness Action Plan sets out an overarching framework and immediate actions to support New Zealanders in need.
- Te Maihi o te Whare Māori (MAIHI) Framework for Action drives responses to urgent needs and where the system needs to be reset to enable real and enduring change for Māori. Māori Crown partnerships are expanding and responding to housing affordability for Māori. Alongside this we are responding to the WAI2750 Housing Policy and Services kaupapa inquiry.
- The Urban Growth Agenda establishes a cross portfolio approach to achieving well-functioning and vibrant urban areas. In addition, urban growth partnerships between the Crown and local regions are resulting in joint plans and shared spatial planning programmes and better aligned investment.
- New tools, including the Infrastructure Funding and Financing Act, the National Policy Statement on Urban Development and the Urban Development Act, will reduce barriers and enable more development.

## The system is beginning to operate in different ways, producing different results, including:

- Government, Community Housing Providers, and Iwi and Māori working together to deliver, e.g. in response to Covid-19, over 1,000 rough sleepers housed in temporary accommodation (motels).
- The construction, property developer, and investment sectors responding and starting to deliver:
  - housing at affordable price points,
  - developments which improve urban amenity and more efficiently use land, and
  - sustained community connections.
- Government playing a more active role in unlocking urban development, with Kāinga Ora partnering with others to progress transformative projects.
- Government and industry working together through the Construction Sector Accord to support the development of a high performing construction sector, e.g. working together to ensure that the construction sector could operate safely under Covid Level 3.
- Councils and Local Government NZ taking a more active role in supporting affordable housing outcomes e.g. developing housing strategies which promote collaborations across government, private and community sectors.
- Innovative housing solutions around financing, tenure and design being developed and delivered by Iwi and Māori, Community Housing Providers and Kāinga Ora.

# ...but difficult challenges remain

The system faces significant and complex challenges. Impacts have built up over decades and will take time to resolve.

## Poor outcomes are still experienced by many

- Homes, both rented and owned, are unaffordable across much of the country.
  - Under-supply of low cost housing fuels homelessness, inequality and undermines local communities and their economic development; compromises health; is a major driver of child poverty; and undermines well-being.
  - Māori face systemic barriers with Māori owner occupation continuing to fall rapidly and Māori communities struggle to deal with burdens of over-crowding, homelessness and dilapidated housing.
  - An increasing number of individuals and whānau need temporary or long-term housing support. This leads to increasing Government spending focussed on both acute needs (e.g. emergency and transitional housing) and supporting longer-term housing affordability (e.g. Accommodation Supplement).
  - Pacific people are also particularly vulnerable to crowding and housing affordability stress.
  - The housing stock lacks diversity, resilience, and tends to perform poorly, not meeting the needs of some people, including seniors and people dealing with disability.
- House prices increased 41% over the past 5-year period and 11% in the last 12 months.
  - Rents increased 17.2% over the past 5-year period and 0.9% in the last 12 months. Note that the past 12-month increase is impacted by the effects of Covid-19 on the market. In some places rents have risen more than 50% over the past five years.
  - In 2019, almost 320,000 households were paying 40% or more of their household income on housing.
  - Māori make up more than 30% of all severely housing deprived people.
  - In 2018, 10% of people in New Zealand households were living in a crowded dwelling. This was the situation for 21% of Māori.
  - In 2018, 31% of Māori owned the dwelling they lived in, or had it in a family trust, compared to 52% of the total population.
  - In 2018 at least 3,500 people were living without shelter (on the streets, in improvised and mobile dwellings)
  - There were 20,385 people on the Housing Register in August 2020 (up from 13,167 in August 2019).
  - Around 5,800 people received one or more Emergency Housing Special Needs Grant in August 2020 (up from 3,344 in August 2019) Over half of people in emergency housing are Māori.
  - Around 6,300 motel places are housing individuals, families and whānau.
  - Accommodation Supplement recipients increased from 280,000 in June 2018 to 350,000 in June 2020.

## The context and environment continues to change

- Climate change is increasingly impacting New Zealand towns and cities, e.g. 675,000 people live in flood prone areas, which will only increase as flooding events increase in severity and frequency. The impacts of, and adaptation to, climate change, as well as the need to reduce greenhouse gas emissions (generated from activities such as transport systems and concrete production) pose significant challenges.
- Future growth and expanding urban footprints (including as a result of migration) place increasing demands on housing and infrastructure, e.g. water supply and disposal infrastructure, and electricity systems. Without careful planning and investment, the demands on these systems may pose insurmountable challenges in the future.
- An aging society and other demographic changes mean that the system must plan for housing in a variety of typologies and which delivers to accessibility requirements and provides adaptable and functional housing.

## At the same time there is a need to bolster the system's resilience to unforeseen events and shocks

A robust system is one that can adapt positively to long run changes and is resilient in the face of shocks. Covid-19 is having a significant impact now and is causing increased uncertainty for the future:

- the need for housing, including continuing pressure on emergency and transitional housing even as supply continues to increase
- uncertainty about future housing demand in different places and changed migration patterns
- increased house prices and inequality due to monetary policy and mortgage lending fuelling ongoing demand in a supply-constrained market
- constrained development lending, and uncertain demand, for residential construction activity, limiting much-needed housing supply and impacting construction-sector employment.

Change takes time and sustained effort and investment. It is complex and increased risk will remain. A continued focus is needed to embed the foundations that are in place - pages 16 to 18 describes progress to date and work required to continue to shape the system to deliver better ongoing outcomes for people and whānau in New Zealand.

## Next steps: continue work underway

Given increased uncertainty, it is important to optimise what's already been put in place and realise the benefits of the investment that's been made. There is a large work programme underway.

### Continue work underway to provide support for those who need it today, by:

- **delivering more public housing** guided by a place-based public housing plan which sets out intentions for where and how public and transitional housing will be delivered, and the funding settings required
- **addressing the needs of those experiencing homelessness** by delivering on commitments outlined in the Homelessness Action Plan, and housing rough-sleepers as part of the response to Covid-19
- **delivering with, and for, Māori, guided by MAIHI** to implement kaupapa Māori approaches and support partnering with Iwi and Māori to respond to the crisis and deliver housing aspirations
- **continuing to deliver support to first home owners** through Progressive Home Ownership which supports families that would otherwise not have been able to buy their own home; the First Home Loan and First Home Grant which provides support to first home buyers who encounter lending barriers due to low deposits; and KiwiBuild focussed on the supply of affordable homes
- **implementing and embedding changes to the Residential Tenancies Act** to improve the quality and security of rental accommodation.

Two approaches are key to our delivery:

**Te Maihi o te Whare Māori** – the Māori and Iwi Housing Innovation (MAIHI) Framework for Action, and a **Place-based approach**.

See pages 19-22 for further explanation.

**Continue work underway to set up an adaptable and self-adjusting system, by:**

- **Supporting a productive and stable construction sector** – progressing action through the Construction Sector Accord, supporting innovation through a more adaptable building consent system and securing the future productivity of the sector through the Covid-19 Residential Development Response Fund.
- **Implementing urban development tools and programmes** – including the new Urban Development and Infrastructure Funding and Finance Acts, the National Policy Statement on Urban Development, and continuing Urban Growth Partnerships.
- **Developing a Government Policy Statement for housing and urban development** – working with stakeholders to set out the direction and priorities for housing and urban development, including expectations for Kāinga Ora, for publication by October 2021.

**Given the worsening situation as a result of Covid-19, including uncertainty around the economy and the impact it will have on people, there may be a need to consider enhancing work underway to:**

- **Provide the support required for homeless and vulnerable people** – including ensuring that individuals, families and whānau in motels, including as a result of Covid-19, are appropriately housed and supported.
- **Exploring additional opportunities to increase the supply of affordable and secure housing**, including:
  - supporting and stimulating solutions, such as build-to-rent, to bridge the gap between public housing and private rental
  - s 9(2)(f)(iv)  
[REDACTED]
  - identifying and providing effective support for a wider range of tenure models, including co-operative housing and papakāinga
  - options for enabling more land for affordable housing.

## Next steps: take further opportunities to strengthen the system

There are opportunities to work on some of the persistent and systematic issues facing the system, including:

- **Supporting and shaping Resource Management Act reform** including ensuring that it removes unnecessary regulatory barriers to residential construction and enables urban areas to grow and change, helping reduce the cost of development and improve housing affordability.
- **Exploring further urban reforms** including investigating ways to address: high building and construction costs, funding and financing constraints for infrastructure, and unnecessary land use constraints.
- **Exploring more fundamental changes to existing core housing settings** such as the provision of subsidies and supports to improve housing affordability for the lowest income households and ensuring the effectiveness of current government spend on housing.

## Next steps: near term decisions

We look forward to working with you to support the delivery of your priorities and progress key programmes. Over the next few weeks we will seek your agreement to several pieces of critical work, including:

- the next steps for **homelessness** in response to Covid-19
- the **Public Housing Plan** and associated policy changes
- the proposed approach to reforming the **resource management** system and new spatial planning legislation, with Minister for the Environment
- the details of a \$350 million **Residential Development Response Fund** ahead of its launch
- the scope and timing to progress proposed **tenancy and unit titles** law changes
- the **priorities for place-based work** informed by recent findings
- the potential scope of further **urban reform**
- s 9(2)(f)(iv) [REDACTED]
- the Ministerial letter outlining **expectations of Kāinga Ora** s 9(2)(f)(iv) [REDACTED]
- the next steps for the **Government Policy Statement**.



## Part 2: Supplementary information

This Part provides an overview of:

- **the critical components of a well-functioning system and progress made** (page 16-18)
- **the two approaches that are key to delivery** (pages 19-23)
  - **Te Maihi o te Whare Māori – the Māori and Iwi Housing Innovation (MAIHI) Framework for Action**
  - **Place-based approach**

# A well-functioning system: Connecting across the system

To deliver enduring change over time we need to ensure the system is set up well. Shaping and supporting the system to function well is an ongoing focus.

Critical system component	Challenges	What's been done	Future direction
Agreed vision and direction	<p>The system is fragmented and disconnected with a lot of different players across multiple portfolios and sectors.</p>	<ul style="list-style-type: none"> <li>Plans put in place in critical areas e.g. Homelessness Action Plan for preventing and reducing homelessness and a kaupapa Māori approach in partnership with Māori.</li> <li>Legislation is in place to enable the development of an overarching direction and plan (Government Policy Statement).</li> </ul>	<p>The Government Policy Statement on Housing and Urban Development will set out the direction and priorities for the Government including the expectations for Kāinga Ora.</p>
Well-connected stakeholders /partners	<p>It is hard to establish robust connections and ensure different players are working to a set of shared outcomes.</p>	<ul style="list-style-type: none"> <li>Working with MBIE on the Construction Sector Accord - established to support a high performing construction sector.</li> <li>A residential construction sector group is in place.</li> <li>Begun engagement with NGO, Iwi and Māori, and industry groups to develop a Government Policy Statement.</li> </ul>	<p>This is a tool, which will provide clarity and direction for the entire housing and urban system.</p>

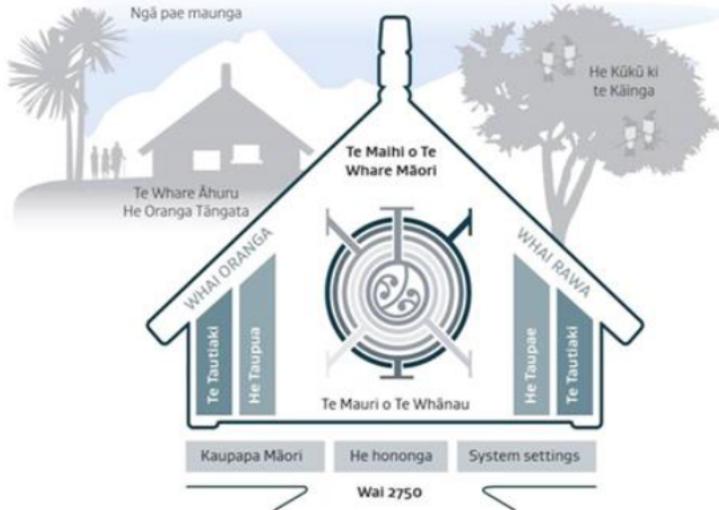
# A well-functioning system: Approaches which underpin delivery

Critical system component	Challenges	What's been done	Future direction
<p>Effective delivery with and for Iwi, and Māori through a strong Māori-Crown partnership</p>	<p>A difficult to navigate system with entrenched disparities in Māori housing pathways and outcomes. A lack of system alignment to deliver housing outcomes for Māori.</p> <p><i>In 2017, the Waitangi Tribunal Housing Policy and Services Kaupapa Inquiry (WAI2750) was initiated to consider whether the Crown has failed to ensure the housing system delivers for Māori.</i></p>	<p>The MAIHI Framework for Action has been co-designed with Iwi and Māori within the housing sector.</p> <ul style="list-style-type: none"> <li>• The MAIHI Partnerships Programme has been established to provide a single door approach across agencies to work with Iwi and Māori.</li> <li>• A Cross-government process has been set up to respond to WAI2750.</li> <li>• The He Taupua fund has been established to strengthen the delivery of kaupapa Māori approaches and build capability.</li> <li>• The He Kūkū ki te Kāinga and He Taupae funds supports building capability and the supply of Māori-led developments</li> </ul> <p>A broad framework for protecting Māori interests was introduced as part of the Kāinga Ora Act and the Urban Development Act.</p>	<p>Delivery will be guided by two key approaches: a kaupapa Māori approach, in partnership with Māori and a place-based approach.</p>
<p>Local stakeholders and government work together to develop place-based interventions, and inform national solutions</p>	<p>A national approach to housing and urban development with limited understanding of what plays out, the value of government work and what needs to change to make real improvements in different places across New Zealand.</p>	<p>A focus on place enables an understanding of both issues which play out locally, and of issues which are shared across places.</p> <ul style="list-style-type: none"> <li>• Developed a heatmap to identify places experiencing poor housing outcomes</li> <li>• Intensive work in Rotorua and Hastings</li> <li>• Urban Growth Partnerships in Auckland, Western Bay of Plenty/Tauranga, Hamilton/Waikato, Wellington, Christchurch and Queenstown</li> <li>• Increased understanding of local issues and impacts helping to inform necessary work and changes to national policy settings</li> </ul>	

# A well-functioning system: The right supports and levers in place to deliver

Critical system component	Challenges	What's been done	Future direction
Effective institutions to set policy and ensure effective delivery	Limited clarity about the system and how it operates, including the roles and responsibilities of different agencies and organisations.	<ul style="list-style-type: none"> <li>New institutions have been established:                             <ul style="list-style-type: none"> <li>The Ministry of Housing and Urban Development was established to take an end to end view across housing and urban development and facilitate action</li> <li>Kāinga Ora was established to bring a more cohesive, joined-up approach to delivering urban development and providing and managing state housing. This includes working across the public and private sector, and with Māori and local communities to ensure an integrated and informed approach to urban regeneration and housing development opportunities.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Working with others to contribute to, and influence, the direction and shape of resource management reform and spatial planning legislation.</li> <li>s 9(2)(f)(iv) [redacted]</li> </ul>
Decisions informed by evidence and data	Data not used to effectively shape responses.	<ul style="list-style-type: none"> <li>Government housing dashboard is released each month.</li> <li>A residential construction dashboard has been developed.</li> <li>An increased understanding of what is happening in different places so interventions can be more effective, including development of a place-based heatmap.</li> </ul>	<ul style="list-style-type: none"> <li>[redacted]</li> <li>[redacted]</li> <li>[redacted]</li> <li>[redacted]</li> <li>Further development of the toolbox needed to support increased supply that meets people's needs at more affordable prices (rental and ownership).</li> </ul>
Policy settings enabling desired housing and urban outcomes	Complex legislative landscape. Fragmented settings and spread across multiple portfolios.	<ul style="list-style-type: none"> <li>Fundamental enabling legislation has been put in place, including the Urban Development Act and Infrastructure Funding and Financing Act.</li> <li>Established mechanisms to support New Zealanders into home ownership, for example development of a progressive home ownership scheme.</li> </ul>	<ul style="list-style-type: none"> <li>A coordinated urban reform package across government, including infrastructure funding and financing.</li> </ul>
Fit for purpose funding and financing	Unsustainable funding and financing model for the housing and urban development system.	<ul style="list-style-type: none"> <li>Increased borrowing by Kāinga Ora to fund delivery of public housing</li> <li>Implementing the Infrastructure Funding &amp; Financing Act.</li> <li>Considering choices for funding and financing in the housing system with the aim of ensuring value, and sustained benefit, from investment.</li> </ul>	<ul style="list-style-type: none"> <li>Support and clarify the community housing provider sector role.</li> </ul>

# Te Maihi o te Whare Māori – the Māori and Iwi Housing Innovation (MAIHI) Framework for Action



## Balancing the system

Through the WAI 2750 Kaupapa Inquiry we will build closer relationships with Māori and build shared knowledge and insights from which we can:

- **Respond** to the crisis
- **Review** system settings and
- Develop long-term, sustainable and Treaty-anchored system **resets**.

These will centre around **te mauri o te whānau** to ensure long-term, bespoke housing solutions through MAIHI and equality for Māori.

*Land dispossession and housing system failures over generations have led to extensive disparities between Māori and Pākehā across the housing continuum. For example:*

- *Home ownership: 31% of Māori owned the dwelling they lived in, or had it in a family trust, compared to 52% of the total population.*
- *Public housing register: Māori 36%*
- *Māori are close to four times as likely to experience severe housing deprivation.*

*As a result, Māori (as 125 claimants) are pursuing a judicial remedy and seek findings and recommendations through WAI 2750.*

**Implementing kaupapa Māori approaches** ensures our housing responses are relevant to Māori at the core of the crisis and drive long-term solutions to strengthen whānau and communities.

*Kaupapa Māori principles informed the design of the Aotearoa Homelessness Action Plan and implementation projects. Kaupapa Māori providers are building capacity to play a strong role in the implementation projects.*

**Improved partnering with Iwi and Māori** ensures that kaupapa Māori approaches can be applied, and strengthens our knowledge and reach to whānau and communities. This opens a 'one door' approach through MAIHI for innovative and bespoke solutions.

*Building trust in Māori Crown relationships in Rotorua enabled the swift activation of partners to house homelessness whānau throughout the Covid-19. Kaupapa Māori service providers played a critical role in providing safe housing solutions and wrap-around services.*

**Improving the system** ensures the Crown, Iwi and Māori, local government and the private sector can leverage combined strength, resource and focus to ensure the system attends to whānau needs, prevents homelessness and improves Māori housing security.

*We are investing in housing projects with links to the economic rebuild and with Māori and Iwi delivery, and we are creating an enabling system (Māori land, local government and environment settings).*

*We are identifying the right system levers and options to address challenges faced by Māori wanting to own or build homes – eg. Access to finance is a barrier across the system*

# There are important foundational components to get right so that partnerships with Iwi and Māori are strong and set-up for success

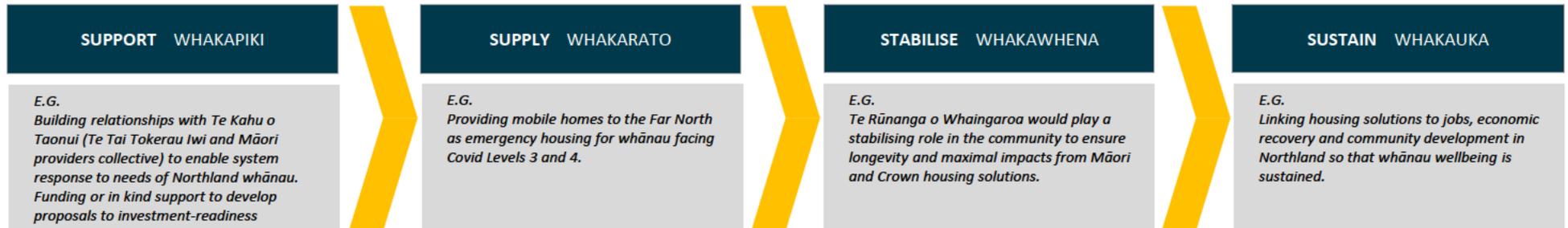
## Progress over the past 2 years

<b>Increased role of Māori to deliver outcomes for Māori</b>	<ul style="list-style-type: none"> <li>Increased number of Māori community housing providers</li> <li>\$1m for kaupapa Māori providers capability and capacity</li> </ul>
<b>Increased partnering between Iwi and Māori, central and local government and private sector</b>	<ul style="list-style-type: none"> <li>\$6.1 million and brokering solutions to progress Māori-led development projects</li> </ul>
<b>Improving opportunities for Māori to build housing on Māori land</b>	<ul style="list-style-type: none"> <li>Partnership and participation encouraged in Urban Development Act</li> </ul>
<b>Access to finance and capital</b>	<ul style="list-style-type: none"> <li>Iwi and Māori provider pathway in progressive home ownership fund</li> </ul>
<b>Shifting the system</b>	<ul style="list-style-type: none"> <li>MAIHI developed with Māori and endorsed by Cabinet</li> <li>Established the MAIHI Partnership Programme</li> <li>Leading the Crown response to Wai 2750</li> <li>Kaupapa Māori principles underpin Homelessness Action Plan</li> <li>Continuing to work with Ministry of Pacific Peoples to share our understanding</li> </ul>



## Key priorities for delivery across housing programmes, through MAIHI

<ul style="list-style-type: none"> <li>Increase number of houses managed by Māori CHPs and Housing First providers</li> <li>Increase partnership opportunities in Public Housing Plan</li> </ul>
<ul style="list-style-type: none"> <li>Provide navigation and tools to support end to end development</li> <li>Invest \$10 million per year to progress Māori-led development projects</li> </ul>
<ul style="list-style-type: none"> <li>Infrastructure solutions and funding to support whānau on whenua</li> <li>Enabling system - RMA, LGA, Te Ture Whenua Māori Act</li> </ul>
<ul style="list-style-type: none"> <li>Investigating financing models for Māori landowners</li> <li>Investigating access to capital options for Māori-led developments</li> </ul>
<ul style="list-style-type: none"> <li>Te Whare Wānanga</li> <li>Faster, more responsive Crown</li> <li>Lining the system up for end to end support</li> <li>Housing following work creation (post-Covid rebuild)</li> <li>Resilience of Māori housing to climate change and unforeseen events</li> </ul>



# Place-based approach - improving outcomes for people through a focus on the places they live

All around New Zealand there are people facing challenging housing situations. Having a national approach to a diverse set of needs hasn't been working and the reasons for this are different in different places. We are taking a different approach to housing and urban development through: understanding what happens in a place and why; joining up to act in a place – including through local collaboration; making deliberate, transparent and informed choices across places; and resetting national settings so all communities are well-positioned to thrive.

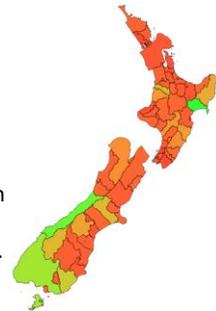
Housing and urban development outcomes vary substantially in different places...

... and we need to understand these differences if we want to support sustainable change



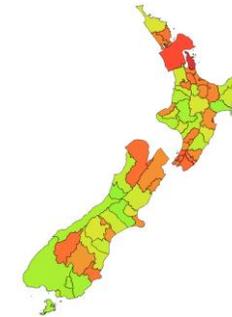
## Housing deprivation

Red indicates where more than 1% of the population experience severe housing deprivation, including rough sleeping, overcrowding and temporary accommodation.



## Rental stress

Red indicates where low income households would need to spend more than 40% of their income for a rental in the lowest price quintile. In orange areas, they would need to spend between 30-40%.



## Purchase affordability

Red indicates where lower quartile homes cost more than six times the median annual income of renting households. In orange areas, they cost between four and six times median income.

## We are starting to see three broad types of place around New Zealand:

### Main urban centres - strong demand for new housing

- Rent and prices are high compared to the cost of new housing.
- Land use restrictions and infrastructure constraints can restrict options for development, increasing prices and limiting supply.
- New construction may keep better pace with new demand for housing, but prices may be high and unaffordable for many households.

**Examples:** Auckland, Wellington, Tauranga, Hamilton, Christchurch

### Regional centres - growing demand & prices

- Prices and rents may be growing sharply because of population growth.
- Population may have been stable or declining for decades so there is little planning for growth.
- Low housing costs mean that while demand for existing housing is high, demand for new housing might be low.
- The shortfall between population growth and housing construction can cause house prices to rise until new development becomes attractive to buyers.
- Those renting may struggle to find affordable housing and may experience financial stress or periods of homelessness.

**Examples:** Rotorua, Napier-Hastings, Whangarei

### Smaller and low growth areas

- House prices and rents are low relative to other places and may be well below the cost of construction.
- New development at any scale is unlikely.
- Prices and rents may increase quickly if the population starts growing. Low income households are particularly vulnerable.
- Low housing costs may also mask underlying housing need, particularly among some Māori communities. This may include high levels of household crowding and other forms of housing deprivation.

**Examples:** Ōpōtiki, Kawerau, Southland

These observations can help us think about what interventions might work best where **but** we also need to understand what is driving these outcomes in each place to be able to respond effectively.

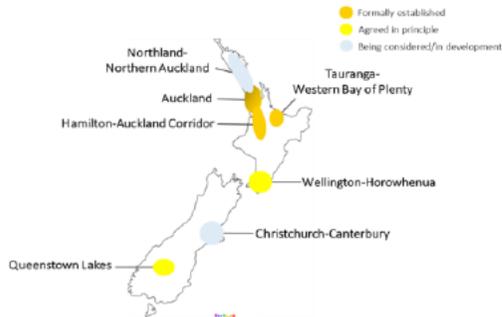
# Over the last year HUD, alongside other agencies, has...

...worked to improve the outcomes in specific places

## Established urban growth partnerships

- Partnering with local government and iwi (locations on map) to deliver joint spatial plans for these areas, which align housing, land use and infrastructure planning to create thriving communities.
- Plans have been developed for Hamilton-Waikato metropolitan area, Tauranga-Western Bay of Plenty (draft) and Queenstown Lakes (draft).

### Urban Growth Partnership Areas



## MAIHI Partnerships

Provided technical expertise to support the Waingākau housing development in Hastings, working with Te Puni Kōkiri. The work delivered a feasibility assessment and financial model to support investment decisions by Te Taiwhenua o Heretaunga.

## Hastings and Rotorua

- Partnered with local government, iwi/Māori and other agencies to understand the causes of local housing issues, eg impacts of tourism and seasonal work.
- **Hastings:** Implementing a short-term package including 200 homes (public housing and papakāinga). Work underway on a longer term plan including building on Council land and local planning settings.
- **Rotorua:** Supported Council and Iwi to recently release a joint housing strategy for Rotorua. Work is moving into implementation phases and HUD will continue to support as needed.

## Covid motels

Worked with other agencies to do place-based assessments for the places motels were used to house homeless people. Provided advice on short term housing solutions for those in the motels.

## NEXT STEPS WILL BE GUIDED BY KEY ISSUES

A good understanding of place and peoples' experience of places is needed to ensure:

- responsiveness to the housing needs of the people
  - government responses and investments are fit for purpose.
- Opportunities to improve outcomes will vary substantially by place.

Sustainable change is only possible if government, iwi/Māori, communities and local government work together. No one group holds all the levers to improve housing and urban outcomes.

National policy settings need to build from what we know about places and be flexible enough to meet the needs of different places.

There are some clear gaps in our toolkit to respond to pressing issues across places. For example, to support better outcomes from the rental market.

...and influenced national settings and priorities to improve outcomes across New Zealand

## Shovel ready projects

- Understanding infrastructure and growth challenges where we had partnerships meant we could quickly provide robust advice on priority projects.
- Government approved \$464 m for housing and urban development projects.

## Recognised Seasonal Employment Scheme

Provided advice on the places where employers benefiting from the scheme will have to provide purpose-built accommodation for employees when they operate in a constrained housing market.



## Part 3: Your portfolio, the Ministry, and key contacts

In this Part:

<b>The Ministry of Housing and Urban Development</b>	<b>24</b>
<b>Key contacts</b>	<b>25</b>
<b>Partners</b>	<b>26</b>
<b>Crown Entities</b>	<b>27</b>
<b>Delegations from Minister to Chief Executive</b>	<b>28</b>
<b>Housing and urban development related legislation</b>	<b>29</b>
<b>Vote Housing and Urban Development 2020/21</b>	<b>30</b>

# The Ministry of Housing and Urban Development

HUD is here to support you to deliver on your critical priorities.

Te Tūāpapa Kura Kāinga - The Ministry of Housing and Urban Development (HUD) is responsible for strategy, policy, funding, monitoring and regulation of New Zealand's housing and urban development system.

HUD was established in October 2018 to bring together fragmented responsibilities and resourcing, and provide leadership and a single point of accountability for housing and urban development within central government.

The Ministry currently has around 330 personnel to cover its range of policy, operational monitoring and corporate functions.

Our purpose is to deliver *thriving communities where everyone has a place to call home – he kāinga ora, he hāpori ora.*

It's not only about housing. People are at the heart of what the Ministry does. We play a lead role in helping individuals, family and whānau have healthy, secure and affordable homes that meet their needs, in communities that provide access to jobs, education, amenities and services.



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## Key partners

**No one group holds all the levers to improve housing and urban outcomes. Partnerships are critical. Many issues cut across, and bridge, the roles and responsibilities of a variety of different agencies, organisations and sectors - Government, Iwi and Māori, communities, the NGO sector, local government, and industry.**

We work with a wide range of stakeholders, including a number of other government agencies which play a critical role:

- The **Ministry of Social Development (MSD)** manages all applications for public housing, assesses housing need, administers income-related rents for public housing tenants and contracts social service support. MSD provides a range of financial assistance to eligible people to enable them to access and sustain suitable accommodation, including the Accommodation Supplement and a range of Housing Support Products. MSD also administers the Emergency Housing Special Needs Grant and is the lead policy advisor on certain housing-related payments which supplement the income support system, such as Accommodation Supplement and hardship grants (e.g. rent arrears, bond payment), in consultation with HUD.
- The **Ministry of Business, Innovation and Employment (MBIE)** is the regulator for the housing and tenancy regulatory system. It provides key tenancy and unit titles-related regulatory services to the public, including information and education, disputes resolution services (including services to support the Tenancy Tribunal run by the Ministry of Justice), tenancy bond administration, and compliance and enforcement. MBIE is also responsible for providing policy and technical advice on New Zealand's building system, rules and standards and implementing building legislation and regulations; and undertakes a number of regulatory roles in the building system. MBIE has a statutory duty under the National Civil Defence Emergency Management Plan Order 2015 (made pursuant to the Civil Defence Emergency Management Act 2002) to coordinate the provision of temporary accommodation for displaced people following an emergency. MBIE does this through the Temporary Accommodation Service (TAS) business unit; separate information and advice on TAS is being provided to you by MBIE.
- The Ministry and **Te Puni Kōkiri** work closely together to improve the quality and supply of housing for Māori and to support Iwi and rūpū Māori in their housing initiatives and aspirations. Te Puni Kōkiri is a partner, along with Kāinga Ora, in advancing the MAIHI collective approach - to ensure the Crown's focus on housing includes the importance of community resilience and growth through employment, economic sustainability. Te Puni Kōkiri and HUD work on progressing housing supply and affordability initiatives, through for example, the MAIHI Partnerships Programme, the Homelessness Action Plan and Progressive Home Ownership products.
- The **Ministry for the Environment** provides policy oversight of urban planning and environmental management, using a system-wide perspective that aims to create sustainable, liveable cities. This includes working with HUD on the Urban Growth Agenda, including the National Policy Statement on Urban Development and supporting local authorities to improve urban planning. MfE is responsible for administering the Resource Management Act and leads the resource management reform programme.

## Crown Entities

The housing portfolio include responsibility for two Crown Entities:

### **Kāinga Ora – Homes and Communities**

- The objective of Kāinga Ora is to help create sustainable, inclusive, and thriving communities by being a world class public landlord, and facilitating and leading urban development projects in partnership with other agencies, local government, Iwi and Māori, as well as private partners.
- Kāinga Ora is primarily governed by the Kāinga Ora – Homes and Communities Act 2019, the Urban Development Act 2020 and the Crown Entities Act 2004.
- The maximum number of Board members increases from the current eight to ten, from February 2020.
- The Chair is Vui Mark Gosche and Deputy Chair is John Duncan. Their current terms run until 30 September 2021.

### **Tāmaki Redevelopment Company Ltd (trading as Tāmaki Regeneration Company – TRC)**

- TRC is a Schedule 4A entity under the Public Finance Act 1989. It was established in 2012 by the Government (59% shareholder) and Auckland Council (41% shareholder) to deliver the Tāmaki regeneration programme. In 2016, Housing New Zealand’s Tāmaki portfolio of public housing (valued at approximately \$1.6 billion) was transferred to TRC.
- The Chair is Evan Davies, whose current term runs until 30 June 2021, and Deputy Chair is Susan Macken, whose current term runs until 30 June 2022.
- One director is appointed by the Crown and one director is appointed by the Auckland Council. The remaining directors are jointly appointed.

HUD - as outlined in Crown Entities Act 2004 – will assist you to carry out your role to oversee and manage the Crown’s interest in, and relationship with, these Crown entities. We will provide an objective and independent view of their operations and performance.

# Delegations from Minister to Chief Executive

## **The Chief Executive is delegated the power under section 2A of the *Housing Act 1955* to:**

- declare any land held for State housing purposes to be subject to section 2A of the Housing Act 1955. This is used in relation to Crown land held or which has been acquired by HUD for the purposes of a housing development under the Land for Housing programme. If section 2A is not used the result is that this land is automatically administered by Kāinga Ora.

## **The Chief Executive is delegated the power under sections 6 and 36 of the *Housing Act 1955* to:**

- take on leases for land and dwellings for State housing purposes (including public housing)
- determine term, rent and other terms and conditions
- execute leases or associated documents on behalf of the Crown

HUD will provide the appropriate authorising documentation for your approval upon confirmation that you wish to continue to delegate these responsibilities to the Chief Executive of the Ministry of Housing and Urban Development.

# Housing and urban development related legislation

- **Housing Act 1955:** relates to state housing and land development.
- **Public and Community Housing Management Act 1992:** MSD administers Parts relating to frontline assessment of housing need, allocation of social housing and payment of Income related rent subsidies. HUD enters into reimbursement agreements and tailored agreements to fund social housing under the Act, and acts as the Community Housing Regulatory Authority (a HUD business unit).
- **Residential Tenancies Act 1986:** regulates residential tenancies. Recent amendments to the Act have included improving security of tenure for tenants in both fixed-term and periodic tenancies, modernisation of the compliance mechanisms and banning letting fees and landlord-initiated rent bidding.
- **Kāinga Ora – Homes and Communities Act 2019:** establishes Kāinga Ora-Homes and Communities as a Crown agent and provides for a Government Policy Statement on Housing and Urban Development. Administered by HUD.
- **Urban Development Act 2020:** enables Kāinga Ora to undertake and facilitate a new type of complex urban development called a Specified Development Project, and allows Kāinga Ora to acquire land when undertaking urban development. Administered by HUD.
- **Infrastructure Funding and Financing Act 2020:** creates the Infrastructure Levy Model (the model) – an alternative model to fund and finance large infrastructure projects by separating the financing decisions for specific infrastructure from councils’ usual financing processes and constraints.
- **Resource Management Act 1991:** primary legislation for land use planning, under which council plans are made. Administered by MfE.
- **Social Security Act 2018:** primary legislation for the provision of financial support and other support services including the accommodation supplement. Administered by MSD.
- **Unit Titles Act 2010:** Provides a legal framework for the ownership and management of unit title developments. Jointly administered by HUD, Ministry of Justice and Land Information New Zealand.
- **Retirement Villages Act 2003:** regulates retirement villages.
- **Riccarton Racecourse Development Enabling Act 2016:** relates to the development of housing on Riccarton Racecourse development land.
- **Housing Accords and Special Housing Areas Act 2013:** The Act enabled the streamlining of new housing developments via the designation of special housing areas (“SHAs”). The power to designate SHAs was repealed on 16 September 2019. No new SHAs can be established and all existing SHAs have been disestablished. The rest of the Act will be repealed on 16 September 2021, to allow for the processing of any remaining resource consents.
- **Housing Assets Transfer Act 1993:** relates to transfer of housing assets to Housing New Zealand Corporation.
- **Te Ture Whenua Māori Act 1993:** facilitates the occupation, development and utilisation of Māori land by its owners and their whānau, hapū and descendants.

# Vote Housing and Urban Development 2020/21

Your Vote includes:

## *Annual departmental appropriations*

\$64m to provide strategy and policy advice and operational support

## *Annual non-departmental appropriations*

\$152m to provide grants and support for provider capacity, housing supply, homelessness response and first home ownership

\$1,267m to provide public housing and Housing First

\$331m to provide transitional housing and support services

\$24m to provide housing for community groups

## *Multi-year appropriations*

\$1,378m to deliver KiwiBuild housing

\$250m to support the residential construction sector

\$400m to fund progressive home ownership

\$239m to invest in urban infrastructure

\$114m to finance the infrastructure needed to unlock residential development

Plus other appropriations to support delivery.

The Minister of Housing is also responsible for some appropriations within Vote Building and Construction and Vote Social Development, including the Accommodation Supplement (\$2.6bn)