



BRIEFING TO INCOMING
MINISTER OF HOUSING
17 December 2020



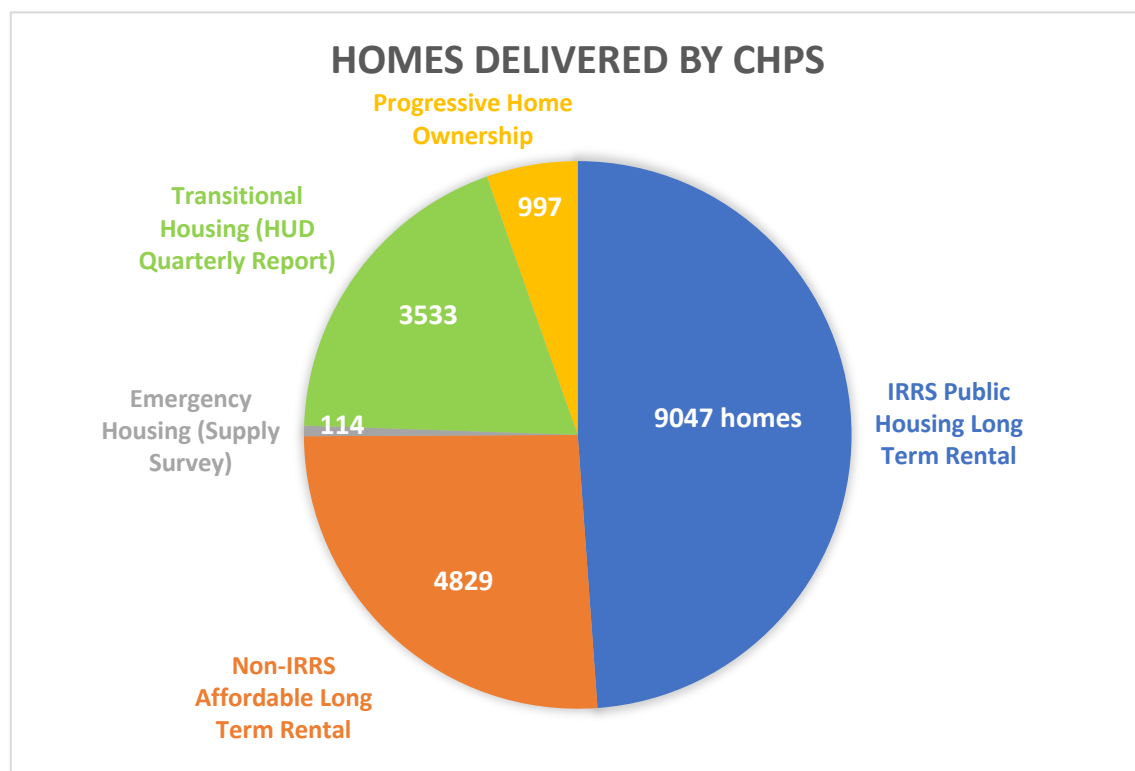
OVERVIEW

We look forward to working with Government to build a well-functioning housing system that provides a sustainable supply of affordable homes for all New Zealanders and makes housing a key tool in the fight against poverty.

Community Housing Aotearoa (CHA), alongside Te Matapihi, supports the community housing sector by helping to:

- Increase the supply of good quality public housing, affordable rental, progressive homeownership as well as Housing First, emergency and transitional housing;
- Build additional new homes under both Public Housing and Progressive Home Ownership programmes, working with partners to expand finance for more affordable homes;
- Support MAHI, and the growth of Māori-led housing solutions;
- Grow the geographic spread and diversity of the sector of not-for-profit Community Housing Providers (CHPs), Pacifica housing providers, Māori and iwi housing providers, and partners: consultants, builders, local councils.

As of December 2020, the community housing sector now delivers over **18,520** homes across five offerings:



TRANSFORMING OUR HOUSING SYSTEM

Housing is essential to whānau wellbeing. Our vision is All New Zealanders Well-Housed: this reflects the agreed global status of a warm, safe, dry and affordable home as a human right. We believe that it is achievable when all parties work to the maximum of their capability and capacity.

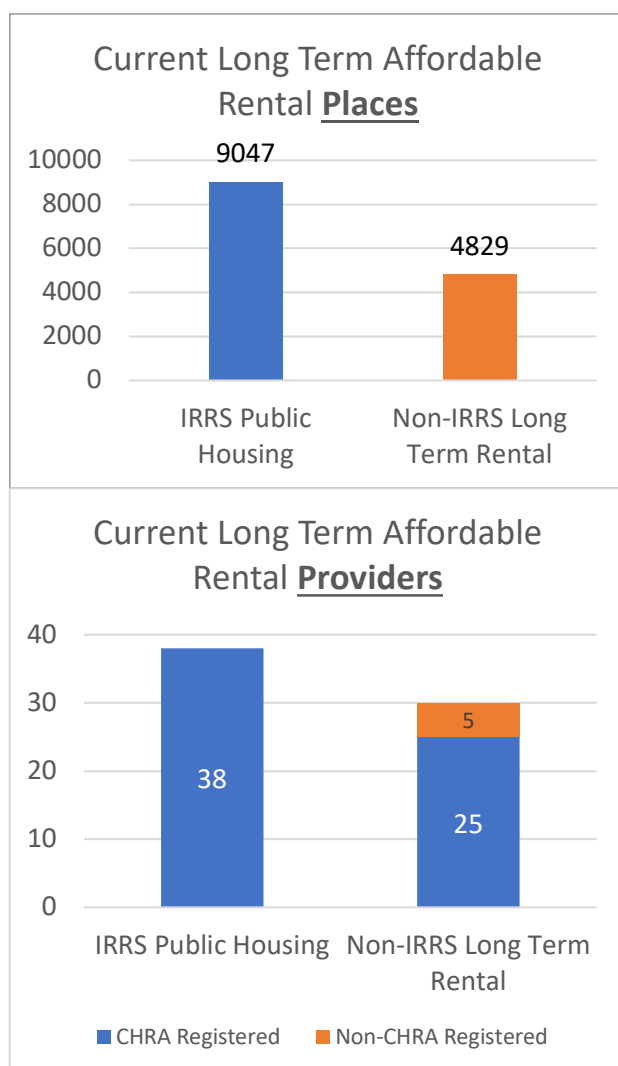
We agree with you that a sustainable supply of good quality and affordable homes sits at the heart of our economic and social recovery from both Covid and our decades-long housing crisis. CHA along with our sector providers have experience and available capacity to help you invigorate the supply pipeline across the housing continuum and create a housing system that reflects the cultural and financial diversity of our communities.

The government's strong mandate offers the opportunity for wide-ranging legislative and regulatory change to create the housing system that enables a sufficient supply of affordable homes.

There are a wide range of technical and systems-level tools which we can assist you with, that deliver permanent housing system settings to end the current housing crisis and ensure it does not recur. This document will focus on the near term settings; a further document in the new year will illustrate the longer-term settings.

With a mix of near term and long term settings, we believe your government can gain traction on child poverty, and achieve the Homelessness Action Plan goal to make homelessness rare, brief, and non-recurring: a lasting legacy of real change.

THE CHP SECTOR DELIVERS QUALITY, AFFORDABLE HOMES FOR ALL NEW ZEALANDERS



At present, the community housing sector is meeting our agreed commitment of delivering 30% of all new supply IRRS-funded public housing. In addition, our members are the largest providers of Retained Affordable Rental and Progressive Homeownership. Emergency, transitional and Housing First providers are delivering across the country and are an essential pathway for government investment for those in greatest need.

We thank you for recognising these achievements with the trust of public investment, and providers are a 'ready engine' to deliver further.

At present, 18 of the 58 registered CHPs are Māori organisations, yet they are not similarly represented in the total homes delivered. Will the Public Housing Plan support their growth?

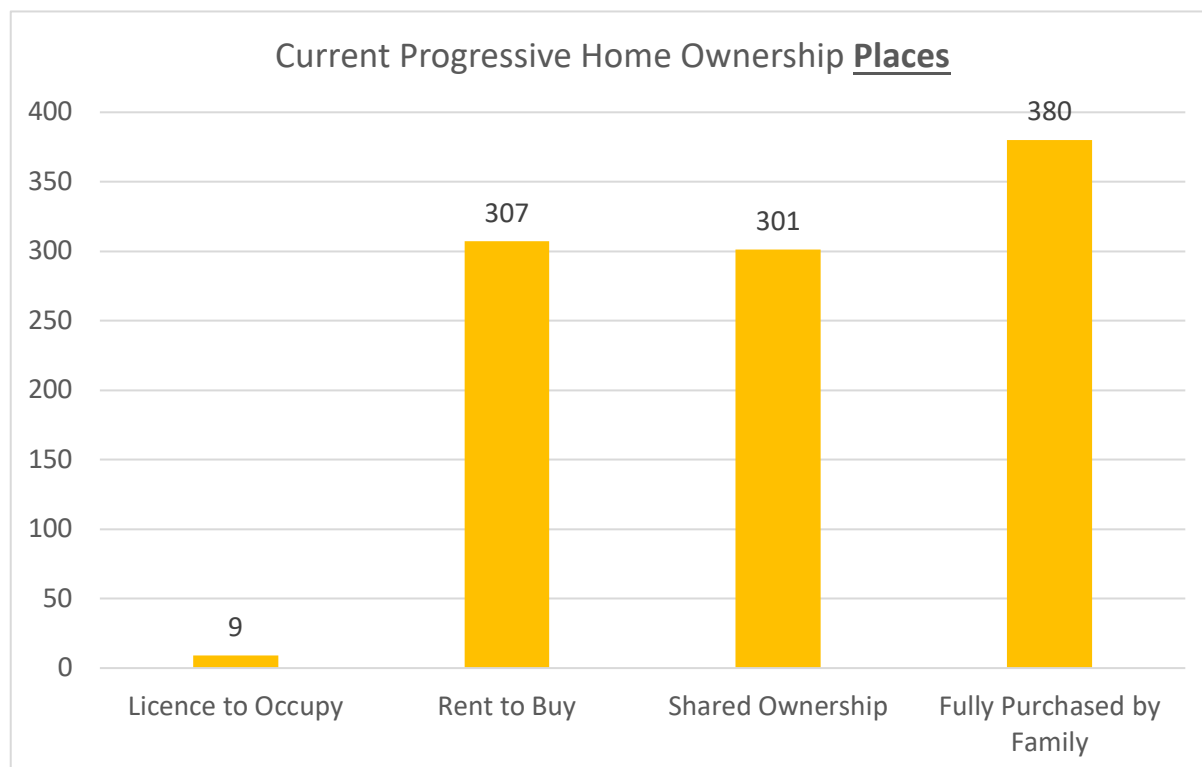
Updating the Community Housing Regulatory framework would improve access for emerging Māori and Pacifica providers, a stated goal in the Homelessness Action Plan that we support.

In the past, 'Redirects' have cannibalised the non-IRRS long term affordable rental stock built by the sector with direct capital investment. While it has added new IRR places quickly, it has reduced affordable rental options for lower income households not

eligible for Public Housing. This has made the housing crisis worse, not better for many households. Several CHPs have declined IRR contracts for this reason.

PROGRESSIVE HOMEOWNERSHIP (PHO): an inoculation against poverty

We congratulate you for launching this initiative and leveraging our providers' knowledge. We and our providers are committed to refining the programme settings with you, throughout implementation. The current delivery pipeline for PHO is facilitated by 18 providers, of which 10 are registered with the Community Housing Regulatory Authority.



We note that over 380 households have successfully moved through their progressive homeownership product, and have fully purchased their home, enabling the CHP to recycle the investment for the next family.

Our sector leverages \$1 of government investment into at least \$2.90 of housing, through our retention of inclusionary zoning land value, philanthropic investment and local community support. We hope that your future policy work will further enable these benefits into permanent housing system settings.

WORKING TOGETHER FOR LONG-TERM CHANGE

We would like to work with you across all of these areas to advance a well-functioning housing system. We envisage a restructured system will:

- Ensure vastly improved, equitable and accessible housing outcomes for Māori, including housing on Māori land.
- Increase the supply of affordable homes for all New Zealanders, including affordable rental homes, social homes and progressive home ownership.
- Build capacity within Māori and Pasifika housing providers so they can deliver homes appropriate to the particular needs of their communities.
- Leverage investments in housing to create jobs and provide training to increase the skills productivity and wages of our domestic workforce.

- Contribute to climate change reduction targets by adopting building techniques, standards and technologies which reduce embedded carbon, construction waste, operating and lifecycle costs.
- Provide a range of planning and financial tools for use by central and local government, the private market and community housing providers.
- Protect low-income whānau from further exclusion from the market, including protection against rampant price rises due to investor activity in the market.

A well-functioning system will provide enduring outcomes if it is protected from continuous changes at the hands of successive governments. To embed long-term change to the housing system, CHA would like to work with you to develop a legislative framework for a national housing strategy during this current parliamentary term.

We believe a New Zealand Housing Strategy Act could create:

- an enduring vision for our national housing future which is widely agreed and appropriately resourced and monitored.
- a means to deliver better housing outcomes and experiences for Māori.
- a guarantee that all New Zealanders, whether they are housed by the government, by a community housing provider, or by the private sector, are afforded their basic human right to adequate housing, as recognised in the 1948 Universal Declaration of Human Rights and in multiple international human rights treaties that New Zealand has ratified.

In Canada, the National Housing Strategy Act (2019) applies a human rights-based approach to the housing policy of the Government of Canada. The Act establishes a requirement for a national strategy, a national housing council, and an independent national housing advocate. All these elements drive toward a system protected against reactionary government policy change.

We believe the Canadian approach provides a great starting point for the development of a New Zealand Housing Strategy Act.

CHA supports:

- The introduction of the National Policy Statement on Urban Development 2020 and its objective of ensuring a well-functioning urban environment for all people, communities and future generations.
- Randerson panel recommendations regarding the reform of the Resource Management Act, notably the recommendation that legislation should move away from a negative focus on effects to a more positive planning approach aimed at achieving broader wellbeing outcomes. One way to achieve wellbeing outcomes is to respond to Local Government New Zealand's members' remit calling for "legislation that would fully enable councils to address housing affordability in their communities through a range of value uplift and capture tools".

HOW WE CAN HELP YOU

We have shared goals. We want to see your government permanently transform housing, the housing system, and the ways in which housing can reduce and mitigate poverty.

We see many opportunities for community housing providers to partner with Kāinga Ora as part of urban development and urban growth partnerships and expand the range of affordable homes delivered in regeneration areas.

In addition, some of our members own land or have access to land owned by others such as churches. Many iwi also have land that can be used for social and affordable housing initiatives should the regulatory and financial settings constraining its development be removed.

Developing regulatory tools to enable local authorities to capture planning gain and direct it towards good quality, affordable homes can ensure a pipeline of new supply. Queenstown Lakes District Council has demonstrated how this can work. Other Council owned land has been developed in both Christchurch and Auckland by community housing providers working in partnership to deliver a range of affordable homes.

Employment was a theme during the election campaign and had a prominent place in Labour's election manifesto. Several initiatives are in place to ensure job-rich infrastructure projects are progressed efficiently and at pace.

Affordable Housing development when led by CHPs offers significant employment opportunities as:

- housing projects are local-employment intensive
- the lead time to get small and medium-sized housing projects (a specialty of CHPs) up and delivering is shorter than that for either vertical or horizontal infrastructure projects
- projects delivered by the community housing sector provide jobs and economic benefit with small and medium-sized local businesses; provide trade training and apprentices; and facilitate more resilient local communities

HOW YOU CAN HELP US TO HELP YOU

CHPs, like all housing providers, depend on stable housing policy and reliable funding: that in turn requires stable and reliable legislative, system, and policy settings.

Near-term policy items: Enhancement of the community housing regulatory framework

- adjustments for Māori housing organisations
- clarifying not for profit status with CHRA and reporting requirements
- clarifying progressive homeownership, emergency housing and transitional housing
- adjustments for Pacifica housing organisations

Near term funding items: the updated Public Housing Plan

Sector initiatives, like the CORT Community Housing-led investment with ACC, and Community Finance-issued housing bonds are two of the many innovations we are pleased to see that Government has supported. We are closer than ever to resolving the capital constraints the sector has faced for a long time, and we hope that the updated Public Housing Plan can further enable diverse funding settings.

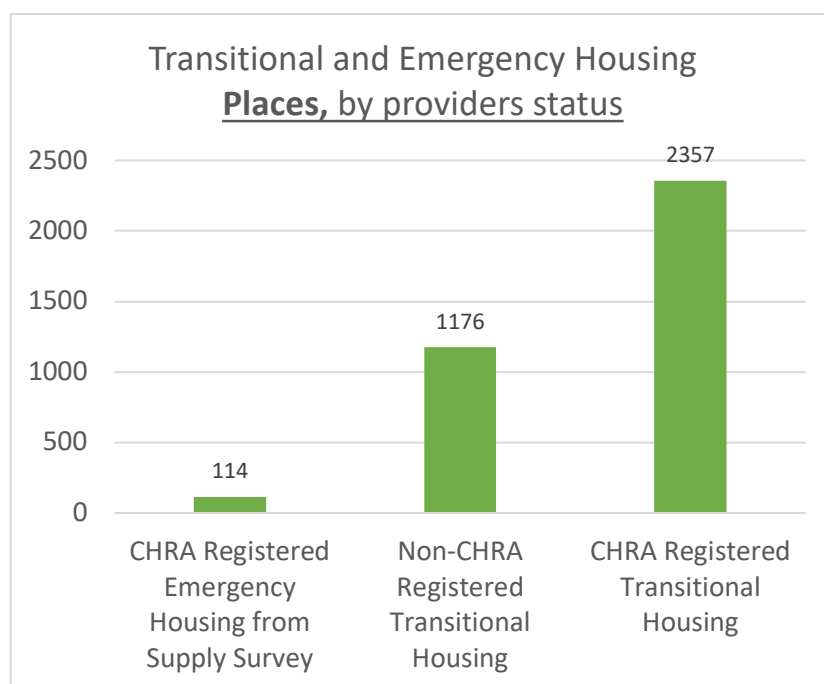
We know of many projects that are stalled due to the inability of some sector projects to deliver a return on investment commensurate with market level expectations. Updating the Public Housing Plan to standardise rent settings across Community Housing Providers and Kāinga Ora will begin to address this. The resumption of pre-paying a portion of the Operating Supplement will unleash more of the projects currently on hold.

Other methods which government could enable CHPs to leverage private capital and other funding or support are outlined in the [Funding Options Paper](#). We are committed to explore with you and HUD options available to increase new build affordable homes, including:

- A Crown loan that is subordinated to external debt and repayable over a long-term period would improve access to external debt funding and therefore increase the total available funding.
- Adjusted Operating Supplements would enable greater leverage; reinstatement of the pre-paid portion of the Operating Supplement will assist many providers to add supply.
- The Crown could provide CHPs with a guarantee facility to enhance the credit quality and enable a higher level of debt to be raised or the cost of debt to be reduced (or both). This could accompany an expansion of the Community Finance housing bond to expand access to a wider set of investors with an appetite to support our shared housing objectives, through a range of different structures.
- The Government could facilitate CHPs to take advantage of the Kāinga Ora / All of Government (AoG) construction rates and standard designs for new social housing, which could yield significant cost savings depending on volume.
- In many public housing developments, the Crown is already committed to funding 80 percent of tenant rental obligations, typically for a 25-year duration. Transforming this commitment into a more conventional head lease with the Crown would provide a well understood leasing structure with secure cash flows, which would materially assist CHPs to secure external funding, either from conventional sources or via a housing bond.

We welcome your advice on how to proceed. Working towards a well-functioning housing system provides an opportunity to invigorate affordable home supply and to use housing as a key tool to in the fight against poverty.

Ending reliance on emergency and transitional housing



When we advance the above initiatives, we see a realistic path to end reliance on motels, emergency and transitional housing.

We ask that work begin to bring Emergency and Transitional housing into the CHRA regulatory framework. It is a large government spend that is operating outside of the rights-based protections of the Residential Tenancies Act.

We will always need a certain level of emergency and transitional housing; yet our providers operating in this area are asking us why

they are continually offered more money for transitional places, yet can't access the resources they need to deliver permanent affordable rental. Many providers are indicating that they wish to decline new emergency and transitional housing contracts, preferring instead to focus on the permanent housing solutions for whānau. We hope this is an area we can work together on.

We support your work and the Ministry of Housing and Urban Development in their system stewardship role to develop these successful interventions.

On behalf of the national council of Community Housing Aotearoa, as well as our diverse networks, we are ready to work with Government in every way possible. We would be happy to host you and your officials at any of our sector-led forums, including the CEO and Sector Leaders Forum; Auckland Community Housing Providers Network; Te Waipounamu Community Housing Provider Network; and the Housing First collectives around New Zealand.

Noho oro mai



Scott Figenshow
Chief Executive

director@communityhousing.org.nz

References and citations

Since 2014, CHA conducts the Supply Survey quarterly. Q4 2020 results are drawn from a mix of provider responses, public announcements and published data. Unless CHA was notified to the contrary, information from previous survey responses is assumed to remain correct. Provider participation in quarterly supply surveys continually improve the data clarity and integrity.

Data is included from the Ministry of Housing and Urban Development's Regional Quarterly Reports. Where HUD's record of an organisation's housing stock is greater than in the Supply Survey, HUD's records are assumed to be accurate. In these instances, we assume the entirety of an organisation's long term rental and transitional housing stock is reflected within the HUD reports. This may lead to an under-representation of long-term rental and transitional housing stock which has no government affiliation.

Cover: Ngāti Whātua Orakei (Photo Credit) Kāinga Tuatahi – innovative home ownership for whanau