

15th December 2023

Hon Chris Bishop
Minister of Housing
Parliament Buildings
Wellington
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Our vision is All New Zealanders Well-Housed

Dear Minister,

Community Housing Aotearoa – Ngā Wharerau o Aotearoa (CHA) congratulates you on your appointment as the Minister of Housing. We offer you, and your government, our service as we work together to improve the performance of our housing system. I am looking forward to building a strong working relationship with you and your team and want to take this opportunity to ask you to be bold, because housing matters.

We are here to help. We (CHA), and our members, are connected and capable, we deliver services no others deliver, we have longstanding records of delivering successful outcomes, and value for money. We are ready, and we have outstanding leaders, highly motivated to lead delivery programmes in the neighbourhoods, communities and places that need them most. We hold deep knowledge of the New Zealand housing system, and how it works, and we will gladly share that with you and your agencies.

We recognise the very significant challenges that we all face together, given the difficult prevailing market conditions, especially in land use, infrastructure delivery, construction, and finance environments. We note, with growing concern, ongoing and rapid rent increases, price inflation, and strong and sustained drops in residential consenting and construction activity, particularly in the past 12 months.

We are deeply concerned about losing momentum, capacity and capability in the delivery of new affordable housing supply. We believe the Government has a strong role to play alongside others, to step in, to intentionally reduce the depth of the current downturn that is playing out. At present almost across the board, our members report that, despite best efforts, things are continuing to get worse, not better.

This letter provides information about our organisation, the contributions our members can make to assist you with your housing goals, our ideas on optimised settings, which will contribute meaningfully to meeting those goals, and further background on the community

housing sector. CHA and our members play a range of unique roles, and we have the capability and the capacity to help you deliver better housing and community outcomes. We enjoy a strong and high trust relationship with the Ministry of Housing and Urban Development.

As you know, CHA is a peak body for Aotearoa's community housing sector. To achieve our vision of ***All New Zealanders well-housed***, we advocate for a well-functioning housing system and working towards the realisation of the right to a decent home. To do this we need to grow new affordable housing supply (a good baseline is net 3,000 new affordable homes per annum), grow the sector (significantly – from say 4% of all stock closer to 10%), and to grow the collaborative capacity of the sector.

We work closely with Te Matapihi - National Māori Housing Advocate, which is the independent voice for Māori housing and support their work to grow tangata whenua-led housing solutions and community housing organisations / entities. This important work is informed by the WAI 2750 Waitangi Tribunal Housing Policy and Services Kaupapa Inquiry on Māori Homelessness.

What needs to be done to ensure better housing outcomes for individuals, families, and communities?

Supercharge the supply of long-term, affordable, accessible housing and tenure choice

CHA members want to deliver so that people who need them, have secure, warm and dry homes and, if necessary, they are well-supported. We believe there is an opportunity to deliver improved housing outcomes at greater scale based on evidence of what works well. Start by removing system barriers and fast tracking consenting pathways.

- Accelerate new supply of social housing by building on the existing settings. CHPs and their development and construction partners will deliver more if the Public Housing Plan funding horizon is extended to five years to better align with standard real estate planning and delivery cycles.
- Leverage government investment by enhancing the existing 25-year IRR contract settings can maximise the impact of each dollar. Driving down perceived risks for lenders and investors will lower finance costs and build more homes faster.
- Provide more housing choice for families and communities by integrating the funding and delivery of social housing, affordable rentals and pathways to home ownership. Confirming support for these tenures and adopting a policy framework based on the prior National-led government's Social Housing Fund will unleash new partnership approaches at scale.

- Reform the planning system to provide greater certainty and enabling local authorities to capture some of the value uplift from their planning and infrastructure investments will deliver more affordable homes without additional cost to government. The Queenstown Lakes District Council has demonstrated the effectiveness of providing planning certainty for developers balanced with meeting documented local housing needs. We believe this is a viable, practical and effective way to drive additional new affordable housing into challenging places.

End the reliance on motels as the primary response to homelessness

We support the transition away from temporary quick fixes to more secure or permanent housing outcomes. Community housing organisations wish to support a swift end to the use of expensive, unsuitable and unstable accommodation for people experiencing homelessness. We believe that a more efficient and effective solution exists and our members who deeply understand the needs of households in emergency housing are keen to support this change. A mix of short- and medium-term actions can achieve this.

- A temporarily revisiting of the use of redirects receiving the IRR can increase the number of homes available to those exiting motels in the short term. Transitioning households from motels into these will not only reduce the fiscal cost to government, but it will also provide more appropriate housing - especially for children. Our strong preference is for permanent homes (owned, retained and recycled by charitable CHPs) to be available but this measure will provide some immediate relief whilst we work together on new housing supply (the best permanent solution).
- Ringfencing the savings achieved through lower cost redirects as compared to expensive motels can create a funding pool to then reinvest into new builds. This will balance the impact on rental housing supply and deliver long term permanent housing.
- Aligning the allocation of resources and access to support services which are critical to keeping people well housed (e.g., mental health and addictions services, health, employment and training, budgeting services) directly with housing organisations managing the move away from motels will reduce the drivers of homelessness and support long term stability.
- Requiring state agencies to source suitable and supported housing options for people exiting state care (e.g., people released from prisons by Corrections, people discharged by Te Whatu Ora, young people transitioning from Oranga Tamariki) will further prevent homelessness.

Address the underutilisation of community housing developments

- Address the structural gap of the 'third sector' in housing development and create realistic incentive schemes that will enhance capacity development. The main players currently are Kāinga Ora and the industry (namely private developers) who, between them, control the development space. There is a structural gap in NZ which

has relied on Kāinga Ora to dominate government investment in housing developments and underutilised our third sector, not-for-profit community-based housing developments (CHPs), particularly for shared equity and rent-to-buy schemes. The UK government, for example, invests heavily in Housing Associations. They provide 17 percent of the housing stock (renting and ownership) in England. Ours sits at less than 4% and needs as a minimum to be greater than 8% - more than double its current size.

Address the subsidy incentive skew against affordable home ownership options

- CHPs in NZ need to be able to contribute to the development of both rental and ownership housing as they do in most other jurisdictions. The IRRS provides security for CHPs to operate reasonably comfortably when providing rental tenancies. Most of the development in recent years has been with this tenure type. However, there is not an equivalent secure incentive in the current environment for CHPs to enable shared equity or rent-to-buy arrangements for households, even though they have a strong track record of capability. CHPs are losing their capacity to provide pathways into affordable home ownership because the current subsidies incentivise them towards rental properties and away from ownership, instead of incentivising both.

Reduce the barriers and arrest the falling levels of home ownership

- Falling levels of home ownership in New Zealand need to be arrested. The security and wellbeing outcomes of homeowners over renters is well established in the literature. Renters have no comparable agency or control of their home when compared with owners. There is a need to support substantially increased access to affordable home ownership, including access to finance and grants for low to middle-income families and first-home buyers, who in time become independent of state assistance. It is also important to remove barriers to more affordable alternative tenures like shared equity and rent-to-buy options.

This is how the Community Housing Sector can help

The Community Housing sector includes organisations with the expertise to deliver across a range of tenures and housing forms. We already have relationships and a social licence to operate in most places around the country. We offer you authentic local leadership and capability. We can meaningfully contribute to local planning, policy and delivery. We have working knowledge and strong capability across the range of services required, from responding to homelessness, supporting the activation of papakāinga, and affordable rentals, to providing pathways to home ownership. Community housing organisations are already:

- Working with iwi, hapū and Māori to support their delivery under MAIHI Ka Ora – The National Māori Housing Strategy. To put it bluntly our members and partners do not carry the baggage of being agencies of the State and as such can enable more efficient and sustainable outcomes particularly when mana whenua are leading the delivery.

- Working collaboratively with Te Tiriti partners, central/local government, Kāinga Ora and Pacific organisations to deliver sustainable, affordable housing especially in priority areas with the greatest persistent unmet housing needs.
- Working with Pacific organisations to support their delivery under Fale Mo Aiga – The Pacific Housing Strategy.
- Ongoing strong delivery of core peak body services, including, but not limited to providing research and evidence on available housing system improvements such as greater diversity and availability of alternative tenures. Providing more choices for all.
- Committed to improving long-term social outcomes by building inclusive, diverse communities and neighbourhoods that provide homes and access to wrap around support services tailored to the needs of residents and their families.

About Community Housing Aotearoa

Our 76 provider members provide homes for nearly 35,000 kiwis nationally across 19,300 homes, and our 52 partner members include developers, consultants, and local councils.

CHA is a national organisation with an experienced and skilled teams based in Wellington and Auckland, with long standing knowledge of the housing sector. We are available to provide you with independent views, quality policy advice and insights to help deliver your housing priorities and to meet the needs of all peoples in Aotearoa New Zealand.

CHA supports the community housing sector by helping to:

- increase the supply of good quality affordable, accessible housing.
- deliver innovative finance options for more affordable homes which results in reducing the cost of finance and increasing supply.
- grow and develop pacific housing organisations.
- strengthen housing organisations at a local, regional, and national level so that they continue, through great service delivery, to meet the needs of diverse communities.

More about CHA can be found [here](#).

I look forward to meeting with you as soon as possible to continue to work towards our shared vision of getting everyone in Aotearoa New Zealand well housed. Recognising that you are busy I will be in contact with your office to arrange a time to meet.

Nga mihi nui

Paul Gilbert
Chief Executive
Community Housing Aotearoa