

Public Engagement on Social Housing Reform Programme

Public meeting No. 1 – Rendezvous Hotel – Auckland Central – Friday 13 February 2015 – 10.00am

Disclaimer: This information is provided for general information, particularly for those who did not attend the public meeting. It is not a transcript or a verbatim account. It should not be relied upon for any legal or commercial purposes, and the Crown accepts no responsibility for any consequences resulting from reliance on this information.

Introduction

In this meeting Hon Bill English (Minister of Finance, Minister Responsible for Housing New Zealand Corporation) and Hon Paula Bennett (Minister of Social Housing) delivered a slide presentation, the current version of which is available on the Government's social housing website www.socialhousing.govt.nz. The presentation was followed by questions and answers.

Additional comments by Ministers

- Governments have in the past tried to fit social-housing tenants into the state houses they happened to own. Housing New Zealand will now go through significant change because it previously decided who was eligible for Income Related Rent subsidies (IRRS) and put those people into its own houses. Now the Ministry of Social Development (MSD) decides who is eligible for IRRS and can choose from houses provided by many organisations. It doesn't have to worry about state houses, it has to worry about tenants.
- The Government expects consortia will emerge and participate in the housing transfers. The sector needs more social-housing organisations with big balance sheets. The attraction for an investor is that the Government is paying the rent – long-term income.
- To meet the Government's willingness to pay for 3000 more IRRS places in coming years, there will need to be 3000 more social houses. These won't all be built by Housing NZ because at its current rate that would take a long time. The Government would rather spend millions more on IRRS places now than spend billions then wait years to build new housing.
- The Government will take some decisive steps on Tamaki this year.
- The Government has had little information on housing and how it matches tenants' needs. This information is now being gathered, and all of it will be published (within legal and commercial constraints) to help find solutions for those tenants.
- The Crown will meet its obligations to iwi with Rights of First Refusal area by area and transaction by transaction.
- Community Housing Providers (CHPs) don't need to move fast. If the process is successful it will go on for some years, so CHPs can wait and watch.
- CHPs don't need to buy HNZC properties to grow and participate in the IRRS. They can partner with a consortium and IRRS can be paid for any appropriate property, not just former state houses. For example, MSD's current Registration of Interest process for new IRRS places in Auckland has revealed some proposals for apartment conversions.
- A significant change in focus is under way. Previously, the Government had a house and tried to find tenant to fill it. Now the focus is finding a house that fits the tenant's needs.

Notes from the question-and-answer session

Comment: Helping social housing tenants to independence is a flawed concept because people in their 80s, widows, and disabled people won't be moving to independence. Overseas experience is that the level and availability of the housing subsidy is reduced over time. With the housing changes in the 1990s, there was tenant protection for people over the age of 65. The Government should learn from the experience in Tamaki.

Response:

- In Wairarapa when 600 houses went to a local trust, tenants got more choice and are generally doing well.
- The current social-housing arrangements are not as good as the system can get. It is not an option to still have the status quo 10 years from now.
- It is appropriate to learn from mistakes in Tamaki. People will not be moved on who do not have somewhere to go.
- There are people in their 70s living in state houses that no longer meet their needs, but they are frightened of moving. Some people don't trust the Government. The Government needs to be transparent and prove that with community organisations it can do a good job.
- Government is taking careful steps and everything that we're doing is for people.

Question: Will you sell out of high-value areas to maximise value instead of keeping social housing as part of community?

Question: What about young people and people on the fringes of society who have long-term futures in MSD? How do you include them in social housing?

Response:

- The Government wants to be able to make choices/tradeoffs on matters like putting social housing on valuable land.
- There should be more public debate on where social housing is, what should communities look like, how to avoid building ghettos, and how to house people with the right support.
- Ministers often ask officials to consider their assumptions about issues like cultural preferences for different ways to live.
- Young people who have been through the CYFS system can't sign up for a social house. Moves like supported teen-flattening can support them into independence. The Government will keep looking at such ideas.

Question: There are a number of Special Housing Areas in Auckland where HNZA holds much of the land. Will Government hold, develop or sell off that land?

Response:

- There is no risk of sudden, wholesale sell-off of chunks of land in Special Housing Areas.
- HNZA is going through a Strategic Review, including its asset management strategy. The outcome won't be a secret.
- The biggest land-bankers in Auckland are not overseas property developers, but the Council and the Government. On that land are many of our most vulnerable households. The Government will be talking to the Council and HNZA about the pace and appropriateness of development.

Question: Question on the consistency of the data in Ministers' presentation.

Response:

- Of 68,000 total houses, the government pays income related rent subsidies for 62,000 (there are already 6,000 households that do not receive IRRS for various reasons). The 65,000 number comes because Government accepts that 62,000 IRRS places are not enough, so is putting this up to 65,000.

Question: HNZC has lower running costs because it owns so many houses (e.g. self-insurance). Also, does HNZC pay rates? Will such advantages be available to smaller-scale CHPs, and if not won't CHPs' costs be higher than Housing NZ's?

Response:

- These issues are to be worked through. Governments have tended to understate HNZC's actual operating costs.
- The Government would prefer to adjust the price for state housing to reflect these factors when houses are transferred to CHPs, who would pay those costs after buying the properties for an appropriate price.
- The transfer process will help identify the costs and appropriate selling prices. CHPs say their costs will be higher, but that is not proven. HNZC is more efficient in some areas, but may not be in others.

Question: Was HNZC changed from a government department to a Crown entity in order to set it up for this sale?

Response:

- No. HNZC was a State Owned Enterprise in the 1990s, but the previous Government turned it into a corporation. There has been no change to HNZC's legal form since then.

Question: The statement in the slides that the IRRS is 25% of a tenant's income is not correct, e.g. where a pension is involved.

Response:

- Officials will check this for accuracy. [The slide was corrected for later presentations to say that IRR-eligible tenants "typically pay 25% of their income" for rent.]

Comment: When the Government gets rid of social housing, providers and developers are "at the trough" deliberating the fate of tenants and future generations' rights. The Government, in good faith, should take care. The Government has a moral responsibility not to offload social housing and should maintain its accountability. Thousands of jobs were promised in Glen Innes and these weren't delivered. Maori, developers, churches are all fighting over tenants' futures. These communities are already built.

Response:

- HNZC still owns all those houses.
- The questioner has reminded everyone that social-housing reform is about people. The Government is taking that very much into consideration.

Question: Where is the money coming and going? HNZC has \$18 billion of assets, the Government is putting in money each year, and the Government receives a small amount from HNZC dividends. Will the total spent on housing be maintained or will some money from sales be used elsewhere?

Response:

- The number of rental subsidies has gone up over the last few years, and will be increased by 3000 (growing to around \$850 million of IRRS in total per annum).
- Not much money will be raised selling old houses, or from selling three in places like Gore to build one in Auckland.
- The subsidy for the person is more important than the ownership of the house.
- For the foreseeable future capital from sales is likely to be used by HNZC.

Question: Not all CHPs are interested in buying housing simply to house existing tenants, but want to redevelop to make more housing available. Where CHPs buy and build, in many cases the market rent will cover the building costs but not the cost of land. Previously, Social Housing Unit (SHU) grants were available. Will the Government be giving capital grants, or leasing properties, so CHPs can afford to redevelop properties?

Response:

- The first 1000-2000 houses being transferred will be in areas where demand is stable. It hasn't yet been decided where, and we'll have to wait and see if the first transfers include Auckland.
- The transfer process will help identify what social housing really costs. It is important to find the right balance: focusing on tenants first, and getting what is needed at the lowest cost. The Government expects a whole spectrum of proposals.
- There was a risk that the SHU would create expectations of large capital grants, but transactions will now be more commercially based.

Question: HNZC is seeking to have character references taken off properties and upzoned for terraced housing, which will increase capital values. Yet Auckland City Council sold its social housing to HNZC at a discount on the basis that it would remain as social housing. Tenants relied on this assurance. Tenants there (e.g. pensioners) are under stress as a result. HNZC should honour promises around security of tenure.

Response:

- This is at the heart of the issue. The Government is criticised because houses are run down and there are not enough of them, yet there are also issues where tenants are affected by properties being upgraded.
- Government is taking careful steps to create communities for a modern New Zealand, while recognising that people's homes and lives are involved. Tenants are at the heart of what the Government is doing.

Question: How does Government see the role of local government (which runs about 11%-12% of social housing)?

Response:

- It is no coincidence that the Minister of Social Housing is also Minister of Local Government. What is happening with local-authority housing is important. Both levels of government need to work together.
- Tamaki and Hobsonville show what can be done when local and central governments work together.
- Local government has a patchy track record in social housing. For example, the previous Government put \$200 million into Wellington City Council's housing.
- Local government usually charge low rent, but are not eligible for IRRS. Some councils are considering partnerships in order to become eligible for IRRS.
- To get the IRRSs they need tenants who are eligible for it and housing that meets MSD criteria. For example, if there's no demand in a particular town, MSD won't buy IRRS places there.

Public Engagement on Social Housing Reform Programme

Public meeting No. 2 – Novotel – Auckland Airport – Friday 13 February 2015 – 2pm

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Introduction

In this public meeting Hon Bill English (Minister of Finance, Minister Responsible for Housing New Zealand Corporation) and Hon Paula Bennett (Minister of Social Housing) delivered a slide presentation, the current version of which is available on the Government's social housing website www.socialhousing.govt.nz. The formal presentation was followed by questions and answers.

Additional comments by Ministers

- The Government sees it as important to help people move across the housing continuum from social housing to affordable housing.
- Community housing providers (CHPs) in New Zealand currently manage only about 6% of the social housing market. In Victoria, Australia, it is 30%, having been 0% ten years ago.
- It's not okay to put people in a house and forget about them.
- The Government is flexible about the solutions that will emerge from the Social Housing Reform Programme, and doesn't have all the answers yet. But the status quo isn't good enough.
- There is rheumatic fever in overcrowded houses in Auckland because there aren't enough large houses available for social-housing tenants.
- The current system doesn't keep up with change in Auckland. The Government must instigate faster change.
- The Government is impatient with a focus on how many houses it owns. That doesn't matter to the people who need a house now.
- As an example of the way forward, dual-diagnosis clients (i.e. mental health issues plus drug-and-alcohol) often need five years of support. Some CHPs specialise in that.
- The Social Housing Unit was designed to kickstart the sector when CHPs had no capital. Now the Government's focus is to create 3000 more IRRS places in three years. Capital grants to CHPs might take \$1.5 billion and five years to achieve the same. More IRRS money will enable CHPs to increase the building of new social housing.
- Some CHPs will decide not to buy. They'll find a developer or community organisation with experience in property to help talk to banks and construction companies. Consortia will emerge.
- The process will go on for years because there is so much to do. The Government will step carefully because these are people's homes and it doesn't know all the answers.
- The policy development has been led by community organisations on the ground telling the Government how to do things better.
- Many iwi are keen to take part. Some iwi businesses may buy houses, with their social services arm managing tenants.
- Rights of First Refusal (RFRs) are a big issue. Each RFR is different.
- We will make further moves in Tamaki this year – a big step.
- There are places like Takanini where HNZC has been land-banking for years. The Government will encourage movement in such places.
- We're working through how the finances will work in the future – e.g. whether IRRS is enough for CHPs to be successful. CHPs are saying that market rent isn't enough, and they might be right. The process we go through will find out.

Notes from the question-and-answer session

Question: How can organisations be brought up to speed? Who do we need to get around the table to work out how to do this? We want aging and disabled whānau to be able to stay together as long as possible.

Response:

- The Government is always looking at the policy and criteria for the housing register. If the process is too confusing, give feedback and talk to MSD.
- Certainty of tenure is very important for people with disabilities, and such considerations are part of the tenancy reviews. There’s an economic argument for letting people stay in homes that have been adapted to their needs.
- The Minister recently helped to open a development in Johnsonville by Accessible Properties, which runs 1100 units for people with disabilities. Social Housing Unit money helped turn two houses into 18. Two people moving in were very excited to move into supported flatting. Eight units are for people with disabilities, and 10 are affordable homes to be sold privately.
- There are groups interested in building specialised housing for particular groups. Disabled people are a very important part of the housing reforms.

Question: There is concern about competitive tendering as a method of transferring property. The CHP network works together well. To start bidding against each other is a problem, and a number of CHPs don’t have tendering skills. If several CHPs tender for one deal, most will miss out after quite a lot of investment in preparation of tenders that result in nothing.

Response:

- These are legitimate issues. There will be natural tension in this area. The Government would be criticised either for transferring houses too cheaply or for making them too expensive.
- The Government has learned from public-private partnerships about the costs of bidding, and wants to encourage participation. The process will start carefully and deal with any problems that emerge.
- Not all participants in the housing transfers have to be involved at the beginning. It’s all right to get involved later on.
- It serves tenants interests when people running houses have the necessary skills. There must be a hurdle before you are entrusted to run valuable houses with vulnerable tenants.
- Some CHPs have the skills to respond to people, but limitations in other areas – e.g. they may not know about financing or property management, etc., so they may want to find consortium partners.
- The Minister met a group that spent six months looking for people they can work with who can provide those services – and they’ve now found a partner that matches their kaupapa.
- Some CHPs will decide to stay in the people business, not get into the property business.

Question: Is the money from the sales going back into housing?

Response:

- The money the Government spends on IRRS is going up as rental prices increase, more-vulnerable people get the IRRS and because the Government is increasing IRRS numbers.
- In the short term houses being sold will be lower value than the houses acquired e.g. three provincial properties will buy one in Auckland – so for the foreseeable future the money raised will stay within HNZC.
- Long term, other organisations will put capital in and some of the Crown’s capital might come out.
- HNZC has a lot to do in redeveloping parts of Auckland.

Question: Will homes subject to iwi Rights of First Refusal (RFRs) be sold at market valuation?

Response:

- This a key issue. In general “yes”, but that leads to the question “what is market value? “
- The answer will also depend on features of each RFR.
- We are selling as a going concern for continued use in social housing, and the CHP needs the Government’s permission to change that status.

Question: Is there a chance for social housing providers to receive extra funding for further wrap-around services (e.g. budgeting help, parenting advice) that IRRS doesn’t cover?

Response:

- Yes, that would be a separate contract and MSD is looking at that. We could keep IRRS as it is and contract for other services.
- It’s exciting to think about how such arrangements could develop within the Government’s “investment approach” – e.g. making a 10-year commitment to a family and its path to independence over that period by working through complex problems. That’s very different from putting people in a house and hoping everything is going to be okay.
- The Government is getting better data about what is needed, so it can provide better services.

Question: The Accommodation Supplement has different impacts and rates in different regions – for example it pays less in Kaitaia than in Auckland for a house of equivalent value. What is the Government’s view on this?

Response:

- Accommodation Supplement (AS) is \$1.2 billion and growing rapidly so the Government does questions whether the AS is doing the right things. In some areas the AS is out-of-sync with needs.
- The Government has asked: “If we had \$100 million to spend on housing support, would we spend it fixing the Accommodation Supplement?” The answer has always been “no.”

Question: Papakainga housing has worked well, and it would be good to insert lessons from that into this process. The post-settlement Tamaki Collective experience has shown the benefits of consortia working together on housing developments. Where Treaty claims haven’t been settled, we would like to tie to claims to future state house transfers. How do we use the social-housing reforms to tie the two together in a practical way?

Response:

- We don’t know the answer to this yet – but the Crown and iwi both see potential investment opportunities, and it’s likely iwi and others will be much better at assisting people along the housing spectrum. This will take a while to develop.

Question: How will you decide which houses to sell first? Will the tenants living there have a say? If they have special needs, how will you ensure they are matched up to services?

Response:

- The Government hasn’t decided which houses will be transferred first. There is currently a general engagement process and then over the next few months we will consult regionally, including with iwi, after narrowing down the possible areas for the first transactions.
- Tenants will probably not have a say on whether their house gets sold, but no sale will take place where we don’t know where tenants are going. Change is scary – but “no change” wouldn’t be good either. The reviewable tenancies experience shows that the Government can do this in a compassionate and understanding way that treats tenants as individuals.
- Some providers may specialise in areas like alcohol-and-drug treatment or iwi-oriented services, and may prefer tenants who fit their area of expertise. We will work through this with the needs of tenants at the centre.

Question: Has the Government already started doing deals with iwi? This is what it sounds like.

Response:

- We have not started any deals. Some iwi are trying to get to that situation. Some have a constitutional status that they want to see converted into commercial status, but the Government won't be doing that. The Government has not started doing deals with iwi or anyone else.
- Rights of First Refusal within Treaty settlements are different – they are a legal right to be dealt with.
- There are no sideline or back-room deals. Housing transfers will be done transparently.
- The Government is getting a lot of feedback about the need to clarify terms of transactions. One point to make now is that the Government will be neutral among bidders.

Question: Is the Government prepared to provide lending at a low interest rate to help CHPs purchase properties?

Response:

- No. In the transition phase the Government took a risk with the Social Housing Unit (SHU) providing a catalyst to get people interested by showing what can happen – e.g. mixed-tenure developments at Waimahia. With the SHU, it took almost \$150 million to build less than 1000 new units.
- We're now moving into a long-term, more realistic world. The Government wants well-established, sustainable CHPs, and wants to focus its spending on subsidies for tenants.
- The Government will act as commercially as possible, and CHPs will want as much subsidy as possible. We will work our way through it.

Question: Previous history shows that eventually the stock will end up owned by tenants who the Government doesn't have to subsidise – thus leaving fewer social houses overall.

Response:

- That did not happen in Wairarapa, and in some overseas examples providers have increased stock while helping tenants into their own home. Money from sales can be used to buy more houses.
- A lot of CHPs have home ownership as goal, and this is an important part of the housing continuum.

Question: Is there an update on the tax situation for CHPs?

Response:

- A solution may be at hand, but it has yet to be approved by Cabinet so it can't be discussed here.
- It's a complicated issue within the charities regime – i.e. when people are getting private benefits from home ownership.

Question: Will there be asset transfers in Auckland in early stages?

Response:

- We don't know. There are "wrong size" issues in Auckland and it's a very important market.
- Some houses will be freed through tenancy reviews. Three tenants subject to renewable tenancies have now bought their own home, after being helped to review their circumstances and opportunities. There is some need to focus on security of tenure, but in other cases we need to help people move on.
- We need to better understand the economics in Auckland. It is more straightforward in other places.
- Important point: over the next three years we are putting an offer of 3000 new IRRS places into the market. Some organisations will decide this process is too complicated and uncertain. That does not stop them seeking houses from other sources for tenants eligible for IRRS. That's good because CHPs buying houses off HNZC doesn't itself solve the supply problem.
- There are whole parts of Auckland where new houses are not affordable for low- to middle-income people. The Government wants to change planning processes because they are locking people out of the housing market.
- We need to fix the wider housing market in Auckland while we also work on social housing.

Public Engagement on Social Housing Reform Programme

Public meeting No. 3 – Millenium Hotel – Rotorua – Friday 20 February 2015 – 10.00am

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Additional comments by Minister English

- We aim to help people transition into home ownership in the long run, and to help people with more serious need more effectively.
- Housing is one part of the Government's "investment approach" to welfare and other challenges. It is part of a push to break up patterns the Government has helped to reinforce that have made communities less functional than they can be.
- What works for the community tends to work for the Government's books, because we have to spend less on failure.

Notes from the question-and-answer session

Question: What will the Government do to influence district councils to ensure that planning laws better allow using Māori-owned land for social housing?

Response:

- The Government has learnt a lot about how councils work – some good and some not.
- Many planning rules for housing (especially in bigger cities) have seen less lower-value housing being built. Particular planning issues also exist in relation to Māori-owned land. The Government is trying to fix these.
- Te Ururoa Flavell is putting a lot of focus on Maori housing, and has money to work through these issues. This will arise in relation to the reform of Te Ture Whenua Maori Act 1993. The Government is confident progress can be made on these issues, even though it's been thought in the past the issues were too complicated.

Question: Are there potential covenants that the Government might want to put on community housing providers (CHPs) – e.g. warrants of fitness for houses and similar standards?

Response:

- This needs to be worked through. On one hand, there is pressure to put requirements on CHPs to make them look like Housing New Zealand Corporation (HNZC), but why would we require them to look like HNZC if we want to change the system?
- CHPs are saying that they need flexibility to innovate. For example, if a CHP has a tenant with getting IRRS but becomes able to pay market rent, the CHP may want to enable the tenant to stay in the same house. The Government thinks this is a good idea. Why should you have to shift just because you have a job? That might become a disincentive for getting a job. That sort of flexibility would be constrained if we said the CHP must use a particular house as a social house forever.

- There needs to be trust, confidence, balance and flexibility around the needs of the tenant – e.g. tenants have a guarantee of getting the IRRS when they need it, but they are also free to find better arrangements.
- If too many restrictions are put on the future use of social houses, then that could also restrain desirable redevelopment of suburbs.

Question: As much state housing is from the 1950s and '60s, presumably many don't comply with today's building regulations (e.g. double glazing, insulation), will the onus fall on the new owners of social houses to upgrade them, or does the Government intend to provide some kind of financial assistance?

Question: When will more information about the specific transaction areas be available?

Response:

- Anyone bidding for houses will need to know their condition and the Government will need to provide this information. HNZC has not had to make this public in any detail, but the Government wants better information made public.
- The Government doesn't expect purchasers to accept the Government's view on the condition of the houses. They'll be able to make their own assessments.
- Many state houses may be in better shape than people think.
- Work is being done to establish what condition state houses are in compared to what minimum standards should be for a social house. Details of this will unfold in the next few months. CHPs may have different views –e.g. some may want run-down houses because they're cheaper, but others will want minimum standards met.
- Government will have a tendency to want houses at a minimum standard prior to sale.
- On timing, in the first instance the Government plans to transfer only about 1,000 to 2,000 out of 68,000 state houses. These areas will become clear late March-early April prior to regional consultation.

Question: Will the revenue from the sales be ring-fenced to be put back into social houses and/or IRRS?

Response:

- In accounting terms, the Government can't shift money from the proceeds of houses into IRRS subsidies, because the former is capital and the latter is an operating expense.
- For the foreseeable future HNZC will need the capital from housing transfers to redevelop housing – i.e. it will almost certainly be used for HNZC's own developments.
- The Government wants to provide more housing subsidies, so there will be an increase of about 3000 in state-subsidised housing places in the next few years, regardless of what happens with transfers.
- There is a general fear that there will be less of something. The Government needs to build trust. It is intent on giving more assistance and to do a better job.

Question: Will HNZC retain some social responsibility for housing the particularly vulnerable (mental health, addictions, homeless), or will this move to MSD or to CHPs?

Response:

- The responsibility is with MSD – but practically speaking that is not always the case because HNZC is dealing with people in desperate need, and the Government is not going to disrupt that.
- Separating money allocated for other services from money allocated for housing allows us to address those needs more directly. For example, MSD is currently seeking 300 more IRRS housing places from CHPs in Auckland in a way that should help increase the focus on the most vulnerable.

- The Government won't tolerate there being a lack of decent housing options for a small number of the most vulnerable people. It doesn't make sense that we can't help desperate people when we have \$18 billion of HNZA assets. We need more flexibility in how those assets are used.
- A good example is people coming out of prison. The Department of Corrections now works much better with other parts of the government on finding housing for those people.

Question: If Maori can work collectively and put together a plan together that meets the needs of people within iwi (plus meets cultural needs) can they come to the Minister directly with the plan?

Response:

- That kind of plan will be considered, but in short term, groups can't come to Minister directly on housing transactions. This needs to be handled under the Auditor-General's probity guidelines through the Treasury. The Government can work on explaining the transactions process and how to take part in it.
- Proposals such as those mentioned are an example of things the Government can't buy – i.e. there is no substitute for local groups' commitment to people in Rotorua. As the Government gets confidence in doing transactions and HNZA gets more innovative, we will see more of these examples. That is what we're trying to achieve.
- The Government is asked why it would sell in the provinces, because the properties are not worth much. The answer is that there are people in those communities who really care, and want to make more of an impact for tenants than Government can. The reforms are not being driven by Auckland.
- The Government is driven by facts like the percentage of children in Rotorua with a parent who has had a custodial sentence, the number of families who've spent a large percentage of their lives on benefits, or who've had a CYFS notification. If better social-housing policy is one tool to help Government work with your community to have a positive impact, then that's worthwhile.

Question: The need for social housing often goes along with other issues for the people and families concerned. Would there be, under the new social housing arrangements, recognition and Government support for the services and voluntary work that organisations provide?

Response:

- Social housing is indeed only part of the picture.
- The Government is doing more calculations about the costs of failure, which are enormous.
- It is worth considering at an individual level where and how Government can make an impact. For example, a trial in Tokoroa is looking at the individual needs of children. This is challenging, because perhaps 5% of children would benefit from close support.
- Another example is working with sole parents under the age of 20. Their number has dropped by 40% over last three years, in part from working with children individually. Youth court appearances have dropped 60% over the last 6-7 years. Courts are now sentencing young people to NCEA – i.e. making them get education.
- The housing reforms are just one change. They are being done with the idea of investing in people individually, not just spending money on, say, "youth programmes."
- This is the Whanau Ora approach. We want to build those concepts into more policy.

Question: Some community organisations don't want to become another HNZC, but want to transition people into home ownership. This is very expensive for non-government organisations. As an NGO who needs to purchase at a price relevant to market rent, and then need to fix up a house, what support will there be from the Government?

Response:

- From the Government's point of view, there's no point in making unsustainable agreements with CHPs. We need to test in the next six months what is sustainable.
- CHPs will have to be able to budget for all of their costs. CHPs do not have the same choices as Government, as they do not have tax revenues. The Government needs to answer each of these questions as the process moves forward.
- The work of community organisations is fantastic – especially in provincial towns where there are much better opportunities to get people into their own homes. That is much harder in Auckland.
- The HomeStart scheme starts on 1 April. It allows first home buyers to draw down five years of KiwiSaver and get a \$15,000 grant for a first house. About 90,000 people could be eligible for this over the next few years. This is expensive for the Government.
- Construction and consenting costs are too high, and the Government is working with councils to resolve those issues. Goodwill is rising as councils realise that they can be part of the solution by being more flexible on consenting rules.
- The Government is also working with the construction industry. For example, many old villas were kitset houses. By current standards we can't import a lot of things from Australia, and builders are making everything differently. Many in the construction industry are saying that if we standardise more, we can reduce costs.

Question: There is a case for longer-term contracts and agreements. Will these be linked to the tenant or the property? For example, how might a five-year contract with MSD work?

Response:

- We don't know yet. It is reasonable to speculate on the types of arrangements that are possible, and everyone involved is still learning about this.
- For example, there might be a capacity contract where MSD agrees to pay for 100 units for five years. However, in some other situations the tenant may need a more secure tenancy, so the agreement is to house that particular tenant. In other areas we may want something like a spot market.

Comment: Government support for the development of Maori land has to be better than in the past. Several CHPs are building on Maori land. Compliance and construction costs huge are huge, and Ministers' challenge of territorial authorities' compliance costs is supported. The Māori housing Vote is only \$4 million – which is unrealistic in terms of providing good housing solutions.

Response:

- Many Maori will benefit from mainstream processes.
- There have been a number of Maori housing schemes over the years. The Government needs them to be sustainable. Too many schemes have come and gone, and there is a need for stability and to make visible progress.
- The Vote for Māori housing is more than \$4 million – closer to \$7 million.

Question: Will selling the current housing stock coincide with a stronger investment in the social housing sector?

Question: Will investors and developers come under the umbrella of CHPs?

Response:

- The Government wants the measure of “more” to focus on people rather than government-owned houses. The policies will assist more people with housing subsidies, but the government doesn’t need to own all of the houses.
- Everyone will be able to see whether the number of social houses is going up by looking at the number of IRRS places MSD is paying for in the market.
- Under any conceivable amount of sales in the short term, HNZC will need the money for redevelopment processes.
- The Government is happy for developers and investors to work alongside a CHP, because they have needed skills. Many charitable organisations that have never owned property will need to learn quickly or find expertise.
- There is sometimes a knee-jerk reaction against investors and property developers, but they are part of the process.