

# Public Engagement on Social Housing Reform Programme

Public meeting No. 4 – Addington Raceway– Christchurch – Wednesday 4 March 2015 – 2pm

*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](http://www.socialhousing.govt.nz). The presentation was followed by questions and answers.

## Notes from the question-and-answer session

**Question:** Is there opportunity for people to provide feedback and suggestions on the stock transfer process. Will the Government be doing that?

**Response:**

- In the interests of probity (that is, the need to be fair and even-handed) we can’t be influenced by individual providers. There will be a formal market-sounding process. The Government will say “here are the potential housing transfers in this area; tell us what you think”. It will take six to nine months from market sounding to expressions of interest to requests for proposals.

**Question:** We already know that there is high need for single-person housing. Because there are so few one-person houses, will the transfers primarily be of three-bedroom properties? If so, community housing providers (CHPs) would need the flexibility to redevelop these properties to meet tenants’ needs.

**Response:**

- The Government is working through this right now. Tenant security is an aspect of this and the Government is committed to ensuring tenants are housed for the duration of their need and that resource will continue to be applied to social housing.
- CHPs need to be able to redevelop a lot of these sites. Housing New Zealand Corporation (HNZC) is doing some good things, but we need to speed that up.
- Some of the developments in Christchurch are going really well. We met an older woman who had moved to a property where one unit had been developed into four, and the new unit suited her much better. We need more examples of this happening, and more public trust in the process.
- The CHPs know that single-person houses are most needed. The public don’t know this, and in fact the Government only recently acknowledged it.
- We’re going through a transition in the public debate where the security for tenants is in the Government’s commitment to paying the income-related rent subsidy (IRRS) and thus providing an income stream to the social-housing provider – not the government having to be the owner of the property.
- On a spectrum of rigid through to flexible contracts, we’re trying to get to the flexible end, but with the important things still guaranteed. CHPs won’t be buying these properties just to sell them on.
- We are dealing with real mismatches. It used to be that you could just fill the house and it was ‘job done’, but it is morally reprehensible to stop there.
- With the Ministry of Social Development (MSD) assessing tenants’ needs and allocating them to a house, CHPs will be getting far more information on what the needs are. There is also more ability to look at what the market rent will be, and this will help with CHPs talking to their potential equity partners.

**Question:** We've been working on a development in Christchurch for the last 4-5 years and had so much difficulty with the process: resource consents, land issues, the Council. This is partly because the concept – studio units for people on their own – is different from what people have dealt with in the past. How does a not-for-profit organisation raise enough capital to get into development?

**Response:**

- A lot of people are raising redevelopment and regulatory issues. The Government is working as closely as it can with councils to get them to understand the needs of different applicants and the public policy behind what the Government is trying to do. Local authorities often make planning decisions without taking account of the impact on particular groups of people and we need to work with them.

**Question:** It is very good that the Government is increasing the number of social housing places. Social workers say that housing is the biggest issue facing people in Christchurch, and meeting housing needs allows us to provide other services. Developing property means raising capital. What is the long-term future of IRRS and what guarantee does the Government give to IRRS?

**Response:**

- The Government is completely committed long-term to the IRRS.
- We are asked a lot about guarantees and the length of any guarantees. MSD has recently sought expressions of interest for 300 IRRS places in Auckland, and CHPs are asking for guarantees for 10 to 20 years, because CHPs could borrow against that kind of income and consider redevelopment.
- There is also a question about guaranteed IRRS when a property is vacant.
- The Government understands that organisations need certainty of income. For the Auckland process, we're currently working through and responding to questions.

**Question:** Nelson has affordability issues and also an aging demographic. The Nelson City Council has some social housing, which is now aging stock. Lots of councils are looking at whether they sell, or transfer to CHPs. Where do you think local authorities fit into the picture? Do you think local government should get out of social housing?

**Response:**

- Local authorities have about 9000 units and they're generally underserved because local authorities charge cheaper rents. It will cost a small fortune to get these units up to standard to participate in this process – most local government stock will not meet our standards.
- The Government has learnt a lesson from getting involved in local authority social housing – Under the previous Government, Auckland City Council sold their stock to central government [Clarification: in February 2003 Housing New Zealand bought 1,666 pensioner units from the Auckland City Council] and money was granted to improve Wellington City Council stock. This is very expensive. Taxpayers paid \$250 million and don't own the properties.
- The Government needs assurance that where local government is participating, housing stock is up to standard. The rule at the moment for local government to participate is that the stock has to be 51% owned by someone else, and then it will be eligible for IRRS.

**Comment:** Canterbury has specific issues after the earthquakes. The DHB can't discharge people from mental health facilities because there are no appropriate places for them – there's a lack of boarding houses. This is a great national initiative, but Christchurch needs more focused action.

**Response:**

- The mental health issues mentioned are exactly what we're talking about. How do we as Government provide certainty and leadership, but also recognise the specialities and connectedness of local groups? How can Government support other providers and give them enough certainty to be successful? This is not about the Government absconding from responsibility.

- The Government has committed to more HNZN houses in Canterbury. There are 159 new houses in Christchurch and 404 under construction (this will go up to 700 by the end of the year). We have also made a public commitment to more IRRS in Christchurch.
- In addition to this, we are testing a couple of different initiatives in Christchurch. We've leased motels and given them to CHPs to manage for a period of time [Clarification: The Government has pre-purchased rooms in a motel and is working with service providers and CHPs to assist tenants into a more sustainable housing solution].
- We're looking at far more transitional housing over a limited period of time, leading into more long-term houses.
- This process may seem very macro, but it's actually all about individuals, their needs and their communities.

**Comment:** Our organisation has rented properties from HNZN for 20 years. Rent increases have been almost zero, which is great for us but not good for investors. Many investors are saying that there's not enough return in social housing. We're concerned that investors won't be in a position to be realistic about rents over a long period of time, and social housing providers will start seeing increased rents.

**Response:**

- The Government hides the real cost of housing people properly – and has ended up with poor stock as we didn't get enough income to maintain it. The system is designed to make it look cheaper than it is. This issue will come up a lot through the transfer process.
- In total, there is a \$1.2 billion deferred maintenance liability on our housing stock. CHPs are already saying that they don't believe the available information about HNZN's stock, and so CHPs will want to do due diligence house-by-house, so that they know what it really costs. This will put pressure on the Government as to whether the income stream is big enough.
- But we don't yet know the answer to that question. It's likely that in some places it will be fine, and in some places it won't be.

**Question:** We're interested in providing housing from a Whanau Ora perspective. What access to information will there be about individuals suited to this sort of approach?

**Response:**

- There is a fine line between protecting privacy and giving access to relevant information.
- As we can, we're putting a lot of information on the social housing website. At the moment you can access high-level information about tenant needs and household composition of people on the register who are waiting for social housing. It really is about getting a much better fit for them.
- Information for our current tenants is more complex. As an interim measure, MSD has taken over the case-management process, which collects only a little bit of data about the people's individual circumstances.

**Question:** There is strong support for the proposal, but how can new housing get the best outcomes? Pepper-potting amongst other housing is unlikely, as it's very difficult to find land for multiple units.

**Response:**

- There is a whole discussion about how we are building communities, where people live and what the arrangements are.
- We have seen one study where young people who have been moved into wealthier suburbs had poorer education outcomes than their counterparts because they stood out as different. How you support people within their culture and their environment is a continuing challenge. We have to be testing ourselves and each other to make sure we are doing the right things.

**Question:** There is no one on the waiting list in Selwyn. We think this is because there are no HNZN houses in the area. Opening IRRS to CHPs creates opportunities for people in Selwyn to be housed by CHPs. How will people in Selwyn know to register with MSD for their housing need?

**Response:**

- Demand is so big across the country that we haven't got to this point. There may be people who are unlikely to step forward and put themselves on waitlist when they can see that there's no housing.
- At the moment we're hesitant because haven't got enough CHPs onboard to be able to make promises. We do acknowledge that there's hidden need that we're not yet addressing.

# Public Engagement on Social Housing Reform Programme

Public meeting No. 5 – Dunedin Centre – Dunedin – Thursday 5 March 2015 – 11am

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## Notes from question-and-answer session

**Question:** Why is the Government selling houses when there is still a need for these houses? Will HNZC still be purchasing/building houses?

**Response:**

- There are two things happening. One is that Housing New Zealand Corporation (HNZC) is redeveloping houses (but the overall number of HNZC houses is shrinking a bit). The other thing is that the Ministry of Social Development (MSD) is seeking particular housing for certain needs.
- If there is no appropriate HNZC house, MSD can procure it from someone else – this will be a very transparent process. Meeting a tenant's need doesn't depend on the speed at which HNZC can build.

**Question:** You said that 30% of social housing is provided by community housing providers (CHPs) in Victoria. Does the Government have a goal for New Zealand?

**Response:**

- There is no goal or percentage target. The proportion of CHP-provided housing will depend on whether CHPs are keen to participate in transfers.
- The Government has set bottom lines for HNZC – including that HNZC will continue to own more than 62,000 [clarification: 60 000 by 2017] properties and that it will pay for a greater number of social houses. Currently demand for social housing is higher than supply, and other organisations want to build.

**Question:** Is the Government providing any money to CHPs to assist them into the market?

**Response:**

- The Government has already provided funding through the Social Housing Unit – 900 houses have come from this, with the Government providing about 50% of equity. The Government is not going to spend money this way in the future.
- One way to grow CHPs is through stock transfers. The transferred properties are a base to go in with equity partners.
- Some CHPs are saying that they need help with capital.
- Some have asked for long-term leases where the Government still owns the land, and the CHPs redevelop the houses.
- This is a learning-as-we-go process and we are always seeking feedback from CHPs.

**Comment:** Some of the trusts that currently run social housing are large with big overheads, and one is multinational. The Government should keep control as close as possible to the properties and communities. Conglomerations are less expensive for the Government but local trusts are much more effective.

**Response:**

- This is why the Government has been clear that CHPs must be a part of the picture, not developers alone. The Government wants providers that understand tenants' and communities' needs. However, there are partners out there (eg, banks) who want to provide funding, and some want to do good as well as just investing.
- It may be that some of the bigger trusts have the means to manage a large number of tenancies – but these may be partnering with very local organisations.
- The housing transfers are only one part of what's happening. For example, in Christchurch the Government has contracted with an organisation for transitional housing. A motel has been leased for a year, and a CHP is managing the tenants while the owners continue to manage the property. People move in for 8-16 weeks, and then transition into a social house. The Government is ready to try all sorts of things on the ground.

**Comment:** The Government should ensure that it looks at the whole vista of provision and not just focus on housing. Some disability providers have been in social housing for many years and face a range of challenges. For example, recent regulations have moved CHPs into the same category as rest homes and long-stay hospitals with the associated safety and fire regulations requiring massive and expensive changes to houses. This is Government not connecting the dots, and it will have a bad effect on a lot of providers. Councils' regulations are already demanding and these are people's homes, not institutions. Regulating people's homes shouldn't be like this.

**Response:**

- Changes to fire regulations have been in the pipeline for a while and large organisations have provided feedback. It would be worse if there's a fire in a home and tenants lose their lives. There would be a Royal Commission into why the fire regulations were so slack.
- We do need to get to the bottom of this though, as it may well affect social housing providers.
- We need to find the right balance to ensure people in state-funded care are safe and the properties fit for purpose.

**Question:** The Dunedin City Council provides close to 1000 social housing units, primarily 1-2 bedroom units for pensioners. You have spoken about the central government's role, but where do you see local government?

**Response:**

- Local government has about 9000 units across the country and most are in poor condition.
- Local government also makes it look cheaper than it is, and doesn't charge full rent.
- The Government is still writing cheques to do up Wellington City Council housing that was in really poor state. There won't be any more deals like that. The council housing in Christchurch is in a really poor state and they can't afford to fix this.
- If social housing has a majority external (non-council) ownership, then the provider qualifies for the income-related rent subsidy (IRRS) – and tenants need to qualify individually, too.
- The Government looked hard at whether councils should be eligible for IRRS, but concluded that doing so would subsidise rents for those already being subsidised through other means. There is nothing to stop councils from partnering with CHPs, however.

**Question:** The Dunedin City Council's housing stock in very good condition, and in the last five years the Council has been bringing it up to standard before building more. They are rented at below market rate, but the business has to break even (there is no rate payer subsidy) and the rental funds the maintenance and future building. While it is understandable that the Government would not want to subsidise tenants already paying below market rent, if those same tenants would qualify for IRRS if they were not in council housing, and if the Government were assured that the subsidy paid would be devoted to building more social housing, would that change its view on this?

**Response:**

- Some councils would be good at it, however some are very bad at it. The Government is concerned about councils getting further into social housing when many have been doing such a poor job (as the Government has been doing as well).
- We don't want our policies to be an incentive for most councils to grow their social housing portfolios when they may not be able to do so sustainably.

**Comment:** Social housing and affordable housing are a continuum, but often get conflated. Social housing is a bedrock to social change and the Government gets best value from this in long-run. We are not hearing acknowledgment that offering houses and employing social workers has costs for CHPs, but lowers the Government's costs in long-run.

**Response:**

- The Government is looking at social investment over a range of portfolios. There is some great collaboration – better than ever before – but it needs to get better.
- Communities are driving this. Government is structurally unable to get significant change if it is all run from above.
- There is now better access to data. The numbers of people on welfare is going down – with the lowest numbers of sole parents on benefits in 22 years – because of the way we put investment alongside them. The Government has spent millions more putting support around them, more childcare assistance, training to up-skill and understanding them as individuals.
- Rotorua is an example. Ten percent of kids in Rotorua have a parent who has had a custodial sentence. 500 families have spent 75% of their lives on benefits, and have a parent who has been in jail and has had a CYF notification. These are key indicators, and now we know about these better.
- Will the Government purchase a range of social services alongside housing? We have the ability to look at evidence now on what's working and change if it's not.
- For these proposed housing transfers we still need to get basic issues sorted out – valuations and the condition of the houses, for example – and then it's easier to evolve the rest of it. We want to develop the real-estate part, and then we can start looking at integrated services. We will get to a point where the Government is fundamentally contracting for the tenant long-term.

**Comment:** There is an oversupply of state houses in some areas, and this could lead to opportunities for tenants to purchase or HNZN to sell as business-as-usual. In the Queenstown area, the average state house is worth \$500,000 and while most tenants are paying market rent, they cannot afford to pay that much. We don't want HNZN to sell houses before it can assist people to move towards housing independence.

**Response:**

- The original advisory group structured its whole report around the housing continuum – this is where we want to get to. Over time this is how we see it evolving. The Cabinet papers we have released from December talk a lot about this continuum.
- Queenstown is unlikely to feature in early transactions.

**Comment:** We are concerned about housing for disabled people. There's a real deficit of accessible housing, especially for those with mobility impairment.

**Response:**

- This very much about assessment: who gets on the housing-needs register and how available housing is allocated.
- We should always be questioning whether the assessment criteria is appropriate. Disability is certainly a factor. In some cases, owners will have to spend tens of thousands of dollars modifying houses, and it makes sense that those tenants have long-term security of tenure.
- The Government may need to pay more to accommodate people with disabilities, because the houses will cost more and the Government wants to provide that support.

**Comment:** I have heard that disabled people have been evicted from HNZC properties.

**Response:**

- This is just not correct. There is a process for reviewing tenancies. If a tenant is paying market rent, in certain circumstances the Government is reviewing their tenancy. So far, 40 have moved on (and four of those have bought own home). This is a long and thorough process.

**Question:** Have you thought of offering homes to tenants?

**Response:**

- Yes, and there are good examples of this already happening through HNZC business-as usual-sales. HomeStart, which begins on 1 April will help, and HNZC can offer a \$20,000 grant for the same purpose. The number of sales has been relatively small (around 150). To be fair to HNZC, they have not felt that they had political support for this until recently.

**Question:** My HNZC house has quite a few repairs that need doing, and HNZC just patch everything. If I were offered the house to purchase, I would say no because there is too much maintenance. Why not spend money on existing homes, fix them up to proper standards, and then sell them on?

**Response:**

- HNZC has a \$1.2 billion deferred maintenance liability, and some houses are not done up properly. HNZC has done a reasonable job on average across the country – but over the years has got mixed messages from government on these issues.
- As part of the transfer process, we will need to have very good information about property condition. Anyone wanting to buy will ask exactly this question and purchasers will want to see properties.

**Question:** Some long-term tenants (eg, people with disabilities) do really well with the right community support, and don't need much in the way of housing management. Could providers use the cost saved on management to put towards buying property?

**Response:**

- We still don't have good information about the cost to serve individual tenants. HNZC estimates that 20% of tenants generate 80% of maintenance costs. HNZC has average, but not more specific data. We want to ensure providers have the resource they need: some tenants are undermanaged and others have a low cost to serve.

**Question:** One of the intentions of the co-housing development in Dunedin is to create a stable co-operative community. Could this include social housing?

**Response:**

- In principle, housing co-operatives can include social housing. This is actually how retirement villages work. The Government subsidises hospital services, and then houses are built around them and the residents are charged.
- There are a number of developments at the moment where a proportion of the houses are getting IRRS. We need to evolve the system to allow more people to access IRRS.



**Question:** In an ideal world when HNZC disappeared, what role should the Government have in social housing? Seems like the Government really wants communities to change.

**Response:**

- The Government absolutely has a role in social housing, and will own homes through HNZC. But we do see a greater role for CHPs and we believe in them.
- Even when other parties own social housing, the Government is responsible for 100% of the rent, so we are fully involved. The Government has big investment in people (for example, people coming out of jail and their families) and needs to look at life courses and get much more active about where we are intervening.
- One factor in recidivism is the lack of social housing, and another is the under-provision of mental health services – housing is therefore a component. Government is always going to be significantly involved and we want to be more individualised and effective.

# Public Engagement on Social Housing Reform Programme

Public meeting No. 6 – Pipitea Marae – Wellington – Thursday 12 March 2015 – 10.30am

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## Notes from the question-and-answer session

**Question:** The Government has said that it will preserve the rights of tenants that will need to move. Did you preserve the rights of tenants in Glen Innes?

**Response:**

- There has been tension in Glen Innes. The way the process was approached reflected a culture where tenants were not regarded as really important to what going on. A lot has been learned through this process.
- In the upcoming transfers, the tenant/landlord relationship has to be preserved. There will be some changes for some people, but the Government will respect the rights of tenants.
- Change is necessary to address some of the current problems in the system.

**Question:** I know there will be discussions with iwi, but what about situations where local iwi and hapū don't own the specific land the houses are on but still have an interest in the proposals?

**Response:**

- This will be a real challenge. More and more people will see that there are opportunities, but the focus will be highly localised (eg, hapū in particular area).
- There are also many small providers. It will take the Government some time to adapt to this type of aspiration.
- Don't worry that things are happening that you don't know about. This process will take quite a bit of time, and the Government needs to do a lot of listening and learning. The Government has been surprised about the range of ideas and aspirations that are coming through.

**Question:** How will you deal with the difference between the book value of houses, and what CHPs think they are worth?

**Response:**

- The Government needs to go through a price discovery process through the market to meet the auditor general's requirements. This is why the initial transactions will be competitive market transactions.

**Question:** Is there going to be a strategy helping Maori in rural parts of the country to assist others?

**Response:**

- Most Maori organisations involved in the Social Housing Reform Programme will go through the mainstream process and their needs will be met that way. Over the years there have been many schemes for Maori housing in rural areas. The Government has learnt from this and is designing a process to meet multiple needs.

**Question:** The Government has said that there are too many people in the wrong size house and also that there is a need to encourage tenants to move to independence. The problem is that moving tenants into the private sector creates risk. To avoid this we need to build houses, and not sell the current stock.

**Response:**

- The Government agrees that housing supply needs to increase. This is the driver behind our policy to work with councils and get them to understand that we need more houses.
- Regarding the Social Housing Reform Policy, the Government is the biggest land banker in New Zealand and uses its land inefficiently. Part of the policy is to get better services for tenants while also freeing up land for development.

**Question:** How will the Government ensure that Whanau Ora has a role in its social housing policy?

**Response:**

- At the moment the Government has structured Whanau Ora to provide opportunities to schools, hospitals and WINZ.
- This is a different way for Government to focus on people, communities and families and the services they need.
- The Government will make more progress in the next few years.

**Comment:** Pacific housing providers are few and far between. This is also an opportunity to help Pacific providers build capacity, given that 70% of our people are in social housing stock.

**Response:**

- A better mix of providers will do a better job of enabling tenants to get ahead. For many, the current mix doesn't work.
- At the moment, the Government getting ready for some initial transactions. Over time, it is likely that providers with a specifically Pacific focus will want to get involved.

**Question:** Can those bidding determine the size of the transaction, or will it be fixed?

**Response:**

- The size of transactions is a trade-off.
- If we try to do too much then that will create uncertainty.
- Don't worry if first transaction doesn't suit your organisation, because later on we can start making more complicated choices.

**Question:** Can you please provide us with an update on the tax exemption for CHPs, as this is an important issue?

**Response:**

- The Charities Services division of the Department of Internal Affairs has an independent definition of what amounts to a charity (the definition is 400 years old).
- We have had some difficulty resolving the tax issues.

- Paula Bennett and Todd McClay are working on this, and are getting very close to resolution.
- The solution may not be perfect, but the Government understands the need for certainty. In the next couple of months an answer to this will probably become clear.

**Question:** The information releases are a positive step and they should continue in the long term. How might the IRRS and capital grants work together? We've seen a big shift from capital grants (which delivered most new social houses), but the IRRS might not be enough. There was a \$10 million allocation in Budget 2014, but what is the amount going forward?

**Response:**

- This is an issue of valuation and what works in which markets. There will be different solutions in different places.
- The Government is only just starting to understand the challenges in the high-value markets. The Government gets about 1% on capital in these areas and a landlord will need more than that.
- The difference will need to come as either shifts in the income stream or capital value. The Government is still working through this.
- Social Housing Unit funding cost a lot and we are looking for more sustainable ways to help develop CHPs.

**Question:** In Porirua there are problems with unscrupulous landlords who don't look after properties. What safeguards will be in place to prevent this for property developers?

**Response:**

- This is a generic problem, and the main issues are health risks and poor standards.
- With regards to the Social Housing Reform Programme transactions, anyone wanting to participate has to register as a CHP and that means they will be screened and monitored.

**Comment:** If we want to learn from history, we need to recognise that communities know the answers to taking care of their own families.

**Response:**

- Part of what the Government is doing with housing, alongside other things, is trying to understand community providers better, give them more opportunities to show their aspirations, and adapt the systems to suit.

**Question:** Nelson-Tasman is the third least affordable region in the country. We understand a focus on Auckland and Christchurch, but the provinces have many issues as well.

**Response:**

- Nelson chooses to be expensive; it's not a state of nature.
- Councils write rules that make it really hard to increase the number of houses.
- Councils need to allow cities to grow, because the net incomes of low/middle income households in Nelson are being driven down by the Council they have elected.
- If this wasn't happening, there would be less need for the Government to close the gap.
- This is how you can help, by being clear with elected councillors that their planning laws drive up housing costs.

**Question:** Is there a shared living/boarding house option that is eligible for IRRS, or does it just apply to single dwelling?

**Response:**

- The Government is getting propositions like this. An example is Abbeyfield, which offers collective living for older people with some shared facilities and own rooms.
- The Government is going to change the legislation to enable more flexibility about what an IRRS can be, because at the moment how it is calculated is very rigid. The changes will also allow MSD to contract for continuing IRRS, even when a property is vacant.
- MSD has been in the market in Auckland for 300 IRRS places to explore options. There has been an impressive array of responses on how things would work for particular groups of tenants. We're seeing a lot of innovation.

**Question:** We are working with CHPs to consider funding solutions for the proposed transfers. One of the questions we have is what happens if demand changes for particular stock? Would restrictions on its use change?

**Response:**

- This is a trade-off. Our political critics are saying that if you sell a state house, then there will be less social housing unless the sale includes a lot of rules requiring it stay as a state house.
- Buyers will be much better at understanding value at a granular level than the Government. For example, they may know that if you sell three and buy three more in a street closer to the school then this would meet families' needs better. HNZA do their best, but get relatively small change.
- The Government's preference is to have the sales less encumbered so that CHPs have more flexibility. Tenants need security, but there should also be flexibility to find better options.
- This is part of why the transactions process is mapped out to take 9-12 months – because we need to work out what this will look like.
- If the transfers don't improve flexibility – then the process is just replicating HNZA. If CHPs can show solutions that are flexible, but continue to meet needs of tenants, then they need to let the Government know by participating in the transaction process.

**Question:** If there are 5000 people on the waitlist, and more people waiting for a transfer, how will the proposed increase of 3000 housing places over 3-4 years really address the housing crisis?

**Response:**

- That's a fair point about whether it is enough. The Government is saying here is a better way to get places faster. We're aiming to get the 3000 extra IRRSs in place first, and then we can discuss whether there are more needed.
- We may find that it is possible to solve people's housing issues without social housing, and that would enable them to get their lives back on track.
- Once the additional places are available, we'll have a better ability to get an answer to you question.

**Question:** How are you calculating the need for houses? We hear that 34,000 people are in insecure housing.

**Response:**

- MSD's purchasing strategy, which will be released soon, is designed to get feedback about where needs are.
- The Government's first response is, let's get 3000 more IRRS places and get tools in place enabling it to be more flexible.
- But all parties know that the supply of housing available for low/middle income New Zealanders is too limited. This is one constraint of the policy: if we go to market for 3000 IRRS in one go, there are actually a very small number of houses available.
- Twenty years ago, 30% of houses being built were in lowest quartile of prices. This now about 10%, and in North Shore it is zero. Planning rules and consent/building costs have choked supply of lower cost housing.
- This why the Government has (for three years) developed legislative tools and had discussions with councils to improve planning laws. Council planning laws are a disaster. An apartment in the middle of Auckland costs \$800,000, and it's of such poor quality that the Government wouldn't put its tenants in. The Government is trying to fill the gap between different theories of urban development, and the reality of low and middle income households who can't get access to affordable housing. If we can change planning laws, there won't be such a big gap.

**Question:** If a CHP was to build a business case, would the IRRS-type negotiation help with getting bank loans/getting investment?

**Response:**

- A bank will ask about how guaranteed an income stream is.
- Where three years ago banks didn't know what social housing was, banks now have specialists who working out how to do this.
- The Government doesn't want to set up the sector in an unsustainable way. CHPs being sustainable is how tenants' needs will be met.

**Question:** How do you see the Crown working with local government?

**Response:**

- The Government is not going to do the same as in the past. We don't want to do business with people who can't look after houses. That's why we've said that houses need to have 51% non-council ownership to qualify for IRRS. At present, councils want to charge below market rents, and then paid through ratepayers.
- Much of local government housing is of poor quality. Councils do have a lot of one-bedroom stock, but they're not used to having IRRS tenants.

**Question:** Do you think it is time to have a 10-20 year social housing strategy to provide certainty?

**Response:**

- We are at beginnings of this. It is hard to shift thinking when we still have so much to learn about how to do better at meeting people's housing needs. But the bones of it are there – MSD's purchasing strategy, the investment analysis work – and this will make what is needed in the next 10-20 years a lot clearer.
- The Government does need to get out of annual, chaotic budget system, which is not ideal for tenants or providers.

**Question:** When you have zero-hour contracts, and demands going up, no increase in wages – taking state housing away is the final step for poor people – do you agree?

**Response:**

- I don't agree. A lot of poor are trapped by a misery industry. Too often the focus is on getting cash for programmes. Programmes need people to have problems.
- We want to focus on getting people out of problems. The Government wants to be able to say it is spending less because the problems are fewer.
- Instead of servicing vulnerability, we want to reduce it. And one way is to change the way the Government delivers its support to those in the greatest housing need.