

# Affordable housing – a focus on Māori issues



## E ngā mana, e nga reo, e nga karangatanga maha, tēnā koutou.

This document highlights the Commission's findings and recommendations most relevant to Māori aspirations for warm, safe, healthy and affordable housing – rural and urban, on general or Māori title land.

A house is more than just a roof over our heads – our homes are where our whānau gather, and housing is important for our health and well-being, and for the development of tamariki.

For many Māori communities, housing is valued more for keeping whānau connected to land, tradition, tūpuna, and whanaunga, than as a financial investment. This is not to say that Māori are never interested in housing for financial reasons, but housing solutions for Māori will sometimes need to be different, particularly in areas of traditional settlement.

The aspirations Māori have for housing are challenged by the lower household incomes and lower financial literacy of many Māori. Financial literacy education was emphasised to the Commission as an important part of any solution to Māori housing needs, especially if a community development approach is taken.

It was emphasised to the Commission that the social and cultural resources Māori have are as important as financial resources, and that in combination, these could enable Māori to overcome the barriers they faced to affordable housing solutions. The Commission is persuaded that this is a realistic approach.

## Rental issues

Lower income renting households spend on average more than 30% of their income on housing, and have done so for a long time.

There is evidence that housing quality issues such as dampness, poor sanitation and thermal inefficiency are more prominent in rental housing, and inquiry participants raised concerns about the short duration of tenancy agreements. People who enter retirement while renting may face financial hardship.

There are no obvious options that would significantly improve outcomes for renters because attempts to regulate quality are likely to increase rents or decrease the supply of rental housing. A more viable strategy is to:

- focus on those things that will improve the affordability of housing across the board, which would make it easier for renters to become homeowners while also mitigating the pressures for rent increases;
- have a targeted social housing programme to assist those in the greatest need.

The Commission did consider the case for a capital gains tax on housing, but the tax advantages attached to housing are not as large as often claimed. A capital gains tax on rental housing could be passed on to tenants through higher rents.

## State and community housing

Because Māori are the largest tenant group in state housing, Māori are disproportionately affected by changes in how the state housing stock is managed, or redeveloped. The experiences and aspirations that Māori groups shared with us have in part formed the Commission's thinking on how state housing redevelopments could be undertaken (discussed in chapter 12 of the full report).

The current reform programme is based on making the best use of limited government capital. It presumes that people and families can be reallocated amongst the housing stock relatively flexibly. However, social housing is best thought of as a contribution to a complex set of social needs that typically occur in clusters. The current approach to reform is not always in harmony with the desires of communities for stability and continuity, which are often essential for addressing the needs of families requiring social assistance. It may disturb the social relationships that underpin families and local communities in areas of high state housing concentrations and undermine the social objectives of providing state housing (especially where families have multiple needs besides housing).

A stronger focus on community might deliver better social outcomes. Transferring housing stock to the community housing sector would increase the likelihood that the interests of current and future residents would be better balanced in decisions about redevelopment. Community housing organisations in other countries have shown that they can deliver better outcomes to tenants than governments, council housing departments, or private landlords. They can offer a complete “wrap around” package of support that extends beyond the provision of housing into other needs of the client households. In many countries this has been achieved through the large-scale transfer of council or state housing to housing associations. In New Zealand, some iwi and Māori community groups would be good candidates for these transfers.

## House prices and homeownership

Far fewer houses in lower price brackets are being built these days. Council restrictions on urban expansion, high charges for infrastructure (for connections to water and sewerage) and financial contributions under the Resource Management Act make land for housing expensive. Auckland is one city where these constraints have heightened house prices and rents.

There is an urgent need to increase land availability, to ease supply constraints and price pressure, particularly in Auckland, where section costs now account for around 60% of the cost of a new house, compared with 40% in the rest of New Zealand. The increase in the value of land will also have driven up the prices of existing houses, making it more difficult for everyone, including the many Māori who live in Auckland, to move into homeownership.

Getting innovative use of new or traditional materials approved as a way of complying with the building code can be difficult and time consuming and building consent authorities have become very risk averse in their approach to building consents in the wake of leaky building syndrome. However, the MultiProof building consent for volume building of standard designs shows some promise.

Housing affordability also includes on-going maintenance costs. There are particular challenges with the quality of rural housing in the regions that have high Māori populations. The Commission recommends that the Pūtea Taiwhenua (Rural Fund of the SHU) should be used to provide seed funding to organisations, using a microfinance lending approach, to address the quality of the rural housing stock.

## Housing on Māori land

The challenges of building homes on Māori land are well documented. Difficulties in using land as security for finance, zoning restrictions, getting agreement from shareholders in land blocks, poorly coordinated or communicated government responses, all feature prominently. Most of these challenges are not insurmountable. To get homes built on Māori land, public services, whānau, and finance institutions would all need to take action. In general, this doesn't happen because there are plausible reasons why another group, or someone else within the group, should act first. To address this:

- A team of Māori housing expert advisors, housed in a national agency like Te Puni Kōkiri or the proposed Whānau Ora commissioning agency, should be made available to Māori landowners with aspirations to build housing on their whenua, to guide them through consent processes.
- Whānau Ora facilitators should be trained to educate whānau about the options for management structures for their Māori land, and to play a role in developing plans for the use of Māori land for housing (where this is what the whānau wants).

- Te Puni Kōkiri, working with the Māori Land Court and private finance institutes, should develop options to adapt existing lending policies and precedents for private finance institutes to lend for building homes on Māori land. Private finance may become more readily available if accurate advice about the risks of lending on Māori land (and appropriate ways to manage those risks) was more readily available.

### Role for Whānau Ora

The Commission received a range of views about Whānau Ora as a vehicle for progressing the housing aspirations of Māori, some sceptical, some supportive. Chapter 13 of the full report identifies the role it could play, and what it would have to do to be successful. Whānau Ora is best placed to lead a lasting response to the challenges of building homes on Māori land. At an operational level, Whānau Ora can address Māori housing aspirations through helping whānau plan and through coordinating local public services.

As well, Whānau Ora can help draw together whānau to make use of their existing resources – social, cultural, and financial – to plan how they wish to achieve their housing aspirations. It can assist in coordinating the government response to these aspirations at the community level, in rural or urban contexts, on general or Māori title land.

To start the conversation, the Commission has reviewed three models to see whether they could provide the necessary security for banks to lend: trust guarantees, a financial options system, and mutual insurance schemes. Under the right circumstances, each of these shows some promise. As well, the Commission has reviewed two models of housing where there is an element of common ownership. These are licences to occupy (as used by retirement villages) and unit titles, under the Unit Titles Act 2010. Each of these models could form robust ways to manage housing on Māori land.

*Tawhiti rawa i to tātou haerenga atu te kore haere tonu, maha rawa o tātou mahi te kore mahi tonu.*

*We have come too far to not go further, we have done too much to not do more*

(Sir James Henare)