Office of the Minister of Housing and Urban Development

Chair
Cabinet Economic Development Committee

HOUSING AND URBAN DEVELOPMENT STRATEGIC DIRECTION, PRIORITIES AND DELIVERY APPROACH

Proposal

1 We have an ambitious housing and urban development programme to end homelessness, make room for growth in our urban centres, deliver more public and affordable housing, and create thriving communities. We have also committed to work with hapū, iwi and Māori groups to ensure that Māori have fair and equal access to housing and opportunities for home ownership. Other groups with poor housing outcomes such as Pacific peoples and people with disabilities will also be a focus.

2 This work programme is central to meeting many of our key priorities. Improving housing supply, affordability, quality and security is closely linked to achieving many of our key social goals, including reducing child poverty, improving mental health, and reducing prison numbers. Better urban development integrated with smarter transport and infrastructure investment is an essential element of improving housing supply and building vibrant and inclusive communities.

3 This overview paper sets out my high-level approach to delivering KiwiBuild and our housing, urban development and transport commitments. The purpose of this paper is to provide clarity on this Government’s direction in Housing and Urban Development and our progress against our public commitments.

4 This paper is lodged with companion papers on the Urban Growth Agenda, the Urban Development Authority and Housing and Urban Development institutional arrangements.

Executive Summary

5 New Zealand is experiencing a housing crisis, with direct implications for the performance of our urban areas and their contribution to New Zealand’s future. To address this crisis, my eight priorities are:

5.1 building affordable housing through KiwiBuild, to support the creation of thriving, sustainable communities that provide housing choices to meet a wide range of needs

5.2 establishing an Urban Development Agency with the appropriate tools, so our cities can make room for growth;

5.3 increasing public housing supply through the Budget 2018 Housing and Urban Development package;

5.4 ending homelessness, supported by additional investment in transitional housing and Housing First through the Budget 2018 Housing and Urban Development package;

5.5 progressing the Urban Growth Agenda to drive changes to the urban land and infrastructure planning systems;
5.6 modernising the residential tenancy rules to enable greater security of tenure and better reflect the contemporary housing market;

5.7 achieving equitable housing outcomes for Māori, with an immediate focus on addressing barriers to building on Māori land, ensuring Māori benefit from KiwiBuild, and improving rural and substandard housing. Other groups with poor housing outcomes such as Pacific peoples and people with disabilities will also be a focus; and

5.8 managing demand for housing.

6 Driving transformation of the construction sector and the building regulatory system is a critical enabler. The Minister for Building and Construction is seeking Cabinet agreement in principle to a construction skills strategy and cross-government action plan.

7 Delivering on these priorities will require two key system shifts

7.1 increasing central government’s investment in, and building of, housing and urban development; and

7.2 implementing policy, regulatory, investment and institutional settings that support the delivery of our priorities.

8 I propose that the group of Housing and Urban Development Ministers continue to meet regularly to drive progress, including with the Prime Minister. I will also make appropriate links with other portfolio Ministers, in particular Social Development, Disability Issues, Health, Employment, Workplace Relations and Safety, Corrections and Māori Development. I have appointed a Ministerial Advisory Group with sector experts, to support implementation of our housing and urban development agenda.

Our Priorities in Housing and Urban Development

9 The Independent Stocktake of Housing confirms that New Zealand is experiencing a housing crisis, with direct implications for the performance of our urban areas and their contribution to New Zealand’s future. The poor performance of our housing market affects people’s ability to participate fully in society and in the economy.

10 Demand for housing has been strong in recent years, driven by factors such as high net migration, low interest rates and decreasing average household size (in most areas of New Zealand). The effects of the tax system in a rising market have also boosted demand. Improving the responsiveness of supply is the key to sustainably restraining high prices. However, given the timeframes for supply measures to take effect, measures to reduce housing demand can play a useful additional role.

11 The housing crisis has many causes. In particular, our broken infrastructure and tight planning rules create an artificial scarcity of land and the conditions for land-banking. The construction sector is unable to respond to demand in the housing market due to its relatively small scale, low productivity, and vulnerability to economic cycles.

12 All individuals, families and whānau should have healthy, secure and affordable homes that meet their needs, within thriving, sustainable communities which provide access to jobs, education, amenities, services, and which help us meet the Government’s commitment to reducing greenhouse gas emissions and ensuring resilience against future climate change.
This will require a number of significant changes as well as significant investment. Our regulatory, institutional and funding settings need to enable the growth of these communities. The way we invest in and plan for housing, urban development, infrastructure and transport needs to be integrated and ensure efficient use of land and resources, and competitive markets. We need a productive and skilled residential construction sector that uses innovative building techniques to deliver at the scale and pace required.

To address this crisis, I have eight priorities (as listed in paragraph 5). I have included a summary of our programme to achieve these priorities in Appendix One.

To achieve these priorities, we need two big shifts from the way government has traditionally operated:

15.1 Shift one: increasing central government’s investment in, and building of, housing and urban development

15.1.1 Investing in additional public housing, 550 additional Housing First places and delivering on the target of 2,155 transitional housing places;

15.1.2 Kiwibuild, discussed at paragraphs 20-40 below;

15.1.3 support for new progressive home ownership and shared equity schemes, to support lower-income households (including Māori) into Kiwibuild homes;

15.1.4 better transport investment is being addressed in the Government Policy Statement on Land Transport 2018, to improve access and support higher-quality urban growth — in particular through the Auckland Transport Alignment Project update, Auckland Rapid Transit Network, and investment in regional rail.

15.2 Shift two: implementing policy, regulatory, investment and institutional settings that support the delivery of our priorities

15.2.1 the establishment of an Urban Development Authority to consolidate and focus the Government’s development expertise and undertake transformative, large-scale urban development projects (also a key Kiwibuild delivery channel);

15.2.2 system-level changes to our urban planning and infrastructure investment settings through our Urban Growth Agenda (UGA) discussed at paragraphs 69-76 below;

15.2.3 Improvements to our building and construction regulatory system, including improving consenting processes, supporting use of more innovative and productive building techniques and materials, and addressing issues with the liability system;

15.2.4 a Construction Skills Strategy to help ensure we have the skilled construction workforce that we need to meet both our target of 100,000 Kiwibuild homes, and the larger construction and infrastructure task ahead of us;

15.2.5 improvements to our residential tenancy system, to make life better for renters through greater security of tenure;

15.2.6 investment in growth-enabling urban infrastructure through the Housing Infrastructure Fund and Crown Infrastructure Partners; and

15.2.7 Managing the demand for residential dwellings, discussed in paragraph 89 below.
Communicating the Government’s housing strategy

[Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982]

Our programme

19 The elements of the work programme identified above are all inter-dependent: they need to be delivered as a package and adhered to consistently over time to deliver enduring change alongside short-term responses.

20 For example, landowners and the development sector will not unlock new urban land, or realise urban redevelopment opportunities without regulatory and investment settings that discourage speculation and encourage action — delivering KiwiBuild sustainably within the existing $2 billion envelope will be dependent on the UGA and other work programmes driving these changes to the urban land and development market.

(1) Kiwibuild

21 Our actions through KiwiBuild and the work of the Urban Development Authority will be focused on those components of the housing and urban system that are currently under-supplied. We will focus on:

21.1 facilitating and delivering new housing at price points in the lower quartile (currently only five per cent of new houses are delivered nationally, compared to around 30 per cent in the late 1980s1);

21.2 delivering smaller, more efficient dwellings, given that the average size of new dwellings has increased by more than 50 per cent since 1989 despite declining average household size;

21.3 delivering the much-needed medium and higher-density housing that will provide more opportunities for households to live in high-amenity, well-connected urban centres; and

21.4 development locations that align with existing and planned infrastructure investment, areas of high need and demand, and where the Crown has under-utilised land.

1 In 2017, the lower quartile sales price in Auckland was $650,000, compared to $395,000 in Bay of Plenty, $374,750 in Waikato, $400,000 in Wellington, and $343,000 in Canterbury ($353,000 nationwide) — REINZ data
In order to be successful in achieving our goal of 100,000 affordable homes in the next ten years we need to adopt a range of delivery levers and approaches. We need to pursue immediate opportunities (get quick wins), repurpose and reshape legacy delivery channels, all while laying the groundwork for more enduring organisational and system change.

In December 2017 Cabinet agreed that the KiwiBuild Unit would take a multi-pronged approach involving five key levers:

23.1 Identifying and leveraging opportunities to procure KiwiBuild dwellings via existing government-led housing initiatives on state housing land, such as those being undertaken by HNZC, its subsidiary Homes Land Community (HLC), and the...

23.2 Acquiring and packaging up other vacant and underutilised Crown-owned land, as well as land purchased from the private sector and others, to iwi and developers for the delivery of KiwiBuild dwellings alongside other products and tenures (the Land for Housing Programme);

23.3 Purchasing (or underwriting) new homes off the plans, to de-risk suitable developments that the private sector or others are leading in order to overcome finance barriers, facilitate a more affordable housing mix, and accelerate construction;

23.4 Undertaking due diligence and making early progress on approximately five of the signalled 12 to 15 major greenfield and urban regeneration projects that could be progressed by the Urban Development Authority once established; and

23.5 Investigating innovative approaches to addressing current constraints within the development sector, including alternative finance approaches and construction methodologies.

Further detail on these levers is outlined in the table on the following page.

It is important to recognise that specific development opportunities may utilise a number of these levers. For example, within a large-scale opportunity area the UDA may underwrite development on private land, redevelop sites of existing state housing, and re-purpose other Crown land in partnership with iwi and others, as well as access special development regulatory powers if required (subject to the final decisions on my Urban Development Legislation (UDL)). For some opportunities the UDA may be the lead delivery agency but may not need any access to the UDL powers if there are already permissive land-use rules and simple land ownership structures in place. Conversely, the UDA may also apply its UDL powers to projects where it is not the lead delivery agency.

A core feature of the programme will be flexibility to test new approaches and ‘see what works’. This includes flexibility across all the levers to shift the incidence of development and sales risk between the public and private sector depending on prevailing conditions, in order to ensure a steady pipeline of supply over the 10 years of the programme. To achieve our objectives we need to be prepared to take some risks, and push beyond the tried and true. We are trying to create transformative change and so need to be adaptive in order to find the best approach for different situations.
<table>
<thead>
<tr>
<th>KiwiBuild Channels</th>
<th>Regenerating Housing New Zealand Land (HNZC, HLC)</th>
<th>Land for Housing Programme</th>
<th>Buying off plans (underwriting)</th>
<th>Large scale development via UDA</th>
</tr>
</thead>
</table>
| Overview          | • Utilising existing land owned by HNZC & HLC for small-scale infill and larger-scale urban regeneration, mostly in Auckland.  
• Mixed developments - public housing, KiwiBuild, market housing, and non-residential – integrated with investment in rapid transit.  
• Will require consultation and partnership with local government, existing communities and tenants.  
• Leverages existing balance sheets to deliver KiwiBuild and public housing outcomes. | • Acquiring and on-selling vacant and underutilised Crown-owned land, as well as land purchased from the private sector and others, to developers for the delivery of KiwiBuild dwellings alongside other tenures.  
• Mixed developments - public housing, KiwiBuild, market housing, and non-residential – integrated with investment in rapid transit.  
• Partnering with private sector and LHI in order to deliver KiwiBuild outcomes.  
• Leverages private sector and LHI capital to deliver KiwiBuild outcomes. | • Purchasing (or underwriting) new homes off the plans, to de-risk suitable developments that the private sector and others are leading, in exchange for accelerating a greater number of homes at affordable KiwiBuild price points.  
• Immediate opportunity to leverage existing investment, where the design and planning is largely complete.  
• De-risks private sector investment to leverage KiwiBuild outcomes.  
• Will support multiple smaller-scale developments, but in aggregate will be a key delivery lever for large-scale UDA-led projects. | • Establishment of an Urban Development Authority that will consolidate and aggregate the Government’s urban development efforts.  
• Greenfield and brownfield mixed-use developments (public housing, KiwiBuild, market housing, and non-residential) integrated with investment in rapid transit, and undertaken in partnership with local government, LHI and private sector.  
• Initial large-scale opportunities (beyond those already being progressed by HNZC, HLC and TRC) will be investigated by KiwiBuild Unit.  
• Early opportunities for this approach include the central Manukau redevelopment in partnership with Auckland Council.  
• The UDA will utilise a range of delivery and investment levers.  
• For some complex developments, the UDA will have access to cut-through statutory (Urban Development Legislation) powers to accelerate development, provide infrastructure and capture value. |
| Lead delivery agency | HNZC, HLC | KiwiBuild Unit in MBIE (then UDA) | KiwiBuild Unit in MBIE (then UDA) | UDA |
| Anticipated KiwiBuild yield over 10 years | 8 - 10,000 | 2-3,000 | 13,500 – 35,000 | Will deliver the balance of total KiwiBuild yield in order to meet 100,000 target |
| Timeframe for initial delivery | 6-12 months | 6-12 months | 6-12 months | ~18 months |
| Location | Mostly Auckland, High growth areas | NZ-wide focus. High growth areas | NZ-wide focus | Mostly Auckland, but potential elsewhere |
27 The KiwiBuild levers outlined above are intended to leverage private and other capital to ensure delivery of a diversity of housing tenures, including market housing, rental and public housing, in each development. This means that the KiwiBuild investment will catalyse a much greater quantum of supply than the targeted 100,000 affordable homes. This is essential for creating diverse, thriving communities and for ensuring a well-functioning housing and urban development system.

28 Without this feature, and without pathways that prioritise partnership and ensure the rapid recycling of KiwiBuild capital, it will not be possible to achieve our supply objectives.

*The Land for Housing programme is in full swing and work is underway to identify large-scale opportunities*

29 In December 2017 Cabinet agreed to establish a KiwiBuild Unit within the Ministry of Business, Innovation and Employment (MBIE) [CBC-17-MIN-0055 refers]. This is an interim measure pending the establishment of the Urban Development Authority as the long-term delivery agency for the Government’s housing and urban development programme. MBIE has drawn on its policy, procurement and commercial capability to fill some positions in the KiwiBuild Unit. A permanent head has recently been appointed and MBIE is recruiting for the remaining vacancies.

30 The KiwiBuild Unit has been focusing on progressing new at-scale development opportunities through Land for Housing, an expansion of the previous Crown Land Development Programme [CBC-17-MIN-0100 refers]. The Government recently announced the purchase the 29.3 hectare Unitec site in Mt Albert, which has potential to deliver 3000 or more homes in a highly sought-after and accessible inner-urban location [CAB-18-MIN-0077 refers]. This demonstrates the step-change in scale and focus that we are now bringing to government development efforts.

31 Officials are also working with Panuku to identify possible partnership opportunities, especially in areas where we could leverage Council-owned land.

32 I have also asked my officials to begin investigating opportunities to progress large-scale urban development projects while we make policy decisions for the urban development legislation. They have undertaken a high level assessment of a number of sites in Auckland, the Waikato, Tauranga and Wellington to assess whether background work could be progressed in the short term. Officials have assessed these sites against the following set of criteria:

32.1 **Scale**: potential to support a large number of dwellings relative to demand in the area (number of Kiwibuild homes would be determined through planning and contracting)

32.2 **Demand**: city/region facing housing pressure due to current or forecast growth; demand for specific price points/density/location

32.3 **Pace**: initial homes delivered within 1-10 years/longer term potential

32.4 **Practicability**: relative ease of delivery, taking into account known risks/constraints/dependencies

32.5 **Government additionality**: relevant Kiwibuild streams - (1) “buying off the plans”, (2) acquiring land for development, (3) leading/co-leading development, using UDA powers
and coordination across government to shape what gets delivered. Other investment – e.g. infrastructure.

33 In the medium to long term, when the urban development legislation is in place, I see these developments occurring in inner city locations, along transit corridors and in greenfields where the land is privately owned. However, initial assessments have indicated that the large scale development efforts should be urban regeneration and intensification opportunities where the land is predominantly owned or controlled by the Crown (or Crown and Council). The Government’s ability to influence the shape, nature and pace of development will be greatest where it has a high degree of control. Locations where a large proportion of land is under Crown/Council control, demand is strong and practicability is relatively high are likely to present good opportunities to deliver affordable homes in the short to medium term.

34 I anticipate that these sites would be similar to Unitec. I am working through the detail of further potential sites for both purchase and large scale development. Initial opportunities to progress background work are in Auckland city, Manukau and Tauranga. Over time these developments will take place in and around Auckland and in other high growth areas.

35 Officials will begin due diligence, business case development and, where appropriate, procurement processes to test initial assumptions about the full potential of possible locations, and the likely pace and phasing of development.

36 I will come back to Cabinet with these for approval in due course.

The high-level policy framework for Kiwibuild and the buying off the plans initiative has been considered by Cabinet

37 Cabinet agreed that MBIE and the KiwiBuild Unit are also responsible for overall KiwiBuild policy development and monitoring, including defining what a KiwiBuild home is and developing eligibility criteria for prospective purchasers.

38 Officials have provided me with early advice on these matters, and Cabinet agreed on key high-level considerations. These early decisions were important for ensuring we can engage with the market in a clear and timely manner. Our prospective development partners will need clarity about the definitions and eligibility requirements for KiwiBuild if they are to support us to deliver the new supply we are seeking.

39 As the Cabinet paper has been approved, MBIE is currently out in the market seeking interests. We expect the first few announcements to be in June and July 2018.

We are ready to start communicating delivery

40 We successfully announced the Unitec acquisition on 25 March 2018. At this launch we unveiled the Kiwibuild branding and announced that Kiwibuild is underway.

41 We are putting in place a series of public announcements from May 2018 when the Budget process is completed and the initial capital appropriation is confirmed.

(2) Urban Development Authority/Housing Commission

42 Work is also progressing to establish an Urban Development Authority, a public entity with cut through planning and other statutory powers, which will eventually drive the delivery of the KiwiBuild Programme and undertake major urban development (both greenfield and
revitalisation) projects. A companion paper with more detail accompanies this paper, and the housing institutional arrangements companion paper explores options for the form of the Housing Commission.

43 The UDA will drive the delivery of 12-15 large-scale development projects, in partnership with the private sector, local government and/or iwi/Māori. These projects are likely to be large, complex developments seeking a range of social, environment, commercial and urban development outcomes, including a mix of public, affordable and market housing.

44 The UDA will be able to play the key strategic role identifying, prioritising and coordinating the various development projects required to deliver KiwiBuild, and to realise the Government’s other commitments, including to public transport and light rail.

45 Urban Development legislation, which establishes the new entity and corresponding powers, is likely to be introduced by the end of 2018, and enacted in the second half of 2019.

(3) Increasing public housing

46 We have made commitments to build more public houses and take serious action to end homelessness, as well as ensuring that public housing (and private rentals) are warm and dry.

47 We need to be more ambitious than simply maintaining the current levels of public housing and support. As at 31 March 2018 there were 66,582 public houses but 7,890 households on the housing register. This is the highest register level since social housing system changes were implemented in April 2014. The proportion of people on the register who are assessed as high priority continues to increase, as does the proportion of people who are in insecure accommodation or are homeless.

48 The HUD Budget package supports key government priorities and the commitments we have made. It includes funding to both enable continued delivery of services and support at current volumes, and to enable us to do more and deliver on our commitments to New Zealanders. The package will deliver over 6000 additional public houses over the next four years.

49 This additional public housing supply will be delivered significantly by HNZC. However, I have also asked officials to explore ways of growing provision of public housing and subsidised private rentals by the community housing sector, local government, churches and iwi. A broad range of funding, finance and regulatory options will be explored, with a particular focus on delivering value for money, options for accessing private sector investment and building a partnership-based approach with providers.

(4) Ending homelessness

50 As at the 2013 census (the most robust data currently available), around 41,000 people were homeless according to the broad official Statistics NZ definition. This includes those in temporary accommodation, sharing with a household, or in uninhabitable housing, as well as those sleeping rough. Homelessness is likely to have increased since 2013 as housing affordability has declined. Māori are overrepresented in the homeless population.

---

2 The official definition of homelessness, developed by Statistics New Zealand, MSD and Housing New Zealand Corporation (HNZC) is: living situations where people with no other options to acquire safe and secure housing are without shelter, in temporary accommodation, sharing accommodation with a household, or living in uninhabitable housing.
There are limitations with our current measures and gaps in the data collected on the homeless population, which create challenges in responding to homelessness. I am exploring steps to get more accurate and regular data that will help us better understand and respond to homelessness. I will update you as this work progresses.

Housing First is targeted at people who are chronically homeless (ie have been experiencing homelessness long-term) with multiple and complex needs. Housing First is relatively new in New Zealand but there is strong overseas evidence of its effectiveness and cost effectiveness when closely targeted – particularly in comparison to likely alternative outcomes of repeat hospitalisations and prison spells.

My Budget 2018 HUD package includes cost pressure funding for the delivery of the Housing First expansion to Auckland, Wellington, Christchurch and Tauranga which was agreed through Budget 2017. It also includes funding for an expansion of a further 550 places to regions of high need outside the main centres.

Transitional housing (with associated support services) can be operational more quickly to meet immediate housing needs than building additional state and public houses. Some transitional housing will always be necessary for short stays while a suitable public house becomes available. My preference is to invest in public housing rather than transitional housing wherever possible, and over time to reduce the need for transitional housing. However, my Budget 2018 HUD package includes funding to enable MSD to meet the previous Government’s target of 2,155 transitional places by mid-2019.

Ensuring housing services are available to those in need this winter

Our immediate priority is to ensure that vulnerable New Zealanders can access housing services and there is adequate supply of safe, warm and dry accommodation this winter.

Cabinet has approved my proposed Winter 2018 response [SWC-18-MIN-0015], which was announced on 4 May 2018. Winter 2018 is a short term intervention, while we fix the housing crisis. If we are serious about ending homelessness and ensuring that vulnerable people have adequate housing that is safe, warm and dry, then building new public houses is critical (alongside reforming the private sector rental market and building affordable housing).

To put extra housing places and supports in place, MSD is:

57.1 bringing forward part of the expansion of Housing First and securing additional transitional housing, so that as far as possible these can be in place in time for winter 2018; and

57.2 prioritising delivery options that secure existing properties from the private market for use as public housing (such as through leasing).

This response is being supported by targeted efforts in a small number of priority locations. In these areas, MSD is:

---

3 No accurate count is currently available, but as a proxy the 2013 census counted around 1400 people who had been sleeping rough for 12 months or longer.

4 Although transitional housing can potentially be transformed into public housing if no longer required.
58.1 engaging in focused local level activity to ensure potential accommodation options are available for the most vulnerable, supported by a discretionary fund to support shorter-term community-based options; and

58.2 coordinating responses for individual households without shelter, working closely with community groups, local government, and Housing First providers.

(4) Construction sector capacity and productivity

59 A productive residential construction sector with the right capacity and skills will be a critical enabler of KiwiBuild and our housing and urban development objectives more broadly. The productivity and capacity of the construction sector are influenced by a number of interconnected market factors and government settings, including education, skills and training, employment, immigration, and the building regulatory system. Although we are likely to require some migrant labour to deliver KiwiBuild, there are significant opportunities to build the skills of New Zealanders, for example young people including rangatahi Māori.

60 KiwiBuild presents an opportunity to transform the capacity and capability of the sector, which currently operates under significant scale constraints and has low productivity. This is due partly to the limited investment of construction firms in training and technology (including business management systems). This is itself a consequence of New Zealand’s traditionally volatile boom-bust construction cycle and lack of confidence in a long-term development pipeline.

61 As KiwiBuild scales up, and as the Urban Development Authority offers more large-scale development opportunities, this will drive confidence in the long-term pipeline and support more firms to invest in their people and their processes. I am already aware of several firms which could commit investment to new pre-fabrication and offsite building technologies on the back of our housing and urban development work programme. The move to more productive building methods will also be facilitated by the way we procure and deliver KiwiBuild — i.e. weighting partnerships with firms who can deliver these investments and improvements. Our building regulatory system will need to support this shift. MBIE is working with key industry stakeholders, including Housing New Zealand, to better understand the current barriers, constraints and opportunities for innovation in the construction sector. KiwiBuild is a mass procurement programme. It provides the opportunity to contract large-scale multi-year orders that could sustain investment in plant and machinery for large-scale off-site manufacturing. Establishment of off-site manufacturing at scale could act as a positive disruptor and assist the development of a more innovative and competitive construction industry.

62 I am seeking your agreement for officials to develop a process to explore opportunities for KiwiBuild to support the scaling up of existing and/or the establishment of new large-scale off-site manufacturing, including the possibility of issuing a proposal to the market.

63 I also seek delegated authority for the Minister of Finance, Minister of Economic Development and Minister of Housing and Urban Development (Joint Ministers) to make decisions on the go-to-market approach to encouraging off-site home and component manufacturing in conjunction with the KiwiBuild programme.

64 The Minister for Building and Construction has a work programme that focuses on the delivery of KiwiBuild as a priority, but also makes use of the opportunity KiwiBuild presents to try out new ways of working, to drive transformation of the construction sector and building regulatory system. The immediate focus of the work programme is on implementing a skills strategy to address the capability and capacity issues in the construction sector. The work programme will also take a methodical approach to reform across all parts of the building
A Ministerial Group on the Construction Workforce (MCW) has been established. It is chaired by the Minister for Building and Construction and includes me, the Minister for Education, the Minister for Social Development, the Minister of Immigration, the Minister for Regional Economic Development and the Minister of Employment. The MCW has developed a skills strategy for the construction workforce. It has clear goals focused on ensuring the sector has the right people (workforce capacity) at the right time (the construction pipeline and skills required to deliver it are well understood now and will be in the future as construction methods evolve) and with the right skills (workforce capability). These goals will be supported by an action plan setting out specific actions, programmes and initiatives, with clear measures and reporting in place. This is a cross-agency priority led by MBIE.

The Minister for Building and Construction is seeking Cabinet agreement in principle to Government’s construction skills action plan. The Minister will then consult with key sector participants, seeking their feedback as well as commitments from the sector on its contribution to addressing the construction skills shortage.

Other work underway to support KiwiBuild includes addressing inefficiencies in the building consenting process that can slow down development. MBIE has been working closely with Auckland Council on this. Meeting the goals of KiwiBuild may require the use of new and innovative building methods, so another initial priority will be to ensure that the building consenting process facilitates innovation, including prefabrication and medium density housing. Short-term interventions will build toward longer-term reforms, including looking at wider legislative settings to remove barriers and set the right incentives through the building regulatory system.

The residential building sector, and the wider construction industry, will benefit from having a clear and certain pipeline of public housing and government-backed housing construction work across multiple years. This pipeline will provide reassurance to those making investment decisions, and will enable large-scale production of innovative housing solutions.

There is an inter-dependency between the Government’s development programme, the public housing pipeline and the future productivity and performance of the building and construction sector. We cannot expect to see material improvements in sector performance and productivity without the government first committing to significant direct investment in the development pipeline.

It is also important to recognise that the sector has a key role to play in addressing its performance, including skills development. The Government development programme provides the pipeline certainty the sector has requested and Government should be clear with the sector on what it expects in return for this.

(5) Urban Growth Agenda

The high cost of housing and the need for ambitious housing actions are driven by deep-seated problems with land supply and where and how infrastructure is planned for, funded and financed.

The cumulative effect of constraints on land supply and infrastructure has been to drive up land prices, restrict housing supply and choices, and encourage land-banking and speculation. These problems have been exacerbated by demand drivers, such as population growth, tax settings, and problems with our construction sector capacity and productivity.
The Urban Growth Agenda (UGA) will deliver medium to long-term changes to create the conditions for the market to respond to growth, bring down the high cost of urban land to improve housing affordability and support thriving communities. Our main objective for the UGA is to improve housing affordability, underpinned by affordable urban land. This will be supported by objectives to:

73.1 improve choices for the location and type of housing
73.2 improve access to employment, education and services
73.3 assist emission reductions and build climate resilience;
73.4 enable quality built environments, while avoiding unnecessary urban sprawl.

The UGA comprises five pillars, each addressing key system challenges and opportunities:

74.1 Infrastructure funding and financing — to enable responsive infrastructure provision and appropriate cost allocation, including the use of project financing and access to financial capital.

74.2 Pro-growth planning — to allow cities to make room for growth (both up and out) by addressing planning rules and methods and practices that can restrict development (such as urban containment settings and density restrictions). This pillar will enable strategic integrated planning in order to significantly increase development opportunities and support quality built environments.

74.3 Spatial planning — to build a stronger partnership with local government as a means of developing pro-growth and integrated spatial planning to achieve urban growth at pace and scale.

74.4 Transport pricing — seek to price transport infrastructure to efficiently manage demand across the network and promote access and efficient urban form.

74.5 Legislative reform — to ensure pillars are mutually reinforcing and that regulatory, institutional and funding settings under the Resource Management Act, Local Government Act, and Land Transport management Act are collectively supporting the UGA objectives.

Working closely with local government, as the primary implementers of the urban development system, will be critical to progressing the UGA.

The pace with which we can shift the urban land and infrastructure planning system to be responsive to and enable growth, and bring down the cost of urban land, will affect the overall cost of our housing and urban development strategy over the medium to long term.

Work on the pillars above will be progressed within existing departmental baselines. A joint Cabinet paper from me and the Minister for the Environment providing more detail on the UGA accompanies this paper.

Complementary to the UGA will be the Public Inquiry into the Costs and Revenue of Local Government. This review, which is likely to get underway in August 2018, will identify any structural issues facing the ongoing funding and financing of local government, and will
recommend changes that will better position local government to deliver on infrastructure and housing responsibilities over the coming decade.

(6) Reforming residential tenancies

Renting has become a life-long reality for many individuals and families. Homeownership is now at a 60-year low and around half of all New Zealanders live in rental homes. However, New Zealand’s laws around renters’ rights have not kept up. They are still designed around the assumption that renting is a short-term arrangement for people without children, and that renters will move frequently rather than set down roots in their community.

The Residential Tenancies Act 1986 is the main piece of legislation that regulates interactions between landlords and tenants. I have instructed officials to undertake a targeted review of that Act to build on our other initiatives to make life better for renters and to ensure all New Zealanders have somewhere they can feel at home. The review focuses on:

- 80.1 improving the security and stability of tenure for tenants while maintaining adequate protection of landlords’ interests
- 80.2 ensuring the law appropriately balances the rights and responsibilities of tenants and landlords and helping renters feel more at home
- 80.3 modernising the law so it can appropriately respond to changing trends and patterns in the housing and rental markets
- 80.4 improving the quality standards of boarding houses and the accountability of boarding house landlords.

This will build on our success in passing the Healthy Homes Guarantee Act in terms of making life better for renters in New Zealand, helping ensure they have security of tenure, a sense of belonging in their communities, and a quality of life similar to that enjoyed by homeowners.

(7) Māori Housing Work Programme

The Government has made a clear commitment to ensuring Māori have equitable housing outcomes, including opportunities for home ownership. Access to affordable, healthy and secure housing is a foundation from which whānau and communities can achieve their wider aspirations around health, education, employment, and economic security and enterprise.

Ensuring Government housing policies and programmes support whānau, hapū and iwi Māori needs and aspirations requires a dual approach:

- 84.1 addressing Māori concerns and goals within mainstream policies and programmes, (identifying specific Māori outcomes and targets); and
- 84.2 developing policies and programmes specifically for Māori.
The Minister for Māori Development, the Associate Minister of Housing and Urban Development, and I have agreed the following priorities, which are captured in a specific Māori housing work programme for implementation by Te Puni Kōkiri, MBIE, MSD and HNZC:

85.1 maximising opportunities to partner with Māori in the delivery and development of housing

85.2 ensuring that there is engagement with Māori across all housing work that impacts upon Māori

85.3 facilitating home ownership for whānau Māori

85.4 ensuring that housing design and quality reflects the needs and aspirations of Māori

85.5 preventing and responding to Māori homelessness; and

85.6 facilitating housing on Māori land.

86 Within these broad priorities, we have agreed that the immediate focus will be on three key areas - addressing barriers to building on Māori land (including improving the operation of Kainga Whenua loans); ensuring Māori benefit from KiwiBuild; and improving rural and substandard housing.

87 [Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982]

(7) Other groups with poor housing outcomes

88 Pacific peoples and people with disabilities also often experience difficulty in accessing warm, dry, secure and affordable housing. The actions which I am proposing to address homelessness, increase public housing and reform residential tenancies will benefit these groups.

89 I have also asked officials for advice on how the KiwiBuild programme can meet the needs of a diverse range of households including Pasifika, extended families, and people with disabilities.

90 The mass procurement of KiwiBuild, public housing and open market housing delivered through large urban development is an opportunity to raise standards. I am investigating how we can use this approach to pursue universal design principles, thermal efficiency and higher design standards more generally.

(8) Manage demand for residential housing

91 We are also moving to reduce speculative demand for residual investment property and improve affordability for owner-occupiers, through changes to tax settings and rules on foreign ownership of residential property, including:

91.1 a ban on overseas persons from buying existing residential property.

91.2 an extension of the capital gains bright-line test from two to five years and the ring-fencing of losses on residential property, to take effect from the 2018-19 tax year.
91.3 Introduction of loss ring-fencing to end the practice of ‘negative gearing’. It is intended that the new rules will take effect from the 2019-20 tax year.

91.4 The Tax Working Group has been directed to examine a number of areas including whether a system of taxing capital gains or land (not applying to the family home or the land under it), or other housing tax measures would improve the tax system.

91.5 An immigration focus on investigations of low quality international education providers, and monitoring the effectiveness of other settings to determine if changes are required.

(9) Developing appropriate central government institutions to deliver these priorities

92 I propose that the group of Housing and Urban Development Ministers continue to meet regularly, including with the Prime Minister. This group includes the following Ministers: Finance, Housing and Urban Development/Transport, Environment, Infrastructure, Local Government, Building and Construction. I propose that the Associate Minister of Transport also be invited to join this group.

93 The collaborative approach we are pursuing with the Auckland Council is particularly vital to the successful delivery of our housing and urban development priorities. Given this, I propose that from time to time, when discussion items warrant, we invite the Mayor of Auckland and key councillors to attend the ministerial governance meeting.

94 I will also make appropriate links with other portfolio Ministers with an interest in Housing and Urban Development issues as necessary, in particular Social Development, Disability Issues, Health, Corrections, Māori Development, Employment, Workplace Relations and Safety and Education.

95 I have appointed a Ministerial Advisory Group to advise me on implementation of our housing and urban development policy agenda.

Proposed next steps

96 Proposed report backs for the housing and urban development work streams are set out in Appendix 2.

Consultation

97 This paper has been prepared by the Ministry of Social Development and the Ministry of Business, Innovation and Employment. The following agencies have been consulted: Treasury, Ministry for the Environment, Housing New Zealand Corporation, Te Puni Kōkiri, Department of Corrections, Ministry of Transport, Department of Internal Affairs, Department of Prime Minister and Cabinet (PAG), Office for Disability Issues, Ministry for Pacific Peoples.

Financial Implications

98 There are no financial implications arising directly from this paper. Funding for the public housing package in this paper has been agreed through Budget 2018. KiwiBuild funding was appropriated by Cabinet in December 2017 [CBC-17-MIN-0055 refers].
Human Rights

99 There are no inconsistencies with the Bill of Rights Act 1990 or the Human Rights Act 1993.

Legislative Implications

100 This paper has no legislative implications.

Regulatory Impact Analysis

101 A regulatory impact statement is not required for the proposals in this paper.

Gender Implications

102 Improving the functioning of the housing and urban development system, and increasing public housing will have benefits for all New Zealanders, but in particular will support greater participation and access to opportunity for women.

103 The allocation of public housing, housing first and transitional housing is gender neutral. However, the second most common type of application on the Housing Register are single adult households with children (making up 39 per cent at 31 March 2018). The adult in these households is most commonly female. Increasing the supply of public housing is likely to favourably affect outcomes for sole parent mothers.

Disability Perspective

104 People with disabilities often experience difficulty accessing suitable housing, particularly due to the lack of accessible housing, landlords not choosing to rent to disabled people if they think it will be “too difficult”, and because often disabled people are on a low income.

105 Proposals in this paper will help to reduce these difficulties, through increasing public housing (including accessible public housing), providing more accessible urban developments which will increase employment and education opportunities (affecting the 42 per cent of disabled people aged 15 – 24 who are not in education, employment or training) and providing greater support for people with disabilities who are homeless or at risk of homelessness.

Publicity

106 Decisions to increase the supply of Housing First places, transitional housing and public housing, and ensure people are not homeless during winter 2018 have been communicated as part of Budget communications.

107 [Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982]

108 The office of the Minister of Housing and Urban Development will manage further publicity resulting from any decisions in this paper in conjunction with the Prime Minister’s Office.

109 I plan to make this paper public at the appropriate time, subject to the standard withholding provisions of the Official Information Act.
Recommendations

The Minister for Housing and Urban Development recommends that the Committee:

Priorities and approach

1 note the housing and urban development work programme priorities are to:

1.1 build affordable housing through KiwiBuild, to support the creation of thriving, sustainable communities that provide housing choices to meet a wide range of needs

1.2 establish an Urban Development Agency with the appropriate tools, so our cities can make room for growth;

1.3 increase public housing supply through the Budget 2018 Housing and Urban Development package;

1.4 end homelessness, supported by additional investment in transitional housing and Housing First through the Budget 2018 Housing and Urban Development package;

1.5 progress the Urban Growth Agenda to drive changes to the urban land and infrastructure planning systems;

1.6 modernise the residential tenancy rules to enable greater security of tenure and better reflect the contemporary housing market;

1.7 achieve equitable housing outcomes for Māori, with an immediate focus on addressing barriers to building on Māori land, ensuring Māori benefit from KiwiBuild, and improving rural and substandard housing. Other groups with poor housing outcomes such as Pacific peoples and people with disabilities will also be a focus; and

1.8 manage demand for housing

2 note that driving transformation of the construction sector and the building regulatory system will be critical to enable these priorities to be achieved

3 agree the high-level approach to deliver our housing and urban development priorities, and the two shifts required:

3.1 Shift one: increasing central government’s investment in and delivery of housing and urban development

3.2 Shift two: implementing policy, regulatory, investment, and institutional settings that support the delivery of our priorities

[Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982]
KiwiBuild

5 note that the Land for Housing programme is in full swing and work is underway to identify further opportunities for purchase and large-scale development, both in Auckland and regionally

Urban Development Authority/Housing Commission

6 note that work is progressing to establish an Urban Development Authority, a public entity with cut-through planning and other statutory powers

7 note that Urban Development legislation, which establishes the new entity and corresponding powers, is likely to be introduced by the end of 2018, and enacted in the second half of 2019

Increasing public housing

8 note that public housing register levels are continuing to increase

9 note that the Housing and Urban Development Budget 2018 package will deliver over 6000 additional public houses over the next four years

Responding to homelessness

10 agree that this Government is committed to taking serious action to end homelessness

11 note that the Housing and Urban Development Budget 2018 package includes funding to reduce homelessness through:

11.1 delivering the remaining properties needed to meet the transitional housing target of 2,155 places set by the previous government (supporting up to 8,620 families per year); and

11.2 delivering an additional 550 Housing First places over four years in areas of high demand across the country (in addition to funding cost pressures that will support delivery of an extra 350 places across Christchurch, Wellington, Tauranga and Auckland)

Construction sector capacity and productivity

12 note that a productive residential construction sector with the right capacity and skills will be a critical enabler of KiwiBuild and our housing and urban development objectives more broadly

13 note that KiwiBuild presents an opportunity to transform the capacity and capability of the sector, which currently operates under significant scale constraints and has low productivity

14 note that there are opportunities to encourage the scaling up of existing and/or the establishment of new large-scale off-site manufacturing for homes and components in New Zealand in conjunction with KiwiBuild;
agree that the Ministry of Business, Innovation and Employment develop a process to explore opportunities for KiwiBuild to support the scaling up of existing and/or the establishment of new large-scale off-site manufacturing for homes and components in New Zealand, including the possibility of issuing a proposal to the market;

authorise the Minister of Finance, Minister of Economic Development and Minister of Housing and Urban Development (Joint Ministers) to make decisions on the go-to-market approach to encouraging off-site home and component manufacturing in conjunction with the KiwiBuild programme;

note that a Ministerial Group on the Construction Workforce has been established, whose key focus will be on the development of a skills strategy for the construction workforce

note that work underway to support KiwiBuild includes addressing inefficiencies in the building consenting process that can slow down development

note that a paper setting out the Government’s construction skills action plan is being considered by Cabinet

Urban Growth Agenda

note that the Urban Growth Agenda (UGA) will deliver medium to long-term changes to create the conditions for the market to respond to growth

note that the main objective for the UGA is to improve housing affordability, underpinned by affordable urban land. This will be supported by objectives to:

21.1 improve choices for the location and type of housing;

21.2 improve access to employment, education and services;

21.3 assist emission reductions and build climate resilience;

21.4 enable quality built environments, while avoiding unnecessary sprawl

note that the UGA comprises five pillars each addressing key system challenges and opportunities:

22.1 infrastructure funding and financing;

22.2 pro-growth planning;

22.3 spatial planning;

22.4 transport pricing; and

22.5 legislative reform

note that work on these pillars will be progressed within existing departmental baselines

note the Urban Growth Agenda aim is to plan to accommodate and manage growth, but not to plan to drive growth in the population
Reforming residential tenancies

26 note that I have directed officials to undertake a targeted review of the Residential Tenancies Act 1986

Reforming residential tenancies

27 note that the review focuses on:

27.1 improving the security and stability of tenure for tenants while maintaining adequate protection of landlords’ interests;

27.2 ensuring the law appropriately balances the rights and responsibilities of tenants and landlords and helps renters feel more at home;

27.3 modernising the law so it can appropriately respond to changing trends and patterns in the housing and rental markets; and

27.4 improving the quality standards of boarding houses and the accountability of boarding house landlords.

Achieving equitable housing outcomes for Māori

29 note the following priorities, which the Minister for Māori Development, the Associate Minister of Housing and Urban Development and I have directed officials from Te Puni Kōkiri, MBIE, MSD and HNZC to capture in a specific Māori housing work programme:

29.1 maximising opportunities to partner with Māori in the delivery and development of housing

29.2 ensuring that there is engagement with Māori across all housing work that impacts upon Māori

29.3 facilitating home ownership for whānau Māori

29.4 ensuring that housing design and quality reflects the needs and aspirations of Māori

29.5 preventing and responding to Māori homelessness; and

29.6 facilitating housing on Māori land.

30 note that the immediate focus will be on three key areas - addressing barriers to building on Maori land (including improving the operation of Kainga Whenua loans); ensuring Māori benefit from KiwiBuild; and improving rural and substandard housing
Next steps and governance

32 note that I will report back to Cabinet as appropriate on key proposals within the Housing and Urban Development work programme, including implementation of KiwiBuild.

33 agree that the Housing and Urban Development Ministers continue to meet regularly to discuss the work programme.

Hon Phil Twyford
Minister of Housing and Urban Development

_______ / _______ / _______
Appendix 1: Housing And Urban Development Work Programme

See separate attachment
<table>
<thead>
<tr>
<th>How we are going to deliver on our priorities to achieve the vision</th>
<th>2018 key deliverables</th>
<th>2019 key deliverables</th>
<th>Progress by 2020</th>
<th>Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ending homelessness</strong></td>
<td>• Implementation of immediate response to homelessness ahead of winter 2018</td>
<td>• 2,155 transitional housing places secured</td>
<td>• Housing First expansion beyond main centres to regions of high need</td>
<td>• Significant reduction in homelessness; those who become homeless have quick access to a house and services.</td>
</tr>
<tr>
<td></td>
<td>• Improving data collected on the homeless population</td>
<td>• Additional housing supply and services are secured to respond to need during winter</td>
<td>• First official full homelessness count published</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Expansion of Housing First across New Zealand</td>
<td>• Housing First expansion to Christchurch, Tauranga and Wellington completed</td>
<td>• Housing First expanded to all areas of high need across New Zealand</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Increasing transitional housing supply</td>
<td></td>
<td>• Regular new homelessness counts inform government response and measure effectiveness</td>
<td></td>
</tr>
<tr>
<td><strong>Increasing public housing supply</strong></td>
<td>• Over 6,000 net additional IRRS places over four years</td>
<td>• Number of net additional IRRS places for delivery each year to be agreed by joint Ministers June 2018</td>
<td>• Development roles of HNZC and Housing Commission clarified</td>
<td>• Warm, dry, secure state and public housing is available to those who need it.</td>
</tr>
<tr>
<td></td>
<td>• Review of policy, funding and regulatory settings to support delivery of the target</td>
<td>• Funding and regulatory settings reviewed</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Delivering affordable housing</strong></td>
<td>• Establishing the KiwiBuild programme and delivering KiwiBuild houses</td>
<td>• First buying off the plans contracts negotiated and signed by June 2018</td>
<td>• Target of 1,000 KiwiBuild houses by June 2018</td>
<td>• Well-functioning housing market and systems, providing affordable, healthy and secure housing.</td>
</tr>
<tr>
<td></td>
<td>• Establish what wider outcomes KiwiBuild can help deliver</td>
<td>• Due diligence completed on initial set of large scale development opportunities</td>
<td>• Urban development legislation passed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Negotiate and agree contracts to deliver KiwiBuild outcomes</td>
<td>• Government-led developments deliver first KiwiBuild houses (July)</td>
<td>• Housing Commission is operational and exerting urban development powers – including delivering for KiwiBuild</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Establish KiwiBuild unit established within MBIE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Investigate innovative ways to deliver housing to reduce costs and timetables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Delivering through the Housing Commission</strong></td>
<td>• Legislation to establish the Housing Commission</td>
<td>• Maori Housing work programme is developed and priorities, outcomes and targets are identified.</td>
<td>• Maori Housing work programme and targets and outcomes across the housing and urban development system are progressed</td>
<td>• Maori have equal housing outcomes, including opportunities for home ownership.</td>
</tr>
<tr>
<td></td>
<td>• Legislation to enable development powers that can be used by the Housing Commission</td>
<td>• Release strategy to address three key areas of focus: addressing barriers to building on Māori land; ensuring Māori benefit from KiwiBuild; and improving rural and standard housing.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• To Ara Maurea (Pathways to Home Ownership) pilots are underway</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Updated residual tenancy legislation supports; reduced inequalities between renters and homeowners, and improved tenancy relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supporting whānau, hapū and iwi Māori needs and aspirations</strong></td>
<td>• Support programme to maximise opportunities to partner with Māori in the delivery and development of housing;</td>
<td>• Maori Housing work programme is developed and priorities, outcomes and targets are identified.</td>
<td>• Improved quality of rural and suburban housing for whānau Māori and facilitating housing on Māori land</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ensure engagement with Māori across all housing work that impacts on Māori</td>
<td>• Release strategy to address three key areas of focus: addressing barriers to building on Māori land; ensuring Māori benefit from KiwiBuild; and improving rural and standard housing.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ensure housing design and quality reflects the needs and aspirations of Māori; and</td>
<td>• To Ara Maurea (Pathways to Home Ownership) pilots are underway</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Prevent and respond to Māori homelessness</td>
<td>• Updated residual tenancy legislation supports; reduced inequalities between renters and homeowners, and improved tenancy relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Making life better for renters</strong></td>
<td>• Pass the Healthy Homes Guarantee Act to provide for minimum quality standards for rental housing</td>
<td>• Maori Housing work programme is developed and priorities, outcomes and targets are identified.</td>
<td>• Improved quality of rural and suburban housing for whānau Māori and facilitating housing on Māori land</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pass the revised Residential Tenancies Act (RTA)</td>
<td>• Ban letting fees</td>
<td>• Maori Housing work programme and targets and outcomes across the housing and urban development system are progressed</td>
<td></td>
</tr>
<tr>
<td><strong>Managing demand for housing – reducing speculative demand in residential property investment and improving affordability for owner-occupiers</strong></td>
<td>• Legislation to ban overseas buyers</td>
<td>• Maori Housing work programme is developed and priorities, outcomes and targets are identified.</td>
<td>• Improved quality of rural and suburban housing for whānau Māori and facilitating housing on Māori land</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Extension of the capital gains bright line test from two to five years, and the ring fencing of losses on residential property</td>
<td>• Changes to bright-line test and ring fencing to take effect from the 2019-20 tax year</td>
<td>• Maori Housing work programme and targets and outcomes across the housing and urban development system are progressed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Introduction of loss ring-fencing to prevent the practice of “negative gearing”</td>
<td>• Final Tax Working Group report published in September</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investing in Infrastructure</strong></td>
<td>• Investment in infrastructure enabling urban infrastructure through the Housing Infrastructure Fund and Crown Infrastructure Partners</td>
<td>• Maori Housing work programme is developed and priorities, outcomes and targets are identified.</td>
<td>• Improved quality of rural and suburban housing for whānau Māori and facilitating housing on Māori land</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Better transport investment, including through Auckland Transport Alignment Project update, Auckland Rapid Transit Network, and investment in regional rail</td>
<td>• Changes to bright-line test and ring fencing to take effect from the 2019-20 tax year</td>
<td>• Maori Housing work programme and targets and outcomes across the housing and urban development system are progressed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Identify the robustness of the Local Government Funding and Financing System in the face of the various cost pressures it will face over the coming decade.</td>
<td>• Final Tax Working Group report published in September</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Building construction sector capacity and improving the building regulatory system</strong></td>
<td>• Development of a cross-agency plan to achieve the Construction Skills Strategy</td>
<td>• Undertake work with councils to establish and support streamlined or bespoke consenting approaches</td>
<td>• Construction sector capacity is ramping up to meet the demand from an increase in public and affordable housing, to deliver at scale and pace</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Immigration visas introduced for construction workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Improving consenting processes, supporting the use of more innovative and productive building techniques and material, and addressing issues with the Building system</td>
<td>• Construction Skills Strategy is delivered and implementation begins</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Progressing the Urban Growth Agenda (UGA)</strong></td>
<td>• UGA priorities and work programme are agreed</td>
<td>• Preferred package of options and tools for system change has been agreed by Ministers and stakeholders</td>
<td>• UGA is delivering medium to long-term changes to create the conditions for the market to respond to growth, bringing down the high cost of urban land to improve housing affordability; and supporting thriving communities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Infrastructure funding and financing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Pro-growth planning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Transport pricing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Spatial Planning initially in Auckland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Legislative reform</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>UGA priorities and work programme are agreed</td>
<td>• Preferred package of options and tools for system change has been agreed by Ministers and stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work with Auckland Council on Auckland Development Plan and Strategy ahead of adoption in July 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Advice to Ministers on Infrastructure funding and financing options, and development of preferred options</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identification of options for legislative reform</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>UGA is delivering medium to long-term changes to create the conditions for the market to respond to growth, bringing down the high cost of urban land to improve housing affordability; and supporting thriving communities.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Detailed system design and implementation of tools and options is underway, in partnership with local government and other stakeholders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 2 –
[Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982]