



28 February 2023

HUD2023-001515

s 9(2)(a)

Tēnā koe s 9(2)(a)

Thank you for your email of 13 January 2023 requesting the following information under the Official Information Act 1982 (the Act):

Please can I request a copy of any cabinet papers, briefing papers or stakeholder meeting minutes relating to the Review of the Kāinga Whenua Loan, including but not limited to, the following:

- *Meeting minutes from hui with Māori Housing Sector held on 6 October 2022*
- *Meeting minutes (or corresponding notes) from engagement with banks and subject matters experts in week of 10 October 2022. Particularly around the testing and refining options with sector.*
- *Briefing and cabinet paper that set out options to modernise the Kāinga Whenua Loan, provided to Hon Henare on or around 20 October 2022.*
- *Any associated correspondence that discusses Occupation Order and finance options.*

On 25 January 2023, you refined your request to:

Please can I request a copy of any cabinet papers, briefing papers or stakeholder meeting minutes relating to the Review of the Kāinga Whenua Loan, including but not limited to, the following:

- *Meeting minutes from hui with Māori Housing Sector held on 6 October 2022*
- *Meeting minutes (or corresponding notes) from engagement with banks and subject matters experts in week of 10 October 2022. Particularly around the testing and refining options with sector.*
- *Briefing and cabinet paper that set out options to modernise the Kāinga Whenua Loan, provided to Hon Henare on or around 20 October 2022.*
- *any documents which identify whether Occupation Order has been included in the consideration of the review of the Kāinga Whenua Loan.*

I am releasing the minutes from the Māori Housing Sector hui of 6 October 2022, and the minutes from a Kāinga Whenua Loan experts' hui, with some information withheld under the following sections of the Act:

Section of Act	Reason to withhold
9(2)(f)(iv)	To maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.
9(2)(g)(i)	To maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty

The documents are detailed in the attached document schedule.

The Ministry produced a draft briefing titled *HUD2022-001026: Modernising the Kāinga Whenua Loan Scheme* to accompany a draft Cabinet paper on the same subject, for Hon Peeni Henare, Associate Minister of Housing (Māori Housing). However, this briefing and Cabinet paper were withdrawn before they went to the Minister for his consideration, to allow for further work to be undertaken.

This draft briefing and Cabinet paper are both withheld under section 9(2)(f)(iv), to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.

I am refusing the final part of your request, for documents which identify whether Occupation Order has been included in the consideration of the review of the Kāinga Whenua Loan, under section 18(g)(i), as the information requested is not held by the Ministry and I have no grounds for believing that the information is held by another department.

In terms of section 9(1) of the Act, I am satisfied that, in the circumstances, the decision to withhold information under section 9 of the Act is not outweighed by other considerations that render it desirable to make the information available in the public interest.

You have the right to seek an investigation and review of my response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website at: www.ombudsman.parliament.nz.

As part of our ongoing commitment to openness and transparency, the Ministry proactively releases information and documents that may be of interest to the public. As such, this response, with your personal details removed, may be published on our website.

Nāku noa, nā



Melanie Smith
Head of Māori Housing Policy

Annex 1: Document schedule

Documents withheld – HUD2023-991515			
	Date	Document	Section of the Act applied
1	17 October 2022	HUD2022-001026: Modernising the Kāinga Whenua Loan Scheme	9(2)(f)(iv)
2	17 October 2022	HUD2022-001029: Modernising the Kāinga Whenua Loan	9(2)(f)(iv)

Documents released – HUD2023-991515			
	Date	Document	Section of the Act applied
1	6 October 2022	Option to improve the Kāinga Whenua Loan	9(2)(f)(iv)
2	13 October 2022	Experts hui – Summary	9(2)(f)(iv)
3	12 October 2022	Kāinga Whenua Loan Engagement Hui	9(2)(f)(iv) 9(2)(g)(i)

Option to improve the Kāinga Whenua Loan

HUD objectives:

The review's overarching objective is to increase the uptake of the Loan. The higher uptake will be achieved by investigating options that improve:

1. Access and simplicity: the Loan should be accessible and the processes should be straight forward and well-coordinated
2. Flexibility: the Loan should work for people with different aspirations, locations, and circumstances
3. Sustainability: the Loan will need to endure over time and minimise financial risk to users

Kiwibank objectives:


1. Empower partners to make decisions on the future needs of the scheme
2. Redevelop the policy with the customer at the heart of all decisions
3. Streamline the process to ensure consistency of approach
4. Have a single point of entry for customers
5. Create a unified education programme for staff and customers

Scope of the review

The review is focused on Adjusting the policy settings of the Kāinga Whenua Loan. Establishing a new lending product is out of scope and that work sits within another work programme at Te Tūāpapa Kura Kāinga – The Ministry of Housing and Urban Development

Primary Option

s 9(2)(f)(iv)



Other Options - HUD

- s 9(2)(f)(iv)
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Other Options – Kiwibank

- s 9(2)(f)(iv)
- **Product knowledge:** There is a lack of understanding of the scheme by Kiwibank lenders, Government agencies, industry participants and customers.
 - 1) Kiwibank to establish a Kāinga Whenua training Master Class with the support of Kāinga Ora that will first be delivered to lenders to build competency. This master class could be delivered to government agencies and customers in the future
 - 2) Marketing material and customer journey map publicly available on a website that tells the end-to-end process in a number of formats including customer stories about pain points and successful outcomes

Are the proposals above appropriate to achieve the objectives? Could any options be improved to better achieve the objectives?

Are there other beneficial changes that we should be considering within this review?

Future work:

- s 9(2)(f)(iv)
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-
-
-

Experts hui – Summary

Attendees:

HUD – Melanie Smith, Taina Wilson, Cormac Lynch

Kāinga Ora – Mike Webber, Jason Hamilton

TPK – George Mackey, Steve Kerr, Shalom

Kiwibank – Teaho Pihama, others

Te Matapihi – Wayne Knox, Tommy Kemp

Experts – Robert Macbeth, Paul Sheeran, Annette Wehi

Key themes:

There were a number of key themes throughout the hui including:

- The wider system is a larger barrier to the success of the loan rather than the settings. Building a home on general land is a complex process but building on Māori land is an even more complex process, regardless of how seamless the loan process is
- There is the need for a single point of entry and/or navigating services to support whānau through the application process
- One of the greatest barriers to whānau accessing the loan is affordability criteria that they have to meet because many whānau may not have good credit histories or sufficient incomes and need further support to achieve homeownership
- Each loan application is completely different from whānau financial situation to governance arrangements of the land. Throughout the process the lack of flexibility in some policies mean that whānau cannot progress through the loan
- Given the loan is on Māori Land there needs to be consideration given to Intergenerational lending (e.g. 50 year mortgages)
- Fundamentally the Kāinga Whenua Loan takes a western individual property rights arrangement and tries to apply it to multiply owned Māori land
- The risk of default on these loan is very low especially the loans to Trusts

Other feedback / observations:

Robert Macbeth

- Discussed the previous papakāinga loan product from the 80s and 90s. He believes that it was a much more successful product than the Kāinga Whenua Loan because it had much greater uptake. That product had the same security arrangement that the current Kāinga Whenua Loan has that limits homes to piles. However, the key difference was all the other homeownership support that HNZA used to be able to provide. This included income related interest rates, deposit support, and shared equity. This additional support significantly increased the number of whānau that could access the product who otherwise would have been locked out because of affordability. Note: construction costs during the 80s and 90s were much lower than they are now and that could have played a role in the greater success

- s 9(2)(f)(iv)
- In the event of default thinks that the Trust would be best placed to support the whānau
- He also raised concerns about the lack of availability of PHO on whenua Māori
- He also talked to a navigator, and streamlining the application process
- Provided anecdotal evidence that building on piles instead of a concrete pad costs \$40,000 to \$50,000 per site
- Lenders need to be more flexible in their assessment of whānau but the bank faces constraints like the CCCFA which protect the consumer

Paul Sheeran

- Trustees may not want to take on the responsibility of the loan and are time poor
- There needs to be greater flexibility in the policy for when whānau meet the intent of the product but not the policy
- In case of default the home should be sold back to the trust and should be provided financial support to provide that whare as an affordable rental
- This type of arrangement could be undertaken in the current system but is not a formalised part of Kāinga Ora policy
- Highlighted the need for a navigator or broker

Annette Wehi

- Talked to poor whānau outcomes when trying to start the process and more flexible lending criteria and a navigator is likely to support those whānau
- Need to explore how whānau can access other support like KiwiSaver, First Home Grant, First Home Loans



TE MATAPIHI
HE TIROHANGA MŌ TE MI TRUST

Kāinga Whenua Loan Engagement Hui

HUI HOSTED BY: TE MATAPIHI & TE TŪĀPAPA KURA KĀINGA (MHUD)

Tēna koutou katoa e ngā ringa atawhai e tahu ana i te ahi kā kei ngā kāinga e maha.

On Thursday 6th October, alongside Te Tūāpapa Kura Kāinga, Te Matapihi, hosted an engagement hui for the Kāinga Whenua Loan Scheme Review. We had 264 registrations and 110+ participants. Rōpu from across Aotearoa joined our hui, including the following providers, organisations, and government agencies: Te Rūnanga o Te Rarawa, Pūkaki Trust Papakāinga, IGOTU Offgrid Limited, Ngāti Hine Health Trust, Kiwibank, Whakaatu Whānau Trust, Te Rūnanga o Whaingaroa, Whakatohea Māori Trust Board, Whirinaki Trust, Hokianga, Te Ohu Kāinga O Hokianga, TSB Bank, Te Puni Kōkiri, Te Hiku iwi Development Trust, IAG NZ Limited (Provider of Fire & General Insurance products), Te Matau o Te Rangi Rongo-iti Tomoana Whānau Trust, Te Hau Ora O Ngapuhi - Kaikohe, Mangatawa Papamoa Blocks Inc, Te Runanga Nui o Te Aupouri, Freedom Whare Ltd, Te Hiku Iwi Development Trust no Te Hiku, Waipapa Taumata Rau (University of Auckland), Hikurangi Enterprises, Ochre Business Solutions, Poutiri Charitable Trust, Mihipo Papakainga Ahu Whenua Trust, Waikato Papakaainga Collective, Te Runanga o Turanganui a Kiwa, Te Aupouri Iwi Development Trust, Te Kakano Kainga Ora, Ngapeke 6C Trust.

In attendance: Wayne Knox, Nazarene Mihaere, Kirby-lee Ormond, Melanie Smith, Cormac Lynch, Tommy Kemp, Rongo Baker, Mike Webber, Teahooterangi Pihama, George Mackey, Lesley Kelly, Kawhi Kirikwood, Maria Wairua, Kuini Tomoana-Rangihaeata, Maihi Makiha, Stephanie Wade, Amanda Hill-Wilson, Phillipa Hulmes, Panapa Ehau, Samantha Rosenthal, Latesha Shaw, Kotuku Tomoana, Jackie Edwards-Bruce, Ema Williams, Anna Brown, Paula Black, Ellie Collier, Lynette Wharerau, Rose Dudley, Amanda Walker, Alicia Bristowe, Deidre Sang, Brynn Pitman, Carla Macfarlane, Lavinia Taylor, Katrina Matete, Kay Harris, Anaru Toia, Nisha Marsh, Pare Gray, Kuini Tomoana-Rangihaeata, Karen Kaka, Michelle Absolum, John Paitai, Julie Te Amo, Ngaire Dinsdale, Rangimarie Rameka, Karen Kite, Mahara Nathan, Te Miringa Mihaka, Donna Beatson, Miriama Cribb, Jack Barrett, Leisa Nathan, Shalom Haenga, Waylyn Tahuri-Whaipakanga, Theresa Ngamoki, Waina Taiatini, Max Calder-Watson, Carol Manukau, Hinemoa Puriri, Te Puritanga Jefferies, Hohipere Williams, Clint` Wharfe, Ipu Absolum, William Cook, George Riley, Jo Kukutai, Julie Conder, Michael Baker, Haami Piripi, Clayton Wiki, Eddie Churton, Karena Hita, Ipu Absolum, Jaz Heperi, George Riley, Carol Manukau, Rondell Reihana, Brynn Pitman, Lavinia Taylor, Maria Clarke, Ngapera Mana, Theresa Ngamoki, Waina, Nisha Marsh, Carla Macfarlane, Anaru Toia, Kawhi Kirkwood, Lavinia Taylor, Jaqi Brown, Karena Hita, Lee Wells, Ngapera Mana, Eddie Churton, Marama Beamish, Lisa Ison.

1. KARAKIA TIMATANGA/ MIHI WHAKATAU

Note: Whakawhanaungatanga completed in the chat

Wayne Knox, General Manager, Te Matapihi

- Mihi to manuhiri and co-hosts:
E ngā hau e whā, e ngā mātāwaka, e rau rangatira mā, tēnei te reo whakamihi a Te Matapihi ki a koutou e whakakanohi nei, ngā kāinga maha, kei ngā pito e whā o te motu. Mai Te Hiku o Te Ika, tae noa ki tōna Ūpoko, whakawhiti atu ki Te Waipounamu. Mai i te aranga mai o te rā, tae noa ki tōna hekenga, tēnei te mihi atu ki a koutou katoa. Tēnā koutou, huri noa tō tātou whare kōrero, nau mai, haere mai.
- Short introductions from our co-host:
 - Melanie Smith – Head of Māori Housing Policy at Te Tūāpapa Kura Kāinga (MHUD)
 - Cormac Lynch – Policy Advisor at Te Tūāpapa Kura Kāinga (MHUD)
 - Mike Webber – Kāinga Ora Rep involved with KWLS since its inception
 - Te Aho Te Rangi Pihema – Kiwibank Head of Māori Advisory
 - Tommy Kemp – Lead Advisor for Māori Housing at Te Matapihi
 - George Mackey – Chief Advisor of Māori Housing at Te Puni Kōkiri

The hui proceeded with an outline of the agenda and hui purpose. This hui was particularly for those aspiring to build on their whenua, people who have applied for the Kāinga Whenua Loan (KWL) or have considered it but decided not to go through with the application, to contribute and inform the review of this loan. The scope of the review is to adjust the policy settings of the KWL. It is important to note that establishing a new lending product is out of scope for this review as that mahi sits with another work programme.

2. PRESENTATION FROM TE TŪĀPAPA KURA KĀINGA

Presentation presented by Melanie Smith and Cormac Lynch

Purpose of this hui:

- For those aspiring to build on their whenua, particularly people who have applied for a Kāinga whenua loan, or who considered it but did not go through with an application to contribute and inform the review of Kāinga Whenua Loans.

Scope of the review:

- Adjusting the policy settings of the Kāinga Whenua Loan
- Establishing a new lending product is out of scope and that work sits within another work programme at Te Tūāpapa Kura Kāinga – The Ministry of Housing and Urban Development

What is the KWL?

An initiative between the Crown and Kiwibank to help Māori achieve homeownership on whenua Māori. It supports Māori to build, purchase, or relocate a house and can also be used for repairs and maintenance for an existing house on whenua Māori. To access the Loan whānau and/or trusts must meet a range of criteria such as:

- Having a Licence to Occupy
- Having sufficient income and credit history to get a bank loan
- The home must be at least 50 square meters, be on piles, and have reasonable road access
- be located on the mainland of the North or South Islands.

Application Process:

Individually, aspects of the application process below can be overcome, but the interlinking nature of the process is one of the key difficulties:

- Apply for pre-approval with Kiwibank
- Seek support from other owners of the land block (Licence to Occupy)
- Sign a Kāinga Whenua Agreement with Kāinga Ora
- Design the home (Feasibility study)
- Find a builder, plan, and budget (consenting)
- Get Loan approval from Kiwibank
- Apply for Infrastructure grant with Te Puni Kōkiri (TPK)
- Sign the agreement and register with the Māori Land Court.

(Presentation also included in attachments)

3. PRESENTATION FROM TE MATAPIHI

Presentation presented by Tommy Kemp

- **Concern:** A lack of knowledge by Kiwibank staff, and different policies of Crown agencies.
Recommendation: Centralise processing of individual loans, and/or create a small team of product knowledge experts within Kiwibank.
- **Concern:** Current policy does not allow a borrower to use equity in their home to refinance.
Recommendation: If a borrower has equity in their home, whānau should be able to utilise the equity under good banking practices. Remove the restrictions to refinance, this is more in line with standard homeloans.
- **Concern:** Kāinga Whenua Loan is a construction loan in its current form. Meaning household items such as carpet, curtains, furniture, and driveways are not included in the loan.
Recommendation: Remove these restrictions and allow lending relative to serviceability.
- **Concern:** Costs such as consent fees, geotech reports, design, pre-loan legal costs such as easements, are not part the Kāinga Whenua Loan.
Recommendation: Incorporate these costs into the loan, or TPK make feasibility grant available to individual borrowers for this purpose (as they do for trusts/collectives).
- **Concern:** This causes uncertainty for builders and tradesmen who conduct work. The tradesmen are required to work in good faith, without any financial guarantee.
Recommendation: Following loan approval, the funds will be held in escrow until the house is relocated and connection to infrastructure. This will give tradesmen confidence and a financial guarantee via a drawdown contract.

See Presentation to view all our Recommendations (Presentation also included in attachments)

4. QUESTIONS, ANSWERS AND DISCUSSIONS

Waylyn Tahuri-Whaipakanga

How is shared equity being considered?

Response from Cormac Lynch, MHUD

- Shared Equity lies with PHO and the Te Au Taketake pathway. Offered to put Waylyn into contact with Debbie Bean to discuss home ownership.
- Combining shared equity with a lending product isn't something that can be achieved at the moment. s 9(2)(f)(iv)

Response from Wayne Knox, Te Matapihi

- Noted that the current Te Au Taketake pathway does not currently work with whenua Māori.

Rose Dudley, Te Konoti te whenua me toku kainga ki Pamapurua I Te Hiku O Te Ika

- Going back to 2010 when KWL scheme was first introduced and there was a home ownership program being offered by Housing NZ at the time
- The programme was dropped but there was a module that focused on papakāinga housing. Prior to that, the low deposit rural lending scheme was offered around the country
- Not all service providers were Māori iwi. Rose did a lot of loans under whenua Māori back then. The low deposit loans were 3%, and there was a lot of uptakes
- The low uptake of KWL represents the same concerns from back then. Rose asked why those social providers could not deliver the scheme again, with a focus on papakāinga
- Is it worthwhile looking closer at the recommendation about giving service providers access to funding to be able to provide that more specialised service i.e Māori home ownership/papakāinga lending?

Response from Mike Webber, Kāinga Ora

- The issue around homeownership education has come up in the review. MHUD is assumed to be looking into the concern
- There was a separate program that was all about home ownership applying to all sorts of land, there was a module in there about papakāinga which was discontinued due to government policy change
- The lack of that module has left a hole and people are getting lost in process – s 9(2)(g)(i)

Response from Tommy Kemp, Te Matapihi

Phil Heatly under the National Government decided that the Rural Housing Programme was not financially viable and it was discontinued. Rose replied that although this was pulled, there was still meant to be a vehicle to maintain the homes established under the rural homes loan scheme. Tommy responded that Te Puni Kōkiri now administers the repairs program which was meant to address the issues around repairs and maintenance.

Rose also asked Te Aho whether there would be any brokering of loans to other organisations?

Response from Tommy Kemp, Te Matapihi

- Internal stakeholders in final stages of developing what will work for Māori interested in KWLS
- Considering digital channels to be able to reach populations and areas with high concentration of Māori

Jaz Heperi

- Background in building multi-unit homes on European titles and OSM (offsite manufacturing).

- Would provision be made for whether KWLS was the best for a whānau, and other schemes considered? i.e TPK grant fund.
- Connect with Mike Webber

Fay Kowhai

- Successful applicant of Kāinga Whenua Loan
- Timeframe of 10 years to relocate whare in Awehau
- Supported the proposal of a working group with the organisations involved in the Kāinga Whenua Loan
- Began process for loan in 2010, noticed the lack of skilled, knowledgeable kaimahi particularly with Banks and council
- Supported proposal for housing navigators who could help whānau avoid unnecessary expenditures.

Response from Teaho Pihema, Kiwibank

- Internal stakeholders in final stages of developing what will work for Māori interested in KWL scheme
- Considering digital channels to be able to reach populations and areas with high concentration of Māori.

Paul

- Applicant of KWL scheme who expressed concern about TPK and Kiwibank not linking up
- Also expressed concern about whānau who may [for example] have five incomes in the homes, but when they approach kiwibank, they need 5 debt clearances
- Also expressed concern over continuity i.e whanau members aren't always around to service a loan for 3-5 years and changes occur
- Put forward the suggestion for the Scheme to consider enabling individual whanau members who wanted to own the house and allow them to be independent of the collective.

Rondell Reihana | Whānau Housing Executive

- Solo parents are experiencing issues qualifying due to having dependents
- Grandparents have not been able to include the income that they receive due to caring for their moko
- Also expressed concerns with Covid where pre-covid loans were reconsidered and due to the status of applicants as essential/non-essential workers, the approval was retracted
- The first interview with Kiwibank is critical and whānau need to feel that they are listened to and heard
- Navigators and a working group would have made a difference for Rondell's whānau.

Amanda Hill-Wilson: I Got You Off Grid Limited

- Whānau in a poverty situation, how are they being considered through the KWL scheme?
- How are the elderly and disabled and special needs whanau members being considered through the KWL scheme?
- How are those with dyslexia supported through the KWL scheme? A 'one-stop shop' is needed for Māori, due to the complexity of the current system.

5. NEXT STEPS

Melanie Smith, MHUD

The next steps for MHUD are to gather all the feedback from whānau regarding the KWL, consult with banks and other subject matter experts, and write a cabinet paper with the suggested changes to the KWL, to put forward in November.

Te Matapihi will provide a summary of this engagement, along with the themes of the questions and answers.

Wayne Knox, Te Matapihi

We are looking to reconvene in December, advising everyone of the outcome of the paper put forward to Cabinet.

Also, acknowledging that the review doesn't end here and that there are some subsequent phases of the review that will address some of the wider issues. MHUD is also leading other pieces of work, which look at the other barriers to establishing whare on whenua Māori.

6. KARAKIA WHAKAMUTUNGA

Heoi anō e hoa mā, kua tae ki te pito mutunga o tō tātou kaupapa nei. Nō reira, huri noa tō tātou whare, kei ngā kokonga e whā. E kī ana te kōrero “*ko ngā kokonga o te whare e kitea, ko ngā kokonga o te ngākau e kore e kitea*”. Nō reira, anei rā te mihi aroha mai i te ngākau o Te Matapihi ki a koutou kua tae mai, i hari mai o koutou kaha hei whakapakari mai i te reo kotahi o te whakaminenga nei, kia kawē atu ki mua i te aroaro o te Karauna, kia ea ai. Tēnā koutou katoa.

Hui closed with karakia at 2.45pm

Notes end.

Supporting Documents

- Te Matapihi have summarised today's chat in a separate document to capture all the questions, comments and feedback received from participants
- MHUD Presentation
- Te Matapihi Presentation
- Final Video Recording