



Housing Acceleration Fund: Factsheet

The Housing Acceleration Fund aims to increase the supply of houses and improve affordability for home buyers and renters.

The Fund announced will:

- unlock more land for housing development, particularly in locations close to jobs, public transport, and amenities
- support the provision of critical infrastructure needed for that development; and
- support delivery of a wider mix of housing (for ownership and rental) that is affordable for low-to-moderate income households.

The key components of the Fund are:

- **an infrastructure fund** to unlock a mix of private sector led and government led developments in locations facing the biggest housing supply and affordability challenges
- **additional funding for the Land for Housing Programme** to accelerate development of vacant or underutilised Crown owned land, operate in more regions, and deliver a broader range of affordable housing options for rental and home ownership

The Fund is not about government doing everything itself. It is committed to building on existing relationships in our urban and regional areas, and working alongside local government, the private sector, iwi and Māori, and the not-for-profit sector to meet New Zealand's housing needs.

The Housing Acceleration Fund is the most significant part of the rolling supply-side measures that the Government is considering.

It forms part of a comprehensive response to address housing needs, alongside a refocused Residential Development Response Fund*, support for more first home buyers, the demand-side measures, the new requirement for the Reserve Bank of New Zealand to take account of housing impacts in its policy decisions, and the extensive urban development reform underway.

Supporting the Housing Acceleration Fund is the Kāinga Ora Land programme which is for strategic land purchases to increase the pace, scale and mix of housing developments (including affordable housing).

Why the Housing Acceleration Fund is needed to address housing affordability

Access to affordable housing is one of New Zealand's most persistent long-term challenges. New Zealand house prices are among the highest in the world relative to incomes.

The Organisation for Economic Co-operation and Development (OECD) Better Life Index 2020 suggests New Zealanders spend the largest proportion of their disposable income on housing costs in the OECD.

From 1991 to 2019 (before COVID-19), our house prices had the highest real growth in the OECD at 266% and, contrary to forecasts, national house prices are increasing at record breaking rates in the low interest rate environment post-COVID – rising 22.8% from February 2020 to February 2021 according to REINZ statistics.

*Residential Development Response Fund (\$350 million) was announced in August 2020 as part of the COVID-19 response.