



Aide-memoire

Meeting with Colliers International on KiwiBuild and Housing Affordability, 8 February 2019

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| Date: | 5 February 2019 | Security level: | In Confidence |
| Priority: | Medium | Report number: | M/EA18/19010002 |

Information for Minister(s)

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| Hon Phil Twyford Minister of Housing and Urban Development | Note this briefing provides you with context and talking points ahead of your meeting with Mark Synnott and Charles Cooper from Colliers International on Friday, 8 February from 10.00-11.00am. |
| Hon Jenny Salesa Associate Minister of Housing and Urban Development | For your information. |

| Name | Position | Telephone | 1 st contact |
|----------------|--|-------------|-------------------------|
| Ed May | Manager, KiwiBuild Policy | s 9(2)(a) | ✓ |
| Rebekah Bisson | Policy Intern, Infrastructure, Places & Partnerships | 04 901 8617 | |

Other agencies consulted

Minister's office to complete

- ☐ Noted
- ☐ Seen
- ☐ See Minister's notes
- ☐ Needs change
- ☐ Overtaken by events
- ☐ Declined
- ☐ Referred to (specify)

Comments

Date returned to MHUD:



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For: Hon Phil Twyford, Minister of Housing and Urban Development
Date: 5 February 2019 **Security level:** In Confidence
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Purpose of meeting

1. You are scheduled to meet with Mark Synnott, Chief Executive Officer of Colliers International New Zealand (Colliers) and Charles Cooper, Managing Director (Auckland) on Friday 8 February from 10.00-11.00am at SAP Tower, Level 27 151 Queen Street, Auckland. Colliers have requested to meet to discuss the possible contribution they can make to KiwiBuild and the affordable housing market.
2. This briefing provides you with:
 - event details and background information
 - bios of meeting attendees (attached at Annex one)
 - suggested talking points (attached at Annex two)
3. You previously met both Mark and Charles at the Colliers International Business Breakfast in March 2018 in Auckland, where you delivered a speech on 'Unleashing Auckland's Potential'.
4. Helen O'Sullivan from HUD will also be in attendance at this meeting.

Background

5. Colliers is one of the top publicly traded commercial real estate firms in the world, and operates in 66 countries.
6. Across 20 offices in New Zealand, Colliers provide a range of real estate services to real estate occupiers, owners and investors. Services include valuation, building consultancy, research, real estate management, corporate solutions and tenant representation.
7. We understand Colliers has been providing advice to a number of companies about potential build-to-rent housing developments. This meeting provides an opportunity to explore Colliers' insights into this sector. s 9(2)(f)(iv)
8. Colliers has expressed an interest in KiwiBuild, making positive comments about the programme and noting the scheme is a "timely injection for new supply".
9. Your recent engagement with Colliers was the Colliers International Business Breakfast: Unleashing Auckland's Potential (16 March 2018)
 - You spoke about KiwiBuild, the Housing and Urban Development Authority, the Urban Growth Agenda, Transport, and the construction sector in the context of the Auckland housing market.
 - You said you looked forward to seeing what Colliers can offer.

Annex one: Meeting attendees

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|---|---|
| <p>Mark Synnott</p>  | <p>Chief Executive Officer, Colliers International New Zealand</p> <ul style="list-style-type: none"> • Joined Colliers in 1989, and has been CEO since 1994 • Responsible for complete sales function and running Colliers's agency and professional services businesses nationally • Member of the Colliers International Asia-Pacific senior leadership team and Director on the Colliers International Australian Board • Alumni of The New Zealand Institute (a leading think tank conducting independent research, including housing) and previous member of the Business Roundtable |
| <p>Charles Cooper</p>  | <p>Managing Director (Auckland), Colliers International New Zealand</p> <ul style="list-style-type: none"> • Joined Colliers in 1990 • Responsible for growing Collier's market share across service lines, business development, leadership and direction and people management • Member of Colliers International New Zealand board of directors and the Australasian senior leadership team |

Annex two: Suggested talking points

Introduction

- Home ownership should be a realistic aspiration for New Zealand families.
- But there is a huge unmet demand in the housing sector – we're falling behind in terms of our current housing stock.
- Government can't do this alone. We need to partner with industry, local authorities, iwi and community groups to deliver quality affordable housing.

Affordable Housing

- Housing affordability is a key concern for this government – there are wider social and economic outcomes associated with stable affordable housing across the housing spectrum, which spans from public housing, to rental accommodation, to the private housing market.
- The Government aims to deliver a comprehensive work programme to improve housing affordability, including KiwiBuild, work on progressive home ownership and investment in public housing stock.

KiwiBuild

- KiwiBuild is a way of restoring the kiwi dream of home ownership to families throughout New Zealand.
- The core objective of KiwiBuild is to improve affordability of housing in New Zealand.
- It allows the government to play a more direct and immediate role in the property market – we want to build more modest but quality, affordable houses.
- KiwiBuild will also help transform the development sector, and drive innovation.
- We know development is complex, that's why we want to work alongside businesses, councils, and industry leaders to find better ways of working together.
- KiwiBuild currently has four key channels for delivering affordable houses:
 - Existing Crown-led developments (HNZC, HLC, TRC)
 - Land for Housing
 - Buying off the Plans
 - Large Scale projects
- KiwiBuild homes must be well-located, and of typologies that are attractive to first home buyers.
- Buyers must also be able to finance the purchase of their KiwiBuild homes. There are a range of initiatives already providing financial assistance to buyers.
- s 9(2)(f)(iv)

Housing and Urban Development Authority (HUDA)

- The Government is creating the HUDA, to deliver on the Government's vision of healthy, secure and affordable homes within diverse and thriving communities.
- The HUDA will be established by consolidating three essential agencies with the capability for delivering this vision – Housing New Zealand, its subsidiary Homes. Land. Community. and KiwiBuild.
- The national HUDA will help drive a shift in the way the housing market works in New Zealand – freeing up more land, improving the development process and enabling infrastructure financing to build more homes and thriving communities.
- The HUDA will have two key roles – being a world class landlord, and being the government's lead developer, including the delivery of the KiwiBuild programme and large-scale urban development projects to build whole communities.
- The HUDA will work closely with the private sector and other stakeholders, through a variety of possible arrangements depending on the requirements of each project.
- Legislation to establish the HUDA will be introduced into Parliament in the second quarter of this year. You are able to provide your feedback on the bill when it is referred to select committee.

Build-to-Rent

- KiwiBuild will help to free up rental housing, as first home buyers move out of the rental market and into KiwiBuild homes.
- Beyond those households who will be able to purchase KiwiBuild homes are a significant number likely to remain in the rental market.
- Strong demand for housing and constrained supply is expected to continue to place pressure on house prices and rents.
- This government is committed to making life better for renters by modernising residential tenancy laws, lifting the quality of rental housing, and improving housing affordability.
- Build to rent offers potential in terms of unlocking institutional investment in high quality, new-build rental housing and improving security of tenure for renters.
- I am interested in your views on the opportunities and challenges to establishing build to rent in New Zealand.

Questions to ask

KiwiBuild

- What role do you see Colliers International playing in the KiwiBuild programme
- What are your insights in terms of the behaviour and involvement of first home buyers in the market?

Build-to-rent

- What are your observations about the potential of the build-to-rent model in New Zealand, its feasibility and market barriers?
- Where in Auckland are build-to-rent developments most likely to be commercially viable? For example, where in Auckland are land values low enough to deliver an attractive rental yield to investors, but the site is well located such that it is attractive to prospective tenants?
- What barriers do you see to institutional investment in the build-to-rent sector, and in residential housing generally? How could Government encourage such investment?
- What are your views on likely demand and the price points for different types of dwellings, both for owner-occupation and for rental property supply?

Residential Tenancies Act

- Have you seen any impact in the rental market from the changes to the Residential Tenancies Act?