

## He Pārongo | Aide Memoire

Investing in Māori Housing			
Date:	11 March 2021	Security level:	Budget - Sensitive
Priority:	Urgent	Report Reference:	AMI20/21030471

Information for Minister(s)	
Hon Dr Megan Woods <b>Minister of Housing</b>	For your information.
Hon Peeni Henare <b>Associate Minister of Housing (Māori Housing)</b>	For your information.
Hon Willie Jackson <b>Minister for Māori Development</b>	For your information.

Contact for discussion			
Name	Position	Telephone	1 <sup>st</sup> contact
Hamiora Bowkett	Deputy Secretary Strategy, Governance and Public Sector Performance	s 9(2)(a)	✓
Kararaina Calcott-Cribb	Deputy Chief Executive, Tumuaki, Te Kāhui Kāinga Ora, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development	s 9(2)(a)	✓

Other agencies consulted
No other agencies have been consulted on this paper.

### Minister's office to complete

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> See Minister's notes <input type="checkbox"/> Needs change <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify)  	<b>Comments</b>         
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Note returned to HUD / TPK:

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## **Purpose**

1. This Aide Memoire is the follow-up on work commissioned from officials following a meeting between the Minister of Housing, the Associate Minister of Housing (Māori Housing) and the Minister for Māori Development held Monday 8 March 2021.
2. It is intended the document will support the Minister of Housing's bi-lateral budget discussions with the Minister of Finance occurring on Wednesday 17 March. The document proposes:
  - four investment principles and then scenarios, based on these principles, for investing in Māori housing.
  - an update on the development of potential Māori housing delivery models being worked through with Iwi leaders.

## **Executive summary**

3. Annex One outlines Māori housing investment scenarios for \$280m, \$380m, and \$480m over 4 years, both with and without repairs included.
4. Scenarios are based on the following four investment principles;
  - increase Māori housing in deprived areas
  - delivery consistent with MAIHI – housing is Māori owned and delivered.
  - investment results in immediate quality homes and supports an increase in the scale of Māori housing delivery
  - investment models reflect Iwi and Māori housing needs
5. The investment principles ensure government investment addresses the immediate need Māori face, particularly in underserved areas that are unlikely to be reached through existing and planned housing investment.
6. The purpose of the investment scenarios is to illustrate the quantum of houses and repairs that could be funded within different affordability envelopes.
7. An update on three possible delivery models is also included in this document. These models are in various stages of stand up and include work being led out by Ngāhiwi Tomoana, Willie Te Aho and Jamie Tuuta. Some issues that need to be explored include applicability of different models across different geographies, rohe and local circumstances as well as questions of value and cost and how this is transferred to communities and entities.

## **Investment Scenarios for Māori Housing**

### ***Target areas***

8. Our priority areas are Te Tai Tokerau and Tairāwhiti. These areas are also priorities for Place-based development. They have high Maori population communities with high housing needs and whanau in emergency accommodation (motels, campervans, etc); and there are concentrations of whenua Māori. These areas are also receiving Government

investment into economic development and infrastructure which should be connected to housing.

9. We have also prioritised other regions with key communities within being:

- Te Tai Tokerau – Far North
- Tairāwhiti – coastal communities between Ōpōtiki and Muriwai
- Kahungunu – Hastings and Wairoa
- Taranaki
- Bay of Plenty – Rotorua and communities surrounding Tauranga

10. However, subject to Budget 2021 decisions we would confirm the subregional priorities with Iwi and give preference to those communities that we can deliver housing immediately.

11. Te Puni Kōkiri Māori Housing Network and the MAIHI Partnerships Programme have existing Māori housing project pipelines across Aotearoa. Targeting the above areas would mean that there are projects in Te Puni Kōkiri Māori Housing Network's existing pipeline that may not be funded. This could be mitigated by seeking flexibility to extend outside these regions where appropriate for immediate housing opportunities. For example, the pipelines include projects where Iwi are proposing to contribute whenua and financial investment and are seeking partnership investment with the Government.

12. Table 1 below summarises the different options; Annex One includes a four year profile for each option, and explains assumptions in more detail.

13. The options are modelled on a basic \$300,000 per house cost, with no development, GST, or infrastructure costs included.

14. For Option B with repairs included, the number has been scaled from the existing Te Puni Kōkiri Māori Housing network pipeline of repairs (total of 1082 as of March 2021). Repairs are modelled at \$50,000 per home, in line with existing Te Puni Kōkiri estimates.

15. All scenarios include a \$30m capability development component, which is critical to the ongoing sustainability of any investment. This investment might also further support the development of housing delivery models discussed later in this advice.

**Table 1: Summary of Māori Housing Portfolio Scenarios**

Location	Option 1 (houses only, 4 year total) Data = #houses			Option 2 (houses + repairs, 4 year total) Data = #houses / #repairs		
	\$280m	\$380m	\$480m	\$280m	\$380m	\$480m
<b>Funding Package</b>						
Tairāwhiti	292	406	450	262 / 220	365 / 220	400 / 220
Te Tai Tokerau	292	406	450	262 / 138	365 / 138	400 / 138
Heretaunga (Ngati Kahungunu)	83	116	225	75 / 100	104 / 210	200 / 210
Taranaki	83	116	150	75 / 5	104 / 6	133 / 10
BOP / Rotorua	83	116	150	75 / 28	104 / 89	133 / 138
Other Regions	0	0	75	0 / 9	0 / 36	67 / 366
<b>Total</b>	<b>833</b>	<b>1160</b>	<b>1500</b>	<b>750 / 500</b>	<b>1044 / 700</b>	<b>1333 / 1082</b>

### Targeted investment will support better housing outcomes for Māori

16. The Government has made considerable investment across the entire housing continuum. However, there remains significant housing need amongst Māori that is unlikely to be met with existing and planned housing investment.

17. There are many isolated or coastal locations receiving limited or no housing support. These communities have constrained rental supply with no or limited emergency, transitional and public housing options. This results in high rates of homelessness, including those living in garages, cowsheds and tents etc. Te Tai Tokerau, Tairāwhiti and the Bay of Plenty/Rotorua have the largest Māori populations but are the most under-served regions.
18. Officials have developed four investment principles to address the immediate need Māori face in underserved areas. These investment principles have been applied to the investment scenarios in Annex One.

*Principle one – Increase Māori housing in deprived areas*

19. The investment locations identified in Annex One are home to one third of the total Māori population but these locations are currently underserved by existing housing support. Existing homeownership products are primarily focused on urban centres which face severe affordability issues. The need for affordable rentals and public housing in rural areas is known, but to date delivery has been slow to ramp up with some areas not serviced by Kāinga Ora or Community Housing Providers.
20. Under the scenarios provided, Tairāwhiti and Te Tai Tokerau have been allocated at least 60 per cent of proposed investment due to the high level of need. Approximately 61 per cent of the population in Tairāwhiti and 40 per cent of the population in Te Tai Tokerau are Māori. While Māori home ownership is low in these regions there are material amounts of undeveloped Māori owned land.
21. The proposed investment will be Māori led so the investment enables them to capitalise on both a local understanding of demand in their communities and unlock the potential of their land.
22. Heretaunga (Ngati Kahungunu), Taranaki and the Bay of Plenty/Rotorua have been allocated the remaining investment in the scenarios. While these areas also have high housing need with large Māori populations, there has been existing funding in these areas to date, so have not been prioritised in the first instance. These areas are also less rural so there are options to leverage other funding pathways i.e. progressive homeownership or public housing investment.
23. As noted above, we seek flexibility to extend outside these regions where appropriate and where immediate housing opportunities arise.

*Principle two - Delivery consistent with MAIHI – housing is Māori owned and delivered.*

24. The investment aligns with intermediate MAIHI outcomes, which include increasing Māori homeownership, unlocking the potential of Whenua Māori, enabling Māori to realise their commercial housing aspirations and ensuring Māori have access to quality and appropriate housing and therefore decrease homelessness.
25. At the inaugural Te MAIHI Whare Wānanga (Ministerial housing forum) ten recommendations were put to the Government for improving Māori housing outcomes. The proposed investment aligns with nine of the ten recommendations.

*Principle three - Investment results in immediate quality homes and supports an increase in the scale of Māori housing delivery*

26. The scenarios have been structured based on existing unfunded pipeline projects and iwi proposals (based on their housing strategies). The unfunded projects include whānau and hapū led papakāinga and repair projects and transitional/affordable housing projects.
27. Each region has a slightly different scaling over the four years based on readiness to deliver. In some areas like Tairāwhiti, the Iwi proposal is well developed and can start implementation within the year, while other areas like Te Tai Tokerau, will ramp up over the four years. Having a mix of smaller whānau and hapū led projects alongside larger Iwi lead projects enables both immediate delivery while also shifting the scale of impact as Iwi projects gain momentum.
28. The scenarios in Annex One have been allocated per region but flexibility will be required within years across regions to ensure funding is optimising the speed of delivery.

*Principle four - Investment model reflects Iwi and Māori housing needs*

29. Each region will have a range of projects and therefore a range of funding arrangements tailored to Māori. Whānau and hapū led papakāinga and repair projects follow established funding models. Iwi led proposals will, in most cases, require new models. Officials have been developing these models alongside Iwi using pilots. Pilots can be scaled up when funding becomes available.
30. The proposed investment provides significant value to the Government. With Māori providing land in many projects, investment is focused construction costs. Iwi led proposals have a strong innovation focus and intend to utilise existing relationships with offsite manufacturing providers or in one case progress their own off site manufacturing facility
31. Increasing housing in these rural areas also supports other Government investments. Regional investment particularly the provincial growth fund will require housing to enable wider investment. Officials have been working closely to ensure the pipeline of projects leverages other government investment where possible.

**Existing Māori housing investment**

32. The proposed investment builds on existing Māori housing investment. Both Te Puni Kōkiri and Te Tūāpapa Kura Kāinga have oversubscribed funds that support Māori housing. However the proposed investment would provide a shift in the scale of delivery and introduce new delivery models to improve Māori housing outcomes. Iwi and Maori are readying themselves to deliver this in partnership with the Government.
33. Funding to date has been successful with:
  - investment through the Te Puni Kōkiri Māori Housing Network delivering 146 new homes and more than 1,700 repairs for whānau across New Zealand since 2015.
  - investment through the MAIHI Partnerships Programme has delivered 29 new homes and significant capability building projects since May 2020.
  - approximately \$18 million, of \$34 million allocated to MAIHI<sup>1</sup> this year, has been allocated within the first six months with funding agreements completed or in development. The remaining \$16 million has been allocated to pipeline projects with contracting to commence this financial year.

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<sup>11</sup> When MAIHI was established a total of \$64 million was allocated over four years through funding from the Homelessness Action Plan and COVID 19 Response Fund to address immediate need.



## **Māori housing models under development with iwi and Māori leaders**

34. At the recent National Iwi Chairs Forum (5 Huitanguru 2021) Iwi leaders signalled their interest in developing housing delivery models with the following characteristics:

- Managed, operated and led by the Iwi and Māori situated and connected to the areas of investment being proposed;
- Operating at a local level that by default is better informed by and more responsive to, the needs of whānau and communities;
- Not constrained by the funding arrangements of individual Votes and agencies; and
- Not encumbered by complex or siloed contracting arrangements.

35. Officials are currently investigating three potential Māori housing delivering models/pilot models. Each of the three models involves working to establish iwi-affiliated entities that will progress housing initiatives for iwi and Maori.

36. The primary benefits of this approach is that housing solutions are delivered by those closer to the ground with a better understanding of whānau needs, a simplified contracting approach for the government, and the ability for government funding to be leveraged alongside Iwi funding and other sources of community funding.

37. The table below summarises the three pilot projects, and the current status.

s 9(2)(f)(iv)



38. Some of the initial issues identified for further refinement across these models and their associated projects include:

- The applicability of different models in different rohe/regions and how developments are integrated into a particular model's approach

- The suitability of geographies and locations for the delivery of housing for example the delivery of housing in areas where land is more readily available and close to viable infrastructure
- Questions of value and cost and how these relate to the ability of households and whānau to access accommodation that suits their needs and situations
- Sustainability going forward

39. Officials will continue working through these issues with iwi leaders in the lead up to Budget 2021 and post Budget decisions. These models and vehicles could also be potential recipients of Budget 2021 funding which would accelerate Māori housing development.

### Next steps

40. Officials suggest that the investment principles and scenarios proposed in this paper be used as part of support information for the Minister of Housing's bi-lateral with the Minister of Finance next week. Officials will seek feedback on the principles and scenarios following bi-laterals to inform the development of a more refined final Māori housing budget package.

41. Officials will continue to engage with Māori housing stakeholders on potential investment models and include further information on these in future advice.

<b>NOTED</b>	<b>NOTED</b>
Hon Dr Megan Woods Minister for Housing	Hon Peeni Henare Associate Minister for Housing (Māori Housing)
Date: _____ / _____ / 2021	Date: _____ / _____ / 2021
<b>NOTED</b>	<b>NOTED</b>
Hon Willie Jackson Te Minita Whanaketanga Māori	
Date: _____ / _____ / 2021	

## Annex One – Māori Housing Investment Scenarios

### Option A – No Repairs included, only house costs.

*Scenario 1A / Total cost \$280m - \$250m house costs + \$30m capability / 833 total houses*

Region	% of total	21/22	22/23	23/24	24/25	Total Houses
Tairāwhiti	35%	73	73	73	73	292
Te Tai Tokerau	35%	29	58	102	102	292
Heretaunga	10%	21	21	21	21	83
Taranaki	10%	21	21	21	21	83
BOP / Rotorua	10%	21	21	21	21	83
Other Regions	0%	0	0	0	0	0
<b>Total</b>		165	194	237	237	833

*Scenario 2A / Total cost \$380m - \$350m house costs + \$30m capability / 1160 houses*

Region	% of total	21/22	22/23	23/24	24/25	Total Houses
Tairāwhiti	35%	102	102	102	102	406
Te Tai Tokerau	35%	41	81	142	142	406
Heretaunga	10%	29	29	29	29	116
Taranaki	10%	29	29	29	29	116
BOP / Rotorua	10%	29	29	29	29	116
Other Regions	0%	0	0	0	0	0
<b>Total</b>		229	270	331	331	1160

*Scenario 3A / Total cost \$480m - \$450m house costs + \$30m capability / 1,500 houses*

Region	% of total	21/22	22/23	23/24	24/25	Total Houses
Tairāwhiti	30%	113	113	113	113	450
Te Tai Tokerau	30%	45	90	158	158	450
Heretaunga	15%	56	56	56	56	225
Taranaki	10%	38	38	38	38	150
BOP / Rotorua	10%	38	38	38	38	150
Other Regions	5%	19	19	19	19	75
<b>Total</b>		308	353	420	420	1500

#### Assumptions:

- \$300k per house assumed, no other overheads or development costs.
- Capability funding would extend the term and size of He Taupua and He Taupae funds. Capability funding is an essential component to longer term sustainability and is expected to reduce Government spend long term.



## Option B – Repairs included as part of total package

### Additional Assumptions:

- Location of repairs is directly linked to Te Puni Kōkiri Pipeline
- Total pipeline of repairs = \$50m, average cost \$50k per repair
- Volume of repairs is scaled from total pipeline for each option

**Scenario 1B / Total cost \$280m - \$250m house costs (including \$25m repairs)+ \$30m capability / 750 houses**

Region	% of total	21/22	22/23	23/24	24/25	Total Houses 4y	Total Repairs 4y
Tairāwhiti	35%	66	66	66	66	262	220
Te Tai Tokerau	35%	26	52	92	92	262	138
Heretaunga	10%	19	19	19	19	75	100
Taranaki	10%	19	19	19	19	75	5
BOP / Rotorua	10%	19	19	19	19	75	28
Other Regions	0%	0	0	0	0	0	9
<b>Total</b>		148	174	214	214	750	500

**Scenario 2B / Total cost \$380m - \$350m house costs (including \$35m repairs) + \$30m capability / 1044 houses**

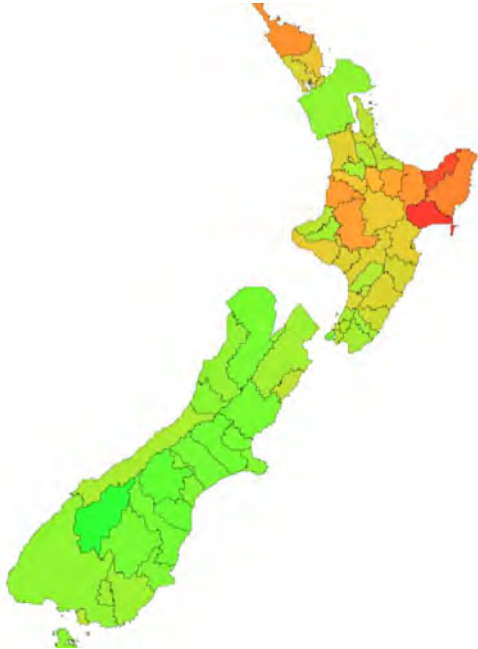
Region	% of total	21/22	22/23	23/24	24/25	Total Houses 4y	Total Repairs 4y
Tairāwhiti	35%	91	91	91	91	365	220
Te Tai Tokerau	35%	37	73	128	128	365	138
Heretaunga	10%	26	26	26	26	104	210
Taranaki	10%	26	26	26	26	104	6
BOP / Rotorua	10%	26	26	26	26	104	89
Other Regions	0%	0	0	0	0	0	36
<b>Total</b>		206	243	298	298	1044	220

**Scenario 3B / Total cost \$480m - \$450m housing costs (including \$54m repairs) + \$30m capability / 1333 houses**

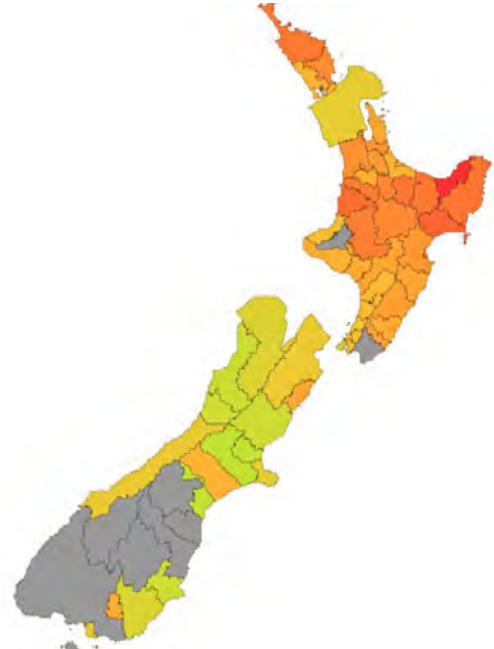
Region	% of total	21/22	22/23	23/24	24/25	Total Houses 4y	Total Repairs 4y
Tairāwhiti	30%	100	100	100	100	400	220
Te Tai Tokerau	30%	40	80	140	140	400	138
Heretaunga	15%	50	50	50	50	200	210
Taranaki	10%	33	33	33	33	133	10
BOP / Rotorua	10%	33	33	33	33	133	138
Other Regions	5%	17	17	17	17	67	366
<b>Total</b>		273	313	373	373	1333	1082

## Annex Two – Māori housing statistics

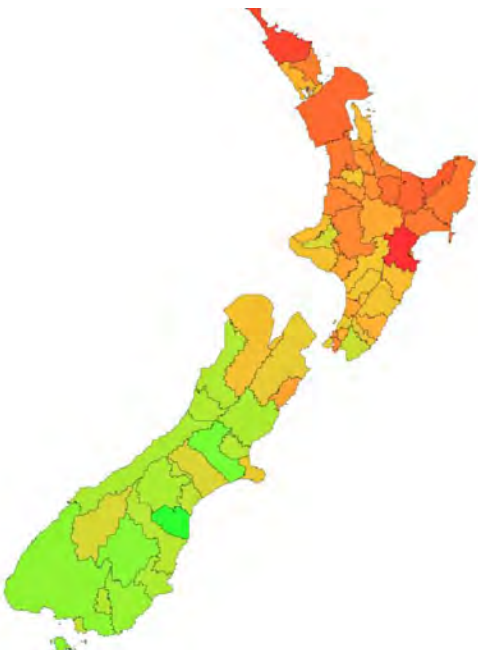
The following figures showcase the high percentage of Māori located in the focus areas and the deprivation:



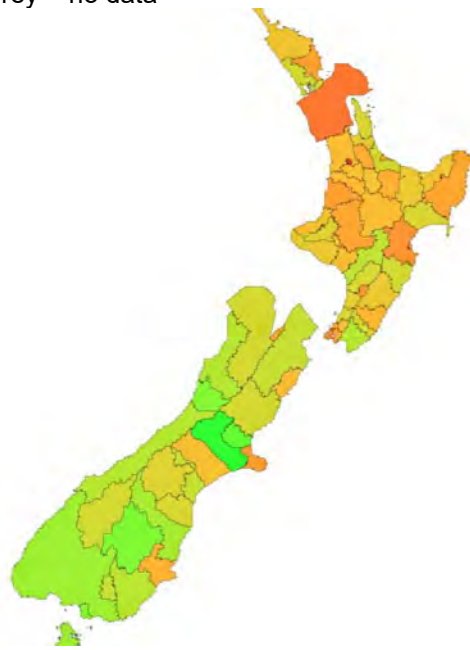
**Māori as a percentage of population**  
Green = low percentage  
Red= high percentage



**Percentage of people on the housing register who are Māori**  
Green = low percentage  
Red= high percentage  
Grey = no data



**Percentage of Māori in Crowded dwellings**  
Green = low percentage crowding  
Red= high percentage crowding



**Percentage of Māori who own their home**  
Green = high percentage ownership  
Red= low percentage ownership