Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development

Briefing

Options for responding to local government ideas to increase new housing supply			
Date:	13 April 2021	**Security level:**	In Confidence
Priority:	Medium	**Report number:**	AMI20/21040496

Action sought		
	Action sought	**Deadline**
Hon Dr Megan Woods **Minister of Housing**	**Agree** to sign and send the attached letters, in line with the approach Te Tūāpapa Kura Kāinga has suggested for engagement.	20 April 2021

Contact for discussion				
Name	**Position**	**Telephone**		**1st contact**
Caroline Reid	Manager, Place-Based Outcomes	04 831 6066	s 9(2)(a)	✓
Laura Hemingway	Graduate Policy Advisor, Place-Based Outcomes	04 832 2417		

Other agencies consulted
n/a

Minister's office to complete

- ☐ Noted
- ☐ Seen
- ☐ Approved
- ☐ Needs change
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Declined
- ☐ Referred to (specify)

_____

Comments

Date returned to HUD:

_____

Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development

Briefing

Options for responding to local government ideas to increase new housing supply

For:	Hon Dr Megan Woods, Minister of Housing		
Date:	13 April 2021	**Security level:**	In Confidence
Priority:	Medium	**Report number:**	AMI20/21040496

Purpose

1. This briefing provides you with advice on options to respond to correspondence from Local Government New Zealand (LGNZ) National Council members and other local councils, following your letter on 17 March seeking ideas and solutions to increase new housing supply.

Recommended actions

2. It is recommended that you:

1.	**Note** that you are receiving correspondence from LGNZ National Council members and other local councils following your letter dated 17 March.	*Noted*
2.	**Agree** to an approach that sends a tailored letter to Bay of Plenty Regional Council and Ōpōtiki District Council (and any other councils that write in before your letter is sent) and a standard letter to all LGNZ National Council members who have not yet written to you (draft letters attached in annex 3).	*Agree / Disagree*
3.	**Note** that if correspondence is received after this time we will support your office to formulate an appropriate response.	*Noted*
4.	**Agree** that the session with Andrew Crisp, Chief Executive of Te Tūāpapa Kura Kāinga you offered to conference attendees in your letter be refocused towards the opportunities the Housing Acceleration Fund presents to increase new housing supply.	*Agree / Disagree*

Caroline Reid
Manager, Place-Based Outcomes
13 / 4 / 21

Hon Dr Megan Woods
Minister of Housing
..... / ..... / .....

Background

3. On 17 March (following your attendance at the Central and Local Government Forum) you wrote to Local Government New Zealand (LGNZ) National Council members with an invitation to provide you with more information on their ideas and concrete solutions to increase new build housing supply. This letter is attached for your reference as annex 1.

4. Three responses have been received. These responses are summarised in the table below and attached as annex 2.

5. This briefing provides you with advice on options to respond in a coordinated way to these follow-up letters and requests for funding through a return letter.

Table 1: Responses received

Correspondent	Response
Chair of Bay of Plenty Regional Council, Douglas Leeder	Douglas Leeder sent formal letter in response to your invitation on 9 April putting forward a range of recommendations including: • s 9(2)(ba)(i) [redacted] • [redacted] • [redacted] • [redacted]
Ōpōtiki Mayor, Lyn Riesterer	Douglas Leeder also forwarded your letter to District Councils within the Bay of Plenty region to reply to your invitation with their own thoughts and ideas as well. Ōpōtiki have sent in a letter requesting funding for four proposals which aim to: • s 9(2)(ba)(i) [redacted] • [redacted] • [redacted] • [redacted]
Ruapehu District Mayor, Clive Manley	The Mayor met with Andrew Crisp on 13 April to discuss housing initiatives before providing a formal response to your invitation s 9(2)(ba)(i) [redacted]

Additional engagement with local councils

6. Selwyn Mayor, Sam Broughton has requested a 30 minute phone call with you to follow up on conversations had at the Forum and discuss housing issues in the Selwyn District. This is scheduled in your diary for 15 April. Aide memoire AMI20/21030488 providing background information, likely topics of conversation and details of HUD's activities in the district has been sent to your office today for this meeting.

7. You have also been forwarded a letter written by LGNZ President, Stuart Crosby, to the Prime Minister expressing interest in developing an action plan from the matters discussed at the forum. LGNZ have indicated they are keen to work with Central Government on:

   - the rating act and how it can be used to dis-incentivise land banking
   - inappropriate use of covenants
   - developing a more flexible framework for adaptive land use.

Options for a return letter to LGNZ National Council members

8. Responding to these letters provides a useful opportunity of maintaining engagement with the LGNZ National Council about their ideas. However, these responses need to be carefully managed given recent announcements about the Housing Acceleration Fund (HAF) and the risk of creating, or being perceived to create, equity or fairness issues in the allocation of contestable funding.

9. We have identified three options:

- **Option one:** a standard letter to be sent to all LGNZ National Council members, thanking attendees who have responded to date, advising that proposals related to infrastructure needs have been forwarded to relevant officials to help with the design of the HAF and noting that officials may be in touch regarding other matters raised. No individual responses would be sent to any member.
- **Option two:** a tailored letter to be sent to Bay of Plenty Regional Council and Ōpōtiki District Council (and any other councils that write in before your letter is sent) and a standard letter to all other LGNZ National Council members who have not yet written to you. If correspondence is received after the date the letters are sent out we will support your office to formulate an appropriate response.
- **Option three:** personalised letters sent to local councils as and when written replies are received. No standard letter is sent out to other National Council members. Engagement on the Housing Acceleration Fund would be managed through the HAF process.

We recommend option two

10. We recommend option two because it acknowledges the work by councils who have replied your invitation while managing the risk that would be created in addressing the merits of the funding proposals while decisions on the HAF are still to be made by Cabinet.

11. There is a risk that local councils may consider that their specific proposals have not received due consideration. However, we consider that the risk of engaging on the detail of proposals before Cabinet decisions on the HAF outweighs the need to respond to councils in full. The response has been drafted so as to direct councils towards the appropriate avenue for discussing the specifics of their proposals with respect to the HAF (as outlined below).

12. The drafting of fully personalised letters would also require more resource while critical work is being undertaken on designing the HAF. This may potentially affect plans to move at pace on finalising the design of the fund.

13. A draft letter for options 1 and 2 are attached in annex 3 for your consideration. The content for the tailored responses to Ōpōtiki and Bay of Plenty Regional Council is proposed draft content and will be finalised after you have decided on your preferred approach.

Options for an engagement session with LGNZ National Council members

14. Your original letter on March 17 offered a session facilitated by LGNZ with Andrew Crisp to discuss National Council members' ideas to increase new housing supply. In any follow-up letter it would be useful to provide further clarity on this session. This is also an opportunity to tie in with engagement plans for the HAF. We propose that this session be refocused towards the opportunities the HAF presents to increase new housing supply.

15. We propose that this session be held after final decisions have been made by Cabinet on the design of the HAF (expected in late May). The purpose of the session would be to give attendees a much clearer understanding of how the HAF funding package will work and how the Fund can work alongside local councils' proposals to improve housing outcomes in their communities. This will also provide an opportunity to demonstrate to councils the tangible solutions central government is putting in place to address housing issues.

16. Alternatively, if you would prefer to retain a broader scope for this session on ideas relating to increasing housing supply the original invitation to engage with Andrew (as outlined in your letter on 17 March) could be reiterated.

Next steps

17. Once you have indicated your preferred option for a return letter and engagement session we will work with your office to finalise the letters.

Annexes

Annex 1 - Your letter to LGNZ National Council members dated 17 March 2021

Annex 2 - Responses received from attendees at the Central and Local Government Forum

Annex 3 - Draft return letters to LGNZ National Council members

Annex 1: Your letter to LGNZ National Council members dated 17 March 2021

Hon Dr Megan Woods

MP for Wigram

Minister of Housing
Minister of Energy and Resources
Minister of Research, Science and Innovation
Associate Minister of Finance

17 MAR 2021

Andy Foster
Mayor, Wellington City Council
mayor@wcc.govt.nz

Tēnā koe Andy,

Thank you attending the Central and Local Government Forum on Wednesday 3 March. It was a productive discussion on the housing challenges we face in Aotearoa focussing on what we can do in partnership to increase the supply of new housing across the country.

As you are aware, the Government already partners with local government across Aotearoa in different ways, including our emergency and transitional housing response to COVID-19, collaborating through the place-based approach with Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development, and our Urban Growth Partnerships.

I welcome the opportunity to continue to strengthen our partnerships and relationships in an effort to increase the overall supply of housing stock across Aotearoa. A focus on new builds and new supply is essential for growing the overall stock of housing available, as well as supporting the economy with jobs and apprenticeships. I heard from you that infrastructure and transport planning is an essential consideration and I am aware of the funding challenges this brings.

During the Local Government Forum, many of the attendees mentioned having ideas and solutions to increase new supply of housing. As the Minster of Housing, I want to ensure all avenues and solutions to our housing issues are explored.

I would like to extend an invitation to write to me with more information about your ideas. These should be concrete solutions on how we can increase new build housing supply rather than adjusting current housing stock.

In addition to this, I would also like to offer a further session facilitated by Local Government New Zealand with Andrew Crisp, Chief Executive of Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development to further discuss your thoughts.

As you are aware, there is no silver bullet to fix this decades old housing problem and we need to work together to find solutions. This Government is working at pace and scale to build more homes for New Zealanders. We are currently on track to deliver over 18,000 public and transitional housing places by 2024. We need to continue to look to grow our housing stock and will be better placed to do so by reaching out to those that know their community's needs best.

I look forward to hearing your thoughts, ideas and solutions.

Nāku noa, nā

Hon Dr Megan Woods

Minister of Housing

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Annex 2: Responses received from attendees at the Central and Local Government Forum

Annex withheld in full under 9(2)(ba)(i)

Annex 3: Draft return letters to LGNZ National Council members

Option 1 – A standard letter to be sent to all LGNZ National Council members

Tēnā koe (Name),

After the recent Central and Local Government Forum on 3 March I invited you to write to me with your ideas and solutions to increase the supply of new housing.

Since this time, I have announced the creation of the $3.8 billion Housing Acceleration Fund which will unlock more land for housing, support the provision of critical infrastructure, and enable the delivery of a wide mix of housing that is affordable for low-to-moderate income households. We are also refocusing the existing $350 million Residential Development Response Fund to support the provision of affordable housing for renters and first home buyers.

Thank you to those who have responded to my invitation to write to me with your ideas and solutions. I have read these responses with interest. Some of the responses discuss infrastructure needs, and as such I have forwarded them on to relevant officials to help with the design of the Housing Acceleration Fund. Officials may also be in touch to discuss other matters raised.

I would like to reiterate my offer of a further session facilitated by LGNZ with Andrew Crisp, Chief Executive of Te Tūāpapa Kura Kāinga and to propose that this session will discuss the opportunities the Housing Acceleration Fund may present, and how this Fund can work alongside local councils' proposals to improve housing outcomes in our communities.

A formal invitation advising the location, time and date of the session will be sent out shortly once details have been confirmed.

Local government and developers have told the Government that investment in infrastructure is one of the most important contributions that central government can make to increase housing supply. We have listened and understand these concerns. The Housing Acceleration Fund will help 'green light' developments that face infrastructure bottlenecks and might not otherwise progress. The Fund will be a mix of funding for infrastructure projects across the country and support to ramp up delivery in Government-led Large Scale Projects, which are already providing a mix of public, affordable and mixed housing.

The Government also expects local councils to play their part. This may include opening up land for development and accelerating intensification, particularly through the implementation of the National Policy Statement on Urban Development. I can tell from the letters I have read so far that many of you are already thinking about these, and other, opportunities to act.

In rolling out the Fund, the Government 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.

Nāku noa, nā

Hon Dr Megan Woods

Minister of Housing

Option 2 – A tailored letter (draft response to Bay of Plenty Regional Council)

Tēnā koe Douglas,

Thank you for your letter dated 9 April outlining your ideas and solutions to increase the supply of new housing in the Bay of Plenty region. I read your letter with interest.

Your letter highlights the need to find practical ways to accelerate the delivery of a wide range of housing solutions in the right locations, with a particular focus on significantly reorientating developments towards active modes and public transport.

I look forward to discussing your ideas for the supply of new housing in more detail at the upcoming SmartGrowth Leadership Group meeting on 22 April in Tauranga. The agenda includes progress updates on the joint spatial and housing action plans for the Western Bay. This would be a helpful context in which to consider the benefits and resource implications of a possible wider regional spatial plan.

As you are no doubt aware, I have recently announced the creation of the $3.8 billion Housing Acceleration Fund which will unlock more land for housing, support the provision of critical infrastructure, and enable the delivery of a wide mix of housing that is affordable for low-to-moderate income households. I have forwarded your letter on to relevant officials to help with the design of the Housing Acceleration Fund as some of your ideas fall within the remit of this new funding package. Officials may also be in touch to discuss other matters you have raised in your letter.

I would like to reiterate my earlier offer of a further session facilitated by LGNZ with Andrew Crisp, Chief Executive of Te Tūāpapa Kura Kāinga and to propose that this session will discuss the opportunities the Housing Acceleration Fund may present, and how this Fund can work alongside local councils' proposals to improve housing outcomes in our communities. A formal invitation advising the location, time and date of the session will be sent out shortly once details have been confirmed.

Local government and developers have told the Government that investment in infrastructure is one of the most important contributions that central government can make to increase housing supply. We have listened and understand these concerns. The Housing Acceleration Fund will help 'green light' developments that face infrastructure bottlenecks and might not otherwise progress. The Fund will be a mix of funding for infrastructure projects across the country and support to ramp up delivery in Government-led Large Scale Projects, which are already providing a mix of public, affordable and mixed housing.

The Government also expects local councils to play their part. This may include opening up land for development and accelerating intensification, particularly through the implementation of the National Policy Statement on Urban Development. I can tell from your letter that you are already thinking about these, and other, opportunities to act.

In rolling out the Fund, the Government 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.

Nāku noa, nā

Hon Dr Megan Woods

Minister of Housing

Option 2 - A tailored letter (draft response to Ōpōtiki District Council)

Tēnā koe Lyn,

Thank you for your letter dated 24 March outlining your ideas and solutions to increase the supply of new housing in the Eastern Bay of Plenty. I have read your letter with interest and you raise some important issues relating to homelessness, public housing and unlocking land for development in your region.

I acknowledge the issues you have raised regarding the delivery of public housing in the Eastern Bay. The public housing programme plays a key role in addressing the housing crisis and remains a priority for the Government. As you know, Kāinga Ora has recently committed to building 20-30 additional houses in Ōpōtiki within the next 18 months on top of the upgrade of existing Kāinga Ora housing stock.

s 9(2)(ba)(i)

Local government and developers have told the Government that investment in infrastructure is one of the most important contributions that central government can make to increase housing supply. We have listened and understand these concerns. The newly announced Housing Acceleration Fund will help 'green light' developments that face infrastructure bottlenecks and might not otherwise progress. The Fund will be a mix of funding for infrastructure projects across the country and support to ramp up delivery in Government-led Large Scale Projects, which are already providing a mix of public, affordable and mixed housing.

In rolling out the Fund, the Government is committed to building on existing relationships in regional areas such as Ōpōtiki, working alongside local government, the private sector, iwi and Māori, and the not-for-profit sector to meet New Zealand's housing needs.

It is important to continue to engage with local councils on solutions for new housing supply in the regions. As part of this I am arranging a session with LGNZ National Council facilitated by Andrew Crisp, Chief Executive of Te Tūāpapa Kura Kāinga to discuss how the Housing Acceleration Fund can work alongside local councils' proposals to improve housing outcomes in our communities. You may wish to contact LGNZ to discuss how you can provide input to this session.

Thank you for taking the time to write to me.

Nāku noa, nā

Hon Dr Megan Woods

Minister of Housing