



# Briefing

Update on work to develop a Progressive Home Ownership scheme			
<b>Date:</b>	12 September 2019	<b>Security level:</b>	In Confidence
<b>Priority:</b>	Medium	<b>Report number:</b>	BRF19/20090419

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing		16 September 2019

Contact for discussion			
Name	Position	Telephone	1 <sup>st</sup> contact
Joanna Gordon	Acting Manager, Market and Supply Responses		✓
Stephanie Rolfe	Principal Policy Advisor	04 832 2565	

Other agencies consulted

## Minister's office to complete

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> Approved <input type="checkbox"/> Needs change <input type="checkbox"/> Not seen by Minister <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify)  _____
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<b>Comments</b>          
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**Date returned to MHUD:**

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# Briefing

## Update on work to develop a Progressive Home Ownership scheme

**For:** Hon Dr Megan Woods, Minister of Housing

**Date:** 12 September 2019

**Security level:** In Confidence

**Priority:** Medium

**Report number:** BRF19/20090419

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### Purpose

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1. This briefing provides you with an update on the work to increase support for Progressive Home Ownership schemes, including development of a new scheme for direct government provision. It includes information on engagement with the community housing sector and how the Ministry of Housing and Urban Development will work with the sector on this issue.

### Recommended actions

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2. The Ministry of Housing and Urban Development (HUD) recommends that you:
  1. **Note** that a substantial work programme is under way to progress support for progressive home ownership products, including the design of a direct Government scheme *Noted*
  2. **Note** that we are working with Community Housing Providers on this work programme *Noted*
  3. **Note** that we anticipate seeking decisions on key aspects of a Progressive Home Ownership scheme design in mid October *Noted*

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Joanna Gordon  
**Acting Manager, Market and Supply Responses**

12 / 09 / 2019

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Hon Dr Megan Woods  
**Minister of Housing**

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## Background

3. As part of Budget 2019 Cabinet agreed that \$400 million in operating funding from the KiwiBuild Housing Multi Year appropriation be set aside to support the delivery of affordable rental homes and homes to be sold through progressive homeownership programmes.
4. On 2 September 2019, Cabinet agreed that the funding set aside in Budget 2019 be made available through a progressive homeownership fund:
  - to support the expansion of progressive homeownership schemes currently offered by community housing providers, iwi and Māori organisations and financial institutions
  - for the direct provision of progressive homeownership schemes by the Crown [Cab-19-MIN-044 refers].
5. Cabinet invited you to report by the end of this year setting out:
  - target households for the progressive homeownership fund;
  - the high level approach and design features including:
    - the process for a call for proposals from community housing providers, iwi and Māori organisations and financial institutions to deliver progressive homeownership schemes;
    - the process to establish a Crown shared equity scheme;
  - the establishment, administrative and other operating costs for the fund and how these will be funded;
  - with the Minister for Pacific Peoples, how this fund could improve homeownership for Pacific peoples.
6. The Ministry of Housing and Urban Development (HUD) is committed to working with community housing providers, iwi and Māori organisations and financial institutions to co-design a scheme, to ensure that a new direct Crown scheme complements, and does not conflict with, existing schemes.

## A substantial work programme is underway, in conjunction with community providers

7. We have put in place a substantial programme of work to progress support for progressive home ownership products, including the design and implementation of a direct Government scheme design.

**Table 1: High level structure of PHO work programme**

<i>Work to inform December 2019 report back to Cabinet</i>		
1	<b>Stocktake of existing PHO schemes</b>	To understand the existing programmes and how they work, to ensure that any new scheme is complementary and not in conflict
2	<b>Policy work</b>	Analysis of customer needs, eligibility criteria, current supplier capacity and capability, financial parameters
3	<b>High level design choices</b>	Identification and analysis of target cohorts, delivery channel options, PHO models
<i>Detailed design and implementation work following Cabinet decisions</i>		
4	<b>Detailed design</b>	Including for example: final eligibility criteria and financial parameters, fiscal / budgetary mechanisms, accountability and governance arrangements, funding structures, regulatory and legal considerations, accounting and tax

		treatment, development of administrative processes, development of monitoring regime
<b>5</b>	<b>Implementation</b>	Including for example: due diligence of commercial partners, develop documentation, build systems and processes, build internal capability, design and develop communications collateral

8. We have engaged with Community Housing Providers (CHPs) that already provide progressive home ownership schemes, to understand how we might best work with them to co-design a new Government scheme.
9. The CHPs strongly support working with HUD the work programme and are willing to share information including Intellectual Property and documentation. We are planning an initial series of workshops this month to collaborate on the stocktake and policy work, and to consider design requirements. We intend to engage with a wider group of stakeholders, including iwi, Māori and financial institutions on design components, in the coming weeks.

## Next steps

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10. We expect to brief you on the scope of a scheme and high level design choices in mid October. At this point we are likely to be seeking decisions on key aspects of the design such as the preferred model of scheme (for example Shared Equity or Rent to Buy), and on trade-offs such as target cohorts (for example how far down the income spectrum a scheme might reach) and numbers of households who might be supported through such a scheme.
11. In order to ensure that the scheme is available to households as soon as possible, and to inform policy development, an option to pilot a scheme by direct funding an existing provider may be included in this advice.