



Cabinet

Minute of Decision

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Increasing Housing Supply and Improving Affordability for First Home Buyers and Renters

Portfolios Finance / Housing

On 15 March 2021, following reference from Cabinet Social Wellbeing Committee, Cabinet:

Background

- 1 **noted** that the measures in the paper under CAB-21-SUB-0061 form part of the government's broader response to housing supply and affordability;
- 2 **noted** that the paper under CAB-21-SUB-0061 sits alongside the papers *Backing first home buyers and encouraging property investment into new housing supply* [CAB-21-MIN-0045] and *Housing Policy and the Reserve Bank* [CAB-21-MIN-0018], and that together these three papers form a part of the government's broader package of work to improve housing affordability;

Housing Acceleration Fund to support new housing supply and non-market outcomes, and assist first home buyers

- 3 **agreed** to establish a Housing Acceleration Fund, comprising the Kāinga Ora Land Programme, Infrastructure Fund, and changes to the Land for Housing programme, to complement work that has been, or is being, progressed on housing and urban development more broadly;
- 4 **authorised** the Prime Minister, Minister of Finance and the Minister of Housing to determine the final amount of the commitment to the Infrastructure Fund and the Land for Housing components of the Housing Acceleration Fund;
- 5 **agreed** to a Kāinga Ora Land Programme that would enable it to strategically purchase land to increase the pace, scale and mix of housing developments, including more affordable housing;
- 6 **s 9(2)(f)(iv)**
- 7 **agreed** to establish an Infrastructure Fund to provide infrastructure to unlock land for housing developments, including existing large-scale projects, and directly overcome funding and financing constraints faced by councils and other infrastructure providers;

- 8 **invited** the Minister of Housing to report back to Cabinet by 30 June 2021 to confirm the design parameters for the Infrastructure Fund, including on alignment with existing infrastructure processes (in particular three waters and transport) and ongoing collective ministerial oversight across alignment with the Treasury, Ministry of Transport, Waka Kotahi New Zealand Transport Agency, Department of Internal Affairs and Kāinga Ora;
- 9 **agreed** to broaden the Land for Housing programme to enable delivery of a broader range of affordable housing for rental and ownership including non-market outcomes;
- 10 s 9(2)(f)(iv)
- 11
- 12 **noted** that the scale and complexity of the large-scale projects, associated land acquisition fund and Land for Housing deals will require additional oversight from the Ministry of Housing and Urban Development;
- 13 s 9(2)(i)
- 14 s 9(2)(f)(iv)
- 15 **agreed** to increase the income caps for First Home Products to \$95,000 for single buyers and \$150,000 for two or more buyers;
- 16 **agreed** to increase the house price caps for First Home Products for both new and existing as shown in the table below:

Region	New Build Properties		Existing Properties	
	Current Cap	Proposed Cap	Current Cap	New Cap
Auckland	\$650,000	\$700,000	\$600,000	\$625,000
Queenstown-Lakes	\$650,000	\$650,000 (No Change)	\$600,000	\$600,000 (No Change)
Wellington City, Hutt City, Upper Hutt City, Porirua City, Kāpiti Coast District	\$550,000	\$650,000	\$500,000	\$550,000
Nelson City, Tasman District, Tauranga City, Western Bay of Plenty District, Hamilton City	\$550,000	\$600,000	\$500,000	\$525,000
Christchurch City, Selwyn District, Waimakariri District	\$550,000	\$550,000 (No Change)	\$500,000	\$500,000 (No Change)
Waipā District, Hastings District, Napier City	\$500,000	\$600,000	\$400,000	\$525,000
Waikato District, Dunedin City	\$500,000	\$550,000	\$400,000	\$425,000
Rest of New Zealand	\$500,000	\$500,000 (No Change)	\$400,000	\$400,000 (No Change)

17 **approved** the following change to appropriations to provide for the changes in paragraph 16 above, with a corresponding impact the operating balance and net core crown debt:

Vote Housing and Urban Development Minister of Housing	\$m – increase/(decrease)			
	2021/22	2022/23	2023/24	2024/25 and outyears
Benefit or Related Expenses: First Home Grants	12.300	12.300	12.300	12.300

18 **agreed** that the expenses incurred under paragraph 17 above be a pre-commitment against the Budget 2021 Operating Allowance;

19 **noted** that changes to the income caps in paragraph 15 above may require additional funding in the future but are difficult to quantify at this stage;

20 **agreed** that the proposals in paragraphs 15 and 16 above apply from 1 April 2021;

Other supply measures being developed as part of the rolling supply-side package

Supporting affordable housing outcomes

21 s 9(2)(f)(iv)

22 s 9(2)(f)(iv)

s 9(2)(f)(iv)

23 s 9(2)(f)(iv)

Purpose built rentals

24 **invited** the Minister of Housing to report back to Cabinet by 30 June 2021 setting out how the government can further support increased delivery of high-quality rentals at both market and subsidised rent, s 9(2)(f)(iv)

Further changes to Kiwibuild settings

25 **noted** that the Minister of Housing is considering the impact of the changes made in response to COVID-19, s 9(2)(f)(iv) and intends to report back to Cabinet regarding potential changes;

Building sector capacity and capability

- 26 **noted** that the Apprenticeship Boost Initiative (ABI) was funded for 20 months from implementation: \$209.907 million in 2020/21 and \$170.647 million in 2021/22;
- 27 **noted** that ABI implementation started on 5 August 2020, with the 20 months ending on 4 April 2022;
- 28 **noted** that officials are currently reviewing uptake across the different initiatives within the Apprenticeship Support Programme [CAB-20-MIN-0280], and that it may be possible to utilise any underspend to extend the duration of the ABI from 20 months, potentially up to 24 months, depending on actual volumes);
- 29 **agreed in principle** to extend the duration of the ABI to 24 months;
- 30 **agreed in principle** to transfer any underspend in Vote Social Development: Non-Departmental Other Expense: COVID-19 Apprentice Support from 2020/21, to the corresponding 2021/22 appropriation, to preserve the option of extending the ABI to 24 months;
- 31 **authorised** the Minister of Finance, Minister of Education, and Minister for Social Development to jointly approve changes to appropriations to extend the end-date of the ABI using the underspend within the Apprenticeship Boost in 2020/21, with any balance to come from the Covid-19 Recovery and Response Fund.

Michael Webster
Secretary of the Cabinet