



DOIA20/21030552

s 9(2)(a)

Dear s 9(2)(a)

Thank you for your email received 30 March 2021 requesting the following documents under the Official Information Act 1982 (the Act):

- *Improving housing supply and affordability: initial high-level advice*
- *RMA reform some additional points to raise with the Minister*
- *Delivering the Progressive Home Ownership Fund Nationwide*
- *Talking points on Housing for Bilateral Budget Meeting 17 December 2020*
- *Methamphetamine Contamination Regulations Under the Residential Tenancies Act – Further Scientific Advice and Next Steps*
- *Renter and Landlord Experience and Intentions during and after COVID Alert Level 4 – final survey results*
- *Implementing the National Policy Statement on Urban Development – Options for Announcements*
- *Urban development work programme*
- *Government Policy Statement on Housing and Urban Development*
- *Progressing Build-to-Rent*

Five documents are released to you with some information withheld under the following sections of the Act:

Section of Act	Reason to withhold
9(2)(a)	protect the privacy of natural persons, including that of deceased natural persons
9(2)(b)(ii)	protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
9(2)(ba)(i)	protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.
9(2)(f)(iv)	maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials

9(2)(g)(i)	maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
18(d)	that the information requested is or will soon be publicly available.

The following four documents are withheld in full under section 9(2)(f)(iv) of the Act, as the information contained within them is still under active consideration.

- *Talking points on Housing for Bilateral Budget Meeting 17 December 2020*
- *Delivering the Progressive Home Ownership Fund Nationwide*
- *Implementing the National Policy Statement on Urban Development – Options for Announcements*
- *Methamphetamine Contamination Regulations Under the Residential Tenancies Act – Further Scientific Advice and Next Steps*

The document titled *Improving housing supply and affordability: initial high-level advice* is refused in full under section 18(d) of the Act, as it will soon be publicly available.

This information is summarised in the document table in annex one.

In terms of section 9(1) of the Act, I am satisfied that, in the circumstances, the decision to withhold information under section 9 of the Act is not outweighed by other considerations that render it desirable to make the information available in the public interest.

You have the right to seek an investigation and review of my response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz.

As part of our ongoing commitment to openness and transparency, the Ministry proactively releases information and documents that may be of interest to the public. As such, this response, with your personal details removed, may be published on our website.

Yours sincerely



Stephanie Rowe
Deputy Chief Executive
System and Organisational Performance

Annex 1 – Document schedule

Documents released – DOIA20/21030552			
Date	Tracking number	Title	Sections of the Act applied
7 December 2020	IREQ20/21120712	RM reform - some additional points to raise with the Minister	9(2)(a) 9(2)(f)(iv)
17 December 2020	AMI20/21120415	Renter and Landlord Experience and Intentions during and after COVID Alert Level 4 – final survey results (Annexes will be available on the Ministry's website soon)	9(2)(a) 18(d)
18 December 2020	BRF20/21120823	Urban development work programme	9(2)(a) 9(2)(f)(iv)
18 December 2020	BRF20/21110785	Government Policy Statement on Housing and Urban Development	9(2)(a)
22 December 2020	BRF20/21120827	Progressing Build-to-Rent	9(2)(a) 9(2)(b)(ii) 9(2)(ba(i)) 9(2)(f)(iv) 9(2)(g)(i)

Documents withheld – DOIA20/21030552			
Date	Tracking number	Title	Sections of the Act applied
10 December 2020	BRF20/21100777	Delivering the Progressive Home Ownership Fund Nationwide	Withheld in full under 9(2)(f)(iv)
14 December 2020	BRF20/21110803	Methamphetamine Contamination Regulations Under the Residential Tenancies Act – Further Scientific Advice and Next Steps	Withheld in full under 9(2)(f)(iv)
10 December 2020	AMI20/21120421	Talking points on Housing for Bilateral Budget Meeting 17 December 2020	Withheld in full under 9(2)(f)(iv)
17 December 2020	AMI20/21120423	Implementing the National Policy Statement on Urban Development – Options for Announcements	Withheld in full under 9(2)(f)(iv)

Documents refused – DOIA20/21030552			
Date	Tracking number	Title	Sections of the Act applied
4 December 2020	BRF20/21120809	Improving housing supply and affordability: initial high-level advice	Refused under 18(d)

From: Tony Chandler [<mailto:Tony.Chandler@hud.govt.nz>]
Sent: Friday, 4 December 2020 4:03 PM
To: Susan Jacobs <Susan.Jacobs@parliament.govt.nz>
Cc: Mel Rae <Mel.Rae@hud.govt.nz>; Tim Bradley <Tim.Bradley@hud.govt.nz>
Subject: RM reform - some additional points to raise with the Minister

Hi Susan, please see some additional comments below that we would like to bring to the Minister's attention.

s 9(2)(f)(iv)

Thanks for all your help this week, hope you have a relaxing weekend!

Cheers,

Tony

Key points that HUD would like to raise

In our Aide-memoir [AMI20/21110409] submitted 30 November, we noted that some aspects of the proposed NBA Purpose were still being refined at the time of writing.

In addition to the matters raised in our AM, we wish to raise two key points in relation to the NBA Purpose which we believe have the potential to

s 9(2)(f)(iv)

These are:

s 9(2)(f)(iv)

Further changes have been added to the paper

We understand that MfE has made some small but significant changes to the paper based on further discussions with Minister Parker and following the meeting that took place yesterday with the Māori collective. These changes are:

- Purpose statement - that the Ministerial Oversight Group be explicitly empowered to explore options and instruct PCO to draft alternative versions of the purpose and supporting provision. This is because getting the detail right is critical to ensure reform appropriately enables development within environmental limits as intended.

s 9(2)(f)(iv)

We also note that MfE will be making some additional changes to the document aimed at reducing its length and complexity ahead of Monday's lodgement.

TONY CHANDLER

Principal Policy Adviser, Market and System Settings
Housing and Urban Settings Policy Branch
Ministry of Housing and Urban Development

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Aide-memoire

Renter and Landlord Experience and Intentions during and after COVID Alert Level 4 – final survey results

Date:	17 December 2020	Security level:	In Confidence
Priority:	Medium	Report number:	AM20/21120415

Information for Minister(s)

Hon. Poto Williams Associate Minister of Housing (Public Housing)	Note the key findings immediately available from these surveys Note the intent to undertake further analyses of the raw data Note the communications and engagement approach for the proactive release of these findings
Hon. Dr. Megan Woods Minister of Housing	For information

Contact for discussion

Name	Position	Telephone	1 st contact
Francis Liu	Senior Advisor Research & Insights	s 9(2)(a)	
Lorrae Ward	Manager Research & Evaluation, Research & Insights	s 9(2)(a)	✓

Other agencies consulted

N/A

Minister's office to complete

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

Comments

Date returned to HUD:



Aide-memoire

Renter and Landlord Experience and Intentions during and after COVID Alert Level 4 – final survey results

For: Hon. Poto Williams, Associate Minister of Housing (Public Housing)

Copies to: Hon. Dr. Megan Woods, Minister of Housing

Date: 17 December 2020

Security level: In Confidence

Priority: Medium

Report number: AMI20/21120415

Purpose

1. This aide memoire provides the summary of findings from the final of three pulse surveys regarding renter and landlord experience and intentions related to COVID-19.

Background

2. The Ministry of Housing and Urban Development (HUD) commissioned Colmar Brunton to undertake pulse surveys of 2000 renters and 700 landlords across Aotearoa New Zealand at three different points in 2020: April, June and November. The aim was to provide real time rental market data to policy managers across HUD and other agencies to support decision-making.
3. A cohort methodology was utilised so that the same respondents were contacted for each survey. This enabled us to track the same renters and landlords over time. For the final survey in November, all those who had completed the first survey in April were recontacted, rather than just those who completed the first and second surveys. This enables a direct comparison between the first and final survey.
4. The aide memoire and topline reports for the first (see *Annexes C – E*) and second surveys (see *Annexes F – H*) have also been appended for your information.

Initial findings from the final survey results

5. Our initial consideration of the findings from the final survey suggests that both renters and landlords carry on with a more positive outlook about their financial situation. This positivity was previously seen in the second survey where both renters and landlords were more positive about their financial situation during June compared with the earlier survey in April.
6. The following bullet points are the key highlights drawn from the final renter and landlord surveys (see *Annexes A and B*). The variation¹ from the first survey is included wherever applicable.
 - The current impact of COVID-19 on both renters' and landlords' financial situation has reduced since April, although one quarter (25%) of renters and one third of landlords

¹ The variation is based on renters and landlords who took part in both the first and final surveys.

continue to be affected. For those affected, four in ten renters (40%) and landlords (42%) have lost at least half of their income.

- Two in ten (20%) renters are struggling more with paying their rent than they were in the months before the first lockdown²; however, this has dropped 10 percentage points since April. For those who are struggling, over half (57%) report this is because their income has reduced.
- Fewer renters now feel they will need Government financial support over the next few months to pay their rent (down nine percentage points to 14%). Landlords' concerns about their tenants' ability to pay rent has almost halved since the first lockdown³. Around one in ten (9%) landlords currently have tenants behind in their rent payments, a decrease of two percentage points since the first lockdown.
- Just under one in twenty renters (4%) report that their landlord has reduced their rent since early May, while one in ten (9%) say their landlord has increased their rent. One quarter of renters, whose rent has been increased, say the increase happened before the rent freeze ended on 26 September. In comparison, just under one in ten (9%) landlords reduced rent since the first lockdown⁴. The same proportion increased rent over this period. Around a quarter of landlords (27%) who increased rent did so before 26 September and with existing tenants – this equates to 2% of all landlords.
- Fifteen percent of renters are actively looking to buy their own home in the next 12 months (up three percentage points from 12%). Renters who have stopped actively looking to buy most commonly cite their reasons as rising prices, or they have since bought a home. Renters who were not actively looking in April but now are say they want to buy before house prices rise even further, or lowering interest rates have encouraged them to look.
- Around one in ten (11%) landlords have sold rental property since the first lockdown ended, mostly due to the need to secure finance as their own financial situation is less certain. One in four (26%) landlords are now considering or plan to sell their rental(s). Landlords, who were not considering selling before the first lockdown but who are now considering it, also say it is because of the need to secure finance, in addition to house price inflation.

Next steps

7. The attached summary reports were provided by Colmar Brunton as part of the contract. HUD Research and Insights have access to the raw data and will be undertaking further comprehensive analyses of the data. It is anticipated a full report will be available in April 2021.
8. A communications and engagement plan will be developed to support the proactive public release of the topline report in the week of 11 January 2021. This will be developed in discussion with the Minister's Office.

Annexes

9. Annex A: A longitudinal survey of renters to explore the impact of COVID-19: Wave 3 topline results
10. Annex B: A longitudinal survey of landlords to explore the impact of COVID-19: Wave 3 topline results
11. Annex C: AMI19/20050299 Renter and Landlord Level 4 Experience and Intentions Survey Results

² From 11:59pm on 25 March to 11:59pm on 13 May 2020.

³ Ibid.

⁴ Ibid.

12. Annex D: A survey of renters during lockdown: Topline results
13. Annex E: A survey of landlords during lockdown: Topline results
14. Annex F: AMI19/20060346 Renter and Landlord Experience and Intentions Second Survey results
15. Annex G: A survey of renters after lockdown: Wave 2 topline results
16. Annex H: A survey of landlords after lockdown: Wave 2 topline results

Released under the
Official Information Act 1982



Briefing

Urban development work programme – progress to date, implementation, and areas for future focus			
Date:	18 December 2020	Security level:	In Confidence
Priority:	Medium	Report number:	BRF20/21120823

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	Note the advice being prepared that will be provided to you in early 2021 Agree to discuss the urban work programme with officials in early 2021 Agree to discuss with officials' potential ministerial arrangements for the urban work programme Agree to forward this paper to other Ministers with an interest in the urban development portfolio	Late January / early February 2021

Contact for discussion				
Name	Position	Telephone		1 st contact
Helen Potiki	Deputy Chief Executive, Housing and System Settings	04 832 2554	s 9(2)(a)	✓
Mel Rae	Manager, Market and System Settings	04 831 6016	s 9(2)(a)	
Craig Fredrickson	Senior Policy Advisor	09 953 6418		

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:

Briefing

Urban development work programme – progress to date, implementation, and areas for future focus

For: Hon Dr Megan Woods, Minister of Housing

Date: 18 December 2020

Security level: In Confidence

Priority: Medium

Report number: BRF20/21 20823

Purpose

1. To provide you with background and context of the urban development work programme and a number of initiatives that have been put in place over the last three years. It also provides information about upcoming work and options for potential further work to improve urban development outcomes in Aotearoa New Zealand.

Executive summary

2. Substantial progress has been made over the last few years to address structural issues that have prevented our urban areas from delivering positive outcomes for people. You have a key role to ensure the effective implementation of established initiatives, and to leverage momentum with partners and lean into key opportunities to further address barriers to our urban centres thriving. These opportunities include participating in the components of the resource management reform, and addressing building and construction costs, infrastructure funding and financing constraints and unnecessary land use constraints in our urban areas.

Recommended actions

3. It is recommended that you:

1. **Note** the advice being prepared that will be provided to you in early 2021 on the following:
 - a. The impact of the cost of construction on housing and urban development, and potential options available to address this
 - b. Infrastructure funding and financing constraints and prioritise focus areas
 - c. Further advice on identified spatial plan priority areas for Auckland
 - d. Other possible land use constraints
 - e. Climate Change Commission's Emissions Reduction Plan and what the key implications are for housing and urban development
 - f. s 9(2)(f)(iv)

Noted

2. **Agree** to discuss the urban work programme with officials in early 2021

Agree/Disagree

3. **Agree** to discuss with officials' potential ministerial arrangements for the urban work programme going forward

Agree/Disagree

4. **Agree** to forward this paper to other Ministers with an interest in the urban development portfolio including:

- a. Associate Ministers of Housing (Public Housing, Māori Housing, Homelessness)
- b. Minister for the Environment
- c. Associate Minister for the Environment (NPS-UD)
- d. Minister of Transport
- e. Minister of Infrastructure
- f. Minister for Local Government.

Agree/Disagree



Helen Potiki
**Deputy Chief Executive,
Housing and Urban Settings**

..... / /

Hon Dr Megan Woods
Minister of Housing

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Urban areas are not delivering for people or communities as they should be

4. Our urban areas are failing to provide people with the most basic opportunities to thrive, including warm, dry, secure, and affordable homes with good access to a range of jobs, services, amenities and social connections. This is evident in severe and rising housing unaffordability, people living in overcrowded homes, homelessness, increasing congestion and journey times, limited transport options, rising greenhouse gas emissions, declining natural environmental outcomes, and slow productivity growth.
5. Not enough houses have been built in the right places, at the right prices, and at the right time to meet people's needs, and urban development, including the development of critical infrastructure, has not been responsive to population growth, demographic change, and changing preferences and needs.
6. The poor performance of our urban areas is undermining the transformative potential of our cities as places of opportunity and economic dynamism. High housing and living costs are contributing to poverty, housing insecurity, and homelessness, which is disproportionately impacting Māori and Pasifika, and creating intergenerational inequality. Māori are five times more likely to be homeless than Pākehā, make up 36% of public housing tenants (yet comprise just under 15% of the general population), and 40% of Māori and Pasifika live in damp, mouldy housing. These problems have spread from our major urban centres to smaller cities like Hamilton, Tauranga and Rotorua.
7. COVID-19 is likely amplifying structural weaknesses in our urban areas, such as the chronic undersupply of housing and the ability of councils to fund infrastructure. Further housing and urban development both impact and are impacted by climate change. Both the transport and building sectors contribute a significant amount of emissions, including emissions from energy use and embodied emissions in homes, buildings and infrastructure. Transitioning to net zero emissions by 2050 (as required by the *Climate Change Response Act 2002*) while building the additional homes and infrastructure we need is a key challenge.
8. Additionally, our homes, cities and infrastructure need to adapt to cope with different conditions such as more extreme weather events, sea level rise, coastal inundation, flooding, drought, and wildfires. There will be social and economic changes such as increasing unavailability of insurance, changing land values, complexity in lending markets and population pressure from climate refugees.

To address this, a range of initiatives have recently been put in place

9. The building blocks for change have been put in place with new central government institutions, including Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD), Kāinga Ora – Homes and Communities (Kāinga Ora) and the New Zealand Infrastructure Commission – Te Waihanga, being created to lead system change.
10. Significant urban reform work has been delivered in recent years, including:
 - a. establishing urban growth partnerships with local government and iwi, and influencing the review of the resource management system
 - b. completing the first joint Crown-iwi-local government spatial plans
 - c. passing the *Infrastructure Funding and Financing Act 2020*
 - d. developing a shared cross-portfolio understanding of the key challenges and opportunities facing our urban areas through the Urban Growth Agenda (UGA)
 - e. gazetting the National Policy Statement on Urban Development (NPS-UD)
 - f. passing the *Urban Development Act 2020*, and
 - g. developing a Government Policy Statement on Housing and Urban Development.
11. These initiatives start to set a foundation for a more responsive urban development system that can unlock housing supply, encourage the development of well-functioning urban environments, and respond to the needs and preferences of our communities.

12. Māori and iwi are important as critical partners with the Crown in planning decisions that help shape our urban areas (e.g. the Auckland to Hamilton Corridor Plan). The current Crown Māori engagements that give effect to the Treaty of Waitangi and the spirit of partnership will deliver sustainable outcomes for future generations inclusive of the needs and ambitions of Māori.

Governance and cross-agency collaboration

13. The UGA has been governed by a group of Ministers representing the key urban policy related portfolios: Urban Development and Environment (as co-chairs), Local Government, Transport, Infrastructure and Housing. Ministers have also represented the Crown as part of the Urban Growth Partnerships to ensure there are effective and responsive relationships with mana whenua and local government represented in each partnership (see paragraph 20 below for further detail).
14. Many of the initiatives, particularly those under the UGA, have utilised cross agency governance groups, from Chief Executives through to working level, that ensured alignment, continuity and the sharing of lessons where possible. It also provided a mechanism to work through competing interests and tensions in a constructive, collaborative forum. The core group of agencies for the UGA include the Ministry of Transport (MOT), Ministry for the Environment (MfE), The Treasury, Department of Internal Affairs (DIA), and HUD.

HUD continues to support the effective implementation of these initiatives

15. We need to ensure the legislative levers and policy tools created are effectively implemented. If we do this, we will see development increase in our urban areas, as well as increased wellbeing for people living there (e.g. through better housing affordability, choice and access). If we do not do this well, we risk losing the opportunity to capitalise on these changes and shift towards a system that enables urban growth and change.

National Policy Statement on Urban Development

16. The National Policy Statement on Urban Development (NPS-UD) sets out objectives and policies for urban development under the *Resource Management Act* (RMA). It requires councils to plan well for growth and to enable greater intensification in areas where people want to live and that are well-connected to jobs, public transport, community facilities and green spaces.
17. MfE and HUD are jointly responsible for implementing the NPS-UD. Officials are currently supporting councils to implement the policies through a combination of:
- a. producing publicly available guidance and factsheets
 - b. hosting webinars and workshops with council staff
 - c. attending meetings with regional groupings of council staff, and more targeted meetings with individual councils
 - d. supporting and attending public events organised by independent organisations, such as the Urban Design Forum.
18. HUD and MfE plan to supplement this education with a monitoring programme to assess whether councils have complied with the policies.






s 9(2)(f)(iv)

[REDACTED]

Urban Growth Partnerships

20. The Urban Growth Partnerships are a key opportunity to promote the transformation of our largest urban areas to become well-functioning urban environments and to agree place-based strategies to deliver housing. A lack of strategic alignment is a significant factor affecting the provision of the right houses in the right places. The partnerships between the Crown, local government, and mana whenua support greater alignment, and are a means to coordinate and agree on where and how areas will grow (including where priority investments in housing, transport, social and network infrastructure will be focused).
21. Urban Growth Partnerships provide an integrated approach to planning at the strategic level, and the co-ordination of agreed work programmes at a project level to aid the delivery of housing, business activities and a wide range of place making infrastructure. They are a critical opportunity for Government to enable new urban development through the prioritisation of public investment and programmes, and to garner a commitment to delivery from all partners. They also provide an opportunity to help address climate change, including both avoiding development in high-risk areas and mitigating emissions via integrated land use and transport planning.
22. Formal partnerships have been established in Auckland, the Hamilton-Auckland Corridor, and Tauranga-Western Bay of Plenty, and partnerships are set to be formalised in Wellington-Horowhenua and Queenstown in 2021.
23. The partnerships are all at different scales, reflecting the nature of the issues in each area and the existing governance arrangements of local partners (see summary in Table 1 below). All the partnerships seek to establish joint spatial plans and to develop joint programmes of transformational initiatives to help drive housing provision, quality urban development and responses to climate change.

Table 1: Urban Growth Partnerships - Typologies

	Urban area-focussed partnerships	Metro-area focussed partnerships	Corridor-focussed partnerships	Regional partnerships	
Current example	Queenstown-Lakes Partnership proposal	Tauranga-Western Bay (SmartGrowth) Partnership	Hamilton-Auckland (NZA) Corridor partnership	Wellington-Horowhenua Partnership proposal	Auckland Partnership
Spatial footprints	 Parts of 1 region and 1 district	 Part of 1 region, and 2 territories (council areas)	 Parts of 2 regions & 4 territories (cities or districts)	 Whole region, part of another region and all of 9 territories	 Whole region (unitary authority)
Membership (agreed or planned)	Iwi, Queenstown-Lakes District Council (potentially the Otago Regional Council) and Crown	Iwi, Bay of Plenty Regional Council, Tauranga CC, Western Bay of Plenty DC and Crown	Iwi, Waikato Regional Council, Waipa DC, Waikato DC, Hamilton CC, Auckland Council, Franklin Local Board and Crown	Iwi, Horowhenua DC, Kapiti DC, Porirua CC, Wellington CC, Hut CC, Upper Hutt CC, Masterton DC, Carterton DC, South Wairarapa DC and Crown	Auckland Council (Panuku, Auckland Transport and Auckland Unlimited) and Crown
Joint spatial plans (to date)	One, for the core networks of towns (final draft)	One, for metropolitan area (draft)	Two, one for the corridor as a whole and one for the Hamilton-Waikato metropolitan area	One, for the entire area (draft) and there are existing plans for various council areas or corridors	Existing plan, basis for priority setting and future joint spatial planning

24. Joint spatial plans have now been completed for the Auckland-Hamilton Corridor and the Hamilton-Waikato Metropolitan area. Draft joint spatial plans for public consultation are being finalised for the Tauranga-Western Bay Sub-Region, Wellington-Horowhenua and Queenstown Lakes areas. The Auckland Partnership utilises the existing Auckland (spatial) Plan that was developed and published before the partnership was formalised. However, recent work to establish spatial priority areas for infrastructure investment is now forcing a debate around the need to undertake a refresh of the Auckland Plan to replace it with an updated and aligned joint spatial plan.
25. The Auckland Partnership is a good example of how the partnerships provide constructive opportunities to undertake joint work with local government to highlight the key urban challenges and opportunities facing our cities. With a joint understanding of these issues, potential solutions are starting to emerge (including the use of new infrastructure funding and

financing and urban development powers), and there is a clearer sense of strategic alignment between parties. In Auckland, the identification of a set of joint spatial priority areas has been an important step towards alignment with the Council, and this work has already begun to influence the determination of the Council's 10 year budget for its next Long-Term Plan (as expressed through the Mayoral Proposal published on 1 December 2020), and the current Auckland Transport Alignment Project Review (to be adopted early in 2021).

Progressing this work

26. There will be significant opportunities to advance the urban development portfolio through the Urban Growth Partnerships. The partnerships provide place-based opportunities to implement the initiatives that have been put in place over the last three years and to engage constructively with local government and mana whenua. The partnerships are also providing an effective means to implement the National Policy Statement on Urban Development by integrating the requirements into the work programmes of the partnerships.
27. Firstly, there will be opportunities to advance the relationship with Auckland and to facilitate a path towards a more joined-up strategy for managing Auckland's significant growth and housing needs. The Mayor of Auckland will be sending you a formal invite to the next meeting of the Auckland Partnership that is likely to take place in February 2021. It will be an important opportunity to reset the Ministerial representation on this partnership following the General Election, and to set the agenda for the partnership for the next 12 months. A key topic of discussion will concern the Council's commitment to supporting the transformational projects in the identified spatial priority areas, including the Kainga Ora led Auckland Housing Programme. HUD officials will provide further advice on the spatial priority areas, and the emerging need for a joint spatial plan to outline an aligned strategy for managing growth in our largest city.
28. Secondly, there will be opportunities to reset the Ministerial representation on both the Hamilton-Auckland Corridor and Tauranga-Western Bay Partnerships and to consider the Ministerial representation across the yet to be formalised partnerships with Wellington-Horowhenua and Queenstown. The partnerships that have been formalised to date are governed by a terms of reference for the parties involved, with Ministers formally joining the respective governance groups with local Mayors and Chairs. These governance groups meet quarterly and have proven to be very effective. Table 2 below outlines the previous Ministerial representation along with some possible changes.

Table 2: Urban Growth Partnerships – Ministerial Representation

Partnership	2019-20 Ministerial representation	s 9(2)(f)(iv)
Formally established Partnerships, endorsed by Cabin		
Auckland	Hon Twyford (Transport, Urban Development & Economic Development)	
Hamilton-Auckland Corridor (Future Proof)	Hon Twyford (Transport, Urban Development & Economic Development) Hon Mahuta (Local Government, Māori Housing)	
Tauranga-Western Bay of Plenty (Smart Growth)	Hon Twyford (Transport, Urban Development & Economic Development) Hon Mahuta (Local Government, Māori Housing)	
Partnerships agreed in principle or in development		
Queenstown (Whaiora)	Hon Twyford (Transport, Urban Development & Economic Development) - informal	
Wellington-Horowhenua	Hon Twyford (Transport, Urban Development & Economic Development) - informal	

29. Officials are also exploring partnership arrangements for the two remaining high growth areas, Greater Christchurch and the Northland-Auckland Corridor. Advice will be forthcoming in the first half of 2021 on these areas.
30. Thirdly, there will be opportunities to influence the development of joint spatial plans that seek to provide manage growth and respond to housing needs in our large urban areas. Three joint spatial plans currently in draft form will be finalised for public consultation in the new year. These include the joint plans for Tauranga-Western Bay, Wellington-Horowhenua, and Queenstown.

Urban Development Act 2020

31. The *Urban Development Act 2020* (UD Act) provides a way to progress large-scale and transformative development projects. These types of projects have typically struggled because there are not the tools, coordination and certainty required by Kāinga Ora, Māori and iwi, local government, landowners, private developers, investors and central agencies to plan and deliver them. Often, they experience fragmented decision-making and costly delays which constrains the supply of much-needed housing and infrastructure.
32. The key feature of the UD Act is a streamlined process to progress a new type of urban development project, a specified development project (SDP). When doing an SDP, Kāinga Ora and its partners have access to a toolkit of powers designed to overcome barriers to development such as fragmented land parcels, uncoordinated decision making processes, poor and ageing infrastructure, and restrictive planning.
33. The SDP process enables all the key planning, funding and infrastructure decisions to be sorted upfront so that Kāinga Ora and its partners can get on with delivery quicker. It also provides a way for them to support Māori aspirations in urban development and enable community input into the SDP.
34. HUD has been working closely with Kāinga Ora while they are designing the internal processes to operationalise the SDP process. This includes making an application form available on the Kāinga Ora website and getting ready for the first applications. You and the Minister of Finance can also direct Kāinga Ora to assess a project as a potential SDP.

Progressing this work programme

35. HUD and Kāinga Ora have been talking to a range of councils and other interested parties about potential SDP projects in their areas. While discussions are in their early days, it is clear these parties can see benefits in the alignment and powers provided by the SDP process. Many of these discussions have stemmed from the Urban Growth Partnerships, and we expect these partnerships will largely be the genesis for SDPs.
36. s 9(2)(f)(iv)

Infrastructure Funding and Financing Act 2020

37. Local councils are responsible for providing water, roading and community infrastructure to support housing but often face financing constraints. This means infrastructure to support housing is often delivered on a 'just in time' basis or postponed – which delays the construction of new houses.
38. The *Infrastructure Funding and Financing Act 2020* (IFF Act) established a new funding and financing model to enable private capital to support the provision of new infrastructure for housing and urban development. HUD is responsible for administering the Act and has also been appointed to the roles of "recommender" and "monitor" established by the IFF Act.

39. The IFF Act provides opportunities for local councils, Māori and iwi, and developers to partner and deliver infrastructure, free of the council's debt limits or from charging high upfront costs to developers. This will enable the development of infrastructure to support new housing to occur sooner than would otherwise be the case.

Progressing this work programme

40. HUD has been working with the Treasury and Crown Infrastructure Partners (CIP) to establish how each party can work together to perform their respective roles and responsibilities. We are also thinking about how the legislation could be used to enable a wider range of infrastructure projects.
41. We understand that Minister of Finance, in his role as shareholding Minister, has told CIP that he expects at least one IFF levy proposal to be materially progressed by the end of 2021. CIP has informed us that this will require a significant amount of due diligence and other work in the first quarter of 2021 to identify potential projects that could meet that timeframe.
42. HUD has also been talking to several local councils and other interested parties about how they could use the IFF Act. As with the UD Act, the discussions have largely been brought about by our work with councils as part of the Urban Growth Partnerships.

UGA baseline monitoring

43. To better understand the progress and impact of the UGA since its inception in 2017, officials developed the following products:
- a. **Performance Framework:** an outline of the programme logic that can be used as the base for any assessment of the programme.
 - b. **Evidence Strategy:** the approach to be taken for assessing the programme, including identifying data sets and methods.
 - c. **Baseline Report:** a point in time review of the UGA from which future progress can be measured.
44. This information helps us to understand how the UGA initiatives track against its objectives and inform decisions about the focus for future work. There is an opportunity for ongoing work to be monitored and reviewed in an integrated way, while also developing a more detailed coherent evidence base regarding urban growth and development in Aotearoa.
45. Developing the baseline report highlighted the connections across the existing programme and the importance of an integrated approach to urban growth and development. It also emphasised our current lack of access to regularly updated and relevant data, including data aggregated to the right spatial level for monitoring the impact of the programme on specific growth areas.

Opportunities to further progress the urban development work programme

46. While we have made substantial progress, we need to maintain momentum. We need to continue to take a cross-portfolio approach to ensure the effective implementation of current initiatives under the UGA and the delivery of further urban development work across agencies that focuses on removing undue constraints on urban development and leveraging the government's investment role to improve outcomes for urban areas.
47. The opportunities for further work programmes are provided below, and in Annex A. The consideration and integration of the climate change outcomes we are seeking to achieve will be critical to achieving resilient urban areas that can make the transition to a low carbon economy. Further, any future work programme should also ensure national level settings and policy consider place, as well as considering place-based targeted interventions.

Involvement in the Resource Management Act reform

48. HUD is actively involved in the resource management reforms to ensure the proposed new system better recognises the built environment and improves housing and urban outcomes. Reforming the resource management system provides one of the most important opportunities

to enhance intergenerational wellbeing by making it easier and less costly to develop housing and other urban amenities.

49. Cabinet recently agreed to comprehensively reform the resource management system, focusing on three proposed new acts [CAB-20-MIN-0522]:
 - a. the Natural and Built Environment Act (NBA)
 - b. the Strategic Planning Act (SPA)
 - c. the Managed Retreat and Climate Change Adaptation Act (CAA).
50. Cabinet also made high-level decisions on the proposed approach to the reform, including delegating detailed decisions to a Ministerial Oversight Group (of which you are a member) HUD has a role in influencing this reform as part of cross-agency advice
51. The NBA is proposed to set the legal framework for the management of Aotearoa New Zealand's natural resources within the built and natural environment. The NBA will have a significant impact on housing and urban development by influencing what kinds of activities can take place where, and under what conditions.
52. The agreed approach has an initial focus on establishing the high-level system architecture first, beginning with in-principle NBA policy decisions on the purpose and supporting provisions of the NBA, the National Planning Framework and requirement for a single planning document for each region (provisionally called Natural and Built Environment Plans)
53. The SPA is proposed to embed a strategic and long-term approach to planning for land use and the coastal marine area, including identification of areas suitable for development, areas to protect or enhance, social and network infrastructure needs, and vulnerability to climate change and natural hazards. s 9(2)(f)(iv)
[REDACTED]
54. The CAA is proposed to address the complex legal and technical issues associated with managed retreat, where it is required for climate change adaptation or reducing risks from associated natural hazards.

You will have a significant opportunity to shape the reforms

55. You will have a key role as a member of the Ministerial Oversight Group (MOG), ensuring that the reforms build on existing work, such as the recent NPS-UD, to develop a more effective and responsive planning system.
56. The purpose section of the NBA is particularly important to get right as it will set the tone and parameters for the whole resource management system, s 9(2)(f)(iv)
[REDACTED]
57. While the government structure for the SPA is still being developed, we anticipate a strong role for HUD in co-leading with MfE to develop the policy and ensure alignment with the NBA and HUD's existing urban work programmes. For example, HUD will look to leverage existing work, capabilities and relationships developed under the current Urban Growth Partnerships to ensure the reforms facilitate more efficient land and development markets, improve housing supply, affordability and choice, and progress climate change mitigation and adaptation action.
58. We note however, that while foundational, the resource management reforms cannot achieve the government's broader housing and urban objectives alone. It is critical that we continue to take opportunities to progress work that will complement the reforms and reduce wider barriers that could prevent the reforms having their full impact. Changes to the resource management system will also require significant consequential amendments to key urban development legislation, particularly the UD Act which has many cross-references to the RMA.

Investigating ways to address high building and construction costs

59. The cost of building and construction is an essential component of housing affordability and ensuring we can deliver affordable homes for all New Zealanders. Building costs affect the cost of new housing and demand for new homes, which affects the overall supply of new housing and the cost of housing in a place. This has subsequent consequences for increasing pressure on local rental markets.
60. Construction costs have increased faster than incomes over time and have been increasing faster than inflation over the last nine years. Cost of new housing (excluding land) has risen 45% since Q4 2011 versus 11% for CPI overall. This poses challenges in regional centres where the cost of new builds is greater than the price it can be sold for (higher than the price of existing properties), effectively preventing new development. We also see steadily increasing costs and cost blowouts for large scale projects. This has significant implications for direct government investment in urban development.

Progressing this work programme

61. s 9(2)(f)(iv)

62.

Addressing infrastructure funding and financing constraints

63. For decades central and local government have struggled to keep up with and provide the infrastructure for growth and change in our largest urban areas, including general maintenance, resulting in a legacy of underinvestment. Many councils are close to their maximum debt limits, preventing them from borrowing more in response to demand. Even if councils were able to borrow more, they would still face pressure from existing ratepayers to limit rate increases or lower rates, particularly in light of the impacts of COVID-19. This has meant that we have areas where growth is not able to progress under current settings because councils are unable to meet the costs of infrastructure.

64. s 9(2)(f)(iv)

65. HUD will work with key agencies (such as Treasury, DIA, MOT and the Infrastructure Commission) to further explore these issues and prioritise where we want to focus in the short, medium and long term, including considering institutional settings and constraints. This means considering not just whether we have the right funding tools, but whether councils have sufficient political incentives to use the tools.

Address unnecessary land use constraints

66. There are a number of constraints on land that can affect the development and redevelopment of our urban areas, impacting the ability for cities to change and grow and needed. s 9(2)

(f)(iv)

These have the potential undermine the effectiveness of both resource management plans and the NPS-UD by preventing the uptake of development capacity.

67. s 9(2)(f)(iv)

s 9(2)(f)(iv)

68.

69.

Climate change is also an important consideration for urban development

70. The Climate Change Commission will be preparing a series of emissions budgets to act as stepping-stones towards Aotearoa New Zealand's emissions target of net zero emissions of all greenhouse gases (except biogenic methane) by 2050, with additional targets for methane. The first draft budgets are to be released in February 2021 and set by the Government by the end of 2021. The Minister for Climate Change is responsible for an Emissions Reduction Plan (ERP) that responds to the emissions budgets. s 9(2)(f)(i)

71. A National Climate Change Risk Assessment was released in 2020, setting out the risks Aotearoa New Zealand faces from climate change. In response, a National Adaptation Plan (NAP) must be adopted by August 2022, setting out the Government's objectives for adapting to the effects of climate change and proposals for meeting those objectives. s 9(2)(f)(iv)

We will provide advice to you on the objectives and outcomes of this work by March 2021.

Next steps

72. We seek to discuss the work programme with you, and your priorities for urban development following consideration of the opportunities outlined in this briefing.

73. Officials will begin to develop advice for you in early 2021, as listed throughout this briefing. The priorities you discuss with officials early in 2021 will help to shape and focus these advice streams.

74. s 9(2)(f)(iv)

Annexes

75. Annex A: Summary of the five areas for opportunity for the urban development programme

Annex A: Summary of the five areas for opportunity for the urban development work programme

1: Implementing the existing urban development initiatives			
Initiative	Rationale	Milestones	Comment
Develop the Government Policy Statement on Housing and Urban Development (GPS-HUD) to set out the Government's long-term direction and priorities for housing and urban development, and to inform and guide the decisions and actions of Kāinga Ora and other agencies.	The GPS-HUD will support communication, transparency and accountability, providing greater clarity and certainty to the system about what the Government wants to achieve for housing and urban development and how it plans to get there in partnership with others.	Briefing by 17 December 2020 outlining the engagement that has been undertaken to date with partners and stakeholders, the key themes emerging, and next steps.	Key choices will need to be made about how the GPS acknowledges and addresses issues raised by partners that may not feature in current government priorities. Engaging openly and meaningfully with all views will be important for ensuring the durability of the vision.
Progress the Urban Growth Partnerships between the Crown, local government, and iwi which coordinate and agree on where and how urban areas will grow, including where any investment in housing, transport, social and network infrastructure will be focused.	The development of Aotearoa New Zealand's urban centres is hindered by poor coordination between local government and central government - particularly around infrastructure investment. This affects the supply of land for housing and can result in poor urban development outcomes, such as housing located too far from transport routes, jobs and facilities. The Urban Growth Partnerships provide a critical forum for central government, local government and mana whenua to align aspirations, decision-making processes and investments in places.	Auckland <ul style="list-style-type: none"> End 2020: agreement to revised set of Crown-Council spatial priorities, linked to respective transport and housing programme reviews. Future Proof (Hamilton-Auckland Corridor) <ul style="list-style-type: none"> End 2020: agreement to three-year joint work programme. Smart Growth (Tauranga-Western Bay) <ul style="list-style-type: none"> March 2021: completion of joint spatial, transport and housing delivery plans. Wellington-Horowhenua & Queenstown Lakes <ul style="list-style-type: none"> Early 2021: public consultation on respective draft spatial plans and partnership proposals. Greater Christchurch <ul style="list-style-type: none"> First part of 2021: advice on potential partnership. 	<p><i>For the established, Cabinet-endorsed partnerships:</i></p> <ol style="list-style-type: none"> Ministerial representation on Future Proof and Smart Growth partnerships. Reset of the Crown-Auckland relationship to reconfirm and strengthen the partnership. <p><i>For possible additional partnerships:</i></p> <ol style="list-style-type: none"> Whether to recommend the propose Wellington-Horowhenua, Greater Christchurch and Queenstown Lakes partnership proposals to Cabinet in 2021. Whether to mandate the scoping of a further possible partnership for the Whangarei-Auckland corridor.
The National Policy Statement – Urban Development (NPS-UD) requires councils to reduce planning constraints and plan for growth.	Our urban areas are not keeping up with growth and providing enough housing to meet demand. This requires removing unnecessary restrictions on development and changing the practice and culture of how land-use is regulated. The NPS-UD is designed to ensure councils do this.	Most councils in large urban areas must do a housing and business development capacity assessment (HBA) to provide information on demand and supply in its area. The housing assessment aspect of the HBA needs to be completed by July 2021. HUD and the Ministry for the Environment will issue guidance on HBAs in Nov/Dec.	The success of the NPS-UD for housing supply and the way our cities respond to growth relies on effective, positive implementation by councils. We will need to lean-in with guidance and support, including through our growth partnerships, to ensure successful implementation of the NPS-UD by councils.
The Infrastructure Funding and Financing Act 2020 creates a new tool so private sector finance can be used to construct infrastructure for housing and urban development and overcome council debt constraints.	In high growth areas, housing supply has been constrained because councils have been unable or unwilling to fund the infrastructure needed to support development. This tool is designed to address this constraint and enable housing and urban development projects to get underway sooner.	HUD is working closely with Crown Infrastructure Partners to implement the legislation.	We are considering ways to enable the new tool to be used more flexibly to support smaller infrastructure projects. Early discussions are underway with several councils on using the tool to fund necessary infrastructure for housing and urban development.
The Urban Development Act 2020 creates a streamlined process for delivering Specified Development Projects (SDPs), a new type of complex urban development that can access a toolkit of development powers.	Complex developments struggle to progress due to uncoordinated decision-making, restrictive planning rules, poor and ageing infrastructure, lack of funding, and fragmented land parcels. SDPs provide a way to overcome these barriers, enabling housing, infrastructure and commercial and community facilities to be delivered with greater coordination, certainty and speed.	Kāinga Ora is planning to open a formal application process for SDPs on 16 November 2020.	Kāinga Ora can play a range of roles in SDPs – from leading its own or facilitating ones led by others. In the coming months, its Board will consider a framework for deciding on the appropriate approach to delivering a particular SDP.
s 9(2)(f)(iv)			

s 9(2)(f)(iv)			
Resource consents for projects that can boost employment and economic recovery legislation.	The resource consenting process can be costly and result in delays. This short-term process provides a pathway to accelerate already planned infrastructure and development projects. Two housing projects – Unitec and Te Pā Tāhuna – are listed in the legislation so they can proceed straight to an expert consenting panel.	Before end of 2020: The Minister for the Environment will shortly be seeking comment from you on an application that will deliver 249 affordable housing units in Glen Eden, Auckland – the Nola Estate Integrated Residential Development. Further requests for comment are expected in the coming months.	As of 4 November, there have been 27 applications to use the fast-track consenting process – including retirement villages, commercial buildings, small housing developments and infrastructure projects. We will continue to support those applications that contribute to long term housing and urban development goals , recognising that not all applications will.

2. Being actively involved in Resource Management Act reform			
Initiative	Rationale	Milestones	Comment
Influence the direction and shape of <i>Resource Management Act</i> reform so that it enables our urban areas to grow and change, helps to address housing affordability, and reduces the cost of development.	As NZ's primary legislation for land use planning and resource management, it's critical that we get the resource management system right, including recognising urban development objectives and mandatory spatial planning. This reform will impact the ability and pace at which many housing and urban development outcomes can be achieved and set the environmental limits within which development can occur.	s 9(2)(f)(iv)	This is a critical opportunity to influence the reform to ensure it removes barriers to residential construction and enables urban areas to function well, and to grow and change, helping reduce the cost of development, and address housing affordability, alongside achieving natural environment outcomes. Key links between this programme to the GPS, NPS-UD, Urban Growth Partnerships, and <i>Urban Development Act</i> , and is of key interest to many stakeholders.
Influence the direction and shape of new legislation mandating spatial planning reform so that it enables our urban areas to grow and change, helps to address housing affordability, and reduces the cost of development.		s 9(2)(f)(iv)	

3. Addressing infrastructure funding and financing constraints			
Initiative	Rationale	Milestones	Comment
Improve infrastructure funding and financing issues affecting the delivery of housing and urban development, with a particular focus on understanding the incentives and disincentives on local government and others for using existing funding and financing tools and whether new ones are needed, and how existing tools could be improved.	Infrastructure funding and financing challenges across local and central government are a key barrier to more responsive urban planning, particularly for large-scale opportunities.	Detailed assessment of wider issues that are slowing and stalling large scale urban development (using existing projects as a case study) in March 2021	Key linkages to other Minister's portfolios include 3-waters reform, transport and infrastructure. It is critical that wider infrastructure discussions prioritise funding and policy changes that will support large-scale urban development and increase housing supply.

4. Investigating ways to address high building and construction costs

Initiative	Rationale	Milestones	Comment
Improve infrastructure funding and financing issues affecting delivery of housing and urban development, with a particular focus on understanding the incentives and disincentives on local government and others for using existing funding and financing tools and whether new ones are needed, and how existing tools could be improved.	Infrastructure funding and financing challenges across local and central government are a key barrier to more responsive urban planning, particularly for large-scale opportunities.	Detailed assessment of wider issues that are slowing and stalling large scale urban development (using existing projects as a case study) in March 2021	Key linkages to other Minister's portfolios include 3-waters reform, transport and infrastructure. Wider infrastructure discussions must prioritise funding and policy changes that will support large-scale urban development and increase housing supply.

5. Address unnecessary land use constraints

Initiative	Rationale	Milestones	Comment
Work across portfolios to address remaining legislative barriers that add unnecessary costs, risks and delays to development, with a focus on land use constraints, s 9(2)(f)(iv).	The NPS-UD will begin to address some constraints to unlocking land for housing supply. s 9(2)(f)(iv)	Progress will continue to be made to address some of these constraints through the effective implementation of the NPS-UD by councils.	s 9(2)(f)(iv)



Briefing

Government Policy Statement on Housing and Urban Development

Date:	18 December 2020	Security level:	In Confidence
Priority:	Medium	Report number:	BRF20/21110785

Action sought

	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	Note and Agree the recommendations below	21 December 2020

Contact for discussion

Name	Position	Telephone	1 st contact
David Hermans	Kaiaki, Housing and Urban Settings	09 953 6419 s 9(2)(a)	✓
Stephanie Rowe	Deputy Chief Executive, System and Organisational Performance	04 832 2567	
Kararaina Calcott-Cribb	Deputy Chief Executive – Te Kāhui Kāinga Ora	04 832 2579	

Other agencies consulted

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 MHUD:

Briefing

Government Policy Statement on Housing and Urban Development

For: Hon Dr Megan Woods, Minister of Housing

Date: 18 December 2020

Security level: In Confidence

Priority: Medium

Report number: BRF20/21110785

Purpose

1. This briefing provides you with an outline of the progress to date on the development of the Government Policy Statement on Housing and Urban Development (GPS-HUD), our initial thinking on how the GPS-HUD might address key issues, and our proposed approach to developing and finalising the GPS-HUD ahead of publishing by 1 October 2021.

Recommended actions

2. It is recommended that you:
 - a. **Note** officials will continue to engage our partners and stakeholders and cross-agency colleagues as the GPS-HUD is developed over the coming months *Noted*
 - b. **Note** officials will provide you with a draft GPS-HUD by April 2021 in advance of Cabinet consideration in May 2021 *Noted*
 - c. **Agree** with our proposed approach to use the current HUD outcomes for the system as the starting point for drafting the GPS-HUD vision and outcomes *Agree/Disagree*
 - d. **Agree** with our proposed approach to progressing the key themes and issues for the draft GPS-HUD (proceeding to drafting for some, and ongoing engagement and testing for others), and provide any specific views *Agree/Disagree*

- e. **Agree** to forward this briefing to the Minister of Finance and the Associate Housing Ministers for their information *Agree/Disagree*

Stephanie Rowe
**Deputy Chief Executive, System and
Organisational Performance**

..... / /

Hon Dr Megan Woods
Minister of Housing

..... / /



Kararaina Calcott-Cribb
**Deputy Chief Executive
Te Kahui Kainga Ora**

18 / 12 / 2020

Progress towards developing the Government Policy Statement on Housing and Urban Development

3. As the Minister of Housing, you have responsibility for issuing the Government Policy Statement on Housing and Urban Development (GPS-HUD), alongside the Minister of Finance.
4. The purpose of the GPS-HUD is to state the Government's long-term direction and priorities for housing and urban development and to inform and guide the decisions and actions of government agencies and others in the system. We see the GPS-HUD as an important tool for building consensus around a shared, long-term vision and outcomes for the system. The need for such an approach has taken on additional importance in light of the recent resurgence in house prices and associated housing stress.
5. The requirements for the GPS-HUD sit within the Kāinga Ora–Homes and Communities Act 2019 (the Kāinga Ora Act). The Kāinga Ora Act requires the GPS-HUD to have a multi-decade outlook and to consider outcomes for people, communities, the economy, and the built and natural environment. The Kāinga Ora Act specifically requires that the GPS-HUD include the Government's expectations in relation to Māori interests, partnering with Māori, and protections for Māori interests, as well as the need to mitigate and adapt to the effects of climate change. Further context on the GPS-HUD is attached as Annex A.
6. This briefing provides you with an update on our progress so far and seeks your views and direction on an approach to drafting the GPS-HUD over the coming months, including further engagement.

Partner and stakeholder engagement

7. Iwi partners and Māori with interests in housing and urban development along with other stakeholders are a vital source of first-hand experience and perspective, innovation and leadership, and a reach in to the community. Their input, and our understanding of their views, are important to the development of a GPS-HUD that has the support of the wider system. This is critical because achieving the GPS-HUD vision cannot rely on government action alone.
8. Our original plan for external engagement on the GPS-HUD was truncated by the COVID-19 lockdowns, and the need to focus resource (and provide space for our partners and stakeholders to focus their efforts) on the immediate response to COVID-19 and the way it exacerbated an already-existing housing crisis, especially for Māori. We were able to resume the GPS-HUD project in late 2020.

Workshops with external partners and stakeholders

9. HUD officials held a series of eight workshops with around 120 partners and stakeholders throughout August and September 2020. Two workshops were focused on the impact of system change for Māori with a dedicated deeper dive into matters relevant to Māori.
10. Te Maihi o te Whare Māori – Māori and Iwi Housing Innovation (MAIHI) framework for action was referenced by participants as a strong start in the responding to the housing crisis for Māori but noting more work was required to review and reset the system. This included opportunities that were provided by Māori for Māori through innovative housing solutions led by Māori and supported by the Crown.
11. The workshops provided rich information and views around the challenges and opportunities in the current and future housing and urban development system. They were also useful for facilitating discussion between the participants, enabling them to begin building a shared understanding of the different perspectives and the complementary roles that everyone must play to improve housing and urban outcomes. This aspiration to work towards consensus (and/or getting clarity around divergent views) will be an important aspect of getting stakeholders' enduring support for a long-term vision for the system.

12. There was consensus about the need for the GPS-HUD to be a system-wide strategy that is ambitious and explicit about the system changes to drive positive long-term housing and urban outcomes and "fix the housing crisis". There was strong support for an enduring strategy that is agreed and supported by all players in the system. Iwi and Māori feedback from the MAIHI Whare Wānanga also noted the need to have an integrated response across the Crown, with iwi and Māori and other relevant parties (such as Local Government). The approach being taken through the MAIHI Partnerships Programme in doing this was recognised as a strong starting point, noting the need to do more. Enabling an enduring strategy has also been echoed elsewhere, including by a number of participants in the recent Infrastructure New Zealand conference, *Re-Building Nations*.
13. There was strong willingness from partners and stakeholders to participate in further engagement and policy-design opportunities associated with the GPS-HUD development.
14. The engagement raised a number of challenges and perspectives across the housing and urban development system. There was a mixed focus, with some participants raising the system-wide, transformational shifts that might be needed. Others focused on more immediate solutions for the specific challenges they deal with on a day-to-day basis. A thematic summary of stakeholder views has been attached as Annex B.
15. Further, targeted engagement over the coming months, prior to the release of the draft GPS-HUD in mid-2021 will be undertaken.

Next steps for drafting and engagement

16. A draft GPS-HUD is proposed, and we will provide this to you by April 2021. In doing this, we plan to share and test components of the in-progress draft with agencies (including Kāinga Ora)¹, and with other experts, stakeholders and partners in a targeted way. We intend to develop a fully-informed draft GPS-HUD, and a clearer understanding of partner and stakeholder consensus and divergences, for you to take to Cabinet prior to release for public consultation by mid-2021.
17. The following outlines a high-level timeline of next steps:

Prepare and test draft GPS-HUD material with experts, partners and stakeholders (incl. Kāinga Ora and other agencies)	December 2020 – February/March 2021
Discuss draft material with Housing and Urban Ministers	April 2021
Draft GPS-HUD submitted for Cabinet consultation and agreement	April/May 2021
Draft GPS-HUD published for public consultation, and supported by regional hui and roadshows etc.	May – July 2021
Draft GPS-HUD revised based on feedback (in consultation with Housing and Urban Ministers)	June-August 2021
Final GPS submitted for Cabinet consultation and Cabinet agreement	September 2021

¹ We have established a cross-agency working group with membership from agencies including Kāinga Ora – Homes and Communities; the Ministries of Business, Innovation and Employment; Transport; Health; Education; and Social Development; the Ministry for the Environment; Department of Internal Affairs; New Zealand Transport Agency; Statistics New Zealand; Te Arawhiti; Te Puni Kōkiri; Treasury; the Infrastructure Commission and the Climate Commission.

Seeking your views on our approach

18. We are seeking your views and direction to help inform our next phase of drafting and engagement.

Proposed starting-point for drafting the HUD-GPS Vision

19. The vision is an essential aspect of the GPS-HUD, as it frames the multi-decade outlook required by the Kāinga Ora Act and forms the basis of the priorities and actions that will sit beneath it. The vision will need to be enduring, ambitious, credible, and reflect the needs and aspirations of all New Zealanders. It must recognise that housing and urban development sits at the heart of achieving New Zealand's long-term wellbeing goals, such as around social inequality and child wellbeing, economic transformation, and responding effectively to climate change.
20. Our engagement with partners and stakeholders revealed that there is strong alignment between their views about an ideal 'future system' and what already forms the basis of HUD's founding strategy as well as many government priorities. Key concepts about thriving, inclusive and sustainable communities, affordable homes for all, and a system that is resilient and responsive to the drivers of change (self-adjusting and embedded in partnership and community agency) came through strongly, and parallel HUD's existing focus.
21. HUD's current four outcomes for the system are outlined in the box below. We wish to test your comfort with using these outcomes as the starting point for the draft GPS-HUD vision. The GPS-HUD would also highlight the MAIHI and place based approaches as key to the delivery of this vision.

Proposed starting-point for the HUD-GPS Vision

Everyone in New Zealand deserves to live in a healthy, secure and affordable home that meets their needs, within a thriving, inclusive and sustainable community.

Vibrant, flourishing communities

Communities provide homes, education, employment, and amenities that meet people's needs in the places they want to live.

This outcome would encompass objectives for our communities to: support joined-up local solutions, particularly for iwi and Māori to lead development; be sustainable (buildings, infrastructure, urban form, public and open spaces support our climate change and other environmental goals, and integrate the natural and built environment in our urban areas); support economic transformation (facilitating firm growth, productivity and innovation, labour mobility and inclusive growth); and, provide access and connectivity (to education, employment, amenities and services that meet people's physical, economic, social and cultural needs).

Affordable homes for every generation

People are able to rent or buy a home that is sustainable, affordable and meets their needs.

This outcome would encompass objectives for increasing the supply of affordable housing across all tenures, typologies and locations by: ensuring we use land efficiently, effectively and sustainably; ensuring the residential construction system delivers innovation, scale, pace and quality; and, increasing the support available for New Zealanders to meet their housing needs and for Māori to live as Māori in their places.

Wellbeing through housing

People have a warm, dry and secure place to live that meets their needs and with access to the support they need.

This outcome would encompass objectives for: improving access to housing and support services for those in need (including for those experiencing, or who are at risk of, homelessness), improving housing quality and the experience of those who rent; and, ensuring wellbeing outcomes are not driven by differences in tenure or location (that housing is not a barrier to people's decisions to move and take up opportunities, or that people don't need to move communities in order to access decent housing).

A self-adjusting system

The system works together and with communities to review, respond and adapt.

This outcome would encompass objectives for ensuring that: collaboration and effective partnerships shape and improve the system; sector capability and capacity are continuously improving; and development capacity, infrastructure and housing supply meets underlying demand (both qualitatively and quantitatively) and responds and adapts effectively to future challenges and opportunities.

Proposed approach to the key themes

22. Annex B outlines the range of key themes and challenges that our partners and stakeholders are expecting the GPS-HUD to address to achieve a vision like the indicative one outlined above.
23. Many of the themes have been well-canvassed and are already being addressed as part of existing government work programmes. However, some matters raised by stakeholders may not be current government priorities but warrant further attention, analysis and engagement.
24. As an example, a key issue raised by many stakeholders is how housing in New Zealand is treated as an investment commodity and a wealth-generating asset (and retirement fund) for households and investors, with the performance of the real economy increasingly linked to house price movements and mortgage credit conditions. This is also included as part of the into the Māori Housing Policy and Services Kaupapa Inquiry - WAI2750. This is an issue that has gained even more prominence in respect of recent COVID-driven monetary and fiscal policy.
25. This 'financialisation of housing' is viewed by some, particularly Māori as a key cause of poor housing outcomes, creating wide-reaching intergenerational impacts and inequity. It is also constraining New Zealand's productivity and economic growth by diverting household investment and bank lending away from other uses. Addressing this concern would require addressing the expectation of ongoing capital gains and housing as a 'no-risk' investment and could require bold changes in policy and regulatory settings.
26. We are proposing that over the coming months, as we draft the GPS-HUD, that we undertake targeted engagement on key themes and issues where there is not yet an explicit government focus or strategy, and/or where we think we need to gather more information and test proposed responses. This would include using existing and upcoming engagement opportunities, such as at Waitangi as part of the Iwi Chairs Forum, the National Māori Housing symposium planned for February 2021, but also connecting with specific experts and stakeholders like the Human Rights Commission.
27. For other themes and issues, we consider that we either currently have enough information, or we are already engaging satisfactorily as part of existing priority work programmes, and so we can commence drafting GPS-HUD material accordingly.
28. Our views on which themes and issues require which kind of focus are outlined in the table below. We are seeking your comfort with this approach, and any views or direction you may wish to offer. In particular:
 - a. Are there any themes or issues you think are missing?
 - b. Are there any that you wish to provide specific views on, and have input into, prior to receiving an early draft GPS-HUD?

Key themes/issues to <u>engage further on over the next 3 months</u>	
Theme/Issue	Commentary
Protect Iwi and Māori interests and provide greater opportunity to partner with Iwi and Māori and support initiatives by Māori for Māori	MAIHI is well supported by the sector and, as is information provided by Iwi and Māori through the MAIHI Whare Wānanga and other Iwi and Māori led symposiums. Ongoing engagement is needed The WAI2750 enquiry is providing and demanding rich perspectives and information.
Frame the GPS-HUD within a human right to adequate housing	Not yet an explicit government focus, but a response could potentially be framed from basis of overall vision, and current and emerging workstreams
Target parity of support and outcomes between renters and owners (tenure neutrality)	RTA changes and emerging rental supply work could form basis of a response, but addressing systemic ownership bias not yet explicit government focus
Provide a strategic response to, the 'financialisation' of housing in New Zealand, including being specific about a strategy or target for house prices	Not yet an explicit government focus, but current and emerging workstreams (incl. potential Treasury/HUD demand-side advice) could form basis of a response
Empower and enable local government to meet housing and urban challenges (e.g. examine institutional and funding settings)	Not yet an explicit priority; potential gap in existing work programmes (UGA, RMA, government build programme etc.) which could limit long-term success
Create inclusive, accessible and healthy homes, towns and cities (e.g. supporting ageing in place, child wellbeing, disability goals)	This is critical for achieving vision of thriving inclusive communities (and has strong co-benefits with urban climate change and other actions), but is not currently a priority compared to the more 'quantitative' supply-focus of UGA, RMA etc. We have a good basis to build on (Urban Design Protocol, Buildings for Everyone etc.)

Key themes/issues to <u>proceed to drafting</u>	
Theme/Issue	Commentary
End homelessness	Good information and focus through Homelessness Action Plan, MAIHI and broader supply and affordability work programme. Stage one of the WAI2750 claim will also be focusing on homelessness.
Create a responsive urban planning and resource management system that enables growth and development (housing supply, affordability, choice and access)	Good information and direction from existing work programme (Urban Growth Agenda, NPS-UD, Resource Management Reform, MAIHI etc.). This includes papakāinga and land heritage requirements.
More deliberate investment role for central government in ensuring sufficient infrastructure and housing is built in the right places, at the right prices, at the right time, to meet people's needs (i.e. play counter-cyclical role, take more risk, and lead market)	Good information and priority work already underway to improve housing supply, affordability, choice and access (as above) including the government build programme, and recent advice on increasing housing supply and improving housing affordability over the short-term

Key themes/issues to <u>proceed to drafting</u>	
Theme/Issue	Commentary
Support our homes, towns and cities to reduce GHG emissions and adapt to the effects of climate change	Good information: can create a clear housing and urban narrative around existing strategies and priorities, e.g.: National Adaptation Plan; Emissions Budgets and Emissions Reduction Plan, including Transport Emissions Reduction Plan and Building for Climate Change Programme; RMA reform, including Strategic Planning Act and Managed Retreat Act
Support and grow role of Community Housing Providers	Good information and engagement, we are clear about sector views, and relevant work is underway (e.g. Public Housing Plan, Progressive Home Ownership, and rental supply work)
Improve quality, efficiency and productivity within building and construction system	Good information and pathways for delivery through the Construction Sector Accord, Government build programme, and building system reform

Clarifying roles in the system

29. This section provides context on how we see the GPS-HUD articulating and clarifying roles in the system. This was a key focus of discussion with partners and stakeholders.
30. The GPS-HUD sits within the Kāinga Ora Act and is required to communicate government's expectations directly to Kāinga Ora, to clarify its purpose and influence extends well beyond that agency. Our intent is to avoid placing Kāinga Ora at the centre of the GPS-HUD, and to communicate the right message about the partnership approach the Government intends to take (further galvanising our MAIHI and place-based combined approaches).
31. In particular, the GPS-HUD is a mechanism for ensuring alignment and coordinating policies and actions across multiple portfolios and agencies who have an impact or influence on 'place'.
32. This means the GPS-HUD would need to:
 - a. Articulate the approach that government agencies will need to take to partnership, and the outcomes they will be seeking and supporting, when operating in a place (i.e. guided by the GPS-HUD vision and outcomes).
 - b. Set expectations for government agencies to participate in local strategic planning alongside iwi and hapū, local government, and others, and then support the implementation of resulting plans and strategies and help build capability at a local level.
 - c. Outline where the Government expects to prioritise its place-based focus over the medium-term, with reference to factors such as housing need, demographic and economic trends, and climate change adaptation.

Next steps

33. Over the next three to four months we will continue with further engagement and prepare draft content on the key themes and issues, as per the approach outlined above.
34. When you return in the New Year we would like to meet and discuss your views on the key themes and issues, and on the proposed approach.

Annexes

Annex A: Further context on the GPS-HUD

Annex B: Summary of stakeholder views

Released under the
Official Information Act 1982

Annex A: Further context on the GPS-HUD

What is the GPS-HUD?

1. The GPS-HUD will be designed to communicate the Government's long-term vision for the housing and urban development system, to help build consensus on what New Zealand wants for the future, and to help align the different players to ensure we get there.
2. It is required to have a multi-decade outlook, and will need to consider outcomes for people, communities, the economy, and the built and natural environment. The GPS-HUD is a legal requirement under the Kāinga Ora—Homes and Communities Act 2019 (the Kāinga Ora Act).

What is the purpose of the GPS-HUD?

3. As stated in the Act, the purpose of the GPS-HUD is to:
 - a. state the Government's overall direction and priorities for housing and urban development; and
 - b. inform and guide the decisions and actions of all other New Zealand government agencies involved in housing and urban development.

What is the GPS-HUD required to cover?

4. The Kāinga Ora Act requires that the GPS-HUD include the following (but may include other matters):
 - a. The Government's overall direction and priorities for housing and urban development, which must include a multi-decade outlook.
 - b. How the Government expects Kāinga Ora to manage its functions and operations to meet the Government's direction and priorities (this is binding on Kāinga Ora).
 - c. The Government's expectations in relation to Māori interests, partnering with Māori and protections for Māori interests.
 - d. How the Government expects other agencies to support the direction and priorities.
 - e. How the Government expects Kāinga Ora to recognise the need to mitigate and adapt to the effects of climate change.

Why do we need a GPS-HUD?

5. The GPS-HUD will support communication, transparency and accountability, providing greater clarity and certainty to everyone about what the Government wants to achieve for housing and urban development, and how it plans to get there. It will also provide additional strategic direction and operational clarity to Kāinga Ora as a new agency with a very large, complex and important delivery mandate.

How does the GPS-HUD fit with the Treaty of Waitangi?

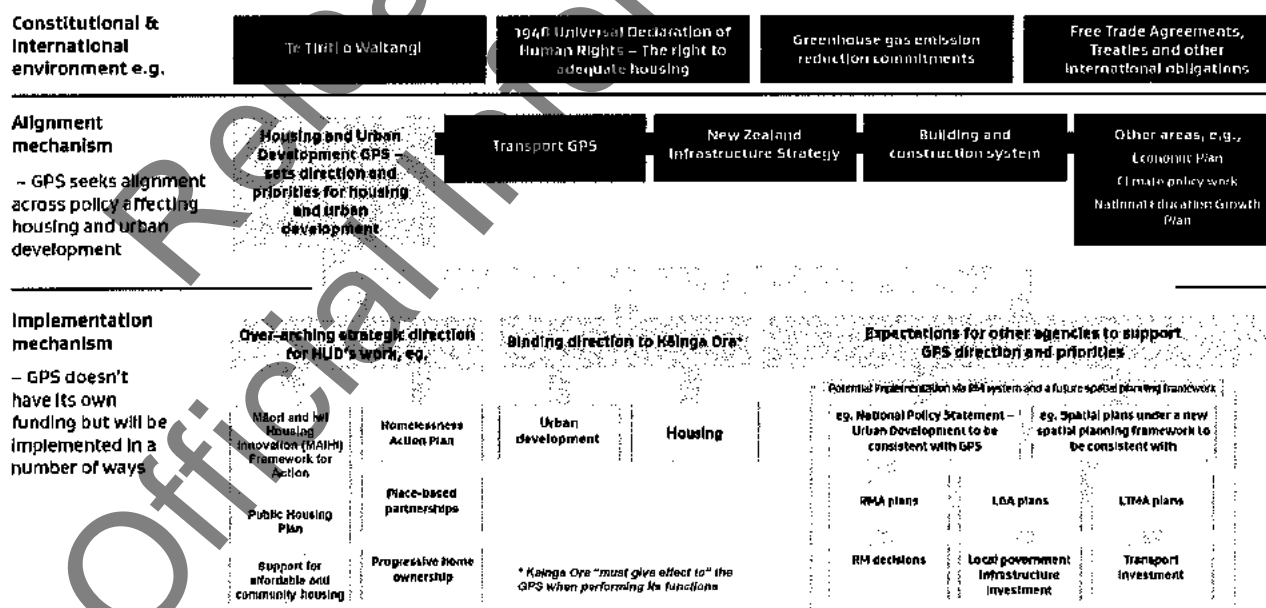
6. The GPS-HUD is required to reflect the principles of partnership, participation and protection, which underpin the relationship between the Government and Māori under the Treaty of Waitangi. This is crucial to strengthening the Māori-Crown relationship.
7. Disenfranchisement from land and systemic policy, practice and delivery have left Māori dealing with severe housing stress through homelessness, lack of secure quality rental accommodation and impacting on their home ownership aspirations.
8. The Waitangi Tribunal is progressing the Māori Housing Policy and Services Kaupapa Inquiry (WAI 2750) to investigate the housing issues raised by multiple claimants to review Crown actions to resolve these outstanding claims.
9. Cabinet approved the Ministry of Housing and Urban Development's (HUD) Te Maihi o te Whare Māori – Māori and Iwi Housing Innovation framework for action (MAIHI) [see CAB-20-MIN-0229.02].
1. Under the Kāinga Ora Act, the GPS-HUD must include the Government's expectations in relation to Māori interests, partnering with Māori, and protections for Māori interests.

2. MAIHI includes both urgent and long-term system responses to critical gaps for Māori in mainstream housing solutions, in three key workstreams to:
 - a. Respond to the immediate crisis focusing on reducing homelessness; increasing housing stock; co-designing place-based solutions with Māori; accelerating home ownership; and Māori-led community-based housing projects and papakāinga.
 - b. Review current Crown policies and programmes to identify and remove barriers; assess interventions, and examine the systemic levers that have led to this crisis.
 - c. Reset the system so that future policy settings reflect the principles of the Treaty of Waitangi, provide for equitable outcomes and level the playing field.
3. The GPS-HUD provides an opportunity to outline the Government's approach to partnering with Māori, to bring innovation and leadership by Māori for Māori in line with MAIHI to design and implement solutions.

How does the GPS-HUD fit with everything else?

4. The diagram below sets out how the GPS-HUD fits within the overall regulatory system. The Kāinga Ora Act states that Kāinga Ora must give effect to the GPS-HUD when performing its functions. The GPS-HUD will also have influence over (as opposed to giving direction to) other parts of government. That influencing role is important however, as over time we anticipate that the GPS-HUD will influence the direction of policy such as the Government Policy Statement for Land Transport, national direction setting under the Resource Management Act, and Ministry of Education asset planning. It could also influence programmes across government that address housing, infrastructure and urban development, including guiding HUD's own work programmes.
5. We will undertake further work on how the GPS-HUD can influence various parts of the system, including clarifying what we mean by 'the system', better understanding the roles of key players in the system, and exploring how the GPS-HUD can influence policy and funding levers to achieve the Government's objectives for housing and urban development. This will also include linking with the various reform programmes underway (e.g. resource management reform, Urban Growth Agenda) and understanding how the GPS-HUD might create change in the context of these changes.

How does the GPS fit with everything else?



What could the GPS-HUD expectations of Kāinga Ora look like?

6. As outlined above, the GPS-HUD must outline the expectations of Kāinga Ora, including on how Kāinga Ora is expected to contribute towards the Government's vision and priorities for housing and urban development.
7. This GPS-HUD will provide strategic direction and operational clarity to Kāinga Ora as a new agency with a very large, complex and important delivery mandate. It will provide clarity both to Kāinga Ora and to other players in the system looking to work with Kāinga Ora, around where and how Kāinga Ora should focus its efforts and resource.
8. The GPS-HUD will need to articulate the role of Kāinga Ora in the long-term vision of housing and urban development, as well as more specific expectations around particular outputs to prioritise in the shorter-term. These shorter-term priorities will largely be influenced by the nature and scale of funding that Kāinga Ora is able to secure through Budget 2021 and outyears, and how much it is able to sustainably borrow. We are providing you with a suite of advice on the funding and financing of Kāinga Ora to inform Budget 2021.
9. HUD officials have been engaging Kāinga Ora through the cross-agency working group. We have also:
 - a. Undertaken or planned a series of separate workshops with Kāinga Ora focussed on:
 - i. The relationship between the GPS and other strategy, policy, and direction setting tools (e.g. letters of expectation and statements of intent);
 - ii. The place-based approach
 - iii. Applying MAIHI and protecting Māori interests
 - iv. Climate change
 - b. Scheduled an initial meeting with the Kāinga Ora Board to update them on progress, answer any questions they may have, and discuss next steps (including opportunities for further engagement).
10. The intent is to engage consistently throughout the project, building on existing expectations in the legislation (top down) and incorporating the insights and needs of Kāinga Ora from their operating environment (bottom up).

When will it be published?

11. The inaugural statement must be published by 1 October 2021, with a requirement for it to be reviewed every three years.

Released under the
Official Information Act 1982

Government Policy Statement on Housing and Urban Development

Summary of discussion from workshops
with partners and stakeholders, and next steps

October 2020

Thank you for attending one of our recent GPS-HUD workshops

We appreciate you taking the time to share your insights on the system. We have gained a richer understanding of how our partners and stakeholders see the current and future housing and urban development system. We value the time you gave us to help identify issues and opportunities and contribute to an enduring long-term vision for the system.

Recap on context of the GPS-HUD

The GPS-HUD will be designed to communicate the Government's long-term vision for the housing and urban development system, to help build consensus on what New Zealand wants for the future, and to help align the different players to ensure we get there.

What does it cover?

The Kāinga Ora – Homes and Communities Act 2019 requires the GPS-HUD to include:

- The Government's overall direction and priorities for housing and urban development, which must include a multi-decade outlook
- How the Government expects Kāinga Ora to manage its functions and operations to meet the Government's direction and priorities (this is binding on Kāinga Ora)
- How the Government expects other agencies to support the direction and priorities
- The Government's expectations in relation to Māori interests, partnering with Māori and protections for Māori interests
- How the Government expects Kāinga Ora to recognise the need to mitigate and adapt to the effects of climate change.

Recap on the GPS-HUD workshops

There were a total of eight three-hour online workshops with approximately 120 people in total who attended. Two of the workshops focused on conversations with iwi and Māori, however, many matters discussed in these two workshops were also covered in the other workshops.

We have attached an updated version of the summary of survey responses and the slide pack that covers the background context of the GPS-HUD for your records.

At the workshops, we asked for and heard a range of views on three key questions:

- **What are the historic and current issues with the housing and urban development system?**
- **What would you like to see in a future system?**
- **What are the potential options to help us get there?**

The following slides highlight some of the key themes that emerged from the workshops. The views provided by participants covered a large variety of areas, many of which will be well suited for reflection in the GPS-HUD. Some, however, may be more appropriately progressed through other avenues, such as through other aspects of HUD's (or other agencies') work programmes. Please note that this summary reflects our initial analysis, and officials will continue to carry out further analysis in the coming months as we develop a draft GPS.

What we heard from our kōrero with partners and stakeholders

Iwi and Māori

Participants highlighted systemic barriers created over a long period of time have limited the ability to achieve positive outcomes for Māori. The history of colonisation and land alienation has created displacement and disconnection between whenua and whānau. A future system must include an increased role for iwi and Māori to determine and lead change to achieve positive and improved outcomes for Māori. A partnership approach grounded in the principles of the Treaty of Waitangi would allow Māori to develop and deliver solutions for Māori by Māori. Partnership with all sectors across the housing and urban development system, including central and local government and the private sector would advance progress and provide for greater outcomes. Attention must be given to improve the ability to utilise Māori land including greater options to access to finance to develop Māori land. Participants raised the need to enable and build papakāinga on all land types (Māori and general) in a way that enables connectivity to the whenua and whānau, and access to education, employment, and transport.

Role of central government

Participants identified several key drivers that they thought had led to issues we currently see in the system. This included the impact of the 1980s/90s neoliberalism/market reforms on the housing market, leading to:

- a diminished role for central government in the housing market
- the sale of public housing stock and less new public housing supply
- insufficient infrastructure investment

While people acknowledged the fiscal pressures on government, there was a general view that there needed to be more investment in housing and urban development and renewal in a future system. Many participants expressed views that the market has failed to deliver the quality, quantity and variety of housing needed. Better strategic, spatial and long-term planning, greater investment, and better coordination of market participants (including central and local government) were all discussed as potential options for getting us toward our ideal system.

Thriving communities

The objective of creating 'thriving communities' was a key theme that many participants described as a 'must-have' feature of a future system. Well-functioning, inclusive places that provide residents with high amenity and access, help sustain community and social connection, and offer a diverse range of tenure and options, with high levels of wellbeing for all. Security of tenure, and the ability of people and whānau to relocate to different types of housing and tenure within their existing communities were also mentioned as key aspects of a future system. Ensuring accessibility to jobs, education, amenities, and services locally were described as vital – participants want to see communities that are easy to get around by a variety of transport modes and well connected to other areas.

What we heard...

Role of Kāinga Ora

The role of Kāinga Ora in the system was regularly raised, with a number of specific suggestions on how Kāinga Ora should work differently in the future and help achieve a 'culture shift' in the organisation. This included a desire by some participants for Kāinga Ora to partner with others more actively — notably Community Housing Providers (CHPs), iwi and Māori, and local government — as well as ensuring that they use all the tools provided to them to stimulate and lead urban redevelopment in a way that helps build capability across the system and not just within the organisation. Participants also raised the need for Kāinga Ora to work in culturally appropriate ways and to provide housing that meets the needs of different cultural groups and households. There was also mention of Kāinga Ora's potential to lead as an innovator, for example, leading on and building for sustainability and operating strategically to offset industry conditions.

System Reform

Participants discussed the complex components of the housing and urban system, including resource management, the development sector (including building and construction), transport and infrastructure. This theme saw some differing emphasis with some participants grappling with the system-wide, transformational shifts that might be needed, but with many others focused on more immediate solutions for problems they are currently dealing with. The future housing and urban system requires changes to both the fundamentals of the way the system is set up and operates, and specific aspects that sit within it. Seeking better outcomes in areas like housing affordability and quality, resource management, and urban intensification, for example, were suggested as key focuses for any sort of reform.

Role of local government

The role of local government in helping to deliver housing and urban outcomes was raised as a key area for improvement. Areas of focus for the future system included empowering local government to deliver for their communities and ensuring local government has the right incentives to cater for growth and development and support communities to achieve their outcomes. Participants raised the need for local government to have access to more and better finance and funding tools (including those more aligned with the benefits of growth) to support infrastructure provision, as well as to help grow its capability and capacity. The need for fairer apportionment of risk and a desired shift from local government's current focus on regulatory functions to a more 'whole-of-community' wellbeing role were also raised.

Building and Construction

We heard a lot about the complex issues facing the building and construction sector including a significant skills shortage, high construction costs, inappropriate allocation of risk, lack of incentives that allow for innovation and the need for sustainability and resilience in the face of climate change. Participants stated that a future system should have the appropriate workforce to sustain demand, stable construction costs and an appropriate allocation of cost and risk. It should also be sustainable, resilient and a system that incentivises innovation.

Wellbeing and health

Participants noted that there is a lack of widespread recognition of the impacts of housing and urban development on health and wellbeing. A future system was seen as: ensuring warm, dry, safe homes; safe streets and communities; enabling active transport and independent mobility for young and old; reduced inequality; and housing for everyone. The important role of housing in wellbeing and health was noted, including the importance of wrap-around services going hand-in-hand with public housing. This was noted as crucial for the prevention of homelessness.

Climate change

Multiple participants noted an urgent and important need to better understand and plan for the impacts of climate change in our housing and urban system. This included understanding the impacts of the housing and urban system on greenhouse gas emissions as well as the need for greater resilience. It was suggested that the future system needs to plan for the effects of climate change and help communities to adapt. The system should also allow all people to live in communities that enable low-carbon lifestyles and reduce emissions (from transport as well as building and energy use). There was discussion about how housing and urban policies aimed at reducing emissions also have social and economic co-benefits (and vice-versa) and that we need to stop thinking of it as a trade-off.

Genuine Partnership

The current system was described as lacking meaningful and consistent partnership. Many contributors expressed a desire for government to partner more often, and more widely, with those working in the system. Suggestions included that government should facilitate the connection of other players in the system to deliver housing and urban development outcomes, including community-led solutions and developing spatial planning partnerships.

A number of participants also spoke about the need for an enduring, long term vision and objectives for housing and urban development that is led by government and agreed by players across the system.

Role of community

There was also valuable kōrero about the significance of community generally and the need to always adopt a 'place-based' approach. One issue raised in the current system was the lack of community involvement in planning and decision making, and the need to redevelop without creating gentrification that pushes existing residents out. We heard a lot about the importance of local areas and communities in a future system, for instance, participants noted that the Covid-19 lockdowns had highlighted the importance of local community and access to local recreation areas and services. Participants discussed the need to empower communities to make their own decisions, reflect local preferences and lead the change communities want to see. Part of this is investing in building and strengthening communities.

Infrastructure

Funding and financing of infrastructure to support urban development (including urban intensification) was raised as an issue by many, as well as the lack of historical investment in infrastructure. A future system would see the provision of high-quality infrastructure to accommodate growth and development in a timely manner. Suggestions for system changes included changes to the way infrastructure is funded and financed, including by both local and central government, better allocation of costs and better use of pricing and demand-management tools, along with improved planning and delivery.

What we heard...

Housing choice

The lack of choice in housing was raised across multiple workshop sessions. It was noted that the paucity of different housing options makes it difficult for whānau and individuals to find a house to suit their needs. Participants noted that in a future system there needs to be a broader range of housing typologies, size options, and tenure. For example, there was discussion about the need to provide culturally appropriate housing for Pasifika households to allow for intergenerational living and in turn reduce overcrowding (this has strong links to affordability). There were also calls to make better use, and be more enabling, of alternative living options like communal living, including cohousing and papakāinga.

Inclusivity and universal design principles

Participants noted the inequalities in the current system when accessing places, spaces, and social, cultural, and economic opportunities. Supporting people with complex and high needs to thrive was outlined as a key consideration for the future system. There was discussion around the importance of ensuring communities are inclusively designed with a range of people in mind (including those with disabilities), and that homes and communities are future proofed for accessibility and age, enabling people to age in their community rather than have to relocate and lose social and cultural connections.

Right to adequate housing

Many participants expressed that we should take a human rights based approach to housing. A future system would recognise that adequate housing is a right for every New Zealander to enjoy rather than having policy which treats housing more as an investment commodity. Some participants stated that the Government should ensure that the system enables everyone to access adequate housing and that young people are guaranteed a safe and secure housing future. Discussion about how such a position would be given effect to was limited. One suggestion was that a human rights based approach could go hand-in-hand with a Treaty of Waitangi-centred approach to housing and urban development, working with Māori as Treaty partners to better achieve this right.

Role of community housing providers

Another issue identified by participants was the under-utilised role of community housing providers in the system, caused by legal, regulatory and financial barriers. We heard from participants that CHPs are vital to a well-functioning future system, as a bridge between central government and communities, and have the ability to cater to specific needs, facilitate connections in place, and also help grow an 'intermediate housing' market in New Zealand. The need for an overarching strategy for community housing alongside dedicated central government investment were raised as an important piece of the puzzle.

What we heard...

Rental

Participants outlined a number of issues with our rental market, including poor security of tenure, poor quality housing, and lack of choice. There was concern that recent policy changes to require healthier homes may affect the supply of houses to the private rental market. A future system would provide sufficient, good quality and affordable rental stock and balance the rights and aspirations of all parties involved. There were a range of suggestions for 'fixes' to the market, including improving security of tenure, better supply of quality rentals, and ensuring better alternative options to home ownership. Participants also suggested that support for the development of an institutional build-to-rent sector could help to lift the supply of rental housing and improve security of tenure and other outcomes for renters.

Some participants saw a significant ongoing role for existing private landlords, and an under-appreciation of the service that landlords provide, suggesting greater government support for that sector to support outcomes.

Affordability

Affordability was discussed across a range of other topic areas and included home ownership and rental markets. The expectation of high, untaxed capital gains from property investment was raised as a factor that has led to high levels of property investment in New Zealand, the popularity of which has led to escalating house prices and subsequently to higher rents. It was also viewed as skewing investment choices, productivity and income growth in the 'real economy', with economic and monetary policy increasingly linked with the housing market conditions. Participants raised a growing gap between those that own property and those that do not, and the difficulty for low income and younger people to 'get on the property ladder' to benefit from rising house prices and avoid increasing rents. This growing inequality was seen by some as a core social challenge, and ultimately unsustainable.

In terms of a future state, there were different suggestions among workshop participants. Some supported the notion that the government should ensure the system allows more people to become homeowners. Others saw professional, long-term, affordable rentals (alongside home ownership as well as public and community housing) as more desirable for a future system.

It was noted that changes in the system to address affordability would need to be in several spheres. This included in tax settings, improved financial literacy/education, land markets, the RMA planning system, and the cost to bring new development capacity to market; infrastructure, and building and construction. These impact on the cost of renting and home ownership.

Tenure

Participants suggested we need more choice in regard to tenure, including ownership, public rental, private rental or progressive home ownership options such as rent-to-buy or shared ownership. Some participants saw home ownership as the only means to achieve security of tenure and quality housing in the current system, but also a view that people who cannot own a home, or who choose not to, should still have security of tenure in a quality home of their choosing. It was suggested that everyone should have the same wellbeing outcomes regardless of tenure. We also heard that people should also be easily able to move between different types of tenure at different times, including transitioning in and out of public housing. There was also discussion around the benefits of mixed tenure communities, that this could be an important feature of a future system but needs to come with the appropriate social support and community infrastructure.

What we heard...

Urban form

Participants noted issues such as urban sprawl, lack of accessibility, poor design, poor integration of infrastructure with urban planning, and a lack of master planning and the subsequent impact this has had on communities and housing affordability. There was extensive discussion regarding urban form including the need for a future system to avoid unnecessary urban sprawl and to provide for growth. A future system would be well designed, integrated and connected. Avenues for exploration included the concept of 15- or 20-minute neighbourhoods (where people can access the local services, they need within a 15- or 20-minute walk) and 30-minute cities (where residents can travel to work within 30 minutes). There was also kōrero about the benefits of mixed-use development and intensification as well as the need for multi-modal transport systems in our cities.

Other important topics also covered...

There were a number of other topics discussed in varying detail including the importance of housing quality; costs and benefits of urban development; the economy; status quo bias; and taking more of a place-based approach to government policy and investment.

Next Steps

If you have any comments on this summary, please let us know.

As outlined in the workshops, the GPS-HUD team will continue to work on preparation of the draft GPS, and we expect some version of this to be released for broad consultation in the first half of 2021. Exact timing and next steps will be subject to our discussions with an incoming government, but we anticipate ongoing engagement with you, and we look forward to your continued support for this project.

The final GPS-HUD will be published by October 2021.

New Zealand Government

Briefing

Progressing Build-to-Rent

For: Hon Dr Megan Woods, Minister of Housing

Date: 22 December 2020

Security level: Budget - Sensitive

Priority: Medium

Report number: BRF20/21120827

Purpose

1. This briefing provides advice on Build-to-Rent (BTR), recommending a suite of actions to incentivise and support its development in New Zealand. 9(2)(ba)(i)

Executive summary

2. Supporting Build-to-Rent (BTR) would help increase the supply of rental housing serving the 'intermediate housing market' — broadly the large group of people who do not qualify for public housing but who may not be able to afford to purchase a home. Many of these people in New Zealand will be in receipt of the Accommodation Supplement (AS).
3. More supply in both commercial and submarket BTR would help increase overall housing supply, bring down rents and housing costs, reduce the housing register, and improve overall wellbeing. It could also attract more institutional capital towards the construction of new housing supply, and re-direct investment away from the trading of existing investment properties.
4. Market soundings show that BTR is beginning to be developed, but typically in Auckland and not at the scale it could be. Developers and housing providers are interested in delivering BTR at sub-market market rates — potentially in exchange for government inducements. However, there are several constraints to widespread development of BTR.
5. We recommend pursuing a range of options to address constraints on sector growth, including:

- 9(2)(f)(iv)

6. 9(2)(f)(iv)

7. 9(2)(f)(iv)

Recommended actions

8. It is recommended that you:

- a. **Agree** to support BTR development using the proposed funding and financing package to increase housing supply and improve affordability *Agree/Disagree*
- b. **Agree** to expand the Land for Housing programme mandate to allow for submarket BTR as part of a flexible range of affordable housing options *Agree/Disagree*
- c. [REDACTED] 9(2)(f)(iv) [REDACTED] *Agree/Disagree*
- d. [REDACTED] 9(2)(f)(iv) [REDACTED] *Agree/Disagree*
- e. [REDACTED] 9(2)(f)(iv) [REDACTED] *Noted*
- f. **Note** that if you agree to these recommendations, we will provide further advice in February *Noted*



Helen Potiki
DCE, Housing and Urban Settings

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Hon Minister Woods
Minister of Housing

..... / /

Background

9. Increasing the supply of rental stock, and Build-to-Rent (BTR) housing specifically, has been raised as one of several interventions that could help increase housing supply overall, and support positive housing outcomes for renters.
10. BTR typically refers to purpose-built, professionally managed rentals. In mature markets, BTR can provide similar benefits to homeownership such as longer-term tenure, improved rental housing quality, greater autonomy to make minor amendments or own pets, and more responsive property management and tenant services. An emerging definition of BTR and its most common features include:
 - 50+ housing units purpose-built as rentals and held as long-term assets
 - Unified property ownership and asset management
 - Security of rental tenure
 - Professionally-managed tenancy services
 - Certainty about rent for the length of the tenancy, including the basis of any increase.
11. Public housing is a form of BTR, and so central government, through Kāinga Ora, is already New Zealand's largest BTR provider. However, there are two further categories of BTR which are common features of many overseas housing systems but which are only emergent in New Zealand. These are:
 - **Commercial BTR** — i.e. rental housing held as long-term assets provided at market rents, and typically financed by institutional capital (including iwi, pension funds and retail funds) in pursuit of stable, competitive returns. To be market attractive, these BTR offerings usually offer higher amenity and service provisions, and are located near transport hubs, employment, and schools. They tend toward the median-to-upper rent quartile.
 - **Sub-market BTR** — i.e. rental housing provided at discounted rents, targeting certain cohorts (including key workers etc.), often owned by NGOs and financed by philanthropic and/or public capital.
12. In practice there is a blurred distinction between these two BTR categories, but both are useful for increasing the supply of rental housing serving what is described as the 'intermediate housing market' — broadly the large group of people who do not qualify for public housing but who may not be able to afford to purchase a home. Many of these people in New Zealand will be in receipt of the Accommodation Supplement (AS).

There is a role for government in providing and supporting BTR in New Zealand

13. The intermediate housing market has been identified as a gap in New Zealand's housing system. The absence of a good supply of high-quality, well-located, and well-managed rental properties offering secure tenure at affordable (either market or sub-market) rents helps explain many of the poor outcomes experienced by New Zealand renters, including the growing public housing register. More supply in both BTR categories, alongside more public housing and new supply for first home buyers, would help increase overall housing supply, bring down rents and housing costs, reduce the housing register, and improve overall wellbeing.
14. A growing BTR sector also provides an opportunity to both a) attract more institutional capital towards the construction of new housing supply, and b) re-direct investment away from the trading of existing investment properties (i.e. by 'mum and dad investors') towards new-build, high quality rental supply (e.g. through the growth of BTR retail funds).
15. As we have recently discussed with you, 9(2)(f)(iv), 9(2)(g)(i)

16. For these reasons we consider there is a clear role for government in supporting the growth of both commercial and sub-market BTR. For commercial BTR, support could come in the form of removing regulatory and other barriers, and de-risking development through favourable access to Crown or Kāinga Ora land or other measures (similar to how KiwiBuild is currently supported). For sub-market BTR, the above support may also (but not always) need to be complemented with mechanisms for providing an explicit subsidy. These options are outlined in more detail below.

There are constraints on New Zealand's BTR market

17. We have held discussions and undertaken market soundings with developers, Kāinga Ora and sector experts. This has revealed that:
- BTR is beginning to be developed by the market but typically in Auckland (including on Kāinga Ora land) and mostly at market rents. Overall, the sector is still small-scale relative to its potential contribution. A stocktake of known developments is provided in Annex A.
 - Some developers and housing providers are interested in delivering BTR at sub-market or affordable market rates, including outside of Auckland – potentially in exchange for inducements such as deferred settlement on land or access to a pipeline of land at scale.
 - There are several constraints to the widespread development of BTR, particularly in areas outside of Auckland where the investment economics are more challenging.
18. The key constraints to BTR development, as identified through our discussions with Kāinga Ora and the sector, are:
- Securing suitable parcels of land at an affordable price, given the need for an at-scale pipeline (c.500-1000+ units) to attract institutional investment.
 - Achieving a competitive risk-adjusted return compared to other property investment opportunities, reducing investment appetite and limiting access to banks and non-bank debt funding.
 - The absence of depreciation on residential property (particularly multi-unit development), which was highlighted by Kāinga Ora and private developers as a key constraint.
 - Overseas Investment Act regulatory settings and transaction costs, which have a cooling effect on institutional BTR investment from offshore.
 - GST settings (BTR developers cannot currently claim GST on land and construction costs because rental accommodation is exempt from GST).
 - Few stable government funding sources to support subsidies for a sub-market (discounted) BTR provision.
 - Concerns about infrastructure, planning and construction costs and barriers, which are shared by the development sector as a whole.

We recommend pursuing a range of options for facilitating growth in BTR

19. We recommend pursuing a range of options to address the above constraints on sector growth. Specifically, we recommend actions in the following categories:

Use the proposed funding and finance package to support BTR

Address identified barriers to greater market provision of BTR

9(2)(f)(iv)

20. These actions are outlined in more detail below.

Use the proposed funding and financing package to support BTR

21. 9(2)(f)(iv)

[Redacted]

[Redacted]

[Redacted]

Address identified barriers to greater market provision of BTR

22. 9(2)(f)(iv)

23. 9(2)(f)(iv)

24. 9(2)(f)(iv)

[Redacted]

[Redacted]

[Redacted]

25. 9(2)(f)(iv)

26. In addition, we will investigate further, and keep a watching brief on opportunities to support the creation and growth of retail investment products for BTR, to complement institutional

investment. These could serve a useful role in re-directing investment capital from ‘mums and dads’ away from existing stock to the creation of new supply. As the BTR sector grows these types of funds may emerge without a need for government intervention.

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The role of Community Housing Providers in BTR

31. CHPs, in particular Māori CHPs and iwi and Māori providers, are likely to have significant interest in delivering sub-market rental and options to support the intermediate housing market alongside emerging opportunities for PHO schemes.
32. CHPs hold significant experience in delivering rental accommodation to those who struggle in the private market, currently providing around 5,000 sub-market rentals. However, in recent years CHPs have turned their focus towards delivering public housing as government funding has been available for this type of delivery while it is not available for sub-market rentals.
33. Without support, CHPs have struggled to effectively cover maintenance, new build costs or secure finance for sub-market rentals. Some CHPs have begun to convert their sub-market rental portfolios into public housing.

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Consultation

46. Kāinga Ora has been consulted. Given the timeframes we have not yet shared this advice with Treasury.

Annexes

Annex A – BTR projects in New Zealand

Annex B – A3 on Funding and financing package to increase housing supply and improve affordability in the shorter term.

Annex C – 9(2)(f)(iv)

Annex D - 9(2)(f)(iv)

Annex A: BTR projects in New Zealand

Development	Developer	Market / Submarket	Status	Region	Government involvement	Number of units	Typology	price	management	tenure
s 9(2)(b)(ii)										
Aroha apartments	Jasmax	Market	Completed	Auckland – Mt Eden	None	12	1-3 bdms	\$575+/\$695 /\$825+	In house	10 year lease
Hobsonville	New Ground Capital	Market	Completed	Auckland - Hobsonville	Crown providing land	55	1-4 bdm	\$595+ for 2bdm	New Ground Living	3-7 years
Defense Housing	New Ground Capital	Market	Completed	Auckland - Whenuapai	Defence force leases back from NGC for 10 years	49	2-4 bdms	Market rate/commercial lease	Defence Force	N/A
s 9(2)(b)(ii)										
Modal house	Okham	Market	Completed July 2020	Auckland, Mt Albert	None	32	1-2 bdm	\$500-\$535 for one bedroom \$600-\$640 for 2 bdms	Standard contract	Minimum 1 year
Willis Street	The Wellington Company	Market	Completed	Wellington-Te Aro	Wellington City Council head-lease for 15 year	35	2 bdms	\$580 indexed to inflation	Standard contract	N/A

Annex B: Funding and financing package to increase housing supply and improve affordability in the shorter term.

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Annex D: 9(2)(f)(iv)

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