



**MINISTRY OF HOUSING
AND URBAN DEVELOPMENT**

Pilot for the Progressive Home Ownership Fund

Monday 10 February 2020

PHO Pilot

- In December 2020, Cabinet agreed to:
 - High level design features for the Progressive Home Ownership Fund (PHO Fund)
 - A phased approach to implementing the PHO Fund, including a pilot that would start in April 2020; \$45m has been allocated to progress the pilot where up to 300 households will be able to access PHO
 - A report to you and the Minister of Finance in February 2020 seeking your agreement on the details of the operation of the pilot.
- In developing the pilot, and the report to joint Ministers, we are seeking your direction on:
 - How we intend to apply a place-based approach
 - Messaging around expectations of the pilot and the phased approach for implementing the full PHO Fund.



Pilot purpose and approach

The purpose of the pilot is to establish the foundations for the full implementation of the PHO Fund by:

- Testing Government's involvement in funding PHO including:
 - Leveraging off existing supported PHO products, alongside elements of a direct scheme
 - Relationships with PHO providers, service providers (e.g. banks, legal community) in delivering Government funded PHO
 - how the place-based approach is given effect, ability to target intended cohorts and priority groups and amount of financial support that different households require
- Understanding the operating systems and processes needed to deliver the PHO Fund. Providing further information about demand for government funded PHO, and the pace and scale of matching households with homes
- Providing the opportunity to adjust design and settings ahead of the wider rollout of the PHO Fund (i.e. a further \$355m) and Cabinet decisions on detailed design of the full Fund in May 2020.

The pilot will operate through a limited invitation process using providers who are ready to go. This will include some iwi/Māori providers.



Applying a place-based approach

- The Pilot will:
 - Focus on places where housing affordability issues are most severe **and** where progressive home ownership schemes can best help to address this
 - Need to involve a limited number of places so as to not stretch the ability of providers to deliver and the pilot itself
- Places we have identified (through a heatmap process) that could be included are: Auckland, Hamilton/Waipā, Tauranga/Western Bay of Plenty, Napier, Wellington and Queenstown (depending on provider willingness)
- A slightly different approach might be taken for iwi/Māori

Priority for pilot	Places
Highest priority	Auckland, Hamilton/Waipā, Tauranga/Western Bay of Plenty, Napier, Wellington (Wellington City, Lower Hutt, Upper Hutt, Porirua, Kapiti Coast), and Queenstown
Medium priority	New Plymouth, Manawatu/Palmerston North, Nelson/Tasman, and Dunedin
Lower priority	Rest of New Zealand



Expectations around the pilot

- Commercial design will affect what and how quickly providers can deliver PHO:
 - Decisions from joint Ministers (Housing and Finance) on fiscal treatment will drive the commercials of the pilot
 - We are working through the commercial design of the loans to providers
- Matching people to houses takes time. Providers do already have existing registered households and a view of potential developments. Matching between household, product and house can begin for some from April 2020.
- However, to scale up, new relationships with developers and households will need to be formed to reach the 300.

