

20 AUG 2018

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Dear Cody

Thank you for your email dated 29 July 2018 requesting, under the Official Information Act 1982 (the Act), the following information:

1. What is the legislation that enables Housing New Zealand (HNZ) to offer the Welcome Home Loan (WHL) product?

2.a. What is the specific legislation, or policy document(s), which enables HNZ to disallow those with a WHL product the ability to rent or lease their home?

2.b. What is the HNZ definition of (a) "rent" & (b) "lease" in this context?

3. Which of the below scenarios are permitted, or not permitted, under the WHL product?

3.a. renting the house

3.b. having a flat mate

3.c. home-sharing for payment (e.g. AirBNB)

Note for Section 3: Please provide reference to specific legislation or policy document(s) that are applicable and please give consideration to whether the owner ordinarily, or does not ordinarily, live in the home. For instance, making the distinction between using AirBNB for the whole house (owner not living there) vs. renting out one room on AirBNB while still living at home.

I have responded to your questions in the order presented.

1. What is the legislation that enables Housing New Zealand (HNZ) to offer the Welcome Home Loan (WHL) product?

The Welcome Home Loan (WHL) is not a piece of legislation.

In Budget 2003, Cabinet agreed for Housing New Zealand to run a two-year pilot originally called *Kiwibank in Reach* through Kiwibank between September 2003 and June 2005. The scheme was developed on the basis that there were segments of the home buyer market that were under-served by private lenders.

In Budget 2005, the scheme was extended and renamed WHL, with adjustments made to increase the income threshold and additional lenders were signed on to deliver the scheme. Housing New Zealand created the WHL branding which was launched in October 2005.

2.a. What is the specific legislation, or policy document(s), which enables HNZ to disallow those with a WHL product the ability to rent or lease their home?

Cabinet agreed the criteria for the WHL.

The Cabinet papers deal with the structure of the programme, not with the operational detail. As with other programmes delivered on behalf of the Government, Housing New Zealand is expected to provide the operational detail, such as a credit policy.

The WHL Credit Policy which Housing New Zealand operates under supports the eligibility criteria and scheme mechanics and provides the framework through which it delivers the product on behalf of the Minister.

2.b. What is the HNZ definition of (a) "rent" & (b) "lease" in this context?

Housing New Zealand adheres to the policy established by the Cabinet paper which sets out the criteria whereby borrowers must not own any other houses and must be the owner and occupier of the house. The deposit could be gifted. The full criteria list is publicly available on the WHL website at www.welcomehomeloan.co.nz/am-i-eligible/.

The borrower cannot lease the whole property nor rent out the whole property.

3. Which of the below scenarios are permitted, or not permitted, under the WHL product?

Note for Section 3: Please provide reference to specific legislation or policy document(s) that are applicable and please give consideration to whether the owner ordinarily, or does not ordinarily, live in the home. For instance, making the distinction between using AirBNB for the whole house (owner not living there) vs. renting out one room on AirBNB while still living at home.

3.a. renting the house

As provided in the response under question two the owner must reside in the home all the time they are paying off the loan. A WHL cannot be used to buy an investment or rental property.

3.b. having a flat mate

Three or more borrowers can team up to purchase a home.

The borrower can also rent out a room(s) provided they remain in the home during the length of the loan period.

3.c. home-sharing for payment (e.g. AirBNB)

Whilst Housing New Zealand sets the eligibility criteria, it is the lender that assesses Welcome Home Loan applications, and makes their lending decision. In addition to meeting the government's eligibility for a Welcome Home loan, the borrower will also need to meet the lending criteria of their preferred lender before the loan can be made.

The borrower could advertise: and rent a room(s) with home-sharing for payment so long as they remained in the property.

Please note that all of the Government's housing affordability products are to enable first home buyers to purchase a home which is to be used as their principal place of residence and not to be used for investment purposes.

Yours sincerely



Rachel Kelly
Manager Government Relations