

BN/04/106

24 September 2004

Minister of Housing

Housing Issues in Wairarapa – Information for the Prime Minister’s Community Forum on 27 September 2004

Purpose

1. On Monday 27 September 2004, you are attending the Prime Minister’s Wairarapa Community Forum in Masterton. As requested by your office, attached is information on Housing Issues and Achievements for you to distribute to Forum attendees if you wish. The briefing itself provides you with information on Housing New Zealand Corporation (HNZC) housing in Wairarapa region.

Background

2. Five hundred and forty-one Housing New Zealand properties were sold under the previous government in 1998 to Trust House Limited.

HNZC in Wairarapa

3. HNZC has no state rental properties or a neighbourhood unit office in Wairarapa. HNZC has no formal method of monitoring housing need in Wairarapa. People contacting HNZC for housing in Wairarapa are advised to contact the Masterton Housing Trust. (see below)
4. Recent discussions with Trust House Ltd suggest that the level of need in Wairarapa remains low, with applicants being able to be housed within a few weeks of applying.

Out of scope



Sale of HNZN properties to Trust House Ltd

7. The properties were sold due to the low level of unmet housing need in Wairarapa. It was thought that it was not necessary for Housing New Zealand to provide housing in the region. The properties sold were in: Masterton, Featherston, Greytown, Carterton, Martinborough, Eketahuna, Pahiatua, Woodville, Dannevirke.

Housing provided by Trust House Limited

8. Trust House Ltd is a company owned by the Masterton Licensing Trust (77.67%), the Tararua Foundation (20.14%), the Flaxmere Licensing Charitable Trust (1.46%), and the Masterton Licensing Charitable Trust (0.73%).

9. The sale and purchase agreement for the properties required Trust House Ltd to provide access to rental accommodation for those in need. These services were to be provided in a manner that not only reflected its obligations to its shareholding trusts, but also contributed to the social needs of the communities in which the purchaser is involved.

Out of scope



Out of scope



Recommendations

15. I recommend that you **note** that:

o [REDACTED]
ut [REDACTED]

Out of scope [REDACTED]
[REDACTED]

- c) the state house rentals in Wairarapa were sold by the previous government in 1988 to Trust House Ltd.

Greg Orchard

Acting Chief Executive

HOUSING ISSUES AND ACHIEVEMENTS

KEY HOUSING POLICY CHANGES SINCE THE GOVERNMENT TOOK OFFICE

Major changes in housing policy since the government took office include:

Increasing the number of state rental dwellings

- The government is progressively increasing the number of state houses available to rent in areas where demand is highest. Properties are acquired through purchase, redevelopment, construction and leasing.
- Since December 1999, Housing New Zealand Corporation (HNZC) has added over 4,500 houses to its housing portfolio.

Introducing a Social Allocation System for state housing

- Since 2000, state housing has been allocated on the basis of need, that is, the ability to access or sustain suitable, adequate, affordable housing.
- Nationally, about 88% of lettings are to high priority applicants.
- The Social Allocation System has been a major factor in reducing inequalities in access to housing.

Introducing income-related rents

- Income-related rents were introduced in 2000 to make state housing more affordable and responsive to individual household income and need.
- Income-related rents ensure that those most in need pay no more than 25% of their total household income in rent (up to a certain threshold). Others pay progressively more than 25% of their income in rent, up to the maximum of market rent.
- More than 56,000 families (representing about 168,000 people) are benefiting from income-related rents. As a result, turnover in state homes has decreased by nearly 60% contributing to greater stability for families and communities.
- About 98% of all new HNZC tenants qualify for income-related rents. This indicates that state housing goes to those most in need.
- About 10% of existing HNZC tenants pay a market rent. This partly reflects the previous government's policy of allocating state housing to the first applicants to apply rather than on a basis of need.

Introducing home ownership opportunities

- Home ownership is now within the reach of low to modest income earners through such initiatives as the Mortgage Insurance Scheme, which supports 'Kiwibank In Reach' home loans.
- At 31 August 2004, 465 low to modest income families had bought homes with the help of a Kiwibank In Reach loan underwritten by HNZC. These families did not qualify for a home loan through normal commercial channels. The average loan was \$112,279.

Developing alternative housing solutions

- The social housing sector outside the government (not-for-profit, non-government community groups and organisations and Maori) also provide appropriate, secure and affordable housing for low and modest income households.
- Funding of \$63 million over four years was announced in Budget 2003 to encourage these groups and local government to retain and extend the stock of social housing that is

available to those on low incomes or with special needs. The funding, provided through the Housing Innovation Fund, aims to increase the availability of rental housing and home ownership opportunities for low-income households and people with special needs.

- To date, HNZC has approved seven loans under the Housing Innovation Fund. One of the loans will enable the Community of Refuge Trust to build units to house mental health consumers in Central Auckland. Others include housing for older people and people with physical disabilities, one loan to a local council has been approved. HNZC is considering a further 20 proposals— four from local councils and 16 from community-based organisations.

Addressing substandard housing, particularly in rural areas.

- HNZC's Rural Housing Programme is a needs-based programme set up to address substandard housing in an estimated 2,500 households in Northland, the East Coast and eastern Bay of Plenty (NECBOP).
- The Programme provides a multi-pronged response to the problem of substandard housing, including:
 - an immediate response to address existing substandard housing
 - a longer-term response directed at building local community capacity and social development to reduce the risk of households living in substandard housing in the future.
- Responses include providing state housing, loans for essential repairs and infrastructure improvements, and community loans.
- Budget 2004 provided an additional \$4.5 million for housing assistance benefits for rural communities in 2004/05. This will improve the health and safety of 285 households through the provision of suspensory loans for essential and infrastructure repairs.

Community Group Housing

- HNZC's Community Group Housing (CGH) service exists to ensure community groups and iwi working with people with specialist housing needs, gain access to the most appropriate housing to support their activities. HNZC currently owns six CGH properties in Wairarapa.
- These are let to a range of community health and welfare service providers, including groups who work with people with mental health issues, intellectual or physical disabilities (four properties), provide refuge for women (one property).

NEW ZEALAND HOUSING STRATEGY

- HNZC is leading the development of the government's New Zealand Housing Strategy, which will set out a vision and strategic direction for housing over the next 10 years. The Strategy will outline ways that central and local government, iwi/Maori, Pacific groups and the wider housing sector can work together to develop housing policy with the aim of achieving quality, affordable and sustainable housing for all.
- A discussion document "*Building the Future: Towards a New Zealand Housing Strategy*" was released on 29 April 2004 for public comment. About 500 people attended regional consultation meetings, hui and fono, and over 200 written submissions were received from a diverse range of individuals and organisations. That feedback is being analysed by officials from a range of government agencies led by HNZC and including the Ministry of Housing, the Ministry of Health, the Ministry of Social Development, Te Puni Kokiri and the Treasury. The analysis will inform advice to Cabinet on the shape of the New Zealand Housing Strategy, which is due for release by the end of 2004.

Housing New Zealand Corporation

Briefing Note Cover Sheet

BN/04/105	Housing Issues in the Wairarapa – Information for the Prime Minister’s Community Forum on 27 September 2004
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To: Minister of Housing

Copy to: Associate Minister

	Action Sought	Deadline
Minister of Housing	Note contents	24/09/04

Implications for	Y/N	If yes, who was consulted / who is their contact person on this:

HNZC Contact for telephone discussion (if required)			
Name	Position	Telephone	Suggested first contact

Housing New Zealand Corporation Sign Out		
Unit Manager		
Relevant General Manager		
Communications Director	Tom Bridgman	
Chief Executive Officer	Helen Fulcher	

Date Received HNZC	Date Due Minister’s Office	Date sent from HNZC
	24/09/04	

FOR USE BY MINISTER’S OFFICE ONLY			
Action by Minister	<ul style="list-style-type: none"> • Noted • Seen • Approved 	Minister’s signature	
	Date received from HNZC:		Date returned to HNZC:

