




**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
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Briefing for the Incoming Minister of Housing & Urban Development

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This document has been proactively released. Redactions made to the document have been made consistent with provisions of the Official Information Act 1982.

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1. Summary

1. Your Housing and Urban Development portfolio plays an important role in the well-being of New Zealanders and the success of New Zealand. Housing addresses a fundamental human need, and is critical for people to be able to live healthy, prosperous lives. It is also an important component of the overall economic health of the country, and matters for the performance of our urban areas and their increasingly important contribution to national prosperity.
2. New Zealand's cities are the key to delivering a stronger, more diverse, inclusive and productive economy. The knowledge-based economic activity that is generated in our urban areas — often complementing and leveraging the strengths of our primary sector — is crucial for decoupling New Zealand's growth from the biophysical limits of our environment, so we can sustain economic growth and living standards well into the future.
3. The sub-optimal performance of the New Zealand housing market is well recognised. It continues to face pressure, particularly in Auckland where not enough houses are being built to meet the demand from strong population growth. This under-supply of housing is contributing to high house prices, which has the following harmful effects:
 - High house prices have stark **distributional impacts**: they transfer wealth from younger and less wealthy people to existing landowners, who are generally richer and older. The substantial increase in house prices over past decades appears to be the major cause of the observed increase in wealth inequality in developed economies, and the ongoing effect is one of restricting access to opportunity for the young and less well off. This flows into wider social costs, including overcrowding and homelessness, health problems, and poor educational and labour market outcomes.
 - High house prices generate a significant **drag on productivity**: they hinder labour mobility and impede the process of labour matching jobs with workers. This reduces the scope of potential agglomeration benefits arising from our urban areas, dragging down New Zealand's productivity potential. High house prices also skew savings and investment away from more productive, tradeable sectors, increase macroeconomic risks, and exacerbate the impact of the business cycle.
 - High house prices **increase government costs**: they increase the demand for, and cost of, providing social and affordable housing. High land prices, land-use constraints and infrastructure constraints impact all policy areas where government needs to procure urban land or subsidise accommodation.
4. The most important factor for improving long-term housing and urban outcomes is to ensure the **responsiveness of housing supply**. Supply needs to be responsive to population growth and evolving preferences, and provide enough choices of location, price, size, typology and tenure to enable people to make trade-offs and meet all variations of preference and need. In the urban context, housing supply and transport investment interact to generate the effective density and connectivity that maximises the opportunities for, and dividends from, economic, social and cultural exchange.

5. However, supply-side interventions on their own will be insufficient, and **measures focused on demand will also play a useful additional role**. Some of these options (such as certain immigration changes or credit restrictions) might be thought of as temporary interventions until supply responsiveness is re-established, while others (such as tax changes) have justification as more permanent improvements to the system.
6. For the most disadvantaged in our communities a level of government housing support will always be necessary, but a better-functioning housing market will minimise the number of individuals and households requiring this support.
7. To effect enduring, positive change, the government should consider how all the components that underpin the housing and urban development system (land, development and construction markets, infrastructure provision, and the various demand elements) work and interact, and find ways of improving the performance of each component, and the system as a whole.
8. As Minister of Housing and Urban Development you have overall responsibility for the performance of this system. While you hold some direct levers — including specific government interventions for increasing housing supply, and the regulatory systems that support the operation of the residential tenancy system and the quality of existing housing stock — many other relevant levers sit within other portfolios. There is a need for a coordinated and collective approach between you and your colleagues. MBIE's role is to support you and provide cross-portfolio and cross-agency leadership on housing and urban development.

We will know New Zealand has a well-functioning housing and urban development system when everyone has access to quality housing that meets their needs, allows access to economic and social opportunity, and is affordable for their circumstances

2. Portfolio Overview

Housing and Urban Development play an important role in the well-being of New Zealanders and the success of New Zealand

9. Housing is important because it addresses a **fundamental human need** for shelter. The 1948 Universal Declaration of Human Rights recognises that all people have the right to an adequate standard of living, including adequate housing. New Zealand has ratified a number of international rights treaties that confirm this right. New Zealand, like other states, has an obligation to progressively realise the right to adequate housing. There is also a deeply-held social and cultural expectation that all New Zealanders should have access to suitable housing.
10. Housing is an important precondition for people to be able to **live healthy, prosperous lives**. Access to suitable housing is an important factor in the overall well-being of individuals, families and communities — it affects physical and mental health, education and employment, social cohesion, and intergenerational mobility, amongst other outcomes. These outcomes also impact communities, broader society, and the functioning of the economy.
11. Housing is an important component of the **macroeconomic health of New Zealand**. Housing is the major asset owned by many families and a major store of household wealth — it underpins retirement savings and wealth accumulation for a large proportion of society. As such, the wealth effects from the value of housing assets, or the debts associated with mortgages, impact the macro-economy. The relative attractiveness of housing compared to other investments affects the performance of our capital markets, the levels of investment in and performance of our productive and tradeable sectors, and thus overall productivity and wealth generation. Over-investment in housing also leaves the economy vulnerable to rapid and significant shifts in house prices.
12. Housing also has impacts on the **performance of our urban areas**. One key way is through supporting the effective functioning of labour markets, enabling firms to attract and retain the skilled workers they need to thrive and generate wealth, and ensuring people have access to a wide variety of employment opportunities. People who live in housing that is poorly located or connected, or inadequate for their needs, are less likely to be able to maximise their economic opportunities, which has a city- and society-wide effect on economic growth and prosperity.
13. Housing should be considered **an integral part of an urban system**. Cities that provide a poor variety of housing choices and deny people the ability to make housing trade-offs that suit their preferences and life situations will find it difficult to attract, develop and/or retain the skilled workers they need to remain competitive and to prosper. Housing and urban development

Housing objectives

14. MBIE considers that the overall objective is to ensure that:
 - **All New Zealanders have access to quality housing** that meets their needs, allows access to economic and social opportunity, and is affordable for their circumstances
15. To achieve this objective, government would need to ensure that:
 - All housing meets **standards of quality and safety**, and contributes to good health at the individual, household, and community level
 - The supply of housing is **responsive to demand** through:
 - effective **competition in land and development** markets
 - the efficient, timely **provision of infrastructure** for new housing
 - a **productive, innovative and competitive building sector** that can better weather economic cycles
 - sufficient **housing variety** (of price, location, size, typology and tenure) to suit different life circumstances and preferences
 - Housing promotes **good urban development, economic growth, participation and social inclusion**, particularly by ensuring that housing is accessible to jobs, services, and amenities, and that security of tenure is available to those who want it.
 - Households that cannot afford to own or rent housing at market prices also have access to quality housing through **effective government support**
16. For some households government support will always be necessary even if New Zealand achieves well-performing housing markets. This is why New Zealand also needs well-designed and effective interventions in emergency, transitional and social housing, and assisted rental.

The Housing Continuum

17. In New Zealand access to housing covers a broad spectrum:
 - Low income earners who get government support through emergency housing, social housing and rental subsidies.
 - Supported rental: private renters who receive some financial assistance.
 - Market rental: unassisted private renters (who may or may not wish to own their own home in the future).
 - Homeowners (some of whom may have received government assistance to purchase).
18. The following provides a representation of the notional housing continuum. This sets out different types of housing tenure based on degrees of dependence and independence.



The Housing Continuum

- In general, greater government intervention is required on the left side of the housing continuum as households in emergency and social housing are not able to afford to purchase or rent their own home in the private market. However, considerable government intervention is also provided in supported rental, where the Accommodation Supplement currently supports many households to be able to afford a private rental. The Social Housing portfolio, and the Ministry of Social Development and Housing New Zealand Corporation focus their efforts on these parts of the continuum.
- Relatively little government assistance is required on the right hand side, though some subsidies are currently provided for first-home buyers.

Key housing assistance schemes¹

Scheme	Purpose	Budget (2017)
Emergency and Transitional: Emergency Housing Services	Provides emergency housing places and associated support services for around 2,200 households	\$43 million
Social Housing: Income-Related Rent Subsidy (IRRS)	Provides accommodation for around 64,500 households in social housing	\$870 million
Supported Rental: Accommodation Supplement	Rental subsidy for around 285,000 households	\$1.33 billion
Private Market (Ownership): Kiwisaver Withdrawal, Homestart Grant, Welcome Home Loan and Kainga Whenua Loans	Supports eligible first-home buyers into ownership	\$100 million (Homestart Grant)

- Greater independence in housing can help to achieve social and economic objectives, and reduce government expenditure on housing support. Consequently, government objectives are generally to move households further along the housing continuum and into greater independence.

¹ A more detailed overview is provided in the cross-agency briefing *Delivering your Housing Programme*, and in the Social Housing briefing provided by the Ministry of Social Development.

Affordability

22. MBIE defines housing affordability as being able to meet housing costs (either of owning or renting) out of income without adversely impacting on the ability to afford the basic requirements for living and prospering in New Zealand society.
23. MBIE is concerned about affordability for both homeowners and renters because it impacts on people's ability to enjoy adequate living standards, and on their ability to achieve good lifetime outcomes. Where housing is unaffordable, other broader social outcomes such as health, education, employment and social capital more generally are negatively affected.
24. However, whether households own or rent also currently correlates with social and economic outcomes in New Zealand. Rental tenure (particularly renting over the longer term) is associated with poorer outcomes on average.
25. Due to the complex interaction of supply and demand factors (particularly unresponsive supply), house price growth has been outstripping income growth, homeownership is declining², and an increasing proportion of households and families renting for longer periods of time. Under current settings — with a greater proportion of household incomes being spent on housing costs, and more households renting — more and more households will experience poorer overall outcomes.
26. While government may want as many households as possible to be able to afford to purchase their own home, the reality is that many households may never be able to afford to do so, or may choose not to for very valid reasons. Nevertheless, everyone is better off if households who do not own their own home are still able to rent quality homes at affordable prices with secure tenure, and in a way that does not unduly impact their quality of life or their access to opportunity.
27. This means government needs a balanced approach to improving affordability and overall outcomes for both renters and purchasers, to allow people to make the most appropriate choice for their long-term future. The ultimate aspiration may be that households experience broadly similar outcomes irrespective of whether they rent or own, and that government policy settings do not privilege one form of tenure over another.
28. In addition, we need a focus on those for whom the housing market is not functioning effectively, and for whom residual income is most adversely affected by housing costs.
29. Finally, affordability is partly determined by the quantity of housing available, and by the housing choices available, including typology and location. For example, smaller, higher density housing (with a smaller land component) located closer to transport and employment generally tends to be more affordable when thinking about living costs as well as direct housing costs, and the more there is available for rent or purchase the more people have options to meet their preferences and needs. The establishment of a Housing and Urban

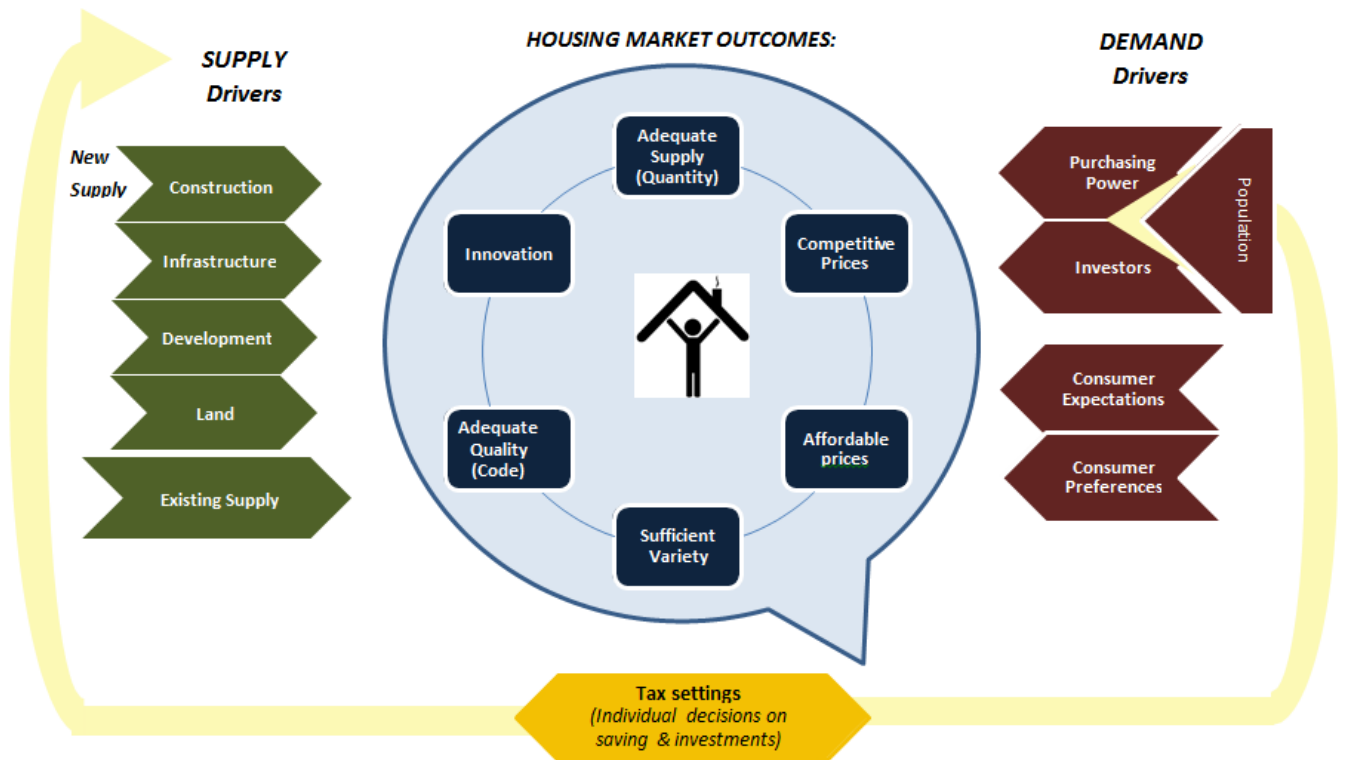
² Home ownership rates have been falling from the high of 74% in 1991 to 63% at the 2013 census. This is comparable to Australia (65% in 2015) and to Europe (69.4% on 2015). Just over 60 percent of the 471,600 households formed since 1991 are tenants.

Development portfolio (and with the Transport portfolio held by the same Minister) will help strengthen the focus on these important broader considerations.

The Components of the Housing Market

30. In New Zealand, the market has been the primary mechanism for delivering housing objectives, complemented by government intervention focused on ensuring positive housing-related outcomes are available to all.
31. The housing market has some inherent features which mean that the government has an interest in intervening to ensure it operates effectively. These features include:
 - Many people are involved, but most are not involved very often; each transaction is costly; the market cannot respond that quickly to changes in supply and demand because each house takes time to build. The supply, demand and nature of housing can vary markedly by location.
 - Houses satisfy fundamental needs for shelter, but can also be used to support wealth creation and income smoothing. This means that — in contrast to other goods, where upward price movements reduce consumer demand — increasing demand (as expressed in rising prices) can continue along with increased supply.
 - It has important interactions with the macro-economy (e.g. the effects from the use of housing assets to leverage other borrowing or investment; the effects of the building and construction sector activity on the wider economy; the effect on bank stability; and the role of building and housing in the creation of infrastructure and capital value).
 - There are strong societal expectations of acceptable housing standards, which influence government policy and action.
32. This means the housing market behaves very differently to a general commodity market, and the experience in New Zealand and other similar countries is that market forces alone will not produce socially optimal outcomes.
33. The social and economic benefits of housing, and the actual and potential costs of housing-related problems, give the government a strong interest in the outcomes of the housing market. These factors also provide an incentive for the government to intervene if outcomes are not being met.
34. **The key long-term objective for the housing market is to create responsive supply.** To achieve this we need to understand how all components that underpin housing markets work and interact, and find ways of improving the performance of each component, and the system as a whole.
35. The housing market as comprises **four supply-side components** (land markets, infrastructure provision, development markets, and construction markets), **together with the demand component** (underlying and effective demand).

36. The components of the housing market all connect into a complex and interlocking system as shown here:



37. The components are outlined in more detail below:

Land markets

- Land markets are important because land constitutes a significant component of house prices. The more land that is available for housing, the greater the quantity of housing supplied, the lower the prices, and the more affordable housing can be. Conversely, limiting land supply raises house prices.
- Land supply is not just a function of physical availability, but also of regulatory availability: housing supply is limited by planning rules (through the Resource Management Act 1991) that restrict how land can be used. These include restrictions on intensification (redevelopment to higher and better use) as well as on peripheral urban expansion. This is why the term 'development capacity' is preferred over 'land supply'.
- In Auckland in particular, planning rules that weight local amenity and other effects over broader economic, social and environmental benefits have restricted supply opportunities at both the urban periphery and in existing urban areas, creating artificially high land prices.
- High prices in turn create incentives for landowners to land-bank, hold out, or delay development in anticipation of ongoing increases in land prices. The new Auckland Unitary Plan appears to have freed up development capacity significantly over legacy plans.

Infrastructure

- Infrastructure provision, particularly transport and three waters, is a necessary prerequisite for the construction of housing. This applies whether the infrastructure is required to support new greenfield expansion or the redevelopment of existing urban land.
- Infrastructure to support new housing is often expensive, and availability of finance is a key factor in enabling supply. Infrastructure finance limitations are created by risks facing infrastructure providers (notably local government), difficulties and complications with garnering revenues to fund the investment, constraints on borrowing, and competing priorities for spending. Councils are required to make upfront investments that pay back over very long timeframes, which does not incentivise 'getting ahead' of growth.
- In addition, fragmented land ownership, insufficient corridor protection to allow for future growth, and economic and regulatory barriers to the provision of infrastructure by third party providers also inhibit the provision of infrastructure.

Development markets

- The land development process can include assembling land into common ownership or control, undertaking master-planning, earthworks and decontamination, providing local infrastructure, and subdividing the land into parcels ready for house construction to occur. A scarcity of developed, construction-ready land can increase housing costs.
- High urban land prices, fragmented ownership and difficulty in assembling sufficient land, costs, delays and uncertainty created by regulatory and financial settings contributes to a level of risk that constrains developer supply responses and entry of new participants.
- Limited competition amongst a small number of larger developers can also reduce market responsiveness.

Construction markets³

- Construction markets are important because they are a critical driver of the price and quality of housing. If construction markets are performing optimally, the construction component of the price of a new house reflects the cost of product and labour inputs, incorporating a reasonable margin for the builder.
- In New Zealand the key characteristics of this market are the fragmented nature of the sector, low labour productivity, low skills, and lack of competition in the supply of building materials and amongst large construction firms.
- Capacity constraints and poor productivity performance has been fuelled by a pronounced boom-bust problem, with construction cycles greater in amplitude than those in the general economy. This means it takes time to gear up the sector to deliver more housing following a down-cycle, and the lack of confidence in the duration of an up-cycle limits

³ Note: MBIE's Briefing for the Incoming Minister for Building and Construction provides more information on this topic.

sector investment in developing scale, innovation, productivity and skills. This dynamic also flows through to associated services such as inspection and consenting.⁴

- There are also concerns that churn and fragmentation in the sector leads to poor allocation of risk and lessens incentives for quality building. This has not been helped by a building regulatory system that — because of issues such as leaky homes and earthquakes — has evolved to be more rules based and risk averse, which has slowed down processes, increased cost and hampered innovation.

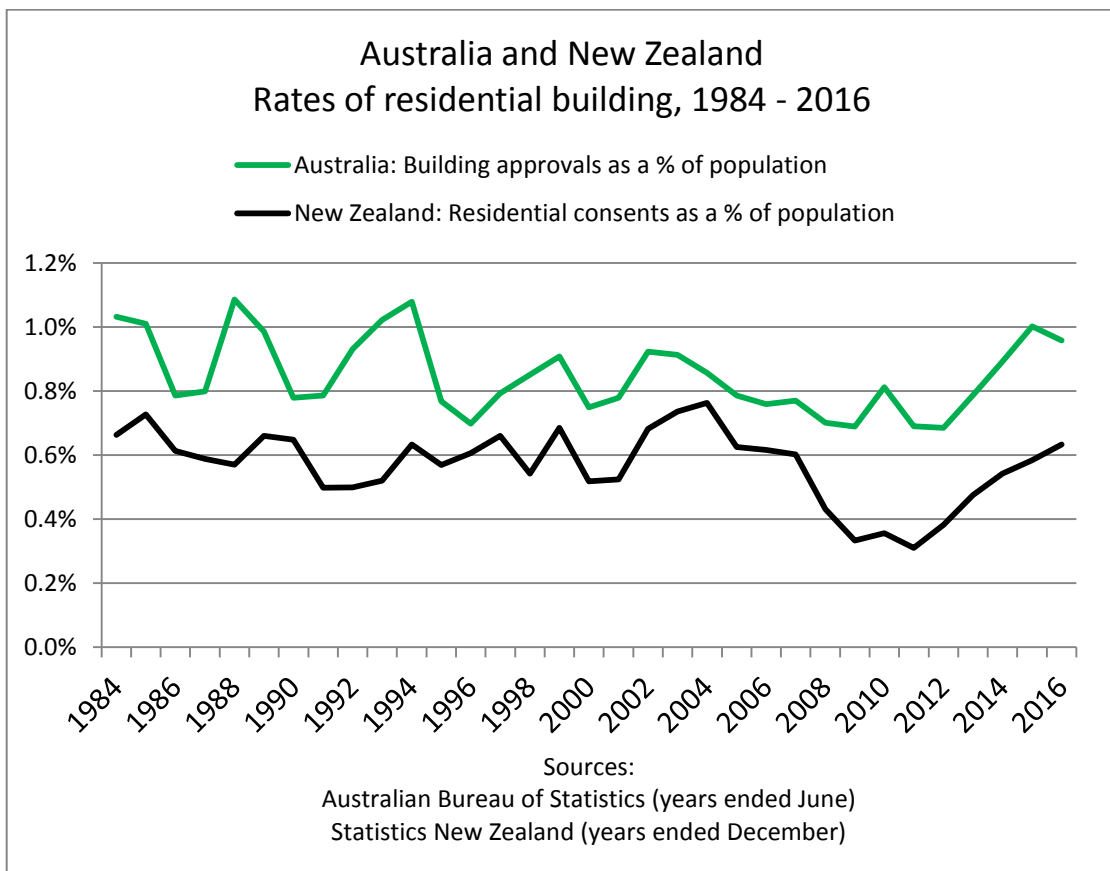
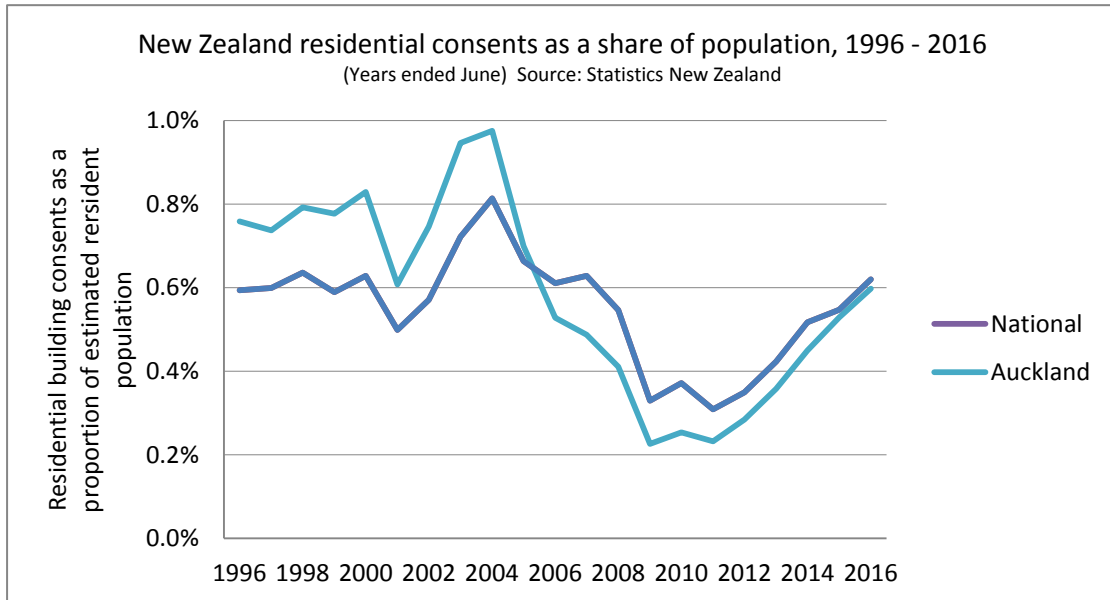
Demand for housing

- Demand for housing is driven by underlying demand (natural population increase, domestic and international migration patterns) and effective demand: the result of purchasing power, preferences and expectations, including the components that influence housing as an investment choice (such as tax settings and expectation of future price increases).
 - A long period of low interest rates in New Zealand and globally has contributed to large amounts of investment flowing into housing, increasing demand and driving up prices.
 - While supply has been constrained, demand for housing has been strong, especially in the main centres. This has been driven by population growth, a positive economic outlook that increases investor confidence, low interest rates (which increases both house prices and the size of mortgages that households are able to service), and tax settings and rapidly increasing house prices (which have encouraged investors to use existing properties as leverage and invest further in the market).
 - Strong demand for housing has occurred at the same time there has been demand for repair and strengthening work in response to the Christchurch and Kaikōura earthquakes, and it followed a dramatic slump in demand and supply following the Global Financial Crisis.
38. It is important to emphasise that there is no one ‘silver bullet’ to overcome challenges or barriers in each component of the market, and progress in one area might stall if another roadblock arises. In particular, supply-side interventions on their own will be insufficient, and measures focused on demand will also play a useful additional role.
39. Ensuring that the outcomes sought from the housing market are achieved requires systems outside the housing portfolio to be delivering well. This includes the systems for urban planning, infrastructure investment, and building regulation, amongst others.

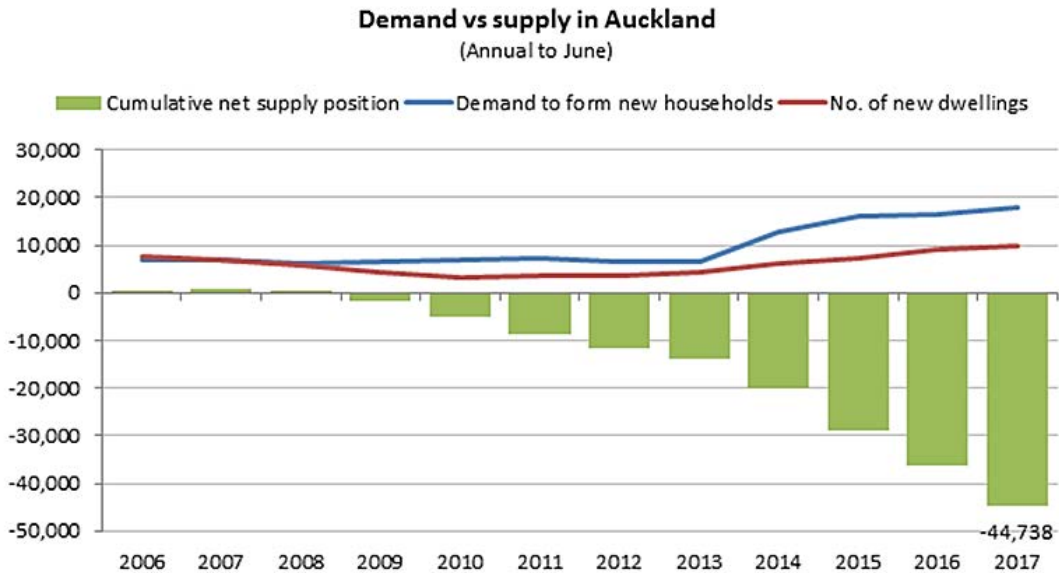
⁴ This has contributed to rising costs — with input costs rising 11 percent between 2009 and 2016, and output costs rising by up to 21 percent — making construction an exception to the general low inflation environment consumers have experienced for most goods.

The Performance of the New Zealand Housing Market

40. The sub-optimal performance of the New Zealand housing market is well recognised. It continues to face pressure, particularly in Auckland where **not enough houses have been built to meet the demand from strong population growth**. Other high-growth centres have also been experiencing supply and affordability pressures.

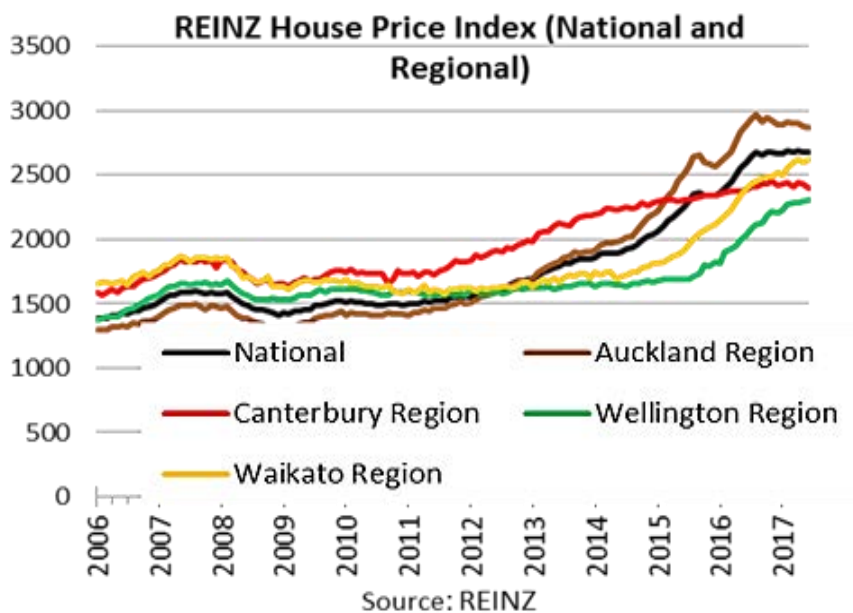


41. Estimates vary as to the magnitude of the resulting housing shortfall in Auckland, and depend on what assumptions are made about household composition, and lag times between building consent and building completion. A methodology used by MBIE estimates **the accumulated shortfall in Auckland at around 45,000 dwellings**.



Source: MBIE and Statistics New Zealand

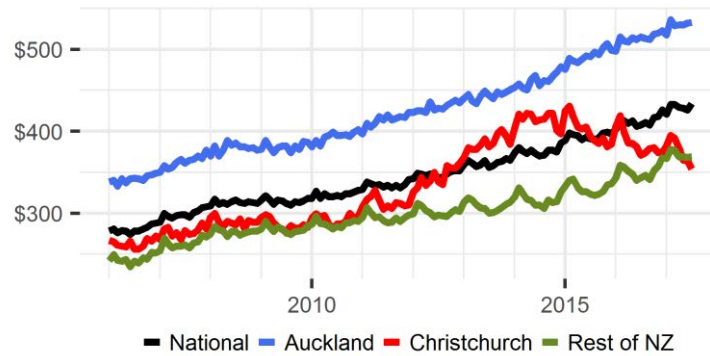
42. This **shortage of supply relative to demand has contributed to a large growth in prices, as well as an increase in rents**.



- 43.

Average Weekly Private Rent

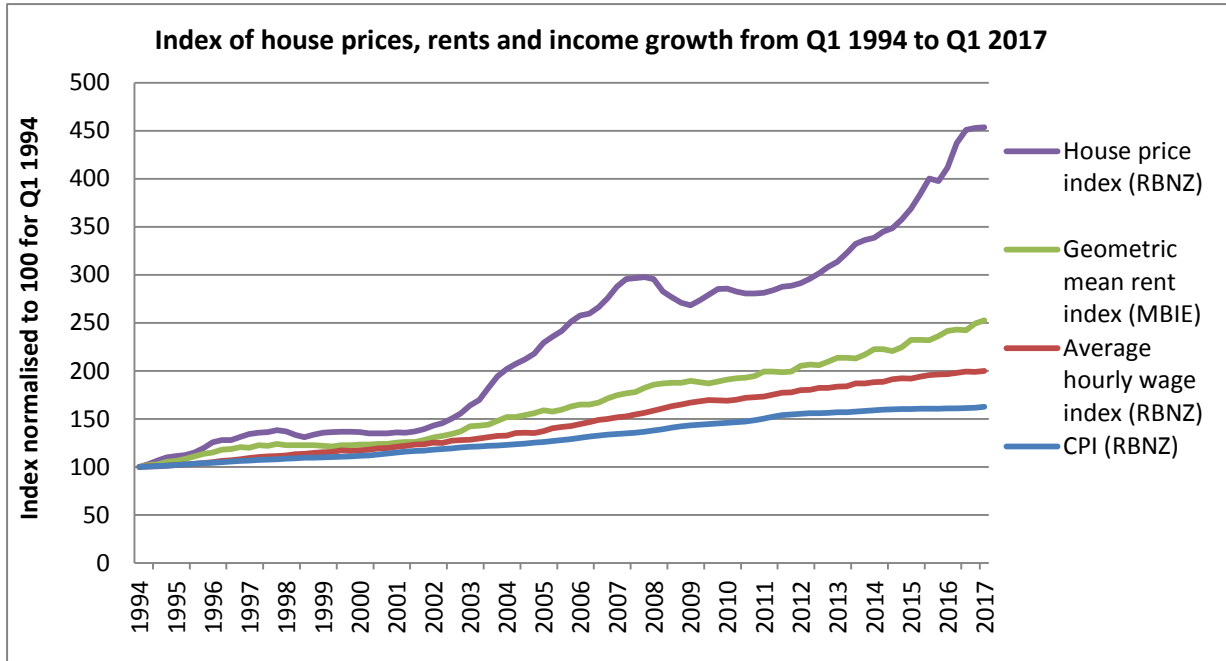
Source: MBIE



44. However, as shown by the charts above, **the housing market appears to be turning**, at least in Auckland and Christchurch. Cyclical drivers of market performance⁵ are outweighing the fundamental lack of supply. The result is declining demand for existing homes and falling house prices in Auckland (even as record high prices continue to be posted in some other regions).
45. Although affordability improves, **falling house prices reduce the supply of new homes**. They undermine the commercial viability of residential development, because developers and their financiers can have less confidence of recouping their investment.⁶
46. When combined with the fact that **the residential construction sector is at or near its capacity in Auckland**, ongoing growth in the supply of new homes is likely to be muted, with some risk that supply will actually fall despite the continued strong underlying demand.
47. House prices have risen at a **faster rate than rents** over recent years. In addition, over the past 16 years, **average rents have risen by more than the increase in average incomes**, meaning renting has also become less affordable, especially for low-income households.

⁵ Tightening of mortgage credit, loan-to-value ratio restrictions, mortgage rates static or rising, and houses that are unaffordable for an increasing majority of households.

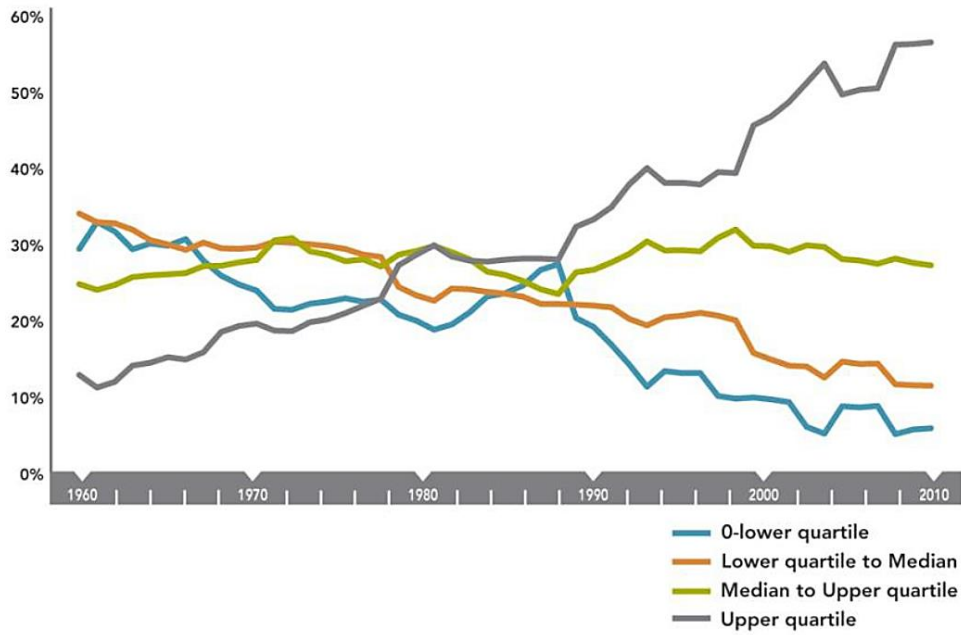
⁶ This is largely a transitional issue, and arises from uncertainty of future price movements. A future steady state of lower (but not falling) house prices may improve supply through lower capital requirements for development and reduced risk of further price corrections.



Source: Statistics New Zealand

48. For low-income families, **the proportion of household incomes spent on housing costs have increased** from 29 percent in the late 1980s to 51 percent for 2015/16, on average.
49. The under-supply and declining affordability of housing has made life increasingly difficult for already-disadvantaged people and households, as indicated by the growth in the number of people on the social housing register (up 38 percent to 5,353 eligible households between June 2016 and 2017), the number of people requiring emergency and transitional housing assistance (an estimated 4,197 people without habitable accommodation, and 37,010 in temporary accommodation, sharing and severe overcrowding).
50. The New Zealand housing market has not only failed to provide a sufficient quantity of supply, it has also failed to provide sufficient variety of supply to meet the full range of demands. Multi-dwelling units of low specification are not being developed at significant scale due to perceived development risk, construction capability and consumer preferences. The great majority of new dwellings are not targeted at this affordable end of the market, and **nationwide the share of new dwellings in the lower price quartile has fallen from around 30 percent in the 1960s to 5 percent today.**

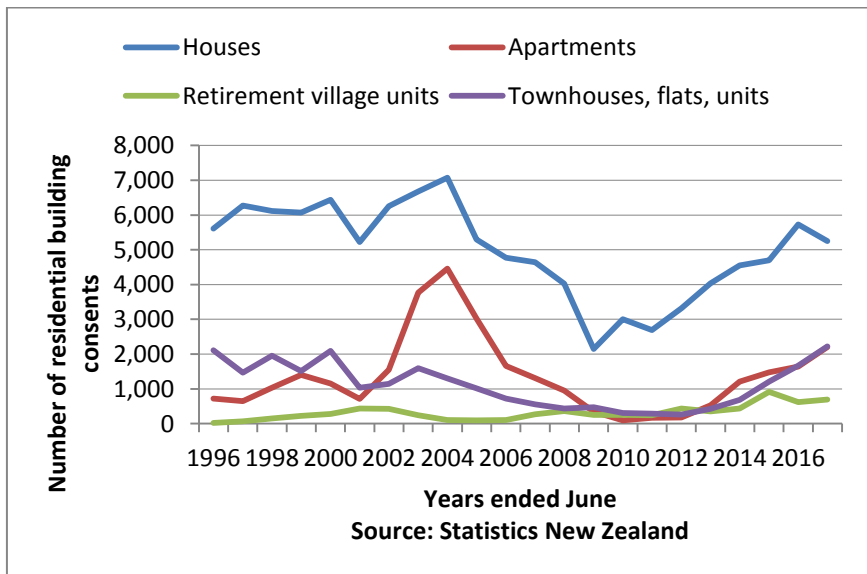
New housing investment, value distribution 1960–2010: all of New Zealand



Source: Productivity Commission (2012), *Housing Affordability*, using QV data

- 51. There are few, if any, feedback loops between those looking for affordable housing options and developers/the construction sector who seek to maximise their financial returns but are not necessarily creating the housing options desired by many purchasers.
- 52. **The lack of significant new supply of higher density dwellings is a particular concern in Auckland**, where growth in these typologies is needed to cater for projected population growth.

Annual trend in Auckland residential building consents, 1996–2017



53. Quality in existing homes is variable, with a large proportion of the stock in poor condition. **Overall, rental properties are in worse condition, with BRANZ⁷ assessing 32 percent of rental properties being ‘poorly maintained’ compared to 14 percent of owner-occupied properties.** The problem is largely one of limited incentives on landlords to upgrade or maintain their properties because, in a tight market, there will always be someone else willing to take the property. In addition, with the capital gain being the key driver of investment, and that largely accruing as a result of the land value, there is less incentive to invest in the maintenance or improvement of the rental house itself.

Government Levers for Improving Housing Outcomes

54. The government plays a number of roles in housing, with the specific nature and mix of interventions varying. For example, central government is:
- a regulator (e.g. of building performance, products, occupations, the planning system and institutions that impact housing like banking)
 - an enabler or funder (e.g. the tax setting and direct subsidies to households or individuals), and
 - a procurer, contractor, or owner (e.g. of infrastructure to support housing supply, and a developer of land and houses).
55. As Minister of Housing and Urban Development you have overall responsibility for the performance of the housing system. While **you hold some direct levers** — including the Crown’s social housing portfolio, its house building and land development programme, the Residential Tenancies Act 1986, Retirement Villages Act 2003, and the Unit Titles Act 2010 — other important levers sit within other portfolios.
56. Given the most important long-term factor is the availability of development capacity and infrastructure for new housing (and business growth) sufficient to promote competitive markets, supply and affordability, strong links are required with the **Environment (RMA), Local Government, and Transport portfolios.**
57. Importantly, construction also requires a **sector and workforce** that has the necessary capability and capacity, working within an appropriate regulatory system. This requires strong links with the **Building and Construction, Immigration, Employment, and Education portfolios.**
58. As Treaty of Waitangi settlements progress, iwi have increased capacity to focus on housing and settlement redress which provides housing opportunities. Land trusts are continuing to seek the removal of barriers to the utilisation of land for papakāinga housing, as part of their aspirations to improve the well-being of landowners. This means there are strong links with the **Māori Development and Treaty of Waitangi Negotiations portfolios.**
59. In addition, it is important to recognise that the way in which the housing and construction markets operate can have a significant impact on broad economic, environmental and social

⁷ BRANZ House Condition Survey 2015

outcomes. For example, ensuring good connectivity between housing and employment, and promoting the efficient use of land can play an important role in lifting labour market outcomes, driving productivity growth, and meeting climate change responsibilities. This means that links are also required between the Housing, **Economic Development, Climate Change, Energy and Resources, and other related portfolios.**

60. To pursue demand-side measures, you will need to work closely with the Ministers of **Finance, Immigration, and Revenue.**
61. The government's main role is to establish the operating and authorising environment within which others operate, with an option to intervene if necessary. Many of the key players that influence the housing market are outside direct central government control. Local government makes most decisions about planning, land use and infrastructure provision; private sector developers, construction sector firms; crown entities council owned companies play an important role in land, infrastructure and housing.
62. While these key players have wider objectives and incentives, and competing priorities that do not always align with those of government, there are mechanisms in place to work in partnership, work through shared and separate interests, clarify responsibilities and align incentives and so lever the outcomes sought.

Major Links with Other Portfolios



63. Delivering your key housing priorities — particularly to increase the availability of houses to New Zealanders through KiwiBuild and the Affordable Housing Authority, addressing regulatory and other barriers to development, and to better support those in housing need — will require a strong and coordinated cross-portfolio approach. Alongside this briefing we have worked with other key agencies to provide three system-level briefings:

- *Delivering your Housing Programme*: outlines our joint thoughts on how to implement your 100-day housing priorities and beyond.
- *Built and Urban Systems*: highlights how the key urban-related portfolios can work together to produce the well-functioning cities that will be key to New Zealand’s future prosperity.
- *Natural Resources System*: discusses investing in our natural and built assets as a source of sustainable wealth creation.

3. Portfolio Responsibilities

64. As Minister, you are currently responsible for:

- Housing policy, including:
 - improving the supply and affordability of housing, particularly in Auckland
 - issues relating to the quality of the existing housing stock, particularly rental properties
 - Māori housing issues, including related Treaty settlements
 - the regulatory systems that support the operation of the residential tenancy system, properties held in unit title, and retirement villages
- Specific interventions for increasing housing supply, including the development of underutilised Crown land, the allocation of the Housing Infrastructure Fund, and the management of Housing Accords between government and local authorities.
- The Kiwisaver Homestart grants and Welcome Home Loans for eligible first-home buyers, as well as the Kainga Whenua loans for building on multiple-owned Māori land.
- Provision of post-disaster temporary accommodation services in the Greater Christchurch, Kaikōura and Edgumbe regions.
- Information, advice, education and dispute resolution services to landlords and tenants, and unit title owners.
- Enforcement and compliance activities in relation to residential tenancies.
- The Departmental and Non-Departmental Vote: Building and Housing budget.

Legislation

65. You are responsible for administering the following legislation⁸:

- *Residential Tenancies Act 1986*
- *Unit Titles Act 2010*
- *Housing Accords and Special Housing Areas Act 2013*
- *Retirement Villages Act 2003*
- *Housing Assets Transfer Act 1993*
- *Home Ownership Savings Act 1974*

⁸ Refer to Annex 2: Relevant Legislation for further details.

Operational Services

66. As Minister of Housing you have responsibility for a number of operational services provided by MBIE, primarily by our Housing and Tenancy Services branch within our Market Services Group. These are outlined below:

Temporary Accommodation Service and Residential Advisory Service

67. Under the National Civil Defence Emergency Plan Order 2015, MBIE is responsible for coordinating the provision of temporary accommodation services for people displaced from their homes by an emergency. Temporary accommodation is distinct from shelter and emergency accommodation provided by regional Civil Defence Emergency Management groups in the immediate aftermath of an event. MBIE's Temporary Accommodation Service is currently deployed in the Greater Christchurch area, the Kaikōura/Marlborough/Hurunui districts, and the Bay of Plenty region (following the Edgecumbe flooding incident).
68. The Residential Advisory Service (RAS) provides insurance-related advisory services to residents affected by a civil emergency to support their residential rebuild. MBIE inherited RAS from the now-disestablished Canterbury Earthquake Recovery Authority.
69. Following the success of RAS in the Greater Christchurch area, the service was extended to the Kaikōura earthquake districts. There is approval for RAS to operate until 22 December 2017.

Dispute Resolution Services

70. MBIE provides a range of administrative, case management and mediation services to people who have disputes in tenancy, unit titles, and weathertight homes. Disputes can be resolved by agreement as the result of mediation proceedings, by a ruling of the tenancy tribunal, or by a combination of both types of proceedings. Application management and mediation services are provided by MBIE, while tenancy tribunal hearings are administered by the Ministry of Justice.

Tenancy Bond Services

71. MBIE processes all residential tenancy bond transactions. There are approximately 400,000 transactions per year, and there is currently just over \$500 million in bonds in the Residential Tenancy Trust Account.

Tenancy Compliance & Investigations

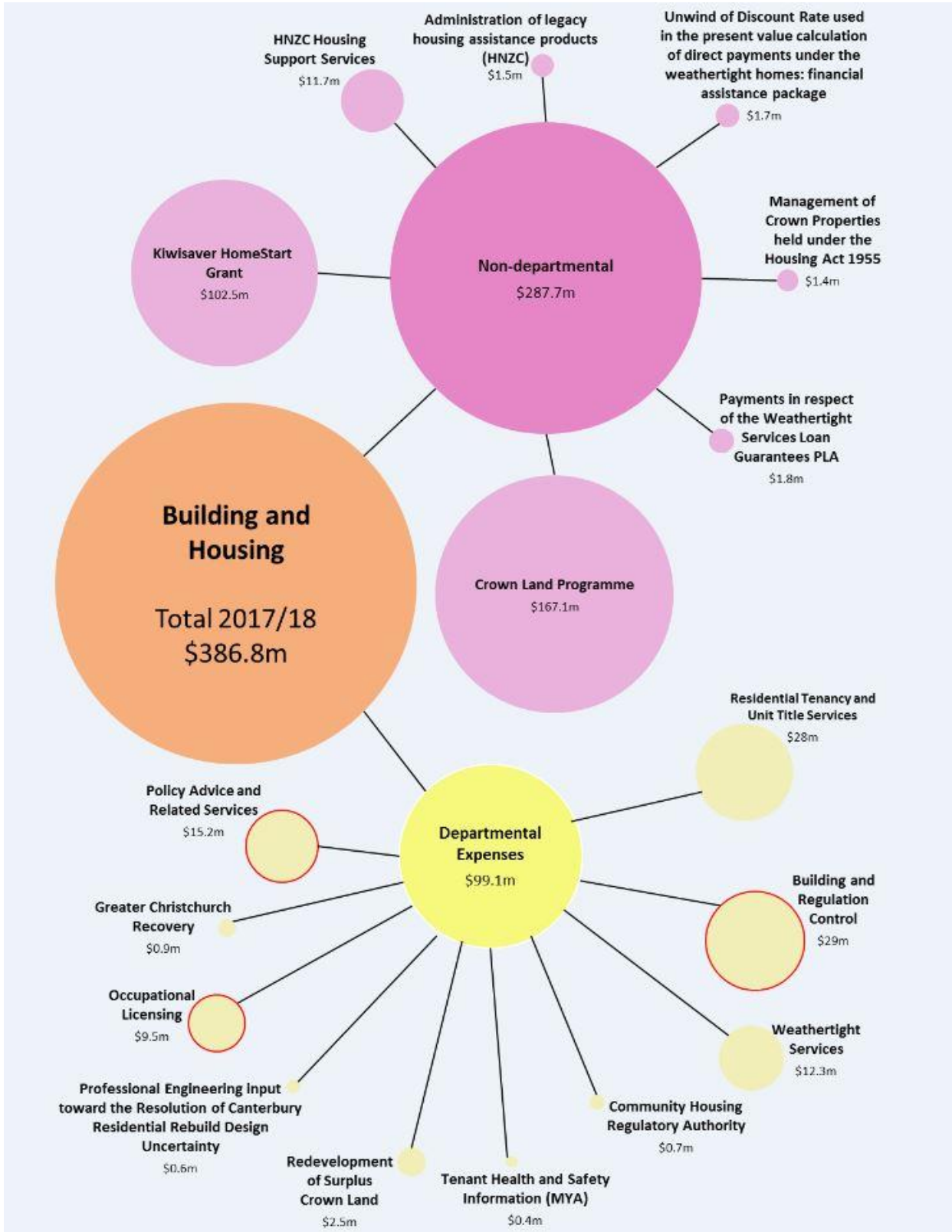
72. MBIE ensures compliance with tenancy standards, targeting our enforcement resources at persons whose actions in relation to residential tenancies pose a significant risk to the health or safety of any person, amount to a serious or persistent breach of the Residential Tenancies Act 1986, or risk undermining public confidence in the administration of the Act.

Information & Education

73. MBIE provides information and education services to promote and encourage good conduct within the tenancy market. We do this via a number of channels, including: the Tenancy Service website (www.tenancy.govt.nz) and contact centre, other digital channels, printed publications, seminars, advertising campaigns, publications, hosting public seminars and working with stakeholders such as tenant advocates, property investor groups and student

bodies. We also work closely with agency partners such as the Energy Efficiency Conservation Authority, New Zealand Fire and Emergency, local authorities, and district health boards.

Funds and Appropriations



74. The diagram above sets out the total 2017/18 appropriation for Vote Building and Housing. This captures both departmental funding (funding received by MBIE to provide services directly) and non-departmental funding (funding provided via MBIE to other agencies for them to provide services). Items circled in red are at least partially funded by third parties (including through fees and levies).
75. Please also note:
- The Minister for Building and Construction is currently responsible for about \$56m of this appropriation
 - The Ministry of Social Development will be providing you with information on Vote Social Housing in its separate briefing to you.
 - The appropriation for Community Housing Regulatory Authority (\$700k), which funds MBIE's activities to register, regulate and monitor community housing providers, is scheduled to transfer to Vote Social Housing from 1 July 2018.

4. How MBIE assists you



76. MBIE is the lead policy advisor to the government on housing, urban development and construction market policy. It also provides key tenancy- and housing-related regulatory services to the public on your behalf, including information, advice, dispute resolution, and enforcement and compliance. MBIE's stewardship role requires us to look across the whole system and think long-term about how construction and housing markets can best contribute to New Zealand's future prosperity in a sustainable and inclusive way.
77. This stewardship role is strengthened by the broad policy and delivery responsibilities that MBIE has for many other aspects of New Zealand's wellbeing (e.g. economic development, skills and employment, immigration). This means MBIE takes a lead role in coordinating built and urban system policy development across government.
78. Responsibility for policy advice on the Housing and Urban Development portfolio sits within MBIE's **Construction and Housing Markets** branch in the Building, Resources and Markets group. This branch will be your main point of contact in MBIE. We will support you by providing policy and regulatory advice on New Zealand's construction sector and housing markets, including housing supply and affordability, the quality of rental housing, the provision of infrastructure to support housing development, and the performance of New Zealand's urban systems in delivering economic growth and overall wellbeing. The branch also currently implements the Crown Land Development programme and the Housing Infrastructure Fund.
79. We provide you with high-quality and timely advice on all your portfolio areas. In our first meetings with you we would like to discuss the meeting and briefing arrangements that will best suit your needs.
80. Our **Building System Performance** branch works alongside Construction and Housing Markets, and provides policy and technical advice on New Zealand's building system, rules and standards, and implementing building legislation and regulations. The Building System Performance branch will primarily service the Minister for Building and Construction (to whom they have provided a separate briefing), but you may have contact with them from time to time.
81. In addition, you will have regular contact with officials in MBIE's **Market Services** group, our operational, market-facing arm. The branch encompasses all of MBIE's operational functions in relation to the housing and tenancy regulatory system, for which you have responsibility. This branch has 161 staff, organised into seven service delivery teams located in 13 locations across New Zealand.

Key MBIE Contacts

82. The following people will be your key senior contacts in MBIE:

<p>Carolyn Tremain</p> 	<p>Acting Chief Executive</p>	<p>Carolyn is Acting Chief Executive for MBIE.</p>	<p>E carolyn.tremain@mbie.govt.nz P 04 901 1357 [Information withheld consistent with s9(2)(a) of the Official Information Act 1982]</p>
<p>Chris Bunny</p> 	<p>Deputy Chief Executive, Building, Resources and Markets</p>	<p>Chris has responsibility for construction and housing markets, building system performance, energy and resource markets, and commerce, consumers and communications policy.</p>	<p>E chris.bunny@mbie.govt.nz P 04 901 8728 [Information withheld consistent with s9(2)(a) of the Official Information Act 1982]</p>
<p>Jo Doyle</p> 	<p>General Manager, Construction and Housing Markets</p>	<p>Jo is responsible for the Construction and Housing Markets Branch. Her team of Managers and staff will provide you with advice across the housing portfolio and wider urban system performance.</p>	<p>E jo.doyle@mbie.govt.nz P 04 901 8730 [Information withheld consistent with s9(2)(a) of the Official Information Act 1982]</p>
<p>Anna Butler</p> 	<p>General Manager, Building System Performance</p>	<p>Anna has responsibility for the building regulatory system. Her branch provides technical advice, rules, standards and administers regulations for the built environment sector.</p>	<p>E anna.butler@mbie.govt.nz P 04 901 1602 [Information withheld consistent with s9(2)(a) of the Official Information Act 1982]</p>
<p>Greg Patchell</p> 	<p>Deputy Chief Executive, Market Services</p>	<p>Greg has responsibility for MBIE's customer-facing group which works with businesses, employees and consumers including Housing and Tenancy Services.</p>	<p>E greg.patchell@mbie.govt.nz P 04 474 2926 [Information withheld consistent with s9(2)(a) of the Official Information Act 1982]</p>

BRIEFING FOR INCOMING MINISTER OF HOUSING AND URBAN DEVELOPMENT

<p>Phillippa (Pip) Fox</p> 	<p>General Manager, Housing and Tenancy Services</p>	<p>Pip's teams support the housing and tenancy sector including Weathertight Services, which provides guidance to claimants.</p>	<p>E phillippa.fox@mbie.govt.nz P 04 474 2612 [Information withheld consistent with s9(2)(a) of the Official Information Act 1982]</p>
<p>Mike West</p> 	<p>General Manager, Service Support and Design</p>	<p>Mike has responsibility for the post-emergency Temporary Accommodation Service and Residential Advisory Service.</p>	<p>E michael.west@mbie.govt.nz P 04 901 9837 [Information withheld consistent with s9(2)(a) of the Official Information Act 1982]</p>

5. Housing Work Programme

83. The table below lists the decisions and actions you will need to consider in your first 100 days as the Minister of Housing. These cover the day-to-day operational requirements of your role which require your attention, and the implementation or review of pre-existing policy decisions. It does not include the decisions that you will need to make to implement manifesto commitments, and nor does it include other new areas of policy work we would like to discuss with you at your earliest convenience.

[Information withheld consistent with s9(2)(b) (ii), s9(2)(f)(iv), and s9(2)(j) of the Official Information Act 1982]

[Information withheld consistent with s9(2)(b) (ii), s9(2)(f)(iv), and s9(2)(j) of the Official Information Act 1982]

[Information withheld consistent with s9(2)(b) (ii), s9(2)(f)(iv), and s9(2)(j) of the Official Information Act 1982]

Annex 1: Relevant Legislation

Legislation	Purpose	Amendments in progress
Residential Tenancies Act 1986	<p>The Act governs residential tenancies and provides for the rights and responsibilities of landlords and tenants in New Zealand.</p> <p>The Act was amended in June 2016 to require smoke alarms and insulation in residential rental properties, provide greater enforcement powers in relation to unsafe or unhealthy rental properties and reforming the law in relation to abandoned rental premises.</p>	<p>A further amendment is in progress through the Residential Tenancies Amendment Bill (No 2) which was read for the first time in July 2017.</p> <p>The Bill addresses issues with tenant liability for damage to rental properties, unlawful residential premises and methamphetamine contamination.</p>
Unit Titles Act 2010	The Act provides a legal framework for the ownership and management of land and associated buildings and facilities on a socially and economically sustainable basis by communities of individual owners.	<p>The Unit Titles Act 2010 (UTA) is being reviewed to ensure that the law that regulates unit titles developments is functioning well and is fit for purpose for a growing market. The review is targeted at proposals relating to:</p> <ul style="list-style-type: none"> • improving the disclosure regime; • strengthening body corporate governance provisions; • promoting professionalism in body corporate management; • ensuring adequate Long term maintenance plans and funding; • accessibility of the disputes resolution processes. <p>Consultation on the proposals closed in March 2017 and officials are now preparing an exposure draft of the Bill for public consultation, subject to your agreement.</p>
Housing Accords and Special Housing Areas Act 2013	HASHA provides time-limited legislation aimed at enhancing housing affordability by facilitating an increase in land and housing supply in certain regions or districts identified as having housing supply and affordability issues.	None
Retirement Villages Act 2003	<p>The Act protects the interests of residents and intending residents of retirement villages.</p> <p>To enable the development of retirement villages under a legal framework readily understandable by residents, intending residents, and operators.</p>	None

BRIEFING FOR INCOMING MINISTER OF HOUSING AND URBAN DEVELOPMENT

Housing Assets Transfer Act 1993	To provide for the transfer of certain mortgages, land, and housing-related assets of the Crown to Housing New Zealand Corporation and to provide for related matters. As successor to the Department of Building and Housing, MBIE has responsibility for this legislation.	None
Home Ownership Savings Act 1974	The Act encourages saving for home ownership by way of Home Ownership Accounts (prior to 1 August 1986). It applies with respect to all Home Ownership Accounts with an authorised savings institution, whether opened before or after the commencement of this Act.	None