

Affordable Accommodation for the Nation

**Labour's policy for
Affordable Housing
2008**

Introduction

New Zealand has always been a nation of home owners – it is part of the Kiwi Dream. Labour believes housing is fundamental to the health and wellbeing of communities and every New Zealander has the right to a home that is warm, dry and affordable. We believe the government and public agencies have a responsibility to help those who need it into secure housing and ensure that those homes are healthy and affordable.

Few New Zealanders would disagree that everyone needs a sound roof over their head, but the previous National Government routinely took steps which effectively deprived too many New Zealanders of this basic right. They have failed to ensure every child enjoys this most fundamental of protections, a crucial component of equality of opportunity.

Home Ownership – Attaining the Kiwi Dream

Home ownership must continue to be part of the Kiwi Dream and one all New Zealanders have the opportunity to realise. Labour has a strong record in this area and we are firmly committed to helping as many Kiwis as possible live this dream.

We know that strong communities are built from stable home ownership - when people own their own house they have a stake in the future of their community. Strong stable communities that care about each other can help reduce crime and other social problems.

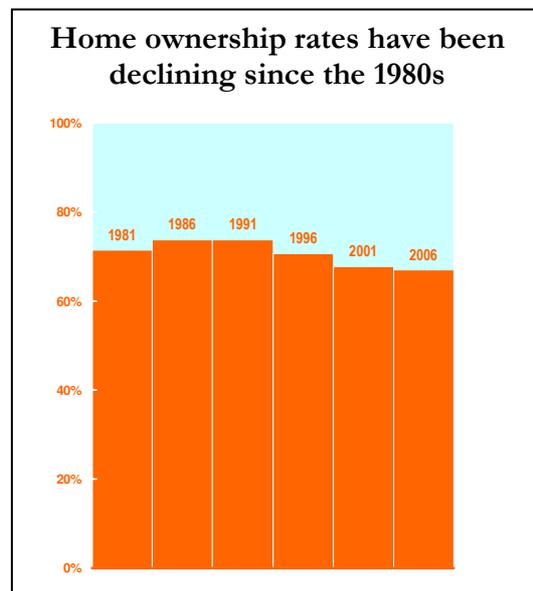
The last decade has seen a change in patterns of home ownership which presents real challenges. Average real house prices increased by 80 per cent since 2002. While this was of benefit to homeowners, it has had the effect of making first-home ownership less affordable for many others who would previously have expected to be able to afford their own home.

This is unacceptable to Labour. While the market has softened recently, it shows no sign of going back to 2002 levels.

In response to this, a number of initiatives have been put in place over the last nine years to help New Zealanders into their first home.

Welcome Home Loans

For example, moderate-income families can now qualify for publicly-funded mortgage insurance with a Welcome Home loan. This reduces the deposit a first-home buyer needs. It means eligible Kiwis can borrow up to \$200,000 without



needing a deposit and up to \$280,000 if they do have one. Welcome Home loans have already helped over 3,600 families into their first home.

The KiwiSaver scheme is also making home ownership more achievable. After three years of saving, first-home buyers may be entitled to a first-home deposit subsidy of \$1,000 for each year they have saved, up to a maximum of \$5,000 (or \$10,000 for a couple). There are also provisions for KiwiSaver first-home buyers to withdraw their savings for use as a deposit or divert up to half of their KiwiSaver contributions towards mortgage repayments.

Ten years ago... there was virtually no public assistance available to help people get into their first home.

Today... aspiring home owners receive help through KiwiSaver and may qualify for a mortgage guarantee or a shared equity arrangement.

Ten years from now... a major programme of urban development and measures to increase housing supply will have boosted the number of affordable homes on the market, and rates of home ownership will start to increase again.

Building on the success of initiatives like these, Labour will implement a comprehensive and wide-ranging plan to help Kiwis into their first home.

Increasing government support for first home buyers through Shared Equity

From July this year Labour has made financial assistance available to first home buyers through a shared equity approach. Shared equity works by the government purchasing a share in the house, effectively reducing the size of the mortgage. This can make a huge difference for people who have saved a deposit but can't afford large mortgage repayments.

We are currently offering shared equity assistance for a limited period of two years to eligible first-home buyers in the five regions where house prices are highest: Auckland, Wellington, Nelson, Christchurch and Queenstown. Up to 700 New Zealand households are set to benefit from this programme over the next two years.

We intend to evaluate and expand this scheme - currently a two-year pilot study - into a full and comprehensive programme. Shared equity schemes have proved very successful in other countries and we expect the same for our own Kiwi version.

HOPE – Home Ownership on Public Estate

Labour will make sections of Crown land available for modest income families to build straight-forward, liveable 'starter homes' that will meet their needs as they seek to move into home ownership. Where necessary, we will work with developers and local government to build 'starter homes' on Crown owned sites. We intend to make 1,500 sites available for such affordable homes over the next four years.

Labour will support home ownership of new houses built on Crown-owned land by introducing the HOPE (Home Ownership on the Public Estate) programme, where the government holds the equity in the land and the family owns the home built on it.

This will help to ensure that the houses are within the reach of modest income families, and that this land continues to support affordable homeownership on an ongoing basis. Unfortunately, land prices particularly in Auckland have risen to the extent that this may not occur without additional assistance.

Retaining the land in Crown hands, while allowing a family to own and reside in the home built on it, will considerably reduce the cost of owning a first home. This initiative will make home ownership a reality for thousands of families who might otherwise not achieve it.

A recent land audit identified a range of other Crown land that may be deemed suitable for affordable housing. Consideration will be given to bringing this land into the HOPE programme to further increase the number of families that can be assisted.

Using Crown land to increase the supply of affordable homes

An important step in ensuring the supply of quality, affordable homes is increasing the numbers built. The government owns multiple sections of land and can potentially provide land to be developed or re-developed for housing. This will include smaller parcels of land to be redeveloped as well as larger projects such as the housing development at the old Hobsonville airbase. We want to ensure economic opportunity and sustainability are considered when this land is developed.

Through a partnership with Housing New Zealand and a land developer, the government is developing land at Hobsonville to increase the supply of housing. There are 3,000 houses planned for the area, of which will be a mix of affordable homes for first-home buyers, homes for state rental and others be sold on the open market.

The government also owns a large amount of land in the Tamaki area of Auckland because of the large concentration of state houses there. In partnership with Auckland Regional and Auckland City Councils, we are re-developing and re-vitalising this area. This redevelopment is aimed at providing affordable housing but also seeks to renew economic activity in the area.

Labour will make Crown-owned land available for new housing developments where appropriate to expand the supply of affordable homes for first-home buyers.

The benefit of developing Crown land to increase the supply of affordable housing includes the ability to ensure that the elements needed to grow a healthy community can be incorporated, including provision for people buying their first home. Good urban re-development is about ensuring the right infrastructure is in place. That means

providing not just roads and pipes but also employment opportunities, public transport, schools, social services and parks.

Labour will work to ensure that the supply of new housing is developed alongside commercial districts, well designed transport options and other public services.

Urban Development – a sustainable approach

Traditionally the construction of housing in New Zealand has not occurred in a co-ordinated or systematic way, which means new developments have often been ad hoc and have led in turn to an inadequate supply of new, affordable homes.

A fresh approach to urban development is required to ensure we provide enough affordable housing now and into the future in safe, sustainable communities that are connected to public transport and other infrastructure and which offer and stimulate economic and employment opportunities.

There is also a need to focus on using land, infrastructure and assets more effectively when we undertake new developments or re-develop existing suburbs and town centres. By intensifying land use in some strategic areas, it should be possible to provide New Zealanders with more housing choices, viable public transport options and thriving town centres.

Environmental sustainability is also vital when planning new developments. Sustainability requires a development planned around accessible public transport and efficient use of water as well as incorporating environmentally-friendly features into new homes.

Labour will ensure that environmental sustainability is a central consideration in all new urban development undertaken by or with the government.

More broadly, there are a number of challenges local authorities and developers face when trying to develop urban areas in a sustainable and effective way. New Zealand currently has limited co-ordination of national, regional and local planning when it comes to large-scale urban development.

It can be difficult to assemble useful parcels of land from fragmented groups of properties, particularly when it comes to re-developing existing neighbourhoods and town centres.

The funding of urban development projects can also present problems. They often require large amounts of funding in the early stages before revenue from development or land sales starts coming through. There can also be problems deciding who should pay for urban development, including the costs of infrastructure and services.

Labour will develop a new approach to sustainable urban development to improve the ways that the community, local and central government, service and utility providers and the development sector work together.

We are currently consulting on a way forward that is flexible rather than prescriptive, taking into account the unique features of each location rather than trying to apply the same formula to different urban areas around the country.

In the recently-released discussion document *Building Sustainable Urban Communities*, this proposed new approach would create legislation to allow the government to declare that special tools or powers could be applied in particular areas.

These tools or powers could be used by an urban development organisation to implement sustainable development according to a “master development plan” that has been drawn up with the community.

An urban development organisation could be a council-controlled organisation, a Crown entity, or a joint venture company with public sector involvement. It would have carefully prescribed objectives, boundaries and would be in place for the duration of a particular project.

The legislation could be supported by improvements in the use of existing urban development processes, as well as a range of non-regulatory or legislative tools.

Labour will consider the feedback on this proposal that local authorities, developers and the public provide. We will use this to develop a new approach to achieving better urban development by working together.

Recognising the potential of the local authorities, not-for-profit sector and iwi to deliver affordable housing

Labour will also advance housing provision partnerships with local government, iwi, not-for-profit providers and the private sector.

Labour has passed legislation to enable local authorities to address imbalances in the supply of new homes through a combination of requirements and incentives for developers. Essentially, it will allow local authorities to require a certain number of affordable homes to be built within new housing developments.

Although developers are building a large number of new homes each year, very few have been designed for, or targeted at, first-time buyers or modest-income families. Over the past 15 years, the actual size of new homes being built has increased significantly. There is rising demand among local authorities for tools to tackle this issue and ensure an adequate supply of houses for workers crucial to a local economy. This legislation, based on tried-and-tested schemes in the United Kingdom and the United States, delivers those tools.

Local authorities have an important role to play in promoting affordable home ownership. They are responsible for approving new housing developments and, if their region or city needs more affordable homes for workers, Labour believes they must have the ability to meet that need. If local authorities identify a demand for affordable homes in their area, the government will assist in helping them develop affordable housing plans.

Labour will assist Local Authorities to implement the Affordable Housing Act by providing guidance and tools for the design of affordable housing policies through a National Policy Statement on Affordable Housing.

The not-for-profit sector has huge potential to deliver more affordable housing to New Zealanders. In countries such as the United Kingdom, not-for-profit providers and housing associations already deliver large numbers of houses in partnership with government. Unlike private developers, these housing associations do not seek to return a profit, meaning extra costs are not passed on to the home buyer. New Zealand has a small but ambitious not-for-profit sector and Labour wants to give them the help they need to become significant providers of affordable housing.

Labour will encourage the growth of a significant not-for-profit sector to provide affordable rental homes and opportunities for first home buyers.

Labour set up a Housing Innovation Fund in 2003 to support communities, iwi and local government to provide social housing for low and modest income households. This fund has helped about 40 families achieve home ownership, as well as providing over a thousand new or modernised units for rent. The fund is particularly important in helping meet the housing needs of people who may be better served by community-run initiatives such as the elderly or people with a mental illness or disability.

Labour believes that with more support and policy certainty, a range of groups could significantly increase the amount of affordable homes available for rent or purchase.

Labour will grow and invest in effective, large-scale not-for-profit housing providers through an expanded Housing Innovation Fund.

Many iwi now hold numerous land assets. Utilising Māori land to provide housing for whanau is a great way to provide quality, affordable housing to Māori communities as well as providing a secure investment for local iwi.

Papakainga lending is currently available for first-home buyers who want to build on multiple-owned Māori land. This land is not usually accepted as security for a mortgage in the private sector. Alongside this, the Rural Housing Programme improves substandard housing, making homes safer and healthier.

Labour will further encourage development of Papakainga and Kaumatua housing by increasing the funding allocated for these programmes.

These initiatives have paved the way for projects such as the relocation of state rentals onto Māori land but there is scope for more to be done. As an increasing number of historical Treaty Settlements are signed, the potential for joint housing ventures with iwi and other agencies will increase.

Labour will develop housing partnerships with iwi to work together to extend housing options for Māori.

This might include setting up shared equity schemes between iwi and the government, iwi housing projects and reviewing opportunities available for building on land with multiple owners.

Barriers to financing development on Māori land remain however, and Labour will work with whanau, hapu, iwi and other groups to promote and support quality housing ventures on Māori land. This will support people who want to remain on ancestral land but who also want to benefit from utilising that land.

Labour will look at ways to guarantee bank loans through the Welcome Home Loan Scheme for sustainable housing projects on Māori land, including land with multiple owners.

Building and Construction Standards – Bringing Down the Cost

Labour wants to ensure that New Zealanders have access to safe, comfortable and healthy homes and buildings that reflect our natural environment. Young families and couples getting into their first homes need to be secure in the knowledge their home is built by qualified professionals.

Construction standards for houses and buildings are fundamental to the health and safety of the community. They protect public safety and the investment New Zealanders have made in their home.

Standards have changed significantly during this decade to protect home owners from the lax regime put in place in the 1990s and to assist those who have been affected by leaky homes. There was immediate action to make sure the leaky buildings problem was not allowed to continue. Much of this work was done by setting benchmark standards across the building and construction sector and through local government.

A Weathertight Homes Resolution Service was put in place to assist leaky homes victims to seek redress and help resolve disputes.

Since then there have been further refinements of the rules and efforts have been made to create more flexibility in the Building Act while at the same time protecting owners of homes and buildings.

10 years ago... deregulation of the industry resulted in catastrophic failures across the building sector, leading directly to the leaky buildings problem.

Today... stronger standards are in place to protect the interests of home owners and prevent something like the leaky buildings crisis from happening again.

10 years from now... streamlined regulation and strong self-policing will mean lower construction costs while keeping homes and buildings safe, healthy and comfortable.

The building and construction industry is healthier and stronger now than it was at the beginning of the decade. The industry is better off with Labour because we are headed in the right direction with a common-sense approach to regulations.

But there is more to do. Labour will put in place further changes to building and construction standards to obtain good, safe buildings at reasonable cost.

Labour will simplify the Building Code requirements for the design and construction of all buildings while protecting health, safety and investment.

Simplifying the rules for simple building work makes it easier for DIY-builders to continue a Kiwi tradition without unnecessary red tape. We are also looking at ways to streamline approvals for ‘starter’ homes that meet the needs of families trying to get into home ownership for the first time. We have already commissioned designs and an architectural competition. Substantial savings for starter homes have already been identified.

Labour will work on developing and extending the successful starter homes portfolio of designs.

These changes will assist in making home ownership more affordable by accelerating the approval process, thereby reducing costs.

We intend to consult closely to ensure these changes work as effectively as possible. We will work with competent, experienced practitioners involved in building design and construction, and with those involved in administering building and construction standards both within the industry and in territorial authorities.

Labour will work with the industry to simplify legislation, organise appropriate training of practitioners throughout the industry, and safeguard quality, safety, and health.

This could involve looking at the effectiveness of current liability provisions in the building sector and investigating the possibility of self-certification by appropriately qualified and indemnified builders.

The inaugural building summit in Auckland in mid-2008 drew widespread agreement from industry leaders. They agreed to create a forum which will recommend changes

to the consents process for large-scale construction. This would mean only a single consent would be required when developers want to undertake the large-scale construction of standard homes using the same general design. This will further assist with bringing down construction costs.

Labour will work with Territorial Authorities to develop centralised data bases to assist in consent processes and provide information on designs and building products.

Consistency in the sector is crucial to providing peace-of-mind and security for New Zealanders wanting to build new homes. One way we intend to achieve this is through encouraging greater uniformity across all local government and building consents authorities to ensure timely and cost-efficient processes and avoid duplication.

Labour will develop a nationwide set of guidelines on standards-setting to help improve consistency in the administration of different Building Consent Authority jurisdictions and in the rule-making of different Territorial Authorities.

Many New Zealanders today and in the future may not choose to own a home. Lifestyle choices mean an increasing number will choose to rent, live in apartments and other multi-unit properties or, for many elderly people, opt for the safe, comfortable and happy retirement village environment. Labour is committed to safeguarding and protecting the rights of all of these groups. We have already reviewed the code of practice for retirement homes to protect the interests of older people and their families

Labour will put in place changes protecting property rights and titles within multi-units and high-rise apartments by modernising the out-of-date laws governing this area.

The law covering the rights and responsibilities of both unit title owners and bodies corporate needs to be brought up to date because of changes in the way many New Zealanders are choosing to live, including the high number of people living in apartments and other high-density accommodation.

Labour will proceed with amendments to the Unit Titles Act to provide security and fairness for stakeholders in medium and high density accommodation.

As New Zealand renews and expands its housing stock, we also need to take account of our ageing population, with more people living longer into an active retirement. We need to ‘future-proof’ our houses so that residences remain liveable and accessible for people throughout their lives.

Labour will encourage, where reasonably possible, the design and construction of residences to ensure that a higher proportion of the housing

stock is **suitable to meet the needs of people of all abilities** including the elderly.

Research is a vital component to ensuring the New Zealand building industry is among the best in the world, taking advantage of the most innovative and effective design and construction ideas.

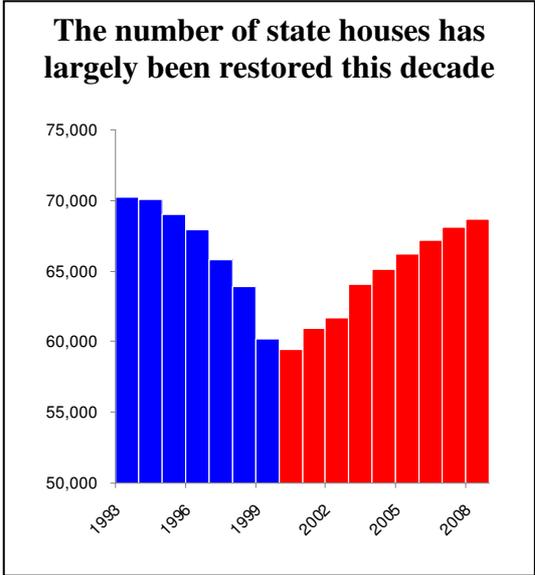
Labour will work with and support the Building Research Association of New Zealand to ensure New Zealand stays abreast of innovation and effective future industry development.

Rental Affordability – Secure and Healthy

While Labour wants as many Kiwis as possible to own their own home, we also recognise that for some people, that takes time while for others it may never be an option. That is why Labour supports the provision of affordable and secure rental accommodation.



The Labour Party has a very proud tradition of providing state housing for those who need it. It was the first Labour government, led by Michael Joseph Savage in 1937, that first recognised the state had a vital role to play in providing New Zealanders with secure and healthy housing.



Since then the Labour Party has remained committed to providing state housing for those who need it. In the past nine years we have added over 7,800 homes to the state housing stock.

Labour will increase the supply of affordable, secure and healthy rental accommodation. The state house waiting list is reducing but there are still priority applicants who need to be housed more quickly. Labour is therefore committed to providing more state houses and to revitalising existing state house communities.

Labour will continue to expand the provision of quality Housing New Zealand accommodation.

While not everyone needs a state house, they do need affordable and secure rental housing. Currently there are some councils and small not-for-profit housing

organisations providing affordable rental housing. Labour wants to help these groups grow so they can expand their provision of affordable rental accommodation.

Labour will work with local government and not-for-profit agencies to support the expansion and provision of affordable rental accommodation.

Labour recognises it is important the government sets an example for other landlords to follow. That is why the current state house insulation programme is being dramatically accelerated, improving tenant health and reducing power bills.

Labour will fast-track the insulation of state houses so that the remaining homes without insulation are retrofitted within 5 years.

The new timeframe will see 21,000 state houses insulated within five years. Almost 12 homes a day will be insulated, doubling the pace of Housing New Zealand's existing Energy Efficiency Retrofit campaign which began in 2001.

Many homes in the South Island, where it is colder, have already been insulated. Houses in Auckland, Wellington and Manawatu with significant concentrations of state housing, will be targeted next.

A retrofit includes insulation of floors and ceilings, hot water cylinder wraps and 'lagging' around hot water pipes. Efficient heaters will also be installed where appropriate.

Role of State Housing in an Economic Stimulus package

The New Zealand economy is clearly facing short term challenges from the global financial turbulence. Labour will ensure that the current international crisis does not lead to a prolonged recession in New Zealand. We have begun work on an economic stimulus package which will be implemented if the projected impacts on the New Zealand economy remain as they appear to be at the moment.

The state housing portfolio could have a role to play in this economic stimulus package. Labour has worked hard to acquire state housing during its time in government, but we want to see the waiting list reduced even further, particularly for those applicants with a high housing need.

While the building industry is experiencing a slowdown, there is potential to boost the number of state houses planned for construction, and bring forward redevelopments already planned on Housing New Zealand property.

As noted above, Housing New Zealand is also working to insulate all state houses, currently within a five year timeframe. There is also a significant modernisation and maintenance programme involved in ensuring that all state house tenants are living in

decent accommodation. These are job-rich areas of work, with the potential to pick up 'slack' in demand experienced by the building and construction sector.

Labour is prepared to bring forward the current spending programme on home retrofitting, upgrading the State Housing stock, and planned development on Housing New Zealand land.

Emergency Housing – Helping those in need

Sometimes people have urgent housing needs that cannot be met by the market. They may have experienced a sudden life shock such as a family violence incident or a marriage break-up. Alternately they may struggle to pay the rent as a result of mental illness, drug or alcohol abuse. The government supports emergency housing and is currently providing about 400 community groups with over 1,500 houses – some of which are used as emergency housing.

This year we significantly increased the amount of funding for non-governmental organisations helping provide these services. And earlier this year we successfully intervened to reduce the number of families with children living in inappropriate situations in some South Auckland boarding houses.

But we need to do more. Vulnerable people need to be supported and provided with pathways toward stable tenancies. We need more emergency housing to ensure there is a bed for everybody who needs one, as well as the necessary support to eventually help them back into more permanent accommodation.

Labour will expand the provision of emergency housing to accommodate people in difficult circumstances such as rehabilitating prisoners, families escaping domestic violence and people using mental health services.

We need agencies to share information and knowledge about families and how they can best be helped. We need to make sure children living in emergency housing are placed in accommodation that is appropriate.

Labour will develop a central inter-agency protocol to ensure families with children are not housed in inappropriate accommodation such as boarding houses.

We need to improve our knowledge of homeless people and the distinct and often complex range of problems they face. We also need an accurate assessment of how many homeless there are.

Labour will define homelessness and assess the numbers of homeless people so that appropriate policy responses can be implemented.