

NEW ZEALAND FIRST HOUSING POLICY

Approved by caucus 23 August 2016.

OBJECTIVES:

1. Direct and long term government participation in the housing market by establishing a Housing Commission to ensure a non-political approach in solving New Zealand's housing crisis.
2. Government Assistance for First Home Buyers through long term agreements for sale and purchase of residential sections.
3. Smaller and more affordable houses on smaller sections to meet the demand for low cost homes.
4. Achieving best practice building quality, and sustainable housing objectives, including leak proofing, insulation and earthquake resistance.
5. Greater use of New Zealand expertise in prefabricated houses.
6. Provision of more home ownership options, including shared ownership models to assist low income people into their own homes.
7. Compulsory and adequate insurance cover for all homes.
8. Restriction of New Zealand's housing stock to New Zealand residents and New Zealand citizens (with exceptions only in special circumstances).
9. Requiring territorial councils to participate in both the provision of land for residential housing development, and the provision of social housing in their districts in accordance with national objectives and requirements.
10. Provision of low cost government funding to local authorities for new elderly persons housing and public rental housing projects.
11. Encouragement of private investment in high quality rental housing through the taxation system and other incentives.

POLICIES:

A. HOME AFFORDABILITY AND RESIDENTIAL LAND SUPPLY

1. **A Housing Commission would be established** as the government's permanent vehicle for direct participation in the housing market.
2. **The Commission's role would be:**
 - 2.1 In consultation with local government, private housing developers, other stake-holders, and the general public, to develop the New Zealand Housing Strategy (NZHS) to revamp the New Zealand housing market with national objectives covering:
 - (a) housing and residential land availability,

- (b) home ownership affordability,
- (c) rental homes supply
- (d) rental homes affordability,
- (e) housing-land development and redevelopment,
- (f) home purchase finance,
- (g) insurance cover and earthquake/disaster cover,
- (h) sustainable housing objectives (including energy efficiency),
- (i) housing quality,
- (j) integration of housing developments with sustainable transport systems
- (k) greater use of New Zealand expertise in prefabricated houses.
- (l) The use of Maori land to assist in meeting Maori housing needs

2.2 **To establish a commercial entity (Kiwi Housing)** to acquire land (and where appropriate use existing state owned land) to create a land bank in areas where demand clearly exceeds supply and/or where a Special Housing Area has been designated under the Housing Accords and Special Housing Areas Act 2013, for sustainable residential development, and to control all aspects of that development aimed at delivering smaller high quality new homes with appropriate land densities, positive social and transport outcomes, and optimising the use of prefabricated homes to minimise costs.

3. Kiwi Housing would:

- 3.1 **For Auckland:** Build 140,000 new residential houses within 7 years, requiring an average rate of 20,00 houses per year over the period.
- 3.2. Sell residential sections on the basis of long term agreements for sale and purchase (up to 25 years) to first home buyers, on a cost recovery basis, and with low interest rates and other terms and conditions to make home ownership financially possible for the widest possible range of income groups.
- 3.3 Develop and implement a range of other options, including shared ownership models, to assist low income people into their own home.
- 3.4 Be empowered to compulsorily purchase vacant land already zoned residential, where the land has not actually being developed for that purpose, and where it is required for immediate housing development under policy 2.2. The same processes as are specified in Part 2 of the Public Works Act 1981 would apply.

B. HOME INSURANCE TO BE COMPULSORY

- 1. All homes will be compulsorily insured (including full earthquake/disaster cover) by insurers who are government approved and who will be required to comply with government prudential assurance criteria.
- 2. There would be a minimum of full indemnity insurance for all policies with voluntary options for more comprehensive cover. Home owners will have premiums collected as part of local authority rates as the means of facilitating compulsory cover.

3. New Zealand First will re-establish a wholly government owned insurance company (Kiwi Insurance) operated on a commercial basis, and:
 - (1) It would be government guaranteed. Insurers taken over by the government for prudential reasons following the Canterbury earthquakes, show the need for a state owned and guaranteed insurer.
 - (2) The parliamentary Commissioner for the Environment has reported that tens of thousands of homes will potentially become uninsurable because of sea level rise and/or the estimated effects of earthquakes within the next 30 years. Consequently Kiwi Insurance would be given a statutory duty to insure homes, subject only to the usual terms and conditions for the insurance of residences.
4. The role of the Earthquake Commission would be comprehensively reviewed on the basis of:
 - (a) EQC not covering contents but covering the first \$200,000 (reviewable 5 yearly) of damage to both land and improvements of all kinds
 - (b) EQC not being directly involved in the assessment of, or repairs or rebuilds of homes, but providing its cover direct to home owners' insurers up to the \$200,000 cap.

C. NON-RESIDENTS TO BE INELIGIBLE FOR HOME OWNERSHIP

New Zealand First would legislate to make non-residents who are not New Zealand citizens ineligible for home ownership in New Zealand, except that any overseas purchaser will be able to apply to the Housing Commission for a permit to own a house in New Zealand if a genuine need to do so can be demonstrated.

D. SOCIAL HOUSING

1. **A New Zealand First government would:**
 - 1.1 Legislate to require territorial local councils to prepare and implement a social housing plan for their district, aimed at ensuring an adequate supply of high quality rental homes to meet local demand by encouraging private investment in rental homes by properly qualified professional rental home providers, and by direct provision by the council, on a long term basis.
 - 1.2 Make long term low cost 2% loan finance available to local government for the establishment of elderly persons housing developments and public rental housing developments to be administered by local government owned and controlled housing enterprises, which would operate independently of but be accountable to district or city councils, and which would be required to carry out the social housing policies of the councils and the national objectives of the NZHS. These enterprises would be required to earn a fair rate of return and would reinvest all profits back into achieving the council's and national rental housing objectives.
 - 1.3 Legislate so that private owners of rental houses could invest in specified qualifying home improvements, and expense them for income tax purposes in the year in which the expense is incurred.
The initially specified qualifying improvements would include approved:
Home insulation

Solar heating
 Heat pumps
 HRV heating systems
 Wood pellet and other approved burners
 Earthquake strengthening
 Fire and flood protection and other disaster protection.

- 1.4 Legislate and implement other measures to simplify and improve the security of tenancies, to encourage and incentivise long term tenancies, to provide mechanisms to avoid large fluctuations in rents, and to implement policies to improve the quality and attractiveness of long term tenancies as a desirable alternative to home ownership. Experience from other countries which have achieved stable and high quality home rental markets would be used to inform policies and measures to achieve these objectives.
- 1.5 Review all current social housing legislation and reform Housing New Zealand Corporation so that it will return to its role as New Zealand's primary social housing provider, both by the direct provision of high quality social housing and the continued use of market related rents subsidised by income related accommodation allowances where needed, and by working with local government and professional private providers to ensure an adequate supply of high quality rental homes to meet the demand in all parts of New Zealand in accordance with the NZHS.
- 1.6 Issue 99 year bonds as one of the means of financing Housing New Zealand Corporation's building programme. The bonds would be tradeable, government guaranteed, with a guaranteed interest rate, secured against the Corporation's assets, and amortised over 100 years.