

## **Homes Not Cars:**

### **Housing New Zealand's Emergency Build**

The Green Party has a plan to build hundreds of state homes to help deal with the emergency housing crisis facing thousands of vulnerable New Zealanders right now.

The Green Party plan would allow Housing New Zealand to retain its dividend and, in addition, would refund its tax, freeing up \$207 million in the next financial year to spend on the emergency building of around 450 new state homes.

During a housing emergency, as we are facing right now, Housing New Zealand should not be forced to pay a dividend and taxes to the Government, when it could be building houses with that money.

Despite New Zealand being one of the wealthiest countries in the world, families are sleeping in cars, under bridges and in garages. This requires an urgent and direct response from the Government.

There aren't enough houses in New Zealand, particularly in Auckland, and this policy is another step in trying to fix that.

#### ***This policy will:***

**1. Temporarily remove the burden on Housing New Zealand to return a dividend and tax to the Crown, and redirect those funds into urgently building state houses.**

As a Crown agent, Housing New Zealand currently returns a dividend to the Government and pays tax every year. Housing New Zealand is forecast to return a dividend of \$118 million and pay tax of \$89 million for 2015/2016.<sup>i</sup> We would keep that \$207 million in Housing New Zealand's hands for the purpose of building new state houses in the most high-need areas.

**2. Allow Housing New Zealand to build approximately 450 state houses for those in the most need.**

The Green Party will prioritise providing housing for New Zealanders who have no home to live in. There is a clear and urgent need for more housing at the lower end of the market in New Zealand. Waiting lists for a state house are high – currently around 4,500 people.<sup>ii</sup> Many families are being forced to sleep in garages, cars, or other sub-standard accommodation. The Green Party believes that New Zealanders don't want other New Zealanders to be forced to live like this.

**3. Increase the number of Housing New Zealand rental homes for families.**

By immediately stopping the Government's sell-off of upwards of 2,000 state houses,<sup>iii</sup> more homes will be made available to families for urgent housing. State houses that are currently empty and for sale will be taken off the market and made available for renting.

**4. Create new jobs in the building sector.**

Building 450 new houses could directly create nearly 1,400 jobs, based on Westpac's 2015 estimates of the labour required to increase housing supply in Auckland.<sup>iv</sup>

## Why do we need this policy?

There is a housing supply shortage in New Zealand, particularly in Auckland. That supply shortage is part of the reason why rents have risen in many parts of the country, and why house prices have also grown sharply in some regions.

As a result of the housing shortage and rising rents and sale prices, New Zealanders who have the least are doing it tough. There are thousands of New Zealanders who cannot afford to pay market rents, or cannot find a home to rent on the private market, so need Government assistance and/or a state house.

Thousands of New Zealanders are currently on the waiting list for a Housing New Zealand home. Many of these people are living in cars and garages, or sleeping rough. While building around 450 new state houses will not solve this issue entirely, it is a direct and urgent response to the growing housing emergency that many New Zealand families find themselves in today. Doing nothing is not an option.

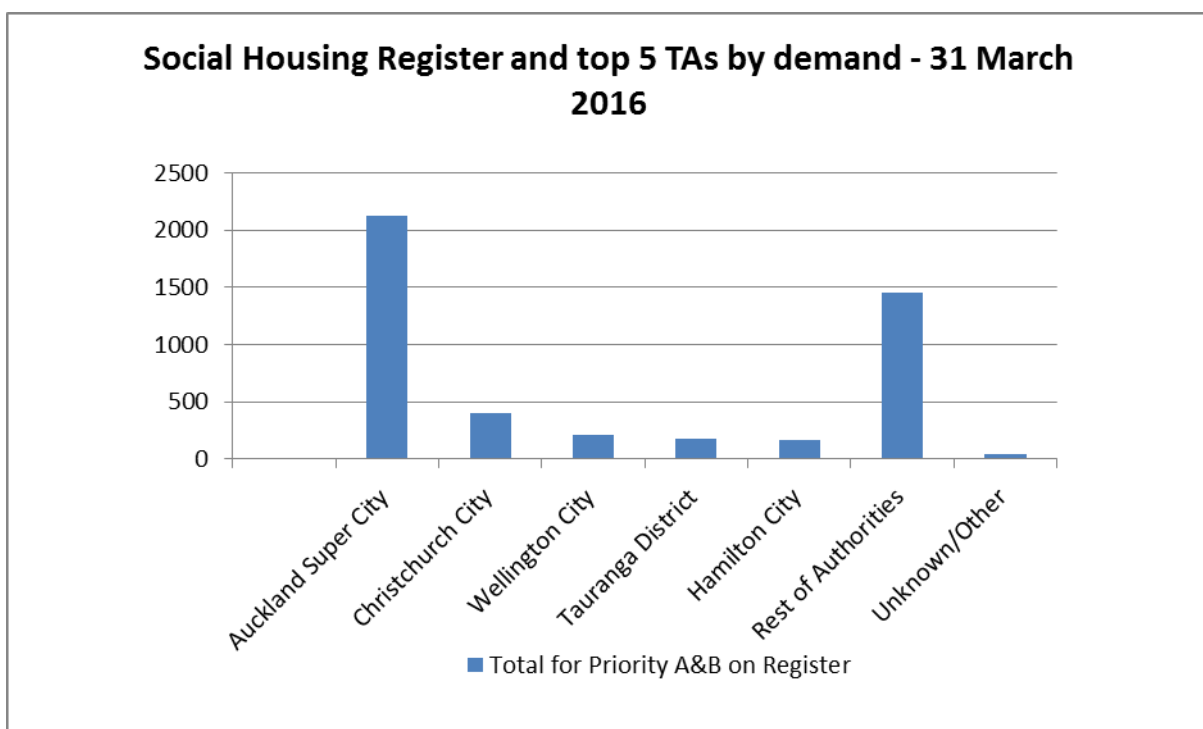


Figure 1: Social Housing Register and top five Territorial Authorities (TAs) by demand – 31 March 2016. Source: Parliamentary Library.

While the Government does not keep accurate data on the number of homeless people in New Zealand, it's estimated that there could be more than 34,000 living in severe housing deprivation – on the streets, in garages, in cars, and in shelters or boarding houses.<sup>v</sup> Some of these people may be on the wait list for a state house or other housing assistance but many may not be.

Housing New Zealand is not building enough houses to help home the number of people who need a state house currently, or enough to house people who may need their help in the future. In the 2014/2015 financial year, the total number of Housing New Zealand additions was just 408, consisting of new homes built and new builds purchased. The Green Party would double the number of new houses Housing New Zealand builds by returning Housing New Zealand's tax and dividend for the 2015/2016 financial year and empowering it to oversee the building of an additional 450 new state houses.

The below graphic shows that Housing New Zealand currently plays a very small part in the supply of new housing.

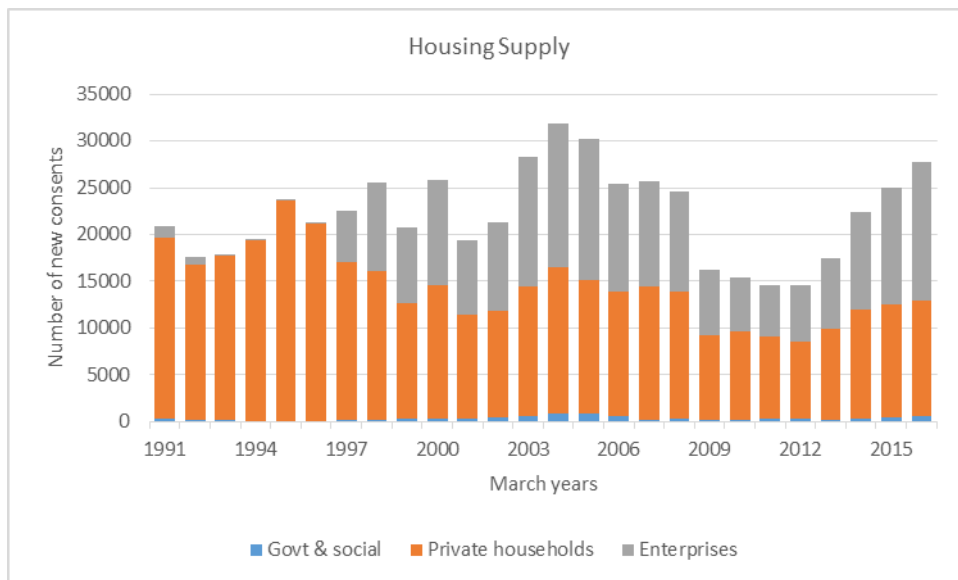


Figure 2: Housing Supply in New Zealand. Source: Statistics NZ.

### How can Housing New Zealand help?

Housing New Zealand knows the communities who need the most help when it comes to finding a home. The National Government has shown little inclination to increase the number of state houses. Instead, it has allowed many state houses to run into disrepair and has sold, or is in the process of selling, others off.

The Green Party believes that during a housing emergency, as we are facing right now, Housing New Zealand should not be forced to pay a dividend and taxes to the Government, when it could be building houses with that money. Housing New Zealand also shouldn't be forced to sell homes when there is a list of people waiting for a home – just because a house is a bit bigger than needed is no excuse to leave a family sleeping in car.

### How will it work?

Housing New Zealand is forecast to return a dividend to the Crown of \$118 million in 2015/2016, and pay \$89 million in tax. The Green Party believes Housing New Zealand should be given a one-year exemption from paying the dividend to the Crown (with the option to extend as required), and that any tax it pays should be returned back to its coffers. Legislative changes, such as to the Crown Entities Act, may be required to enable this to happen. That money, a combined \$207 million, should be put towards building new state houses to help the thousands of New Zealanders who do not have a home to live in.

According to estimates provided to the Green Party by independent economist Shamubeel Eaqub, about 450 mixed-density homes could be built with \$207 million.<sup>vi</sup> This is based on an assumption of cost per square metre of \$2,100, plus \$60,000 per unit of infrastructure and other costs. The kinds of houses that would be built would be those that are currently in the highest demand: one, two, and five-plus-bedroom homes. About 75 percent of the homes would be of the smaller variety, while 25 percent would be larger.<sup>vii</sup> The houses will be built on existing Housing New Zealand land or on Crown land in the areas of the country with the highest need. All of the homes would be warm, safe, dry and energy efficient.

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<sup>i</sup> Housing New Zealand. Our Statement of Performance Expectations 2015/2016 p.12 & p.13.

<http://www.hnzc.co.nz/assets/Uploads/HNZSPE-2015.pdf>

<sup>ii</sup> Newshub/Mike Wesley-Smith. Auckland's Hidden Homeless. 14 May 2016.

[www.newshub.co.nz/tvshows/thenation/aucklandshiddenhomeless-2016051411](http://www.newshub.co.nz/tvshows/thenation/aucklandshiddenhomeless-2016051411)

<sup>iii</sup> John Key. Next Steps in Social Housing 28 January 2015. <https://www.beehive.govt.nz/speech/nextsteps-social-housing>

<sup>iv</sup> Westpac Bank. Outlook for Auckland residential construction How many dwellings should we be building, and can we? 17 August 2015. p.2. & p.4. <https://www.westpac.co.nz/assets/Business/Economic-Updates/2015/Bulletins-2015/Outlook-for-Auckland-residential-construction-August-2015.pdf>

<sup>v</sup> Kate Amore, Helen Viggers, Michael G Baker, Philippa Howden Chapman. Severe Housing Deprivation: The Problem and its Measurement. September 2013. <http://www.statisphere.govt.nz/further-resources-and-info/official-statistics-research/series/2013/severe-housing-deprivation.aspx>

<sup>vi</sup> Background costing work for this paper was done by independent economist Shamubeel Equb and informed by the building industry. We assume Housing New Zealand can make reasonable savings on average building costs of \$50 homes for \$208 million equates to an average build price of \$462,000 per home, including infrastructure costs.

<sup>vii</sup> At a maximum cost of \$2,100 per square metre, 338 small homes (130 sqm) and 112 family homes (350 sqm) would have a build cost of up to \$175 million, plus infrastructure costs.



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