Delivering better social housing
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Delivering better social housing is part of National’s broader plan to end Labour’s housing crisis.

The fundamental problem with housing in New Zealand is a lack of supply across the housing continuum, from market houses and private rentals to social and community housing places.

National’s Housing Plan consists of five critical elements to get more houses built across the housing continuum:

- **Going for Housing Growth** – our plan to unlock land for housing, intensify transport corridors, build infrastructure, and support communities.
- **Improving the rental market** – restoring interest deductibility, taking the bright-line test back to two years, unlocking Build-to-Rent as an asset class, and sensible changes to our tenancy laws to incentivise landlords into the market.
- **Resource Management Act reform** – to simplify planning rules and make resource consents for houses simpler and faster.
- **Building Act reform** – to simplify the rules around building houses and increase competition in the building materials market.
- **Delivering better social housing** – backing our community housing sector to grow and provide warm and dry homes to Kiwis in need.

Labour’s housing record

The Labour Government’s housing policies over the last six years have been a dismal failure:

- The average weekly rent in New Zealand is now $575 a week, an increase of $175 per week since Labour took office.
- The social housing waitlist has increased from less than 6,000 applicants when Labour took office to over 24,000 today, more than a four-fold increase.
- At the end of July nearly 4,000 families were living in emergency housing motels, including 3,500 children.
- The average number of consecutive weeks people stay in emergency housing is at a near-record high of 21 weeks.
- The number of people presenting to the Ministry of Social Development (MSD) and applying for social housing who say they are currently living in a car has increased four-fold since December 2017.
- After more than five years in office, Labour have delivered just 1,800 KiwiBuild homes, less than 2 per cent of their promised 100,000.
The Government is spending nearly $1 million every day on motels

Emergency housing, which puts people who can’t find accommodation elsewhere into motels, is an economic and social disaster that is setting New Zealand up for long-term failure.

Labour has no answers as to how to solve this problem. Since 2017, the Government has spent a staggering $1.4 billion on emergency housing motels.

Instead of trying to phase out emergency motels, Labour has entrenched them as a permanent part of the government bureaucratic machine.

Rather than entrench emergency housing, National will seek to end the large-scale use of emergency housing motels as quickly as possible.

There will likely be an ongoing role for motels or temporary accommodation as a short-term stop-gap to help people in desperate need get a roof over their heads for the night. But National will aim to eradicate large-scale use of emergency housing motels by the end of our first term in government.

National’s plan to deliver better social housing

National will:

1. **Increase the number of Social Housing places**, and support Community Housing Providers to grow by providing capital and operational funding and long-term contracts.
2. **Put families in emergency housing motels and cars at the front of the queue for social housing**, by establishing a new Priority One category on the Social Housing Register.
3. **Clean up Kāinga Ora** by introducing consultation requirements for new developments, directing it to evict unruly tenants, ensuring it improves services for tenants, and driving efficiencies to lower the time and cost of building new state houses.

Labour’s tenancy changes have backfired

Since 2017, nationwide average rents have increased by $175 per week – well ahead of inflation – due to Labour’s misguided policies, including:¹

- Removing interest deductibility (the “tenant tax”);
- Raising taxes on landlords by extending the bright-line test; and
- A raft of new regulations for landlords.

National’s social housing policy includes a commitment to restore a properly functioning private rental market. This will take pressure off social housing and benefit people with the highest needs, who are usually the first to be excluded from expensive, over-regulated housing markets. Labour was warned by officials that removing interest deductibility for rental properties would lead to increased rents and increased pressure on emergency housing – but did it anyway.

¹Tenancy Services, [link](#).

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National will:

- Restore interest deductibility for rental properties to lower rents;
- Take the bright-line test back to two years;
- Restore no-cause terminations with 90 days notice for landlords; and
- End the automatic roll-over of fixed term tenancies to periodic tenancies.

National’s policy changes will put downward pressure on rents, and reduce the pressure on the social housing waitlist.

We need a better approach to social housing

Since 2017, government spending on all forms of housing support has doubled to $4 billion each year. However, despite all this spending, people with the highest needs now wait three times longer to be placed in a social house than people with lesser needs.² People with the very highest needs wait more than 300 days for a social house – nine times longer than in 2017.³

There is a growing gap between government spending on housing and actual delivery for those in need. It is time for a new approach that supports people with the highest needs first and targets outcomes more directly.

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Building more social houses

National established the modern funding system for social housing in 2015 when it opened the Income-Related Rent Subsidy (IRRS) to Community Housing Providers (CHPs). Today, CHPs have built and operate more than 12,000 social houses.⁴ CHPs are often more nimble, more agile and provide better outcomes for tenants than Kāinga Ora. For example, many CHPs provide better wraparound support for tenants and have better pastoral care than Kāinga Ora.

National will increase the number of social housing places in line with Labour’s forecast track.⁵

National will ensure CHPs and Kāinga Ora are on a level playing field, with the same access to the same funding. National will also sign more long-term contracts of 25 years or more to give CHPs the funding certainty they need to borrow commercially.

Unlocking access to capital for Community Housing Providers

To build more social houses sooner, National will allow CHPs to compete with Kāinga Ora for access to capital for social housing.

National will:

- Establish a procurement function in the Ministry of Housing and Urban Development to allocate Crown capital for new social housing on a contestable basis.
- Facilitate Kāinga Ora, CHPs, and other providers to compete for capital based on location, timing, cost and any other relevant criteria established by the government.

National will honour existing development commitments by Kāinga Ora.

²Ministry of Housing and Urban Development, Housing Quarterly Report, March 2023, p15 link.
³Source: Reply to Written Question 14689. Based on comparing the 2017/18 year to 2023/23 year.
⁴Ministry of Housing and Urban Development, Housing Dashboard, link.
⁵Written Question 20468, link.
Getting families out of motels

National's aim is to end the use of emergency motel accommodation for people in need by the end of our first term in office.

National will:

- Ensure every person or family in a motel is assessed for eligibility for the Social Housing Register (the social housing waitlist). At the moment, MSD has poor data on who actually lives in motels, and their eligibility for social housing.
- Establish a Priority One category for the Social Housing Register which will put families living in cars or motels for longer than three months (12 weeks) at the front of the queue for a social house. At the same time, National will make sure that grants for emergency motel accommodation are not just handed out to families without a good reason. Families must be in genuine need and there must be no genuine alternative accommodation available. National will require that families receiving emergency housing grants use those grants in the area they are currently living, unless there is a good reason. This will end the practice of people moving to particular areas (e.g. Rotorua, Hamilton) to use their grant.

Social investment for better social housing outcomes

Social investment is about early intervention for our most at-risk citizens to improve life outcomes. It is the fence at the top of the cliff instead of the ambulance at the bottom.

National knows that people and families living in cars and motels today creates far greater problems in the future. We will pay for people to be in houses not in motels. National is willing to invest up front in a better long-term future for those people and this country.

National will use social investment to get people out of cars and motels and into secure homes and put an end to emergency housing.

National will:

- Establish a Social Impact Bond to address the emergency housing disaster. Initial funding of $50 million over three years will be administered through National’s Social Investment Fund, reprioritised from part of the funding appropriated in Budget 2022 for the “Emergency Housing Reset” and which is currently unspent.
- The Social Impact Bond will be a contract with providers or consortia who can shift families out of emergency housing into secure homes in the short term – and keep them there in the medium and long-term. Payments will reflect the long-term aim of ending emergency housing.

Over time, National’s goal is to pay housing providers, including Kāinga Ora, CHPs and related providers, based on the outcomes they achieve for their clients or tenants.

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8Ministry of Housing and Urban Development, Housing Dashboard, [link](#).
9Written Question 20469, [link](#).
10Vote Housing and Urban Development 2023/24, [link](#).
Reforming Kāinga Ora

Improving Kāinga Ora’s performance

National has serious concerns about the management and governance of Kāinga Ora. Staff numbers have increased by 1,450 staff in only four years. In 2022, officials at the Ministry of Housing and Urban Development reported they had concerns over Kāinga Ora’s financial performance, particularly noting worries over a debt blow-out. Many construction and building companies find Kāinga Ora difficult to deal with and note Kāinga Ora’s cost per unit to build a social house is far higher than it should be.

National will commission an independent review into Kāinga Ora’s finances, procurement, development, and asset management practices. This review will start within 100 days of taking office. It is critical that Kāinga Ora is focused on its customers and efficiently building social houses for people in need.

National will:

• Conduct a comprehensive review of Kāinga Ora’s finances, procurement, development, and asset management practices.
• Direct Kāinga Ora to utilise the 2,000 long-term vacant properties in its portfolio, stop competing for land, and make better use of its extensive existing assets.
• Direct Kāinga Ora to proactively and progressively review the 1,600 tenancies paying market rents in areas where people with more pressing needs are on the social housing waitlist.

Making Kāinga Ora a responsible landlord

Kāinga Ora is New Zealand’s biggest landlord, but it is fast losing its social licence.

It has done a poor job at engaging with the communities where they are building new social housing. In many cases they have not meaningfully engaged with affected communities.

Under National, Kāinga Ora will have a responsibility to properly consult communities about new developments and take their feedback into account. These responsibilities will extend beyond the existing local legal requirements. Kāinga Ora has received 10,000 complaints in the 14 months to July 2023 but only evicted two tenants. There is deep community frustration at the unwillingness of Kāinga Ora to enforce the law and evict unruly and anti-social tenants who make their neighbours’ lives a misery. Labour’s policy has forced other tenants and neighbours to live in fear.

National will:

• Require Kāinga Ora to properly consult the community on all new Kāinga Ora developments, going above and beyond existing district and council legal requirements.
• Direct Kāinga Ora to evict disruptive or abusive tenants, and those who continually fail to comply with the Residential Tenancies Act.
• Provide targeted support to tenants for isolated, low-level offending against other tenants or neighbours.
• Relocate offenders for repeated or serious incidents to protect neighbours, with increased support to manage the underlying causes of the behaviour.
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Other commitments

National will:

- Direct Kāinga Ora to utilise the 2,000 long-term vacant properties in its portfolio, stop competing for land, and make better use of its extensive existing assets.
- Direct Kāinga Ora to proactively and progressively review the 1,600 tenancies paying market rents in areas where people with more pressing needs are on the social housing waitlist.

Cost

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Funding will be reprioritised from the $355 million appropriated in Budget 2022 for the “Emergency Housing Reset” and which is currently unspent.6

6Written Question 25008, link.
GET OUR COUNTRY BACK ON TRACK

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