



Kāinga Ora
Homes and Communities

UNDER the the Resource Mangement Act 1991 ("RMA")
IN THE MATTER of Proposed Waikato District Plan: Hearing 3 – Strategic Objectives

**EVIDENCE OF BRENDON SCOTT LIGGETT ON BEHALF OF KĀINGA
ORA-HOMES AND COMMUNITIES(749, FS1269)**

CORPORATE

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Table of Contents

1.0 Summary Statement	2
2.0 Introduction	6
3.0 Background to Kāinga Ora-Homes and Communities	7
Objectives, Functions and Operating Principles	8
Role as a Public Housing Provider	9
Overview of Kāinga Ora's Property Portfolio	10
Priorities	11
4.0 Public Housing	13
The Public Housing Sector	13
Current Strategic Direction	13
Kāinga Ora's Tenant Base	14
Assessing Housing Need	15
Income Related Rents	16
5.0 Tenancy Management	16
6.0 Kāinga Ora's Portfolio	18
Designing Better Communities	19
Community Group Housing	20
7.0 Statement of Intent / Public Housing Plan	20
8.0 The Asset Management Strategy	21
9.0 Kāinga Ora's Changing Portfolio	21
Locational Characteristics	21
Land Utilisation	22
Economic Useful Life of Public Rental Housing	23
Portfolio Mix	23
Portfolio Reconfiguration	24
10.0 Waikato and the Proposed District Plan Process	24

1. Summary Statement

- 1.1 Kāinga Ora-Homes and Communities (“**Kāinga Ora**”) was established in 2019 as a statutory entity established under the Kāinga Ora-Homes and Communities Act 2019 (“**Kāinga Ora Act**”). Under the Crown Entities Act 2004, Kāinga Ora is listed as a Crown agent and is required to give effect to Government policies.
- 1.2 Kāinga Ora consolidates Housing New Zealand Corporation (“**Housing NZ**”), HLC (2017) Ltd and parts of the KiwiBuild Unit and is the Government’s delivery agency for housing and urban development. Kāinga Ora has two core roles:
 - (a) being a world class public housing landlord; and
 - (b) leading and co-ordinating urban development projects
- 1.3 Kāinga Ora’s statutory objective requires it to contribute to sustainable, inclusive, and thriving communities that:
 - (a) provide people with good quality, affordable housing choices that meet diverse needs; and
 - (b) support good access to jobs, amenities and services; and
 - (c) otherwise sustain or enhance the overall economic, social, environmental and cultural well-being of current and future generations.
- 1.4 This brief of evidence focuses largely on Kāinga Ora’s role as a public housing landlord, as detail around how Kāinga Ora’s role in leading and co-ordinating urban development projects is still to be confirmed in an Urban Development Bill to be introduced to Parliament before the end of 2019.
- 1.5 Public Housing is owned or leased by Kāinga Ora and Community Housing Providers, and is tenanted by people who are eligible for public housing. Public housing covers both state and community housing.
- 1.6 To this end:
 - (a) Kāinga Ora owns or manages more than 65,000 properties throughout New Zealand, including about 1,500 homes for community groups that provide housing

services.¹ Approximately two-thirds of the total public housing portfolio was built before 1980, and half of it before 1960.

- (b) Kāinga Ora has approximately 185,000 people occupying Kāinga Ora tenancies, with 6,615 new applicants from the Public Housing Register housed in the year to June 2019.²
 - (c) Kāinga Ora manages a portfolio of approximately 390³ dwellings in the Waikato district.
 - (d) Kāinga Ora has public housing in locations spread throughout the Waikato region, in particular within the existing urban areas of Huntly, Ngāruawahia, Raglan, Taupiri, Te Kauwhata and Tuakau.
- 1.7 Public housing is a subset of affordable housing, and meets the housing needs of people who face barriers to housing in the wider rental and housing market. In general terms housing supply issues have made housing less affordable and as such there is an increased demand for social housing. This is particularly so within the Waikato District Council jurisdiction, which proportionally has seen the second largest growth in the public housing register, in excess of a five fold increase, from 25 households in June 2016 to 159 households in June 2019⁴.⁵
- 1.8 The Kāinga Ora Act sets out Kāinga Ora's functions in relation to housing and urban development. Under the Crown Entities Act 2004, Kāinga Ora is listed as a Crown agent as is required to give effect to Government policies.
- 1.9 Kāinga Ora provides the public housing functions previously performed by Housing NZ. This includes managing tenancies, and building, upgrading, and repairing public housing. It is the Government's aspiration that Kāinga Ora be a world class public landlord. For tenants, there is no change to tenancies, or the services received. There are, however, increased expectations on Kāinga Ora to be a fair and reasonable landlord.
- 1.10 Kāinga Ora works within a community of government, charitable and private sector organisations to provide social housing and housing support throughout New Zealand.

¹ As at 30 June 2019.

² Housing Quarterly Report – June 2019.

³ As at 30 June 2019

⁴ <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/housing/housing-register-june-2019.xlsx>

⁵ Housing Quarterly Report – June 2019.

- 1.11 Kāinga Ora's tenant base is characterised by lower income households, with over 90 percent of tenants paying a subsidised income related rent. A third of Kāinga Ora's tenants identify as Maori (compared with approximately 15% of the general population) and a quarter of tenants identify themselves as Pacific peoples (compared with 7.4% of the general population).⁶
- 1.12 There has been a marked change in the type of housing that is required by Kāinga Ora's tenant base:
- (a) Demand has increased for single bedroom housing required for single persons, the elderly or disabled, and larger homes with four to six bedrooms required to house larger families.
 - (b) As a result the size of many public houses do not match the changing demand for public housing, with a large proportion of the Kāinga Ora's housing stock comprising older 2-3 bedroom homes on large lots which are too large for smaller households and too small for larger households.
 - (c) This has meant that Kāinga Ora has had to review its housing portfolio and assess how it can respond to the changes in demand, given its current housing supply is skewed towards 2–3 bedroom houses that do not meet the needs of tenants and/or are uneconomic to maintain.
- 1.13 In order to provide houses that are the right size, in the right place and in the right condition, Kāinga Ora will look to redevelop existing sites by using them more efficiently in order to improve the quality and quantity of public (and other) housing that is available.
- 1.14 Kāinga Ora has been involved in a number of redevelopment projects that have amalgamated sites to allow for more efficient use of Kāinga Ora stock, or to use single sites more effectively.
- 1.15 Kāinga Ora is looking to rebalance the public housing presence within communities, by managing the rebuilding programme to deliver projects comprising a mix of public and affordable housing. One of the key operating principles of Kāinga Ora set out in the new Kāinga Ora Act is ensuring that the housing it develops is appropriately mixed (with public, affordable and market housing) and is of good quality.⁷

⁶ Housing NZ Annual Report 2018.

⁷ Section 14(f) Kāinga Ora-Homes and Communities Act 2019.

- 1.16 As a major residential landowner, Kāinga Ora recognises the importance of the Proposed Waikato District Plan (“**PDP**” or “**Plan**”) in setting the planning framework for enabling and managing future development as well as achieving sustainable development of the District’s natural and physical resources.
- 1.17 Kāinga Ora has lodged comprehensive submissions to the PDP. These submissions arise from the operational and development needs of Kāinga Ora, but also reflect a wider interest in contributing to sustainable, inclusive and thriving communities that provide people with good quality, affordable housing choices that meet diverse needs, and support access to jobs, amenities and services (i.e.: through delivery of urban development not just on Crown owned land).
- 1.18 Kāinga Ora’s submissions have focused on those provisions of the PDP that in Kāinga Ora’s view require amendment to ensure Kāinga Ora can economically and socially manage and reconfigure its housing portfolio to enable the provision of warm, dry and healthy homes that are in the right location, right condition and of the right type to meet the current and future needs of those people requiring public housing assistance. In addition, Kāinga Ora’s submission has been informed by a wider perspective which seeks to enable a range of typologies to be delivered in appropriate locations by other persons, so as to contribute to the provision quality, affordable housing choices that meet diverse needs.
- 1.19 Kāinga Ora’s approach in making its submission is to support the strategic vision of the Regional Policy Statement (“**RPS**”) which proposes urban intensification and the adoption of the efficient urban development model as methods of improving housing choice and affordability and as a means of achieving the vision. This submission is also informed by the National Policy Statement on Urban Development Capacity, and supported by the proposed National Policy Statement on Urban Development – which provides further direction around where growth should be located (i.e. within proximity to centres, jobs, education, amenities and services).
- 1.20 From Kāinga Ora’s perspective, the PDP as notified by the Council, has the potential to reduce regulatory constraints and increase housing supply. If Kāinga Ora’s submission on the PDP is adopted, then the constraints applied by the zoning and the provisions of the Plan in its notified form would be reduced, and this would provide a development capacity for additional public and affordable dwellings on Kāinga Ora land.

2. Introduction

- 2.1 My name is Brendon Scott Liggett. I hold the position of Development Planning Manager within the Urban Development – Delivery Group at Kāinga Ora–Homes and Communities. I hold a Bachelor of Planning from the University of Auckland. I have held roles in the planning profession for the past 18 years and have been involved in advising on issues regarding the RMA and District Plans.
- 2.2 My experience includes four years in various planning roles within local government. For the past 13 years I have been employed by Kāinga Ora.
- 2.3 I have been providing development planning expertise at Kāinga Ora (as Housing NZ) since 2006. In this role I have:
- (a) Undertaken assessment and identification of redevelopment land within the portfolio;
 - (b) Provided input into the organisation’s strategic land planning, including the Asset Management Strategy, various investment and land use frameworks, and various structure plan processes;
 - (c) Provided advice on, and management of, the regulatory planning processes associated with residential development projects;
 - (d) Managed engagement with local authorities, local communities and other agencies on matters relating to regulatory policy frameworks associated with residential development;
 - (e) Provided advice on, and management of, the organisation’s input into strategic planning activities including plan changes and plan review processes throughout the country, including technical lead and project management of submissions to the Proposed Auckland Unitary Plan and Christchurch District Plan review, as well as more recent plan review processes throughout the country.
- 2.4 I confirm that I am authorised to give evidence on behalf of Kāinga Ora–Homes and Communities in respect of hearings on the PDP.

3. Background to Kāinga Ora–Homes and Communities

- 3.1 Within Government, housing and urban development services are a cross agency function. In addition to Kāinga Ora, The Ministry of Housing and Urban Development (“**HUD**”) and The Ministry of Social Development (“**MSD**”) also have responsibilities for housing and urban development.
- 3.2 Principally Kāinga Ora has two core responsibilities; firstly to be a world class public housing landlord to current and future households; secondly using a place-based approach to partner with the development community, iwi, local and central government to deliver urban development projects of all sizes.
- 3.3 HUD is responsible for strategy, policy, funding, monitoring and regulation of the housing and urban development system. HUD works to deliver more public housing, transitional housing, and services to tackle homelessness.
- 3.4 MSD is responsible for working with people who need housing, income and employment support. MSD helps people access and sustain long-term accommodation, and helps meet the cost of short-term, emergency accommodation
- 3.5 On 01 October 2019 Housing NZ was disestablished and now forms part of Kāinga Ora, a new Crown agency that is the Government’s delivery agency for housing and urban development. The recently enacted Kāinga Ora Act provides for the establishment of Kāinga Ora and sets out its objectives, functions and operating principles. Further detail around its enabling development powers will be provided in a second bill which is expected to be introduced later this year.
- 3.6 Kāinga Ora brings together the people, capabilities and resources of Housing NZ, HLC (2017) Ltd and parts of the KiwiBuild Unit to bring a joined up approach to delivering on the Government’s priorities for housing and urban development, ending homelessness and making homes more affordable. Kāinga Ora is a statutory entity established under the Kāinga Ora Act and a Crown agency under the Crown Entities Act 2004.
- 3.7 As a Crown entity and distinct from a Ministry of Government, Kāinga Ora operates as a company. Kāinga Ora is governed by an independent board of directors who are responsible and accountable to the responsible minister; Minister of Housing (Hon Megan Woods). The Kāinga Ora Board has wide-ranging responsibilities, including setting the organisation’s strategic direction and annual performance expectations (in consultation with the Minister of Housing), managing risk and ensuring compliance, and stakeholder management.

- 3.8 Kāinga Ora principally operates from its own balance sheet deriving its operating cashflow from rental income, land sales and borrowings from the capital debt markets. Kāinga Ora, unlike Government Ministries, does not receive a budget allocation to undertake the majority of its core activities. While there was previously a presumption that, as an operating company, Housing NZ was to return an annual dividend to the Crown (its owner), the Kāinga Ora Act repeals that presumption.
- 3.9 In 2018, the Government raised Kāinga Ora's (then Housing NZ) limit on market debt to \$3.08 billion to help finance the public house build programme announced in the May 2018 Budget. Currently, Kāinga Ora have secured approximately \$1.9 billion in funding through bonds on issues.⁸

Objectives, Functions and Operating Principles

- 3.10 The Kāinga Ora Act requires⁹ Kāinga Ora to contribute to sustainable, inclusive, and thriving communities that provide people with good quality, affordable housing choices that meet diverse needs, support good access to jobs, amenities and services and otherwise sustain or enhance the overall economic, social, environmental and cultural well-being of current and future generations.
- 3.11 In relation to housing, Kāinga Ora's functions include:
- (a) the provision of rental housing for those who need it most, as well as appropriate accommodation for community organisations.
 - (b) providing people with home related financial assistance, making loans or other financial assistance to local authorities and other entities; and
 - (c) to give people help and advice on matters relating to housing or services related to housing, and more generally, to provide housing or services related to housing.
- 3.12 In relation to urban development, Kāinga Ora's functions include:
- (a) initiating, facilitating or undertaking urban development (whether on its own account, in partnership, or on behalf of others). This includes the development of public housing, affordable housing, homes for first home buyers and market housing, as well as the development and renewal of urban environments more generally (i.e. not necessarily including housing development) as well as the development of related

⁸ <https://www.hnzc.co.nz/about-us/investor-relations/> (Accessed 14/10/2019)

⁹ Section 12 of Kāinga Ora – Homes and Communities Act 2019

commercial, industrial, community, or other amenities, infrastructure, facilities, services or works.

- (b) providing a leadership or coordination role in relation to urban development, including by supporting innovation, capability and scale within the wider urban development and construction sectors and leading and promoting good urban design and efficient, integrated mixed use development; and
- (c) understanding, supporting and enabling the aspirations of communities and Māori in relation to urban development.

3.13 Kāinga Ora is required to act in a manner consistent with its operating principles. These operating principles are detailed and relate to a broad range of considerations.¹⁰ In general terms, they include the provision public housing solutions that contribute positively to well-being, ensuring that housing supply meets needs, assisting in the creation of well-functioning urban environments, being an organisation that exhibits of stewardship and sustainability, as well as collaborating and effective partnerships.

Role as a Public Housing Provider

3.14 Kāinga Ora is currently the main provider of public housing in New Zealand, with a managed portfolio of over 65,000 properties nationally.¹¹ The national portfolio owned by Kāinga Ora is currently valued at \$26.7 billion.¹²

3.15 In addition to that provided by Kāinga Ora¹³, public housing is also provided by community housing providers (third sector organisations), who manage almost 6,400¹⁴ tenancies.

3.16 Tenants of Kāinga Ora, and accredited community housing providers, are supported by the income-related rent (“**IRR**”) subsidy. Of all tenancies managed by Kāinga Ora, 95 percent of tenancies are supported, in part or in full, by the IRR subsidy.¹⁵ The IRR subsidy is now administered by HUD.

3.17 Kāinga Ora’s role is to provide rental housing, principally for those who need it most (amongst other things). Kāinga Ora’s operating principles reflect a focus on ensuring

¹⁰ Section 14, Kāinga Ora-Homes and Communities Act 2019.

¹¹ As at 30 June 2019.

¹² Housing New Zealand Annual Report 2018.

¹³ Approximately 63,000 properties as at June 2019 (Ministry of Housing and Urban Development, Public Housing Quarterly Report – June 2019).

¹⁴ Ministry of Housing and Urban Development, Public Housing Quarterly Report – June 2019.

¹⁵ Ministry of Housing and Urban Development, Public Housing Quarterly Report – June 2019.

tenants have stable housing that will enable better life outcomes and healthier communities, and include:

- (a) The provision of good quality, warm, dry and healthy rental housing;
- (b) Supporting tenants to be well connected to their communities, lead lives with dignity and the greatest degree of independence possible, and to sustain tenancies;
- (c) Working with community providers to support tenants and ensuring those most in need are supported and housed;
- (d) Being a fair and reasonable landlord, treating tenants and their neighbours with respect, integrity and honesty; and
- (e) Managing housing stock prudently, and upgrading and managing this housing to ensure it remains fit for purpose.

Overview of Kāinga Ora's Property Portfolio

3.18 Kāinga Ora manages its property portfolio as prudently as possible - upgrading and managing this housing to ensure it remains fit for purpose, and to ensure that the housing it develops is appropriately mixed (with public, affordable and market housing) and is good quality. Asset decisions reflect the changing needs of tenants, while long-term asset planning and management is being tailored to respond to the future needs of the tenant base. In that regard, the following key operational statistics are noted:

- (a) Kāinga Ora manages approximately 65,000 properties.¹⁶
- (b) Approximately 1,500 are Community Group Housing properties
- (c) 98 percent of Kāinga Ora houses are tenanted, with approximately 185,000 occupants.¹⁷
- (d) 95 percent of tenancies are supported by the income-related rent subsidy.¹⁸
- (e) Nationally 33 percent of tenants are Māori, 24 percent are Pacific peoples, 5 percent are Asian and 37 percent are European.¹⁹

¹⁶ As at 30 June 2019.

¹⁷ Housing New Zealand Annual Report places this number at over 185,000.

¹⁸ Ministry of Housing and Urban Development, Public Housing Quarterly Report – June 2019.

¹⁹ Housing New Zealand Annual Report 2018.

- (f) 41 percent of tenants are 55 years or older, and the most common household type is a single parent with children, with single person households the second most common.²⁰
 - (g) In 2017/2018, 2,188 homes were added (a net increase in public housing of 720). This comprised 1,043 new builds and homes built on existing Kāinga Ora owned land, along with new buys and leased homes.²¹
 - (h) In Waikato, Kāinga Ora manages approximately 390 properties, comprising a total area of approximately 28 hectares of residentially zoned urban land.
- 3.19 Kāinga Ora is investing more than ever before in building new homes and renovating existing homes so that they are warm, dry, and healthy. Kāinga Ora has inherited a redevelopment programme that will see 75 percent of their 65,000 properties upgraded over the next 20 years, with thousands of public and affordable homes being built alongside that process.²²

Priorities

- 3.20 The Government will set out its expectations and priorities for housing in a Government Policy Statement (“**GPS**”), which will provide strategic direction and an overarching plan for housing. The first GPS must be in place by 1 October 2021.
- 3.21 Recently, Kāinga Ora (as Housing NZ) has been focussed on keeping the needs of tenants at the forefront of its decision-making, and on lifting performance in a number of key business areas. Priorities that have been the focus of activity in recent times include:
- (a) *Increasing the pace and scale of housing.* Kāinga Ora is undertaking significant development across New Zealand. In provincial towns and cities across New Zealand, Kāinga Ora is delivering new homes through its Regional Housing Programme. The Regional Housing Programme involves Kāinga Ora building new state housing stock in locations throughout New Zealand for the first time in many years. In the four years to June 2022, Kāinga Ora is aiming to have renewed around 1,500 homes and delivered approximately 900 additional homes in regional centres.²³ These homes are being built on Kāinga Ora’s vacant land and better utilised landholdings by demolishing homes that have reached the end of their lifespan and no longer meet tenant needs, replacing them with new ones that are

²⁰ Housing New Zealand Annual Report 2018.

²¹ Housing New Zealand Annual Report 2018.

²² Hon Phil Tywford, Hansard, Third Reading of the Kāinga Ora-Homes and Communities Bill

²³ Housing NZ Annual Report 2018.

warm, dry and fit for purpose. This process is key to ramping up our build programmes, allowing us to better utilise our land especially on larger sections and improve outcomes for our tenants.²⁴

- (b) *Optimising the management of Kāinga Ora homes.* With about \$26.7 billion of property, we are one of the largest asset holders in the New Zealand public sector, and so effectively managing our assets is an imperative. Kāinga Ora (as Housing NZ) has been working on optimising the management of vacant land and properties and enhancing its asset strategies and frameworks. For example, the average time for all of our properties between when they became vacant and when they were ready to let again was 19 days, compared with our target of 24 days.²⁵ At the same time, Kāinga Ora has increased its portfolio utilisation rate to 98% (from 95% in 2013/2014).²⁶ This means more people are being housed within the available portfolio of the Kāinga Ora homes.

3.22 As noted above, Kāinga Ora has been focused on increasing the pace and scale of housing. In the first half of 2018 Kāinga Ora (as Housing NZ) refreshed its Asset Management Strategy 2018-2028 (“**AMS**”). This ambitious 10-year programme of work will deliver a fit-for-purpose national portfolio of quality homes aligned with priority demand, tenant service levels, property quality standards and the purchasing intentions of MSD.

3.23 Increasing the efficiency of our build programmes and investment activities through improved longer term planning will have direct positive effects on the health, safety and wellbeing of our tenants and their communities.

3.24 While the major urban centres of New Zealand such as Auckland, Wellington and Christchurch have been a high development priority for us, we are focusing on expanding our presence in regional areas outside of the major urban centres and have refreshed our portfolio planning approach to enable this.²⁷ Our current reported pipeline²⁸ includes provision for nearly 22% of the net additional housing we will build between 2018 and 2022 will be constructed outside Auckland, Wellington, Christchurch and is distributed across the length of the country from Kaitaia to Invercargill.

3.25 In total, including supply by other community housing providers, 1/4 of all additional public housing will be provided throughout regional New Zealand. Within the Waikato District

²⁴ Housing NZ Annual Report 2018.

²⁵ Housing NZ Annual Report 2018.

²⁶ Housing NZ Annual Report 2018.

²⁷ Housing NZ Annual Report 2018 at page 39.

²⁸ MSD, Public Housing Plan 2018-2022

Council boundaries, the Public Housing Plan August 2018 identifies that public housing provision is to grow by 10% by June 2022.²⁹

4. PUBLIC HOUSING

The Public Housing Sector

- 4.1 Public Housing is owned or leased by Kāinga Ora and Community Housing Providers, and is tenanted by people who are eligible for public housing. Public housing covers both state and community housing.
- 4.2 There is increasing demand for public housing in New Zealand. Between June 2016 and June 2018, the number of applicants more than doubled from 5,012 to 10,589.³⁰
- 4.3 The public housing sector consists of housing portfolios owned or managed by the Kāinga Ora and a small (but increasing) number of community housing providers. In 2014, community housing providers that are registered under the Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Act 2013 became eligible to receive the income related rent subsidy “IRR” and are therefore subject to regulatory powers and standards of that Act. While Kāinga Ora is not subject to this regulatory framework, Kāinga Ora is expected to meet equivalent standards relating to tenancy and property management, governance, and financial management.
- 4.4 HUD is responsible for policy advice, monitoring, purchasing public housing places and regulatory oversight. MSD continues to work with people who need housing and financial support, and remains responsible for managing the Public Housing Register which records applicants who are eligible (but not currently in) public housing and who are ready to be matched to a suitable property.

Current Strategic Direction

- 4.5 The public housing sector is in the midst of a period of significant change. The new Kāinga Ora Act sets out Kāinga Ora’s new social objectives, which include provision of decent housing, being a fair and compassionate landlord, assisting tenants to sustain tenancies, as well obligations to support tenants to be well-connected to their communities, and to lead their lives with dignity. Kāinga Ora's overarching objective, functions, and operating

²⁹ An additional 40 places are to be provided. Refer page 44 Public Housing Plan 2018-2022, August 2018

³⁰ MSD, Public Housing Plan 2018-2022.

principles as set out in the Kāinga Ora Act establish a strong social mandate with an overarching focus on promoting the wellbeing of current and future generations.

- 4.6 In August 2018 the Public Housing Plan was published. This sets out the Government's response to the increasing demand for public housing across New Zealand between 2018 and 2022. That sets out the Government's aim in securing around 6,400 additional public housing places — or 1,600 places each year on average — across New Zealand between July 2018 and June 2022. Kāinga Ora will work in partnership with Community Housing Providers to bring on this supply - It is anticipated that Kāinga Ora will continue to be the primary provider of public housing in New Zealand (providing about 70%), with the remaining 30% being provided by Community Housing Providers.
- 4.7 It is an exciting time for those involved with public housing. The growth and development of the new public housing market will require an ongoing collaborative approach across government, and between public housing providers. Kāinga Ora is committed to facilitating the development of this new public housing market, and is in a great position to support the sector through this significant period of change.

Kāinga Ora's tenant base

- 4.8 Kāinga Ora houses people at risk with serious housing need, who are often at a crisis point in their lives. Public housing provides tenants time to stabilise and rebuild.
- 4.9 Kāinga Ora's tenant base has, and will likely continue to evolve over time. The economic and political settings that drive public housing development have changed significantly over time.
- 4.10 The changes in the tenant base have been reflective of changes in the demographic makeup of society, from primarily nuclear families to larger families; sole parents with children and single-person households. In many areas this has led to an over supply of the standard three-bedroom homes that were the focus of the early build programmes (as at 2018 these made up 40 percent of our portfolio³¹) and an under supply of smaller one or two bedroom homes and larger houses with four or more bedrooms. The resulting mismatch between Kāinga Ora's portfolio and the tenant base has resulted in a number of homes having unoccupied bedrooms and a similar number where there is overcrowding.
- 4.11 Tenants come from a variety of cultural backgrounds – Nationally 32 percent are European, 33 percent are Māori, 24 percent are Pacific peoples and 5% Asian.³² Kāinga Ora also

³¹ Housing NZ Annual Report 2018 at page 30.

³² Housing NZ Annual Report 2018 at page 30.

houses people seeking refuge from civil war and unrest in their country of origin. Some tenants have wide-ranging issues, including drug and alcohol abuse problems, anti-social behaviour, and varying degrees of mental health issues.

- 4.12 Understanding the needs of tenants supports Kāinga Ora's ability to improve outcomes in the community they are housed. Kāinga Ora works with a number of organisations to achieve this, government agencies like Te Puni Kōkiri and the Police, and community advocacy groups. Kāinga Ora also implements health and safety initiatives to ensure the safety of staff, contractors and the wider community when interacting with at-risk customers. The operating principles of Kāinga Ora as set out in the new Kāinga Ora Act³³ emphasise these roles, both in terms of supporting tenants (and communities in which they are in) as well as working with community providers to also provide support to those who are most in need.
- 4.13 The most common household configuration amongst Kāinga Ora's tenants is a single parent with children, with single person households the second most common. Over half of all Kāinga Ora tenancies involve households with children. 41% of our tenants are 55 years or over.³⁴
- 4.14 Approximately 2 percent of Kāinga Ora tenants pay market rent for public housing.³⁵ These tenants were eligible for a public house at the time they applied, but their circumstances have changed and their income increased, so that they can now pay market rent.

Assessing housing need

- 4.15 As noted above, responsibility for housing needs assessments and associated functions transferred to MSD in April 2014. MSD also has responsibility for managing the waitlist, tenancy reviews and income-related rent, and investigations into fraud and dishonesty.
- 4.16 Applicants for public housing are prioritised on the waiting list based on their level of need. There are two levels of priority. Priority A applicants are people considered 'at risk' and include households with a severe and persistent housing need that must be addressed immediately. The household is unable to access and/or sustain suitable, adequate and affordable alternative housing. Priority B applicants are people who have a 'serious housing need' and include households with a significant and persistent need. The household is unable to access and/or sustain suitable, adequate and affordable alternative housing.

³³ Section 14, Kāinga Ora-Homes and Communities Act 2019.

³⁴ All statistics taken from Housing NZ Annual Report 2018 at page 30.

³⁵ Public Housing Quarterly Report June 2019.

- 4.17 Those who are assessed as either priority A or priority B are placed on the Register, which comprises a Housing Register and a Transfer Register, until a suitable house becomes available.
- 4.18 As at June 2019, there were 12,311 households on the national waiting list; of these 84% are priority A (an increase of 3% on the previous quarter).³⁶ Of the national waiting list 11% or 1,360 households are waiting for housing in the Waikato region.³⁷ While the demand for public housing has increase in all housing regions during the June quarter compared to June 2018, the top increase by percentage in the Housing register was Waikato (84% or 521 applicants).³⁸
- 4.19 There is also a waiting list of current tenants who require a transfer to a new house initiated by Kāinga Ora, due to the property being redeveloped, undergoing major repair or the lease expiring, or due to changes in the needs of the tenant.
- 4.20 Kāinga Ora has responsibility for matching eligible tenants to properties through its placement function.

Income-related rents

- 4.21 Public housing tenants pay rent capped at 25 per cent of their assessable income, up to a certain threshold. This is commonly referred to as the income-related rent (“IRR”) and is assessed annually by MSD. Tenants whose assessable income is above that threshold pay progressively more rent until market rent is reached.
- 4.22 HUD purchases public housing tenancies by paying the difference between market rent and the tenant’s income related rent through the IRRS. These may be in houses provided by Kāinga Ora, or by community housing providers.
- 4.23 Limits for the weekly market rent that will be paid for a public housing place are set based according to a property’s location and number of bedrooms. As at August 2018, in the Waikato District, this varied between \$275 for one-bedroom to \$575 for 5 bedrooms.³⁹

5. TENANCY MANAGEMENT

- 5.1 Important aspects of tenancy management include:

³⁶ Public Housing Quarterly Report June 2019.

³⁷ Public Housing Quarterly Report June 2019.

³⁸ Public Housing Quarterly Report June 2019.

³⁹ Public Housing Plan 2018-2021.

- (a) matching potential tenants to properties;
- (b) carrying out property inspections;
- (c) managing the more complicated tenancy issues; and
- (d) supporting tenants.

5.2 Tenancy Managers are primarily responsible for the management of existing tenancies and maintaining the value of Kāinga Ora's properties. Further, the Managers undertake debt collection activities for overdue rent, property damage, and residual income-related rent arrears. This often involves servicing very remote, rural locations.

5.3 In that regard, the following key operational statistics are noted:

- (a) 98 percent of the Corporation houses are tenanted, with over 185,000 occupants.⁴⁰
- (b) 1,692 applicants were housed between April-June 2019 (an increase on the previous quarter).
- (c) Rental debt in 2017/2018 was just 3.8 percent of total rental income.⁴¹
- (d) The turnaround time (vacancy between tenancies) has decreased from 52 days (2012/13) to 19 days (2017/2018)⁴².

5.4 Tenancy Managers also take an active role in the provision of maintenance on Kāinga Ora's properties. Kāinga Ora carries out approximately 400,000 maintenance actions on properties each year, with \$474 million of capital and operating expenditure spent on maintenance, upgrades and repairs in 2017/18.⁴³

5.5 Kāinga Ora is a public housing landlord, housing those in high need. Key to the Tenancy Managers role is finding effective and sustainable solutions for tenants. This may require the Manager to act as an advocate for a vulnerable tenant, working in partnership with other agencies to provide specialist support for those with multiple or complex needs. In addition, Kāinga Ora frequently works alongside tenants to manage their debt, link them to support services, and engage with tenants to ensure their homes and communities are places they want to live.

⁴⁰ Housing NZ Annual Report 2018.

⁴¹ Housing NZ Annual Report 2018.

⁴² Housing NZ Annual Report 2018.

⁴³ Housing NZ Annual Report 2018.

- 5.6 One of the most important roles of the Tenancy Managers is to work within communities serviced by the Corporation to provide an effective, empathetic service to some of the most vulnerable tenants. The tenancy management role is people centred and provides an integrated approach to ensuring long-term sustainable Kāinga Ora's tenancies. Where necessary Tenancy Managers are supported by business processes and senior management to assist with tenant behaviour and address anti-social behaviour. This approach enables people to feel part of their community which is important for creating successful and sustainable neighbourhoods.
- 5.7 There are currently a wide range of changes occurring within the public housing sector. Kāinga Ora is playing an active role in these changes, while still focussing on the effective management of tenancies and housing. In particular, the introduction of mobile technology in the new service model has enabled Tenancy Managers to spend more time in the community, aiding tenants with sustaining their tenancies.

6. KĀINGA ORA'S PORTFOLIO

- 6.1 Kāinga Ora's portfolio is made up of complexes, residential and Community Group Housing and is valued at more than \$26.7 billion.⁴⁴
- 6.2 From an asset management perspective, Kāinga Ora's role is to ensure that there is provision of enough of the right kinds of houses, in the right places, to meet demand.
- 6.3 As such, Kāinga Ora is focussed on reconfiguring its portfolio to meet the needs of today's families and better match current demand, which has changed since the 1950s and 60s when a large portion of its housing stock was built. As such, Kāinga Ora is taking a new and innovative approach based on using its land holdings more efficiently and sustainably. This represents a significant change from asset programmes of the past.
- 6.4 Redevelopment of existing brownfield land will enable the replenishment of existing housing stock that is not always necessarily of the right type, configuration or quality to meet current and future public housing need. Redevelopment will assist in appropriately meeting public housing demand by:
- (a) making more effective use of Kāinga Ora's land;

⁴⁴ Housing NZ Annual Report 2018.

- (b) working with communities to create developments that sympathetically integrate into existing communities. Applying the principles of 'blind tenure' will make it virtually impossible to distinguish a public house from a private house in the future; and
- (c) reconfiguring the portfolio to meet the needs of families now and into the future. Traditional state homes of 2 or 3 bedrooms built 50 years ago on a quarter acre section no longer meet the needs of today's families. Nationwide, the most common household composition requiring public housing is now one parent with one or more children. This is closely followed by single, elderly or disabled tenants. There is also an increasing demand from large families with many children.

6.5 The Government is aiming to secure around 6,400 additional public housing places across New Zealand by June 2022. Nearly two thirds of these places are in the pipeline. It is anticipated that 3,550 of these will be in the Auckland Region, 715 in Wellington, 480 in Canterbury and 55 in Dunedin – with 1,600 across the rest of New Zealand.⁴⁵ In the Waikato District, the immediate number of additional public housing places being sought by June 2022 is 40, to be comprised of 20 one bedroom units, 15 two bedroom units and 5 three bedroom units.⁴⁶

Designing better communities

- 6.6 In some areas, particularly those with high concentrations of public housing, neighbourhood issues and negative social outcomes can, and do, arise.
- 6.7 When undertaking development projects Kāinga Ora aims to build and manage positive 'blind tenure' integrated communities. That is, when viewed externally the public housing dwellings developed will be constructed and managed to have the same or similar external appearance of other community housing and market housing that may form part of the redevelopment.
- 6.8 When developing and intensifying the portfolio Kāinga Ora looks to make better use of land that has reasonable access to public transport; commercial centres; community services and facilities (such as public open space, educational facilities, or other social infrastructure); or areas of employment.
- 6.9 When developing within existing communities Kāinga Ora actively engages with tenants and local residents affected by redevelopment to anticipate and respond to their concerns. Kāinga Ora has also been looking at recent development practice and tenant experience

⁴⁵ Public Housing Plan 2018-2021.

⁴⁶ Public Housing Plan 2018-2022.

in public housing communities internationally to see if improvements in its engagement process need to be made.

6.10 The new Kāinga Ora Act places additional obligations on Kāinga Ora in this regard.⁴⁷

Community Group Housing

6.11 Kāinga Ora also provides Community Group Housing, that is properties that Kāinga Ora rents to groups and iwi who provide residential services for people in the community. These include women and children needing refuge, youth at risk, persons with mental health concerns, people with intellectual and physical disabilities, and families needing emergency housing. Kāinga Ora's portfolio of community group housing properties currently provides more than 1,500 properties as at 30 June 2019.

7. STATEMENT OF INTENT / PUBLIC HOUSING PLAN

7.1 For the immediate future, Kāinga Ora continues to operate under Housing NZ's strategic documents and continues the vision for Kāinga Ora of enabling tenants to live well, with dignity and stability in connected communities.

7.2 The Public Housing Plan⁴⁸ sets out the Government's plan for responding to the needs of the most vulnerable people affected by the housing shortage. In terms of the future direction of public housing in New Zealand, this Plan sets out that:

- (a) The supply of public housing will be increased by around 6,400 places between July 2018 and June 2022.
- (b) Kāinga Ora will build at least 1000 net new houses per year on average.
- (c) HUD aims to secure approximately 70% of supply from Kāinga Ora and 30% from the Community Housing Providers sector.
- (d) HUD will be looking to maximise supply and value for money when contracting for new public housing supply.
- (e) There will be an emphasis on new builds (as opposes to adding additional places through alternative sources such as leases and buy-ins).

⁴⁷ For example, one of Kāinga Ora's operating principles is "assisting communities where it has housing stock to develop and thrive as cohesive and safe places to live" (refer: section 14(1)(h) of the Kāinga Ora Act).

⁴⁸ Public Housing Plan 2018-2022.

7.3 In delivering the strategic plan the Asset Management Strategy plays an important role in outlining how the Corporation's assets will be managed, developed and reconfigured to meet the strategic goals.

8. THE ASSET MANAGEMENT STRATEGY

8.1 The Asset Management Strategy is an ambitious 10-year programme of work will deliver a fit-for-purpose national portfolio of quality homes aligned with priority demand, tenant service levels, property quality standards and the purchasing intentions of MSD. The Asset Management Strategy addresses the maintenance, renewal and growth challenges faced across the Kāinga Ora portfolio. Increasing the efficiency of our build programmes and investment activities through improved longer term planning will have direct positive effects on the health, safety and wellbeing of our tenants and their communities.⁴⁹

9. KĀINGA ORA'S CHANGING PORTFOLIO

9.1 The relative demand for state housing is particularly high in the Waikato region, where housing affordability is a major issue and the population is forecast to grow at a faster rate. Of the current waiting list, as at 30 June 2019, approximately 10% of all applicants required housing in the wider Waikato region.⁵⁰

9.2 The majority of the Kāinga Ora's Waikato portfolio was designed in a different era for different tenants. The economic and political settings that drive public housing development have changed significantly and continue to evolve. In managing the Government's investment in state housing Kāinga Ora needs to ensure that the portfolio is reconfigured to meet the needs of today's tenants as well as positioning us to meet the needs of the future.

Locational Characteristics

9.3 The land holding owned by Kāinga Ora comprises in excess of 28 hectares and is spread right throughout the District.

9.4 While Kāinga Ora has a presence spread throughout the District, the portfolio is not evenly distributed. The majority of Kāinga Ora's existing land holdings are located in Huntly, Ngaruawahia and Tuakau, with a small presence in Raglan, Taupiri and Te Kauwhata:

⁴⁹ Housing NZ Annual Report 2018.

⁵⁰ Public Housing Quarterly Report June 2019.

- (a) Within Huntly, Kāinga Ora manages approximately 200 homes, approximately two thirds of which are within Huntly West. Within Ngaruawahia, Kāinga Ora manages approximately 100 homes. Within these two towns the portfolio is typically of the state house building era with 70% of the dwellings constructed during the 1940s through 1970s.
 - (b) Within Tuakau, Kāinga Ora manages a portfolio of approximately 60 dwellings. Given the growth in this town and its proximity to greater Auckland this portfolio is predominately more dispersed and of more recent construction with nearly two thirds of dwellings managed by Kāinga Ora being constructed since the 1980's.
 - (c) The balance of the portfolio is spread across Raglan, Taupiri and Te Kauwhata, but given the nature of these markets no specific trends exist in the age and condition of the stock.
- 9.5 Given the subdivision patterns, market profile and period of development the type of dwellings is typically standalone family homes, there is limited variation in the form and type of stock available. Of the dwellings managed by Kāinga Ora within the Waikato District Council nearly all single level dwellings, 85% of which are standalone and approximately 15% being duplex dwellings. There is a negligible availability of 1 bedroom dwellings; over half of the portfolio comprises 3 bedroom dwellings, with approximately 37% being 2 bedroom homes and approximately 12% being larger 4 and 5 bedroom family homes.

Land Utilisation

- 9.6 The predominant form of housing is standalone one or two storey dwellings. In markets where housing affordability is an issue standalone house types typically represent a less efficient form of housing. In addition, the existing and future demand in the Waikato is for smaller units; however, the current planning settings do not enable this to be delivered efficiently or effectively.
- 9.7 On average land utilisation per dwelling is generally considered low within the Waikato District Council area, on average each dwelling sits on 700m² of land. Given that approximately 88% of the dwellings Kāinga Ora manage are 2-3 bedroom standalone homes, dwelling footprints are estimated to cover in the order of 15-18% of the available land area. This represents less than 50% of the anticipated building coverage and less than 25% of the built volume anticipated by the build and location controls. However, given minimum lot size and density controls within legacy planning provisions the capacity of the land for additional housing supply, particularly smaller dwelling typologies, is artificially constrained against the actual land available.

Economic Useful Life of Public Rental Housing

- 9.8 The housing stock owned by Kāinga Ora is ageing with a large proportion approaching the end of its economically useful life for public rental housing. Older dwellings are more likely to lack modern amenities that improve the health, well being and safety of occupants or are commonly offered by modern housing such as open plan living, carpeted living areas, separate showers, security features, ventilation and insulation.
- 9.9 To improve the health outcome for tenants and energy efficiency of its housing stock, Kāinga Ora has sought to address the insulation standard of its portfolio. Over the last few years all uninsulated properties, where it is possible to do so, have been insulated with underfloor and roof space insulation.
- 9.10 The cost of maintaining older dwellings, both opex and capex, to condition and standard suitable for continued use for public housing in most cases increases as buildings age. On average, Kāinga Ora has found that where buildings exceed 50 years of age the benefits of redeveloping or replacing the building outweigh the benefits of continuing to operate the building in its existing form.
- 9.11 The dwellings within the Kāinga Ora's national portfolio have an average age of 45 years nationally.⁵¹ Over the next 20 years more than 60 per cent of Kāinga Ora's housing stock could reach its economic useful life as public rental housing and will need to be replaced or renewed.⁵²
- 9.12 Within Waikato District Council boundaries the housing stock is generally older with an average age of more than 50 years. With the exception of some parts of Tuakau which is typically a younger portfolio, approximately 90% of the housing within the rest of the District will need replacement or considerable upgrade in the next 20 years.

Portfolio Mix

- 9.13 Nationally Kāinga Ora has an over-supply of three bedroom dwellings (being 41 percent of the dwellings) and an under-supply of the typologies current tenants need. Overall, 34% of Kāinga Ora's houses are of the wrong bedroom type for current tenants.⁵³

⁵¹ Housing NZ Statement of Intent 2017-2021.

⁵² Housing NZ Statement of Intent 2017-2021.

⁵³ Housing NZ Statement of Intent 2017-2021.

- 9.14 The profile of households in need of public housing, as previously described, has changed from when the vast majority of the state housing stock was originally developed. The needs of the nuclear family for 3 bedroom housing no longer represents the greatest need.
- 9.15 Within the Waikato District Council area of the current households housed by Kāinga Ora, over 63% of households are 3 persons or less, nearly a third comprise of families and approximately 6% are large family households. Single person households are typically older individuals living alone with the average age of these occupants exceeding 60 years old. Of those on the housing register as June 2019 nearly $\frac{3}{4}$ of households require a 1 or 2 bedroom home, with less than 15% needing a 3 bedroom dwelling.

Portfolio reconfiguration

- 9.16 Reconfiguring our portfolio is therefore not just a 'nice-to-have' for Kāinga Ora. It is a vital mechanism to unlock the potential of the land within the portfolio and provide sufficient, decent affordable housing that will support the Country's growth, and meet the current and future needs of those people most in need of housing assistance.
- 9.17 Over time the reconfiguration of the portfolio will enable improvements in the form, function and quality of the housing within Kāinga Ora's portfolio. In managing the reconfiguration, Kāinga Ora acknowledges that changes to the built form will be necessary. Kāinga Ora is constantly exploring new and innovative ways to manage its housing stock through periods during development change.
- 9.18 As outlined above the portfolio in Waikato District is ageing and does not currently contain the right distribution of housing types to meet the current and future needs of those requiring public housing assistance. Over time the existing 3 bedroom dwellings will typically need to be replaced with more 1 and 2 bedroom homes that can cater to smaller families and individuals living alone. Over the next 3 years the Public Housing Plan identifies this specifically, in that of the additional public housing to be supplied, 50% of this is to be 1 bedroom homes. This is a typology that is not currently readily available within the market in this location.

10. WAIKATO AND THE PROPOSED DISTRICT PLAN PROCESS

- 10.1 As touched on briefly above, current Waikato District Council planning regulations constrain the ability of Kāinga Ora to reconfigure its landholdings to best meet demand. Overly restrictive regulations contribute to both land and housing supply issues. This puts pressure on house prices and contributes to the lack of affordable housing options.

- 10.2 From Kāinga Ora's perspective, the PDP, as notified by the Council, has the potential to reduce regulatory constraints and increase housing supply. If Kāinga Ora's submission on the PDP is adopted, then the constraints applied by the zoning and provisions of the Plan in its notified form would be reduced, and would provide a development capacity for delivery of significant additional public housing, affordable housing, homes for first-home buyers, and market housing on Kāinga Ora's land, as well as the delivery of significant market capacity across the District.
- 10.3 In Waikato, private sector developers are understandably incentivised to maximise the value of developments by building large, high-value houses to maximise profit. This in turn leaves an increasing number of homeownership aspirants being unable to access their first home. Securing this additional capacity across the board (i.e. not just on Crown owned land) provides an opportunity to work with the private sector to increase the development of affordable housing across the District.
- 10.4 As a large residential landowner managing in the District, Kāinga Ora recognises the importance of the PDP in setting the planning framework for enabling and managing future development as well as achieving sustainable development of the District's natural and physical resources.
- 10.5 Kāinga Ora has lodged comprehensive submissions to the PDP. These submissions arise from the operational and development needs of Kāinga Ora. Kāinga Ora's submissions have focused on those provisions of the PDP that in Kāinga Ora's view require amending to ensure it can economically and socially manage and reconfigure its housing portfolio to enable provision of warm dry and healthy homes that are in the right location, right condition and of the right type to meet the current and future needs of those people requiring public housing assistance, as well as enable the development of affordable housing more generally.
- 10.6 The creation of a planning framework that provides for efficient use of residential land will allow for the evolution of urban environments with greater social and cultural vitality, thereby reducing deprivation in low socio-economic communities. If the requested relief is adopted this will not only allow Kāinga Ora to adequately increase and improve its public housing provision, but can also enable the use of under-utilised areas for developments that increase the District's overall housing stock.
- 10.7 In particular, the amendments sought by Kāinga Ora will enable the delivery of a wider range of typologies that is otherwise currently not provided for. In evidence on the residential topics, Kāinga Ora will provide further detail on the typologies that it envisages could be delivered under its submission.

- 10.8 Through its submissions on the PDP, Kāinga Ora is seeking to help the District achieve its objective of providing for compact urban growth in the existing urban area in a manner which enables the regeneration and redevelopment of Kāinga Ora's existing stock to make better use of infrastructure (including social infrastructure) and improve the social and economic wellbeing of the community.
- 10.9 Kāinga Ora considers that the implementation of the amendments and relief it has sought, will enable it to effectively and efficiently reconfigure its housing stock and increase housing supply on its existing land in new and innovative ways, make better use of existing investment in social and physical infrastructure, and contribute to positive improvements in communities. In addition, it will allow the efficient use of land within the District more generally as others will have the ability to take up the opportunities provided by the relief sought in Kāinga Ora's submission.

Brendon Scott Liggett

23 October 2019