



Minute of Decision

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Social Housing Reform Programme: Redevelopment of Social Housing and Engagement with the Community Housing Sector and Iwi/Maori (Paper Three)

Portfolios: Finance / Social Housing

On 8 December 2014, following reference from the Cabinet Social Policy Committee, Cabinet:

Background

- 1 **noted** that Cabinet has agreed a direction for reform of the social housing sector, which creates a fair, effective and efficient social housing market [CAB Min (10) 44/8];
- 2 **noted** that in May 2014, Cabinet:
 - 2.1 set up the Establishment Unit (EU) to explore, consider and understand what is required to develop a fair, efficient and effective social housing market;
 - 2.2 invited the Minister of Finance and the Minister of Housing to report to the Cabinet Social Policy Committee in December 2014 on the findings of the EU;

[CAB Min (14) 17/8]
- 3 **agreed** that the suite of three Social Housing Reform Programme papers considered at Cabinet on 8 December 2014 meet and supersede the reporting requirement referred to in paragraph 2.2 above [CAB Mins (14) 39/22 – 24 refer];

Next steps in the Social Housing Reform Programme

- 4 **invited** the Minister of Finance and the Minister for Social Housing (joint Ministers) to provide a report to Cabinet in March 2015 on:
 - 4.1 the results of national engagement;
 - 4.2 locations to undertake regional consultation;
 - 4.3 further detail of the commercial model for transactions;

- 5 **noted** that the SHRP will require ongoing funding and resources to operate beyond 30 June 2015, including to undertake:
- 5.1 the ongoing programme of transactions;
 - 5.2 market policy advice related to the transaction programme;
 - 5.3 implementation of the outcomes of a strategic review of the Housing New Zealand Corporation (HNZC);
 - 5.4 work on development and intensification opportunities in areas of high demand, such as Auckland and Christchurch;
- 6 **invited** the joint Ministers to submit an initiative for consideration as part of Budget 2015 for any additional funding required to undertake the work in paragraph 5 above;

Approach to iwi/Maori interests

- 7 [withheld under s. 9(2)(h) - maintain professional legal privilege]

- 8 **noted** that the Treaty and the broader Crown-Maori relationship require the Crown to act in good faith, with reasonableness, and to undertake consultation on matters of interest in any transfer of the properties;

Bottom lines

- 9 **agreed** that, over the next few years:
- 9.1 HNZC and community housing providers will collectively provide more social housing places in New Zealand than there are now – particularly in Auckland and Christchurch;
 - 9.2 HNZC will continue to be by far the biggest owner of social housing in New Zealand and by 2017 it is envisaged that it will provide around 60,000 properties;
 - 9.3 properties will only be sold if this results in better services for tenants and fair and reasonable value for taxpayers;
 - 9.4 tenants in properties that are sold will continue to be housed for the duration of their need;
 - 9.5 the government will spend more on Income Related Rent Subsidies, and will ensure that HNZC has enough capital to build new social housing and to redevelop its existing properties;

10 **invited** the joint Ministers to report to Cabinet in November 2015 on progress in the SHRP;

Consultation

11 **agreed** to undertake national engagement and regional consultation prior to the transaction of social housing stock [withheld under s. 9(2)(h) - maintain professional legal privilege]

12 **authorised** the joint Ministers, in consultation with the Attorney General, the Minister for Treaty of Waitangi Negotiations, and the Minister for Maori Development, to jointly agree to the consultation and engagement design for transactions of HNZC stock;

13 **noted** that the commercial process for transactions will only start in late May to June 2015 after the results of regional consultation have been assessed;

Publicity

14 **authorised** the joint Ministers to have responsibility for communications plans and documentation prepared to support each phase of consultation and engagement;

15 **noted** that a commercial process will be entered into, in which probity rules will apply, especially to any provision of information prior to public announcement;

Institutional arrangements

16 **agreed** that initial transactions be administered from within the Treasury, **subject to** consultation with the State Services Commission on governance arrangements;

17 **noted** that legislation will likely need to be changed to facilitate transfers of HNZC stock;

Financial implications

18 **noted** that officials have identified options to offset the \$5.500 million cost through to 30 June 2015 associated with the SHRP within Vote Finance and Vote Housing baselines;

19 **authorised** the Minister Responsible for HNZC, the Associate Minister of Finance (Hon Steven Joyce), and the Minister for Building and Housing to jointly agree the required changes to baselines to give effect to paragraph 18 above;

20 **agreed** to an in principle expense transfer so that any unspent appropriation in 2014/15 for the SHRP can be used in the next financial year to allow the completion of the transactions underway at 30 June 2015.

Secretary of the Cabinet

Reference: CAB (14) 613
Revised paper submitted by the Minister Responsible for HNZC
and the Minister for Social Housing