

# **FINDINGS OF A REVIEW INTO THE IMPLEMENTATION OF THE GOVERNMENT'S SOCIAL HOUSING REFORMS**

Final Report

Section 9(2)(a) Privacy of Natural Persons

24 December 2015

RELEASED UNDER THE  
OFFICIAL INFORMATION ACT

RELEASED UNDER THE  
OFFICIAL INFORMATION ACT

# Contents

<b>Preface</b>	<b>1</b>
<b>Executive Summary</b>	<b>2</b>
Our recommendations	10
<b>Introduction</b>	<b>15</b>
Our approach to the review	16
<b>Part 1: Baseline expectations for the Social Housing Reform Programme</b>	<b>18</b>
A complex reform	20
A challenging context	21
Our baseline expectations of programme leadership, governance and management	23
<b>Part 2: Our findings</b>	<b>26</b>
On the positive side	26
Our concerns	27
<b>Part 3: Our proposals</b>	<b>38</b>
Proposals to strengthen programme leadership and management	39
Proposals to improve the 'people' or demand side work stream	43
Proposals to improve the 'homes' or supply side work stream	49
Proposals to improve the social housing market work stream	55
Proposals to establish a Crown residential development / divestment agency	59
Implementation of our proposals	67

## Appendices

<b>Appendix 1: List of acronyms</b>	<b>70</b>
<b>Appendix 2: Terms of Reference for Social Housing Review</b>	<b>71</b>
<b>Appendix 3: Summary of responses to specific review questions</b>	<b>75</b>
<b>Appendix 4: List of documents sighted</b>	<b>79</b>
<b>Appendix 5: List of people interviewed</b>	<b>81</b>

<b>Appendix 6 : Current programme plan</b>	<b>83</b>
<b>Appendix 7 : Gateway – Governance lessons learnt</b>	<b>87</b>
<b>Appendix 8 : Reported pipelines of Social Housing places and an example of a reporting framework for IRRS target 65,000</b>	<b>89</b>
<b>Appendix 9 : Current status of delivery of various programme initiatives for IRRS 65,000 by agency</b>	<b>100</b>
<b>Appendix 10 : Example of overarching implementation plan</b>	<b>106</b>
<b>Appendix 11 : Example of a framework of core principles</b>	<b>111</b>
<b>Appendix 12 : Example of a potential report structure for the IRRS 65,000 target strategic assessment</b>	<b>113</b>
<b>Appendix 13 : Discussion paper on concept of collective impact and its application to housing in Auckland</b>	<b>117</b>
<b>Appendix 14 : Example of core principles for government ownership / development of social housing</b>	<b>120</b>
<b>Appendix 15 : Current status of development and divestment activity by agency</b>	<b>125</b>
<b>Appendix 16 : Development options on Crown and HNZC land based on scale and type of land holding</b>	<b>127</b>
<b>Appendix 17 : What's happening overseas – New Zealand Productivity Commission report</b>	<b>129</b>
<b>Appendix 18 : Options for development entities</b>	<b>131</b>
<b>Appendix 19 : Options for divestment activity</b>	<b>132</b>
<b>Appendix 20 : Evaluation of development and divestment options</b>	<b>133</b>

## **Tables**

<b>Table 1:</b> Projected delivery of 65,000 IRRS places	<b>34</b>
<b>Table 2:</b> Summary of IRRS forecasts by agency	<b>35</b>
<b>Table 3:</b> Evaluation of options	<b>66</b>
<b>Table 4:</b> Responses to specific review questions	<b>75</b>
<b>Table 5:</b> List of current projects split by work stream	<b>107</b>

Table 6:	High level plan for the Social Housing Reform Programme	109
Table 7:	Summary of evaluation	133
Table 8:	Current situation – status quo	134

## Figures

Figure 1:	Baseline expectations for leadership, governance and management	4
Figure 2:	Concerns with SHRP's overall leadership and governance	6
Figure 3:	Overview of proposals and intended outcomes	8
Figure 4:	Diagnostic framework	17
Figure 5:	Allocation of SHRP dedicated resources across the four agencies	21
Figure 6:	Baseline expectations of programme leadership, governance and management	24
Figure 7:	Concerns with SHRP's overall leadership and governance	28
Figure 8:	Overview of proposals and intended outcomes	38
Figure 9:	Relationship between proposed programme office and Minister/s	43
Figure 10:	Social housing reform framework – work stream 1	47
Figure 11:	Social housing reform framework – work stream 2	53
Figure 12:	Social Housing Reform Framework – Work stream 3	57
Figure 13:	Role of development in government	61
Figure 14:	Implementation timeline	68

RELEASED UNDER THE  
OFFICIAL INFORMATION ACT

# Preface

This report has been prepared for the Secretary of the Treasury by Leonie Freeman and Michael Mills.

Leonie Freeman has held senior positions in private and public property contexts, and has a breadth of insight into the New Zealand property sector, having wide experience across most property disciplines, including valuation, property management, development and strategic consulting. Most recently, she was the General Manager Asset Development at Housing New Zealand Corporation (HNZC), responsible for implementing the corporation's large-scale housing development programme. Before that, she was a private sector member of HNZC's Asset Investment Committee, providing a commercial perspective on HNZC's development strategies. She was a strategic property advisor to the Auckland Transition Agency and Project Director of Auckland Council Property Limited's Yard 37 Marine Industrial Precinct development. Between 1998 and 2000, she was a Director of Government Property Services. Leonie was Managing Director of her own company, Interactive Property Management. When she sold the company in April 2007 it had become one of the largest independent property management companies in Auckland, with systems and technology unparalleled in the industry. She is currently head of her own successful property consultancy, Crest Consultancy. Since 2011, she has been a Director of the publicly listed Goodman Property Trust, one of NZX's largest investment entities, with a market capitalisation of over \$1.2 billion.

Michael Mills is an executive director of Martin, Jenkins & Associates Limited (MartinJenkins) with specialist skills and knowledge in public policy review, development and leadership. He has intimate knowledge and first-hand experience of government institutions and processes, and applied knowledge of the relative roles and interests of public and private institutions and entities, based on over 25 years of experience working within and consulting to the public sector. Michael's core public sector experience includes five years in the Department of the Prime Minister and Cabinet, where he advised on matters related to social and health policy reform and the targeting of social assistance, and five years as a policy manager with the then Department of Labour, where he led advice to government on the implementation of full funding and competitive underwriting to the ACC Scheme. Some examples of Michael's work as a consultant with MartinJenkins include his leadership of reviews of the Building Act, the ACC scheme and earthquake prone building policy settings, his analytical leadership for land zoning decisions in Christchurch, and his programme leadership for the work needed to provide for government decisions to allow and provide for Fonterra Dairy Cooperative and the implementation of the Forest Emissions Trading Scheme.

We would like to thank those who have contributed their time and support to this review including Ministers and their staff, officials and external stakeholders. We would especially like to thank Richard Braae for his cooperation and support for the review.



# Executive Summary

This report documents the findings of a review into the implementation of the government's social housing reforms. The review was commissioned by the Secretary of the Treasury.

The terms of reference for the review are attached as Appendix 2. They required the reviewers to:

*...review the SHRP programme of work to assess whether the processes and decision tools necessary to achieve the Government's commitments, objectives and bottom lines are established or on track to be established*

and

*...make recommendations on changes or improvements in the SHRP that would support achievement of objectives and bottom lines, in particular meeting the Government's commitment to deliver 65,000 Income Related Rent Subsidy places in 2017.*

The reviewers' approach to the review involved them in these activities.

- 1 Familiarising themselves with the Social Housing Reform Programme (SHRP) and its implementation, which they did through their review of relevant documents and interviews with key officials, stakeholders, Ministers and their advisors.
- 2 Identifying issues with the programme's leadership, governance, management and delivery, which they did by comparing current programme management arrangements to a set of baseline expectations.
- 3 Developing and testing with officials a set of proposals to address the identified issues.

## Government's objectives and outcomes for social housing

Housing is core to people's lives and contributes materially not only to their individual physical and social well-being but also to how our wider communities function. The issue of housing supply, especially in Auckland, is one of a handful of major domestic challenges facing the country.

Social housing is a subset of housing policy and also an important area of focus in its own right. Government social housing support is primarily targeted at New Zealand's most vulnerable people, whose housing needs are assessed by the Ministry of Social Development (MSD) as being 'significant or severe'.

In order to improve social housing outcomes and to make better use of taxpayer assets, the government has embarked on a major social housing reform. Its outcomes and objectives were articulated by the Prime Minister in his 28 January 2015 State of the Nation speech, in which he also signalled the government's target for growth in the number of income related rent subsidy (IRRS) places by June 2018.

Government's documented objectives for the SHRP include:

- A shift in emphasis from a model whereby the government provides social housing primarily through ownership to one where it purchases services and enables greater consumer choice and diversity
- A larger percentage of social housing delivered by non-government providers