



Submission to the Productivity Commission Housing Affordability Draft Report

Prepared by Western Bay of Plenty Maori
Housing Forum February 2012

Introduction

1. This submission is made on behalf of the Western Bay of Plenty Maori Housing Forum (“**Forum**”). The Forum is a collective and represents over 60 Maori land Trusts situated in the Western bay sub region. The Forum represents the potential to build over 1500 new dwellings for Maori on Maori land.
2. The Western Bay of Plenty sub region includes Tauranga City Council and Western Bay of Plenty District Council. Both territorial authorities are expected to experience high growth within the Maori populations within their areas, tripling by 2051. The sub region also contains high concentrations of Maori land suitable for residential housing.
3. Our Forum in collaboration with local and central government agencies has developed a collective approach to develop collective strategies to deal with housing issues for Maori. This approach aligns with the recent recommendations of the Office of the Auditor General in the report “The effectiveness of government planning and support for housing on Maori land”¹. This report recommends collective support across all agencies working with Maori in order to provide sustainable housing developments for Maori.

Background

4. In the Bay of Plenty, Tauranga and the Western Bay are areas where there is moderate to high expected population growth. The OAG report recognises that ***“a high increase in the Maori population in the Bay of Plenty is expected by 2021...and there are blocks of Maori land that would be suitable for housing around some of the main centres, particularly Tauranga and Whakatane. In the Bay of Plenty the Smart Growth strategy has objectives and targets to realise this potential...”***²

¹ Referred hereafter to as the OAG Report.

² Ibid p 17

5. It is important to note that while Whakatane currently has a high Maori population its' expected growth is only 5% by 2021. Comparatively, for Tauranga and the Western Bay the Maori population is expected to increase by 24% and 14% respectively by 2021. We will need new housing for this expected increase.
6. Tauranga is known to be one of the most unaffordable places in New Zealand to live. In 2011, Tauranga City Council was found to charge the highest development contribution fees in the country. The general housing market remains unaffordable for Maori with 81% of new homes being built above the median house price of \$340,000³ while at the same time Maori household incomes are reducing. In Tauranga Moana 55% of Maori households have a yearly income of less than \$50,000 and 32% of Maori households have a yearly income of less than \$30,000.
7. Only 10% of the housing market in the sub region comprises one or two bedroom homes yet half of the households in the sub region comprise one or two people. This creates a housing shortage of suitable houses for our Kuia and Kaumatua whose current accommodation options include living with extended family often in overcrowded or inappropriate conditions or living in caravans. Faced with these realities, increasingly Maori are looking to develop Maori land for housing, which despite having its own subset of difficulties is the only realistic option for affordable housing that Maori have.

The WBOP sub region contains Maori land suitable for papakainga housing developments

8. Developing our Maori land for housing Maori in our sub region is a sensible solution to provide affordable housing for Maori for example:
 - Over 21,000 hectares of land in the sub region is Maori land zoned rural land;
 - Much of the land is suitable for residential housing;

³ See report "Housing Stock and Housing Affordability Western Bay of Plenty, January 2010" Technical Data prepared by the WBOPDC Policy and Planning Group

- The land is located close to amenities and services and is administered by Maori land trusts with powers to grant occupation licences;
- The rules in the Proposed Plans of both Councils have been amended to better provide for housing on Maori land by increasing the number of permitted houses from 2 per title up to 10 per title plus communal facilities and can be increased further merely by submitting a more detailed plan (this removes the requirement for a detailed resource consent application);
- Maori land trusts and local councils (as an action of the Smart Growth strategy) are already committed to work together to develop Maori land for housing;

9. The tables below illustrate the amount of Maori land available in the WBOP for development including housing and the projected growth rates of the Maori population in the WBOP sub region, expected to triple by 2051.

	Residential (Ha)	Rural (Ha)	Other (Ha)
Tauranga City Council	338.56	1,410.07	172.20
Western BOP District Council	262.96	19,816.17	4.60
Sub totals	601.52	21,226.24	176.80

The Maori population forecast for the sub region is expected to triple by 2051.

Māori population	2001	2011	2026	2051
Māori resident in the Western BOP sub region	20,510	30,000	41,000	61,530
			Double	Triple
Total WBOP sub-region population	129,125	162,400	215,334	284,000

Our responses to the Rural Maori Housing Key Points and Summary responses – Chapter 12 of the Commission’s report.

Key points

- Housing is valued more for keeping whānau connected to land, tradition, tūpuna, and their whanaunga, than as a financial investment. It is “about building communities, rather than building houses.

10. This statement ignores two other important values that influence Maori housing aspirations to build on Maori land and they are:

- (a) the provision for the basic human need for adequate shelter and
- (b) affordability.

11. It may seem trite to say that housing is a basic human need but it is important to remind ourselves of that reality. We have current examples of Kuia, Kaumatua and whanau with young children living in caravans and portacoms, overcrowded and unsuitable living situations. In these situations the priority for them is not reconnection with the land but provision of adequate housing. Housing is valued by Maori for its purpose as housing.

12. Housing on Maori land is also valued as the affordable option. In the WBOP the median house price is \$350,000 requiring mortgage repayments of more than \$600 per week. Only 50% of the average Maori household income is less than \$50,000 per annum (\$769 gross per week) approximately 32% earn less than \$30,000 per annum. These household incomes are declining while house prices on average remain unaffordable for low income families.

13. It is accurate to say that Maori have aspirations to build housing on Maori land that builds communities not just houses. We have seen a resurgence of interest in group builds and papakainga housing based on traditional Maori design and living principals. Though there are only a few contemporary examples of these having been implemented.⁴

⁴ Horaparaikete Whanau Papakainga, Tauranga, six houses built 2009, home ownership. Mangatawa Papamoa Blocks Inc, Tauranga, 10 rentals built 2011, for Kuia and Kaumatua.

14. The reality is that a lot of housing on Maori land is actually ad hoc, unplanned, and based on a first up best dressed approach. This is especially so where the land has no land trust in place or the trust is not functioning or lacks capability. This is further affected by Local Council planning rules limiting the number of houses to two houses per rural title despite the size of the land and its capacity to sustain more housing akin to a community.⁵
15. The task of planning for and delivering multiple papakainga housing on Maori land is herculean and requires capability and commitment of not only land trusts but also other agencies in a collaborative approach to deliver this. In turn this requires government resourcing to provide for Project Drivers or Managers; a range of expertise usually associated with building developments; financial and structuring advice; constant stakeholder management; constant engagement with and assistance to potential home owners or tenants to get them to the level of necessary readiness to qualify for lending etc. It is no easy task to build a community and requires a new way of operating, a joint agency approach working with Maori.
16. The constraints associated with Maori land tenure are the disincentives for and barriers to the financial investment potential of housing on Maori land, more so than Maori cultural aspirations of connection to whenua and whanau. There are plenty of examples of Maori land trusts utilising Maori land for commercial enterprise and financial investment while maintaining their connections to the land and people.⁶
17. The accepted expectation is that financial investment requires the incentive of capital growth or a passive rental income return. Rental income assumes the house is excess to the owners need which is rarely the case when building on Maori land and difficulty to alienate Maori land affects capital growth. Where Maori wish to do so, there is still potential to consider ways in which Maori can utilise their houses on Maori land as financial investment to buy in, save and sell up and out to

⁵ This however is not the case in the WBOP. In 2009, a voluntary group called the Papakainga Focus Group engaged with both councils during their plan review and by consent amended the relevant rural zone rules to better enable multiple housing papakainga and communal facilities without requiring resource consent.

⁶ Federation of Maori Authorities, the national organisation of Maori land trusts and incorporations, will have statistics to reflect this.

then buy in a general market. Connectivity is still possible by selling to “preferred alienees”⁷ though this limits the market.

Recommendation

18.The Forum considers that the key statement and associated parts of the report needs to be balanced to equally highlight that Maori value housing on Maori land to provide for the basic need of housing and as an affordable option. It is also important not to misinterpret financial investment limitations associated with housing on Maori land as a lack of desire amongst Maori to have housing that can also be a financial investment. Cultural aspirations are not mutually exclusive to economic development and growth.

- The affordability and sustainability of rural housing poses a challenge for some Māori in sustaining a connection to their land and the cultural practices that centre on marae (which require a stable and continued presence). The fear is that dwindling populations in rural communities may lead to an irreversible culture loss for many whānau.

19.It is acknowledged that our rural populations are dwindling. However, we suggest that this is occurring more as a direct result of lack of long term employment or access to welfare benefits in isolated areas, rather than a lack of housing alone. One influences the other. The common employment in rural areas is often seasonal and intermittent and without an income one cannot afford to purchase a home unless subsidised rental is offered.

20.We support initiatives to develop housing near our Marae. There is no doubt that cultural loss will occur as our rural populations dwindle. We suggest that this issue be seen in the wider context of unemployment and limitations with respect to obtaining welfare benefits designed to discourage living in isolated areas.

⁷ Defined in the Maori Land Act 1991 (generally to next of kin)

- The Social Housing Unit has been established within DBH, and responsibility for housing policy and non state-housing programmes transferred from HNZN to DBH and the SHU respectively. Being a social housing provider, though, may not align well with some of the aspirations Māori have for housing on their land. Aspirations to keep whānau connected to the whenua, their tūpuna, their marae, and the associated traditions are only indirectly related to providing social housing.

21. The statement concludes that being a social housing provider may not align with housing aspirations on Maori land. This is not necessarily the case. It is clear that Maori do have aspirations to build both rentals and homes for ownership on their land. Unfortunately, the term social housing provider is not a good fit as it infers provision and management of rental housing only. Some Maori organisations are interested in becoming 'housing providers' on a large scale especially some settlement Iwi and some organisations delivering Whanau Ora. However this is more likely to involve HNZN stock transfers on general titles rather than housing on Maori land. There still remains the potential to utilise Maori land which collectively create scale for example the WBOP sub regional approach across 62 land trusts with potential to build 1500. However, lack of real opportunity, capability, resourcing and affordability rather than a reluctance to become a provider are probably more of a deterrent than the aspirations of Maori. Maori organisations are more likely to specialise in the provision of housing or look for mutual partnerships given the right support and resourcing from Government.

22. In 2010, the inaugural National Maori Housing Conference was held at Pipitea Marae in Rotorua. Over 120 participants from around the country attended the two and a half day conference. The recommendations from the conference are set out in the resultant conference report. The conference feedback was clear that Maori prefer options of tenure including home ownership and rentals.

23. At present there is no capability investment provided by HNZN or DBH to assist Maori organisations to grow this expertise and become housing providers. Also subsidy incentives (accommodation supplement etc) that are available to HNZN properties are not yet available to social housing providers and this is a major disincentive because it makes

rental development uneconomic for the provider or unaffordable for the tenant.

Recommendation

Maori cultural aspirations and social housing provision are not mutually exclusive in our view though the term 'social housing provider' which focuses solely on rentals is not the best fit for the unique challenges to develop Maori land. A commitment of government resourcing and support to build capability of Maori organisations that wish to become housing providers is required. The review of HNZC should also include a review of how accommodation subsidies can be utilised by housing providers to provide affordable rental accommodation, without this there is little incentive.

- The SHU has a focus on building new stock of social or affordable housing. The focus on building new houses takes a very narrow view of housing needs, particularly for rural Māori, where there is an identified issue with the quality of the existing housing stock in many rural Māori communities.

24. This statement is not correct for the Western Bay sub region. In this region there is great demand from Maori land trusts to build new homes on Maori land in the WBOP. In a survey conducted of 62 Maori Land Trusts by the Forum in 2009, all of the land trusts asserted that they wished to build new homes. Combined these land trusts represent over 1500 potential houses on Maori land in the Western Bay sub region. Added to this dilemma are population growth projections which will see our Maori population triple by 2051. We need new stock to house our growing population.

25. A range of strategies is required to address Maori housing needs including new builds and maintenance of current stock. It is appropriate to revive a maintenance fund for this purpose and to learn from mistakes made during the time this fund was administered by HNZC. We support the recommendation that Māori organisations that wish to become housing providers or Whānau Ora provider collectives that have expertise in the area of housing delivery/development/maintenance be funded to deliver loans for essential repairs.

Recommendation

A fund should be set aside for maintenance of current housing stock of Rural Maori Housing.

- **“Reviewing features of Kainga Whenua...**Given the other complexities and restrictions in the (kainga whenua) product, the Commission considers it is unlikely to ever deliver a great volume of housing on Maori land. The Commission has therefore considered some other models of managing and financing homes on Maori land.

26.This section provided an opportunity to review and address the short comings of this failure of a product and to provide solutions. It is very disappointing that the Commission did not take up this opportunity and instead spent time analysing two alternative models which in our view make the Government less accountable and offer no real alternative solutions for the demographic most in need of housing on Maori land, as they will not be able to afford to buy into the alternative models.

27.Kainga Whenua was modelled on the Low Deposit Rural Lending scheme to provide lending on Maori land. It was developed with little thought to improving the short comings of the prior product and without consultation with Maori who could have provided invaluable feedback on how the product could be improved before it was launched.

28.Kainga Whenua was strongly criticised by the National Maori Housing Conference participants in 2010. The product by that time had been off the shelf for just under a year and despite many applications no one had been approved a loan. To date we understand only one person has successfully been able to obtain a Kainga Whenua loan. A plethora of feedback as to how to improve it was directed to HNZC and KiwiBank staff present at the conference. In April 2011, HNZC held hui with Maori in various regions for feedback on the policy governing the product. Feedback was given and we have not heard anything more.

29.The product criteria and the process of obtaining a loan makes it near impossible to qualify by creating unnecessary barriers.

30. Tongue in cheek we ask the Commission members to experience what the average Maori experiences when merely inquiring about Kainga Whenua and encourage you to phone your local HNZN office and ask about Kainga Whenua. From our experience, you will be told by your regional office that no one in that office deals with the product and your call will be placed through to a help desk where you will be told that the person you need to talk to is in Wellington where you can leave your phone details to be called back by that person. In the meantime you will be told to go to KiwiBank to fill out an application form and when anything gets tricky you will be told by KiwiBank to go and see HNZN. Often when difficulties arise in processing the application and providing the documents a finger pointing session usually ensues and no one will take responsibility for assisting the applicant, the application gets thrown in the too hard basket.
31. HNZN consider that Kainga Whenua is a KiwiBank product. However, every single application is scrutinised by HNZN and its internal legal department and will not be approved unless HNZN approval is obtained. This is completely unacceptable and requires transparency and collaboration. If HNZN wish to influence the outcome they should be openly involved in the process and accountable to the applicant.
32. Kainga Whenua lending makes up less than 0.5 percent of KiwiBank's business. HNZN set a maximum limit to guarantee only 250 Kainga Whenua loans per annum. It is interesting that we are being asked to become providers and develop housing for Maori at scale when the only lending product available for Maori land development is already capped by Government at 250 houses per annum and the SHU component of funding for Maori is \$3million per annum which could support building approximately 10 – 15 homes per annum.
33. As a final point, the lack of overall responsibility by Government to find adequate solutions for the shocking situation of Maori housing is a recurrent theme. Today, there is no one stop shop. At least in during the time of Maori Affairs which had the clear responsibility to provide for Maori housing, 26,000 homes for Maori were built. Today we are lucky on average to see one house per year built in the WBOP region on Maori land.⁸ We either need a return to a one stop shop approach or a multi agency accord between relevant Government agencies with Maori.

⁸ Discussion with Maori land court Hamilton.

Recommendations

34. The restrictions and complexities found in the Kainga Whenua product are not insurmountable. We suggest that a Ministerial advisory group comprising members of the Maori Caucus of Community Housing Aotearoa and national voluntary body Te Matapihi and other known Maori housing providers be established immediately to review and improve the product. That this group be given appropriate status to ensure that its recommendations are implemented so as to avoid endless review with no outcome.

35. Immediate steps can be taken now to improve the product, we recommend the following:

- Remove the limit of 250 loans per annum
- Remove the income cap
- Remove the requirement of being a first home owner
- Remove the internal requirement of holding back 10% of the approved loan as contingency when a fixed price building contract has been signed
- Remove the requirement of placing an encumbrance on the Maori land title merely to note that HNZN has legal interest in the removal of the house (overkill)
- Review and contemporise the tripartite agreement
- Remove the requirement to building on piles which increases cost by 5 to 10 percent where the owner agrees to take out mortgage insurance or the Trust agrees to assist with default management
- Make the product available to island communities e.g (Chatham islands, Matakana Is , Rangiwaia Is in Tuaranga etc)

We do not comment on the remaining key points in depth and summarise as follows:

- We do not support encouraging Trustee guarantees as a means to obtain security for housing. Placing personal assets at risk to achieve social objectives that government is responsible for and failing to deliver is abhorrent.
- The licence to occupy model used in retirement villages could work but is not an appropriate model for Maori who are most in need of housing as they would never be able to buy into it.

- The unit titles model could work and is also not suitable for Maori most in need of housing who could not afford it.
- Both models provide good management options however, tenancy management plans can also be effective with less bureaucracy and cost to administer.

Responses to specific questions

Q12.1 Has the Commission understood how housing contributes to the well being of Maori communities...

In our view the Commission needs to acknowledge the importance of the need for housing as a basic human need for many Maori living in substandard and inappropriate housing and also acknowledge the importance of affordability as a driver to build on Maori land.

Q12.2 Has the Commission appropriately balanced social, cultural, and economic challenges and opportunities for building housing in rural Māori communities?

The Report could benefit from some empirical evidence and data with respect to Maori house hold incomes.

Q12.3 Are the options the Commission explored for improving the ability of lenders to lend viable? How else might certainty of future demand or security for loans be achieved?

We did not respond in detail on this suffice it to say we did not agree that Trustees of Maori land blocks be encouraged to provide personal guarantees to enable social housing for Maori and that the Government is responsible for providing this.

Q12.4 Would the unit titles model or retirement villages approach to licences to occupy be useful for housing developments on Māori land? Are they worth further exploration?

Both models are useful and while the two models could work they would remain unaffordable for the Maori target demographic earning less than \$50,000 and \$30,000 per annum. As management models both could work on Maori land and are worthwhile investigating further, however

as financial models we doubt they will provide affordable options. Importantly, The Report should also analyse Kainga Whenua and produce its findings and recommendations on that product and how it could work better.

Conclusion

In conclusion we thank the Commissioners for the opportunity to contribute to the draft report and welcome discussion on the issues we have raised. We look forward to the final draft with anticipation.

Nga mihi

Victoria Kingi on behalf of the
Working Committee
Western Bay of Plenty Maori Housing Forum
v.kingi@xtra.co.nz