

6 August 2021

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Thank you for your Official Information Act 1982 (the Act) request of 12 July 2021 to Hon Dr Megan Woods, Minister of Housing. Your request was transferred to Kāinga Ora – Homes and Communities to provide a response and has been processed in accordance with the Act.

Please see the below answers to your questions. Please note that if, in order to answer your questions, Kāinga Ora would need to generate an opinion or explanation, this may amount to the creation of new information, rather than the provision of information already held. Such requests are refused under section 18(g) of the Act as the information is not held by Kāinga Ora. Where possible, we have provided pre-existing documentary information in response to your questions.

1. Why does Kāinga Ora sell homes to incumbent tenants?

Offering Kāinga Ora properties for sale to existing tenants, provides home ownership opportunities for those tenants that can sustain home-ownership. The capital returns from sales are invested in replacement new-build public housing properties, in areas like Auckland, Hamilton, Wellington and Christchurch where there is high demand for public housing. Tenants are not required to buy their state house even if they can afford it. Similarly, there is no requirement to sell public houses, and some Kāinga Ora properties are excluded from sale.

2. Would you expect a basic Kāinga Ora rental with no garage and no redecoration internally for more than 15 years in a very average suburb to have a sale price that exceeds the cap?

I am declining this aspect of your request under section 18(g) of the Act as the information requested is not held by Kāinga Ora.

I can advise that the sale price of a Kāinga Ora property is determined by a market valuation undertaken by a registered valuer. There are many factors that affect a property's valuation, including location, condition and market conditions.

3. If yes, do you think there should be a revision of the cap?

The Ministry of Housing and Urban Development are actively reviewing the First Home house price caps, with advice due to go to the Minister with the next three months. No decisions have yet been made.

4. Most Kāinga Ora tenants are low income earners. Do you think it is appropriate to sell tenants their current tenancy at full market value? Is this current policy and if yes, when did it become policy?

I am declining this aspect of your request under section 18(g) of the Act as the information requested is not held by Kāinga Ora.

Since 2009, the sale price for sale of Kāinga Ora properties to tenants is set at the estimated current unencumbered market value determined by a registered valuer. This has been the policy since 2009. Since 2015, some tenants have been eligible for a Tenant Home Ownership (THO) grant of 10 percent of the purchase price, up to a maximum of \$20,000, to assist in the purchase of the Kāinga Ora home that they are living in.

5. If a tenant buys their home at full market value and borrows to their maximum allowable limit, how do they fund the renovation of very degraded properties, some of which still have the same kitchens as when the house was built 60 years ago?

I am declining this aspect of your request under section 18(g) of the Act as the information requested is not held by Kāinga Ora.

6. Is it Government Policy to sell houses at 13+ times average income when global best practice is 3, thus adding to the problem rather than being part of the solution?

As noted above, the sale price of a Kāinga Ora property is determined by a market valuation undertaken by a registered valuer.

7. How does Kāinga Ora see its policy settings reducing the rampant house price situation in New Zealand, so that it is part of the ‘solution’ rather than helping to fuel the problem?

I am declining this aspect of your request under section 18(g) of the Act as the information requested is not held by Kāinga Ora.

I note that the Government launched a \$400 million Progressive Home Ownership (PHO) Fund in July 2020 that is targeted at people and families who want to buy their own home, and can afford mortgage payments, but are constantly ‘chasing the market’ in terms of saving a deposit. The PHO Fund is currently available in limited areas, including Auckland, Hamilton, Pāpāmoa, Nelson and Queenstown, where there are significant housing affordability issues. Eligible households will be able to access funding directly from Kāinga Ora.

To check out the THO programme and other financial products available please refer to
<https://kaingaora.govt.nz/home-ownership/>

Kāinga Ora recognises there are not many tenants with the financial resources to acquire their homes, or the resources to continue to maintain them. We continue to look at THO as a case-by-case tool that enables tenants to access more affordable home ownership in the communities they currently live in, while enabling Kāinga Ora to reinvest in newer stock instead of renewing existing stock. It also helps remove the logistics of moving our tenants around during renovations and maintenance.

Thank you for your request. I trust this information is useful.

Yours sincerely



Rachel Kelly
Manager Government Relations