

# CPAG Post Budget Breakfast

## 16 May 2014

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# Housing and the budget

- ▶ Auckland housing: challenges and issues
- ▶ Action by central and local government
- ▶ May 2014 budget and housing

# Auckland housing

	2004	2008	2009	2010	2011	2012	2013	2014
increase			50%					100%
average house price		435,700						664,100
inflation	2.3%	4.0%	2.1%	2.3%	4.0%	1.1%	1.1%	1.5%
rental increase					4-5%	4-5%	4-5%	4-5%

# Affordability

median  
income

- \$85,822 = 1.5 incomes 2 adults and 1 child

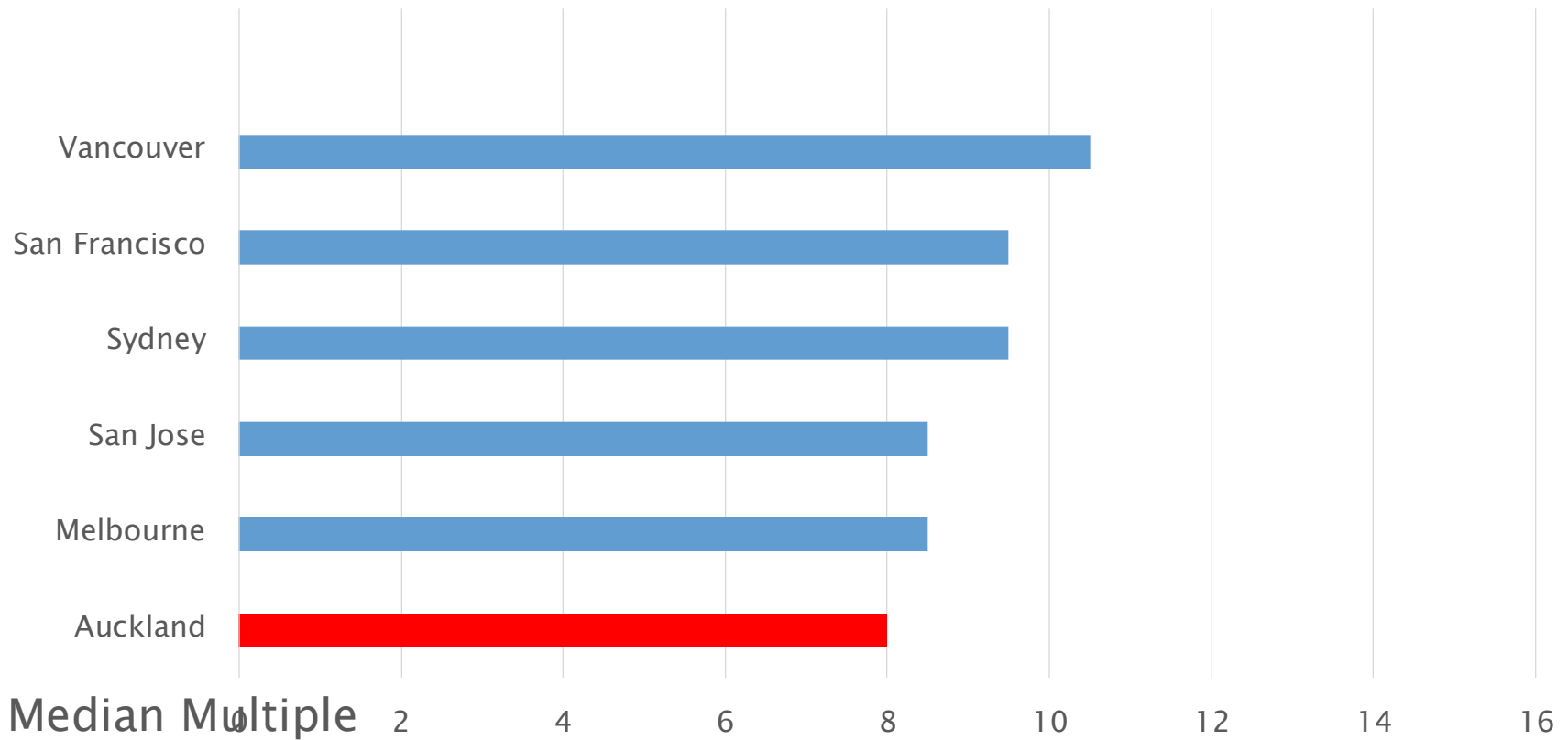
mortgage

- \$380,000 = 6% over 25 yrs  
\$300,000 + \$80,000 deposit

option

- 1-2 bed unit

# Unaffordable Auckland



# Key reasons for unaffordability

1. Land use – density controls
2. Regulation & infrastructure costs
3. Construction costs
4. Building sector inefficiencies
5. Capital Gains tax & immigration
6. Interest rates & restrictions on lending

# Government Housing Initiatives

1. Housing policy moved from HNZ to MBIE
2. Housing allocation moved from HNZ to MSD
3. Income related rent subsidy offered to community housing sector with major tags.
4. Suspected decrease in numbers of HNZ stock.
5. Community Housing sector builds over 750 new homes
6. No increase to the accommodation supplement
7. Auckland Housing Accord

# Budget 2014

- ▶ \$120 million in IRRS to HNZ to cover rent increases
- ▶ \$80 million to MSD administration
- ▶ \$30 million (\$10m/yr) community housing
- ▶ \$8 million (\$2m/yr) to assist HNZ tenants to leave
- ▶ \$3500 duty and tariff savings to assist new builds
- ▶ Nothing (again) for those reliant on the Accommodation Supplement for rental or housing cost relief.



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