

The Remaking of Housing Policy: The New Zealand Housing Strategy for the 21st Century

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Introduction

Analysing shifts in policy requires us to appreciate that they are embedded in the past as well as in the present. Parsons in a recent examination of policy development argues that “it is existing policies which set the agendas for new problems and provide the discourse within which problems will be constructed” (Parsons 1995:231). Understanding the development of New Zealand’s housing strategy for the 21st century requires us to understand both the past transformations that occurred through the 1980s and 1990s and the future predictions with respect to the shape of New Zealand’s future population, tenure shifts and increasing diversity (NZ Housing Strategy, 2004, 2005).

Housing policy through the 1980s and 1990s was reshaped, as part of the wider restructuring of New Zealand’s welfare state, economic strategies and social policies that took place at that time. At the beginning of the 1980s, New Zealand was coming to the end of a quite sustained period of extensive social and economic intervention initiated by the Labour government of the 1930s. This particular pattern was broken in the radical agenda of economic reform followed by the fourth Labour government, which came into power in 1984 (Boston and Holland 1990, Thorns 1992). Some analysts have described this set of changes as a shift from the ‘first way’

of New Zealand’s welfare development to its ‘second way’, which was constructed around a strong neo liberal agenda. The current post 1999 agenda, then can be interpreted as New Zealand’s version of a ‘third way’ influenced by movements in other social democratic societies and particularly articulated by the Blair Government in the United Kingdom and the Clinton Administration in the USA (Dalziel 2001, Giddens 2001).

In order to explore these changes first an identification of the significant restructurings that took place in the 1980s and early 1990s will be undertaken. This will show how these led to a remodeling of housing policy. Second, the post 1999 moves towards a more interventionist and social development state and a reconfiguration of housing policy will be examined. Finally, the question of whether this marks a return to the pre-1984 set of arrangements or a new form of state practice and policy engagement will be addressed.

Neo Liberal Turn 1984 to 1999

The reforms of the 1984 to 1999 period were radical and extensive and led to the dismantling of many of the central components of the welfare state that had been a part of New Zealand’s social and economic development from the late 1930s.

Through these policies New Zealand was more firmly integrated into the global economy in a way that was thought would improve its competitive edge and internal efficiency. Improved productivity would then lead to faster rates of economic growth and improved overall financial performance. Thus, like a number of other developed western countries during this period, state assets were privatised, new forms of management for state enterprises were introduced creating state owned enterprises (SOE’s), to be run as private companies and return a dividend to the government. In the public sector new management practices were introduced bringing in a more ‘corporate’ style and new performance based employment contracts. The chief executives of the new SOE’s and Ministries were now on an annual performance agreement that set the objectives they were to deliver over the next year. The result was a shift within the public sector to an emphasis on mission statements, goals, strategic plans and performance measures. Such practices have tended to “erode trust between managers and workers and has spawned a new industry of reporting, appraisal and “audit explosion” (Low, 2005:30).

The new regime of state practice that was created was grounded in the idea of the “market” and of the sovereign consumer. The state was “hollowed out” with central functions and activities contracted out to

other agencies both private and voluntary/community based. This process led to the blurring of the boundaries of activity and policy delivery between the state, private and voluntary sectors. The state thus adopted new ways of shaping the outcomes of its policies with an emphasis on the “governance” of activities rather than their direct provision (Rhodes 1997). The state thus becomes in some ways more pervasive and controlling rather than less. This is partly achieved through the ways that new public sector management practices operate with the state assessing its performance by its capacity to commodify and displace aspects of what were previously publicly provide goods and services with either market ones or those individually arranged by “responsible citizens” (Brodie 1997, Yeatman, 1994). Under this model citizens became consumers and accountability is measured in terms of efficiency and this is interpreted as achieved through the market.

The outcome of the reforms was not as positive as the advocates had suggested (Hazeldean 1998, Kelsey 1995). The reforms did not in fact deliver the greater productivity and overall improved economic conditions and increased wellbeing that was given as the reason for the extensive

reform strategy. On many indicators New Zealand was in fact worse off in 1999 than it had been in 1984. The initial impact appears to have been had been to depress rather than enhance economic performance with economic growth virtually static for the first 8 years of the reforms only recovering in 1992 which though above the pre reform rate of 2.7% annually was at (3.3%) still below that of our major trading rival Australia (4.2%) (Dalziel 2001). Further, New Zealand had markedly increased the differences between low and high income earners leading to a much more unequal income distribution and unemployment rose significantly in the early part of the reform period to be 10.9% in 1991. Thus by the mid-90s, considerable debate had emerged as to the net benefits of pursuing this essentially neoliberal agenda especially within the Labour Party which was now in opposition.

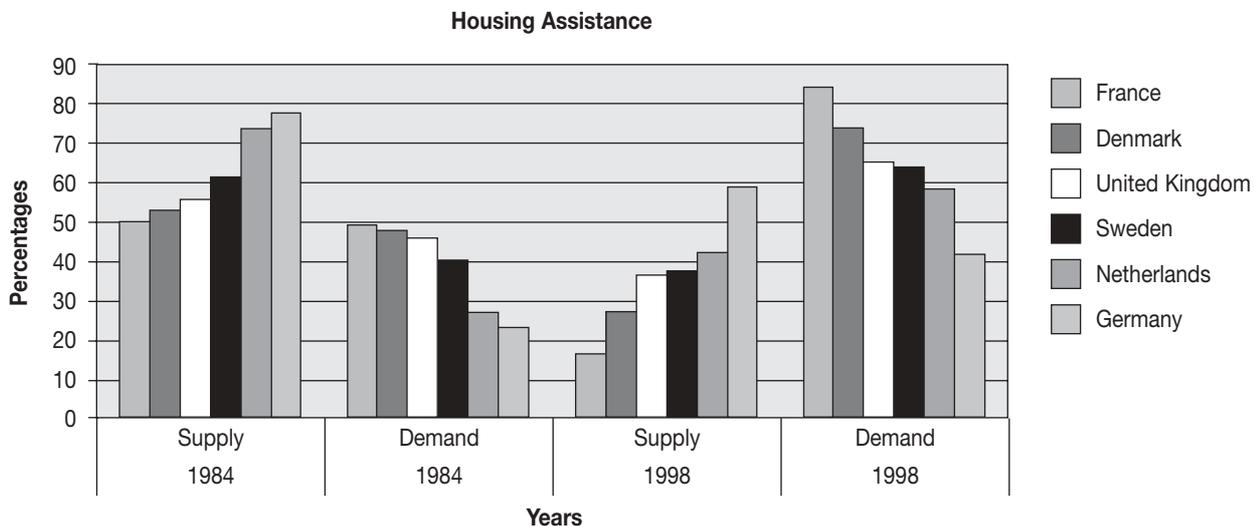
Housing Policies: The 1980s-1999

Housing during the time of the fourth Labour Government was not extensively reformed and there was a continuation of a mix of policies which included both supply side subsidies in the form of low interest loans to Local Authorities for housing

through to housing benefits to assist with rent for low income households. Some new initiatives were added to encourage home ownership – still seen as the ideal housing option- in the form of sweat equity, and home ownership savings schemes (National Housing Commission 1988). Further the Housing Corporation, a multipurpose organization, which both ‘funded’ and ‘provided’, escaped extensive restructuring. The resistance to reforming the housing sector, at this stage, appears to have been a reflection of strong institutional resistance from the multi-purpose Housing Corporation and the sensitivity of the Labour Government to the political implications of further radical reform after 1987 (Campbell 1999, Thorns 2000). As housing was not included in the first wave of reforms, the lack of change can also be linked to the splits that occurred in the Labour Government in the late 1980s that weakened the position of the radical economic reformers within the Government.

Pressures and advocacy for change were present during the time of the Labour Government. In both the briefing papers to the incoming government in 1984 and after the 1987 election, strong arguments were made, particularly from Treasury, for a radical change to housing policy along the

Figure 1. Housing Assistance: Selected OECD Countries



lines of the reforms that had swept through the other areas of Government policy (Treasury 1984, 1987). The advocacy, in line with global trends at this time, was for a shift towards a greater reliance upon demand side intervention. Figure 1 shows the shifting pattern of supply and demand side policy interventions in housing across a number of OECD countries and shows, that in all cases, there was a progressive shift towards a greater emphasis on demand side measures over this period.

The election of the National party to government in 1991 continued the pattern of change instituted by the fourth Labour government. However some aspects were intensified. In the first budget of the new government in 1991 welfare benefits were cut in order to encourage the movement of beneficiaries into the workforce (Boston 1999:13).

Housing was also in the sights of the new government for reform. In 1992 *The Housing Restructuring Act* was introduced. This changed both the administration of housing, and the nature of support provided. The Housing Corporation created in the early 1970s, as a multi purpose state organization, was abolished. Responsibility for policy advice was separated from the delivery of housing services. Thus the recently created Ministry of Housing (1988) assumed a more significant role and became the sole source of policy advice. The management of public housing was transferred to a new entity called Housing New Zealand (HNZ), which had the main responsibility of managing the state rental stock. A new form of income assistance was introduced as the principal means of assisting low income people into housing, the Accommodation Supplement (AS)(1993). This was a targeted measure of assistance delivered through the new agency that was created for the management and administration of all state welfare benefits Work and Income New Zealand (WINZ). The administration of the Accommodation Supplement was thus taken away from a specific housing related entity and placed within the general framework of targeted income assistance support. The Accommodation Supplement

was based on income and assets tests and could be utilized for assistance in meeting the cost of state or private sector rental or towards home ownership. In order to bring greater efficiency and competition between the rental sectors the rents for state houses were set to rise in three steps to market rents. Those who were unable to pay these rents, as they were in excess of 25% of their income for rental or 30% of their income for house purchase, would qualify for the Accommodation Supplement. The government argued that the cost of the Accommodation Supplement would be equivalent to the current expenditures on income assistance for low-income tenants. However, over the course of the 1990s the cost of the Accommodation Supplement rose steeply, as it was an uncapped allowance, and thus responded to the relative cost of housing and income levels (Campbell and Thorns 2001, Waldergrave 2002). One of the consequences of the cutting of a series of welfare benefits (unemployment etc. in the 1992 budget, was that the number of low income tenants in receipt of Accommodation Benefits and then the Accommodation Supplement grew. The cutting thus did not achieve a net reduction but rather created a transfer of people from one set of benefits to another (Higgins 1999, Murphy 1999).

The Accommodation Supplement was expected to increase choice, as it was available across all sectors and for both rental and ownership. Its advocates thought it would reduce the marginalisation of State beneficiaries, as it gave them greater choice, as they were no longer locked into State housing. The Accommodation Supplement was also intended to increase the supply of rental housing as landlords obtained improved returns and thus would be encouraged to invest more in the sector. Improved quality and competition created as a result of these moves to 'market forces' were expected to create a better supply of housing and a more competitive pricing structure.

The reforms thus addressed the limitation of choice through extending the range of options for low-income households and the problem of creating an adequate supply in

areas of high demand. However, the outcomes found were not consistent with expectation. The supplement went largely to those already on other benefits such as the unemployment, sickness, and domestic purposes benefits, or on National Superannuation. Further, the majority went to existing Housing New Zealand tenants as their rents moved upwards towards market rents (Colmar Brunton 1996). Little of the money went into home ownership, so the idea that the AS would be available across a range of tenures did not eventuate. As part of the overall package of change, reflecting a desire to 'privatise' public assets, the government decided to sell down the public housing stock. In 1992 when HNZ was formed it had 69,928 state houses. However, by 1999 the number had been reduced to 58,866 through the sale policy.

The net effect of the changes to housing policy brought in with the 1992 reforms, were to increase rather than decrease housing related poverty through increasing the proportion of household income going on housing costs (Murphy 1999, Thorns, 2000). The level at which the Accommodation Supplement was paid out did not provide a sufficient level to compensate for increased rents, in either the public system, where the levels of rent, moved to market rate, or the private sector. Nor did the expected expansion of the housing stock take place. However, housing is not just about rent levels. People have commitments to both the house as this is their store of memories and meanings that combine to create their sense of "home", and to their local neighbourhoods and communities (Perkins and Thorns 1999, Low 2005). What this shows is that housing markets are slow to adjust, as it takes time to create new forms of stock. This was shown by the difficulties faced by HNZ in its attempts to release housing that was under occupied. Houses, under this new policy, for example occupied by single tenants and couples were now subject to steep rent increases as they moved to 'market rents' rather than being based on tenant income. The lack of smaller units meant that many were unable to move but had their rents rise and thus an increased proportion of their income consumed by housing which

contributed to increased levels of poverty. The other problem that arose was the constantly increasing level of expenditure on the accommodation supplement, which started at \$340 million and rose to over \$800 million by the end of the 90s. This led to demands for even greater targeting to contain the cost of welfare benefits (Campbell and Thorns 2001).

During the 1990s research into the housing system was substantially reduced within the public system. The National Housing Commission was abolished in 1988 and with its demise the research programme that it had supported ended. Within Government the new Ministry of Housing was interested only in research which examined aspects of the operation of the Accommodation Supplement. Wider questions were not addressed so significant housing research capacity was lost. Research continued within the Universities but this was not closely linked into the policy process and, for the most part, was critical of the reliance on the Accommodation Supplement and drew attention to the way that housing costs were contributing to the growth of household poverty. Also action groups were active in trying to shift policy and organize resistance to the rise in rents to "market rates" and the levels at which the Accommodation Supplement was being paid. These various forms of critique and action found new support when the election of 1999 brought a centre left coalition government into power. The return of state house tenants to an income related rents regime emerged as one of the "pledges" given during the 1999 election campaign by the Labour party. Honoring this pledge provided Labour's housing policy with its initial direction.

Changing Political Agendas 1999-2005

The 1999 election brought into office a centre-left coalition government of Labour

and the Alliance (a slightly to the left of Labour grouping¹). The new government marked out a rather different approach to economic and social policy. In respect to economic policy, they created a Ministry of Economic Development, which indicated a return to a more pro-active stance with respect to government policy. However, they still maintained a strong commitment to the need for fiscal balance and to the global free trade agenda that necessitated the creation of competitive international markets². They actively sought to encourage innovation, and the growth of the knowledge economy. The prime objective of economic policy was still to create economic growth and a competitive internal environment. Markets were not ignored, but still held a central place in this economic strategy. The move to evidence based policy is seen as one of the corner stones of the new government social agenda and here they are drawing upon a 'third way agenda'

In New Zealand, unlike in the UK under the Blair Government, although there was no specific definition of what counts as evidence, there was a similar incorporation of a broad spectrum of ideas into the understanding of the evidence base for social policy. It includes rigorous new research carried out by experts through to community and stakeholder consultations around specific areas of policy development. It mixes those who are inside and outside of Government and looks to create a pool of social scientists that have policy analysis as well as applied research and evaluation skills. One result of the loss of expertise and capacity arising from the policies of the 1980s and 1990s was that there was a "capability" problem and a lack of experienced researchers to respond to the changed environment. This has led to increased attention on how to rebuild capability.

The shift towards the 'evidence-based-policy' formulation has had a number of

significant impacts upon the social science sector within New Zealand increasing demand for social researchers and creating a strong growth in the demand for and use of 'evaluation' research within Government. In respect to housing policy this shift has also been significant and has led to the creation of new research, evaluation and policy development capacity.

Impacts on Housing Policy

In the election campaign of 1999, one of the pledges that Labour made, if elected, was that they would return rents for State house tenants to an income related basis. Therefore, in 2000 the Housing Restructuring (Income Related Rents) Amendment Act was passed. This particular piece of legislation reintroduced income related rents for State house tenants, and prevented the further sale of any more public rental stock. The allocation of state rental was to be based on need, thus criteria had to be developed and allocation procedures put in place. A further change was in the organization and administration of housing with a new entity to be created. In 2001 the Housing New Zealand Corporation (HNZC) was formed to replace the Housing New Zealand (HNZ) and the remains of the old Housing Corporation. The new organization had a broader mandate than simply managing the state rental stock. It was once again to include a policy and research capacity. This was to enable the identification of future needs and ensure that the housing sector in general was well placed to provide affordable, decent housing to New Zealand families now and in the future. However, the policy role is divided between HNC and the Ministry of Housing which, was re named the Department of Building and Housing in 2004, and given a focus around regulative aspect of building and a continuing responsibility for the management of the residential tenancies legislation.³

¹ Alliance was made up of New Labour, the Greens, Liberals (former Social Credit and Mana Motuhake.

² Labour for example is currently negotiating a Free Trade Agreement with China – among the first of the OECD countries to do so.

³ The Department was established on 1 November 2004 when the Ministry of Housing was renamed the Department of Building and Housing, and building policy functions were added to its role. On 30 November (2004) the functions of the Building Industry Authority were added. A range of other functions will also be added over a 14 month period.

Table 1 Home Ownership Trends

	1991	1996	2001	2006	2011	2016
% Home Ownership	73.80	70.70	68.00	65.80	63.70	61.80

Sources DTZ 2005.

Table 2 Projected Numbers of Owned and Rented Households

	2001	2006	2011	2016
Owned	978,860	1,021,120	1,050,010	1,080,090
Rented	461,440	531,880	597,980	667,930

Source DTZ 2005.

The new organization was to be a socially responsible agency and no longer had to make a profit. In the future government would compensate the Housing Corporation of New Zealand for loss of income created through the new income-related rents policy. Further, the stock of public housing was once again to rise with the government putting in place a scheme to purchase, lease and build further public housing. The new regime of income related rents, initially aided about 40,000 state tenants (Murphy 2003 a and b). The measure was a targeted one and took into account both the income of partners and any income from savings. Once they were over the income and assets thresholds set, rents were then adjusted to market value and assistance was similar to that provide under the Accommodation Supplement to non state tenants. This policy brings in a degree of fairness in the assessment of state and non state tenants and thus reflects the desire within the policy for horizontal equity.

The second major initiative of the new government was the development of a National Housing Strategy. The development was guided by a steering group in which Housing New Zealand Corporation was the lead agency, but also included representatives from Treasury, Department of Prime Minister and Cabinet,

Ministries of Social Development, Housing, Health, Pacific Island Affairs, and Te Puni Kokiri⁴. A series of stakeholder groups were established to consider a range of topics including the development of home ownership, research capacity, needs of youth, Maori etc. A draft strategy was presented to Cabinet in December 2003 with the period of public consultation from March through April 2004 before the final strategy was released in May 2005.

One of the key features of the new housing strategy is an explicit recognition that housing is an instrument of social and economic policy, and thus must have a wider range of components than simply demand side income supplementation. The document recognizes changes in home ownerships rates, affordability, and demographic changes, particularly the pattern of household formation and the growing number of younger Maori and Pacific peoples. The fall in home ownership rates was particularly amongst younger age groups and low income households. For these groups normal loans from trading banks were not bridging the deposit and income gap thus Government intervention and support was seen as necessary to provide a way for low income families to achieve the New Zealand ideal of owner occupation.

The home ownership rate over the ten years from 1991 to 2001 has fallen from 74% to 68% (see table 1) and is predicted to fall further through to 2016. This is particularly apparent in the 25-44 year old group with a 44% decrease in homebuyers amongst this group (Housing Strategy 2004:37) and within this group low income households have experienced the greatest reduction. A range of implications for housing policy and wider social policy arise from this decline, given that home ownership is still seen as the desired housing outcome by the majority of the population and is still strongly endorsed by government. Perhaps the most significant is the increased demand that will be created for rental accommodation with an expected increase of over 200,000 units needed by 2016. The rental market in New Zealand is largely made up of small operators, many of whom have seen real estate as an investment and capital asset rather than as a long term rental activity and thus tend to spend little on maintenance and improvement.

Table 3 provides data on the affordability index (see Table 4) for the twenty years from 1981-2001. The index shows how shifts are related to changes in incomes and house prices. House prices rose more strongly than incomes from 1981 to 1986 leading to a greater proportion of household income going into housing. From 1986 through to

⁴ Te Puni Kokiri is the name for the Maori Development Ministry. Since 1980s New Zealand had been developing a "bicultural" partnership with the indigenous Maori population based on the Treaty of Waitangi signed in 1840 between the Crown and Maori chiefs.

Table 3 Social Rented Housing

Social Housing Tenure					
Year	1981	1986	1991	1996	2001
Housing New Zealand	56,979	56,091	63,552	52,671	52,500
Local Government	16,158	16,653	15,420	14,781	14,115

Sources DTZ 2004.

Table 4 House Price Affordability*

Region	1981	1986	1991	1996	2001
Auckland	34.3%	50.1%	38.9%	45.0%	37.3%
Wellington	24.9%	45.2%	35.8%	30.6%	30.0%
Nelson/Tasman/Marlborough	33.9%	53.4%	41.1%	38.7%	33.3%
Canterbury	24.4%	44.3%	37.5%	35.9%	29.8%

Source DTZ 2004.

*Affordability Index assumes a 25% deposit and represents the proportion of the median household income required to service a 25 year loan on the balance of the median sale price. The higher the index the less affordable the property as it requires a higher percentage of gross household income to service the debt. (DTZ New Zealand 2004:149).

2001 the index shows that for all but Auckland there was a steady improvement in affordability. However from 2001 there has been a strong housing boom with prices rising much more rapidly than incomes leading to a decline in affordability and a rising proportion of income being required to meet housing costs. This has raised the current concern for affordable housing especially for those entering the market for the first time and those on below average incomes. The highest annual increase was in 2003 with a 23% rise, falling to 14% in the year June 2004-2005. These increases were well ahead of both the inflation rate and the level of wages increases obtained over this period. Both of these were under 3%.

In the post 2001 pattern there are a number of regional 'hot spots' where prices have risen even faster than the overall average. One example is the Nelson region at the top of the South Island sustaining house prices rise increases of 59% from 2003 to 2005. Here growth in prices has been stimulated by overseas buyers attracted to the region by its location and where access to cliff tops and water is still available at globally

relatively modest price levels. Auckland as New Zealand's largest city, with strong growth from migration, also continues to be a housing market where affordable housing is difficult to find and provide. Around 70% of the new construction required for both rental and home ownership through to 2016 is expected to be in the Auckland region.

The net effect of these recent changes in affordability has been a decline in housing options especially for single income and beneficiary families and an increased pressure upon the Government to become more interventionist to assist these disadvantaged groups. For example a Salvation Army sponsored report in 2005, advocated a range of additional strategies for low and modest income families to obtain home ownership. These included shared equity, a 'right to buy policy' for the sale of state houses to sitting tenants, a new government supported savings scheme and a scheme for government leasing, at a discounted price, of government owned land in high housing cost areas for key workers (Smith and Robinson: 2005).

National Housing Strategy

The new National Housing Strategy is underpinned by a vision "that all New Zealanders will have access to affordable, sustainable, good quality housing appropriate to their needs" (NZ Housing Strategy 2004:19). The document, then identifies nine principles that will guide and influence future housing policy. These principles range from the recognition of the pivotal role of housing to provide shelter, which is seen as a basic human need, through to the fact that decent housing must be affordable and of good quality and an acknowledgement of the increasing diversity across the population. Further the policy identifies two direct roles for the government. The first is to regulate the housing market and housing quality and the second is to provide assistance to low-income households having difficulty accessing affordable and suitable housing. Both of these shifts in thinking arise from the perceived failures of the single demand side subsidy offered via the Accommodation Supplement to address the needs of lower income households to find adequate housing. The policies are

intended to meet this objective have been the assistance delivered either through state rental, which as we noted earlier, has been once again increasing over the past five years, and income supplementation through the Accommodation Supplement. In addition to this, the government has also piloted a home ownership insurance scheme through the newly created Kiwi bank and has provided some funding to stimulate activity by local government and other community based social housing providers especially Maori iwi⁵.

The government's housing policy identifies as one of its tasks to "actively explore the potential of a variety of interventions to deliver good housing to meet the specific needs of targeted groups and markets". This clearly marks a significant shift from the hands-off approach of the previous period of housing development during a more market-oriented neo liberal phase of government and a retreat from income supplementation as the sole form of housing support.

The final principle identified in the vision statement is the need for housing policy and interventions to be informed by "solutions focused evidence based research". In order to achieve this, the Centre for Housing Research Aotearoa New Zealand (CHRANZ) was established in August 2003. The mission of the centre is to "invest in rigorous, independent and relevant housing research to support policies and practices that meet New Zealand's changing and diverse housing needs" (NZ Housing Strategy 2003:58).

CHRANZ has since its inception funded a range of research projects into the New Zealand housing system and the links between housing and social, economic and environmental outcomes. In the 2004-5 year CHRANZ has funded research into Tenure Aspirations, Affordable Housing, Maori Housing experiences and a project investigating the future shape of housing.⁶ This work is seeking to build an improved

research base and understanding of the dynamics of change within the New Zealand housing environment. In the 1980s and 1990s, under the more market-based analysis and policy-making that took place, at this time, systematic research into the housing system was largely neglected and the internal capacity of the government housing sector to carry out research was run down. Thus one of the challenges for the new Centre has been to regenerate capability within the housing research sector.

New Forms of State Practice

In reviewing the housing sector during the last five years it is clear that significant changes have taken place in policy-making, the research environment and in the stance of the New Zealand state to intervention in housing policy. The changes to state practice have been seen by some as a retreat from neo-liberalism, with its sole reliance upon markets and demand side, consumer subsidies, as the solution to providing modest and low income households with access to affordable and decent housing. What is emerging to take the place of these limited solutions is recognition of the need for a broader range of policy tools. However, much of this is still to be achieved in the future. The New Zealand Housing Strategy identifies a range of areas that are under review and the 2005 budget introduced a new "kiwi" savings scheme. The scheme is a voluntary work-based savings scheme due to start in 2007 to help New Zealanders save. Savers are able to select their own funds and can change providers giving opportunities for banks and other financial institutions to play a role in the scheme. Savings are primarily for retirement and lock in until the age of eligibility for New Zealand Superannuation is reached, currently 65. The Government will offer an upfront contribution of \$1,000 per person to be 'locked in' until the recipient reaches the age of eligibility for NZ Superannuation or for five years. After three

years of savings the Government will offer to the savers a first home deposit of \$1,000 per year of membership of the scheme up to a maximum of \$5,000 for five years. This means that eligibility for the home owner loans would not be until 2010. The government during 2006 will develop a list of approved providers and the scheme will be regulated by a trust deed similar to registered superannuation schemes. Further details of the scheme will be developed with the approved providers, once these have been determined, prior to the schemes start date of April 2007. Critics of the scheme have suggested that the likely contribution to addressing the current housing affordability problems are slight and that the future contribution is dependant on the behaviour of the market over the next 5 years.

The new form of state practice is something thus of a hybrid as it continues a number of the key policies from the neo-liberal reform period particularly the accounting, transparency, contractual and reporting requirements which tend to disaggregate policies and programmes and thus work against the whole of government emphasis which is supposed to be more central now within policy development. It also reflects a shift from direct provision to an emphasis on partnerships and thus to the "governance" of activities through a range of strategies including outsourcing, contracting and forms of quality control that maintain the capacity of the state to "steer" the system.

Further the commitment to a greater level of local partnership models and an increased emphasis on evidence and research to underpin policy and the empowering of local communities is still largely within a framework of government contracting. Thus in many cases, this does not represent a significant shift in power and control but increases the level of surveillance and management that central government has over local activities (Larner and Butler 2003; Saville-Smith and Thorns 2001).

⁵ In 2003 the Government allocated \$63m to a 4 year programme of social housing demonstration projects to be developed in partnership with iwi (Maori tribal groups), third sector housing providers and local government.

⁶ CHRANZ research completed and currently being carried out can be found on its web site www.chranz.govt

A desire to encourage greater participation by local government and third sector and the Kiwi (Maori) authorities in housing delivery is present at the policy level. The state no longer wishes to be the sole or only provider of social housing. This is clear in the housing strategy document, where they talk about and look for ways in which others can be incorporated into the mix.

The present emphasis on evidence based policy formation and the idea of focusing on what works has become a significant part of the new pattern of state practice. The government convened major policy and evaluation conferences, have been key show cases for this new policy thrust and have centered on bringing together the research, policy-making and community sectors to discuss ways in which they could work better together, sharing their knowledge and expertise. However, limited debate has emerged around what counts as evidence, which is a critical component of such arguments.

The major changes in housing policy that have been identified are part of a broader set of initiatives that are currently reshaping state practice around new forms of partnerships and an emphasis on evidence based policy formulation. The debates surrounding the move to the Accommodation Supplement in 1992 were mostly around the extension of the neo-liberal agenda to housing and the shifts in international practice. It is an interesting comment on local knowledge that the consultants appointed to design the Accommodation Supplement in 1991-2 were drawn from the USA (Thorns 2000, Campbell 1999, Murphy 1999, 2003a). By 1999 there was an evidence base for the argument that the Accommodation Supplement, far from solving the problems of the former housing policy regime, would create a greater amount of housing related poverty and not substantially increase housing choices. However, it was a political decision – the campaign pledge by Labour to restore income related rents for state house tenants - that created the first post 1999 change. Subsequently housing has been incorporated into the wider ‘social development’ agenda of the Government

and has been linked into a social development strategy with its underpinnings of an “evidence based” approach.

Housing policy in New Zealand is increasingly being framed around questions of future housing and embracing more than the state sector with the idea of creating new forms of public/private partnerships. Further future growth in the not for profit sector is seen as necessary to expand the options for lower income households which are not seen as a key target market for the major trading banks. Social housing, in terms of publicly built and rented housing is only one small component of such a strategy. Macro economic policy and a wider set of interventions into both the demand and supply of housing are now on the table. Government though is not returning to the pre 1984 position of being itself the major provider. The new preference is to be a facilitator of others through partnering and providing guarantees and looking for more flexible forms of assistance that recognize the increasing diversity within New Zealand in both life courses and in its population and household structures. The success of these new directions will need to be assessed over the next 5 years as the Government seeks to implement its new housing strategy

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