

# Hon Dr Megan Woods

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## MP for Wigram

Minister of Energy and Resources

Minister for Greater Christchurch Regeneration

Minister of Housing

Minister of Research, Science and Innovation

11 MAR 2020

N Valdez

[fyi-request-12109-51e363be@requests.fyi.org.nz](mailto:fyi-request-12109-51e363be@requests.fyi.org.nz)

Dear Ms Valdez

Thank you for your email dated 29 January 2020 to the Prime Minister, Rt Hon Jacinda Ardern, regarding the First Home Grant price caps in Napier/Hastings. Your email has been referred to me for reply as the matter falls within my portfolio responsibilities as Minister of Housing.

I sympathise with your situation of being unable to find a home within the price caps of the First Home Grant in Napier and Hastings, and I appreciate that certain eligibility requirements for including the regional house price cap can be difficult to meet in some situations. These requirements are designed to support first-home buyers on modest incomes to purchase houses across the country and to incentivise the housing development sector to supply more housing in an affordable price range.

A number of factors are considered when setting the First Home Grant price caps. These include the lower quartile price of homes in the area, the relative purchase affordability of homes available on the market relative to the cap and the likelihood of further inflating price. To simply match house price inflation in the setting of the price cap would risk pushing up house prices further and disincentivising developers to supply housing at lower price points. Increasing the First Home Grant price cap will come at a cost, which would need to be considered against other options in the Government's toolkit to address the housing crisis.

While there is no immediate plan to review First Home Grant caps, I agree with you that these price caps need to stay effective over time. I have passed on your concerns to officials at the Ministry of Housing and Urban Development so they can advise me on the best approach to reviewing the caps.

You may also be interested to know that on 4 September 2019, I announced that this government will be making \$400 million available to support more New Zealanders into home ownership by increasing support for progressive home ownership products, such as shared equity and rent-to-buy schemes. These schemes will help thousands of households to purchase their first home by reducing the barriers posed by deposit requirements and/or the ongoing costs of servicing a mortgage.

My officials are currently working on design options for progressive home ownership schemes, which I expect announcements to be made in due course.

Thank you for taking the time to write.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Megan Woods', with a stylized flourish at the end.

Hon Dr Megan Woods  
**Minister of Housing**