

Changes to Kāinga Whenua loans make building on multiply-owned Māori land easier

The Government has moved to broaden the criteria for Kāinga Whenua loans, which will make building on multiply-owned Māori land easier.

As Māori land frequently has many owners, banks and financial organisations can be reluctant to lend, because of the difficulty they face in taking security over land with multiple owners.

The Kāinga Whenua home loan, available through Kiwibank, aims to resolve these difficulties by allowing owners of Māori land to build on their land. Housing New Zealand takes security over the house – but not the land, and insures the loan, so that a borrower is able to access finance to build, buy or re-locate a home on their multiple-owned Māori land.

Eligibility criteria broader

The changes to Kāinga Whenua loans with the following changes come into effect for individuals from 1 December 2012, and for trusts in 2013:

Previous home owners can now apply – the scheme has now been opened up to previous and current home owners. Previously Kāinga Whenua loans have been available only for first home buyers (or those in a similar financial position to first home buyers),

Only one borrower needs to live in the property – under the new rules, only one borrower needs to live full time in the house. This means that other members of the whanau, who won't be living in the house, are able to contribute to the loan repayments.

The income cap has increased – the income cap has increased to \$120,000 for one borrower, and to \$160,000 for two or more borrowers.

The scheme covers repairs and maintenance – Kāinga Whenua has been extended to allow loans for repairs and maintenance to existing homes on multiple-owned Māori land, in addition to loans for building, buying or re-locating homes on multiple-owned Māori land.

Māori trusts that own land can now apply – the scheme has been expanded to allow lending for housing to Māori Land Trusts. Under the revised eligibility rules, land owning trusts will be able to access loan funds to build homes for tenanting or on-sale to beneficial owners of the land. Māori Land Trusts can register their interest in accessing Kāinga Whenua loans on 1 December. Lending to trusts will not be available until 2013.

Summary of changes

<i>Previous criteria</i>	<i>New criteria</i>
Kāinga Whenua loans have been available only for first home buyers (or those in a similar financial position to first home buyers)	Previous and current home owners can now apply
All borrowers had to live in the house	Only one borrower needs to live full time in the house and other members of a whanau, not living in the house, are able to contribute to the loan repayments.
Previous income cap 85,000 one or two borrower 120,000 three or more borrowers	New income cap: \$120,000 – one borrower \$160,000 – two borrowers
Loans only available for building, buying or re-locating homes on multiple-owned Māori land.	Loans can be granted for repairs and maintenance to existing homes on multiple-owned Māori land.
Māori Land Trusts excluded from loans.	Māori Land Trusts eligible for loans.

Key features of revised Kāinga Whenua loans

- You can borrow up to \$200,000 to build, buy or re-locate a house on your multiple-owned Māori land.
- Kiwibank will provide the loan, and Housing New Zealand will insure the loan for Kiwibank. A Kāinga Whenua loan is secured only against the house, not against the house and land as with most home loans.
- You can now earn up to \$120,000 a year for one borrower. Two or more borrowers can earn up to \$160,000

‘Licence to occupy’

The term, ‘licence to occupy’ means that it is a right to occupy the land, granted by owners of the land. This allows Housing New Zealand (as insurer of the loan) to take security over a house, which is a requirement of the loan. The Maori Land Court will register the Licence to Occupy against the land block.

The Licence to Occupy forms part of the Tripartite Agreement, which the owners of the land will be required to sign after the application has gained final loan approval from Kiwibank. Housing New Zealand will provide the Tripartite Agreement to the borrower with the loan documents. It is a good idea to gain approval from other land owners (or the trust, if one exists) early in the process.

Eligibility criteria for Kāinga Whenua loans

- You need to be able to gain a licence to occupy the land you wish to build on
- You will need to meet standard lending criteria, as well as the Kāinga Whenua criteria
- The house you are planning to build, purchase or relocate must:
 - be built on wooden piles
 - be one storey of at least 70 square metres
 - have reasonable road access.
- The land needs to be Māori land that can't be mortgaged, and must be owned by multiple beneficial owners or have the land ownership vested in trustees of a trust or incorporation, created under Te Ture Whenua Māori Act 1993.

Step by step guide to applying for a Kāinga Whenua loan

If you meet all the eligibility criteria, you need to complete the steps outlined below:

Step 1. Decide to live on your multiple owned Māori land

Consider the benefits, risks, and costs of home ownership in a multiple-owned Māori land situation.

Step 2. Apply for a Kāinga Whenua pre-approval

Kiwibank can assess your eligibility for Kāinga Whenua and advise how much money you could borrow.

Step 3. Seek a 'licence to occupy'

A 'licence to occupy' gives permission to live on the multiple-owned Māori land. This can be a lengthy process when there are numerous land owners or trustees.

Step 4. Designing the home

When you are designing your home bear in mind the requirements of a Kāinga Whenua loan (see 'Eligibility requirements for Kāinga Whenua loans' above).

Step 5. Find a builder, and produce a budget and plan

Your budget will need to meet Kiwibank's lending criteria. You must also obtain all the council consents you need to comply with local bylaws.

Step 6. Loan approval from Kiwibank

If your application fits with the Kāinga Whenua eligibility criteria, and Kiwibank's lending criteria, Kiwibank will approve the loan.

Step 7. Sign the 'tripartite agreement'

The 'tripartite agreement' is made up of the license to occupy (including a site license) and a deed of mortgage. It needs to be signed by you, all the land owners and Housing New Zealand.

Step 8. Register with the Māori land court

The Māori Land Court needs to register your licence to occupy.

Step 9. Building starts

Build or relocation starts according to the design, plan, and budget you submitted as part of your application.

Step 10. The loan 'draws down' in stages

The timing and the finer details about the way the loan 'draws down' in stages will differ for each Kāinga Whenua loan.

Step 11: Celebrate – the building is complete!

The last step is to celebrate because the building is complete and you are able to move in. Congratulations, you now have your own whare on your ancestral Māori land!

More information

If you would like to discuss the changes to Kāinga Whenua loans, please call:

Kiwibank, **0800 11 33 55**

Housing New Zealand, **0508 935 266**