

HOUSING ACTS AMENDMENT BILL

EXPLANATORY NOTE

THIS Bill implements Labour's variable mortgage repayment scheme, which is tailored to suit more closely the individuals' circumstances. This option may be applied in the early years of marriage with a young family, where family or financial circumstances later alter, or health or hardship intervene. The guiding principle is "One day's pay, one week's mortgage repayment", that is one-fifth of one week's income. Capital repayments and interest rates will be varied according to personal circumstances and may be re-negotiated without prejudice on any significant change of circumstances.

In order to make the maximum use of existing Housing Corporation funds, incentives for more rapid repayment will be provided, but in no case will the breadwinners of a single-income family have to pay more than one-fifth average income to house the family. Similar provisions are made in respect of State house tenants except that in this case the rent is not to exceed one-sixth of the tenant's weekly income in the case of a single-income family rather than one-fifth, to reflect the fact that a tenant purchases no equity in the property.

Clause 1 relates to the Short Title. The Bill is to come into force on a date to be appointed by the Governor-General by Order in Council.

PART 1

Clause 2: This Part amends the Housing Corporation Act 1974.

Clause 3: Inserts a new section 20A in the Act. This provides that, from the commencement of this Act, in respect of loans made by the Corporation for the purchase by the borrower of his or her own home, the mortgage repayments of a person who is the breadwinner of a single income family shall not exceed one-fifth of that person's income.

"Income" is to be calculated as the gross earnings (excluding overtime) of that person from his primary employment in the previous 12 months.

The section provides that earnings of less than \$50 a week by other members of the breadwinner's family shall not prevent that family from being regarded as a single-income family. This figure of \$50 can be adjusted by regulation to take account of inflation.

The section also requires regulations to be made providing for 12-monthly recalculations of income, and adjustments of mortgage repayments accordingly, and for a recalculation of income and consequent adjustment of repayments on the grounds of hardship, where the borrower's family or employment circumstances change suddenly.

PART II

Clause 4: This Part amends the Housing Act 1955.

Clause 5: Inserts a new section 19A in the Act, providing that from the commencement of the Act the rent payable by State house tenants who are the breadwinners of a single-income family shall not exceed one-sixth of the tenant's income.

"Income" is to be calculated as the gross earnings (excluding overtime) of the tenant from primary employment in the previous 12 months.

The section provides that earnings of less than \$50 a week by other members of the tenant's family shall not prevent that family from being regarded as a single-income family. This figure of \$50 can be adjusted by regulation to take account of inflation.

The section also requires regulations to be made providing for 12-monthly recalculations of income, and adjustments of rent accordingly, and for a recalculation of income and consequent adjustment of rent, on the grounds of hardship, where a tenant's family or employment circumstances change suddenly.

Mr Terris

HOUSING ACTS AMENDMENT

ANALYSIS

Title		
1. Short Title and commencement		3. Repayments of loans for purchase of land
PART I		PART II
AMENDMENTS TO HOUSING CORPORATION ACT 1974		AMENDMENTS TO HOUSING ACT 1955
2. This Part to be read with Housing Corporation Act 1974		4. This Part to be read with Housing Act 1955
		5. State housing rents

A BILL INTITULED

An Act to amend the Housing Coporation Act 1955 and the Housing Corporation Act 1974

BE IT ENACTED by the General Assembly of New Zealand
5 in Parliament assembled, and by the authority of the same,
as follows:

1. Short Title and commencement—(1) This Act may be cited as the Housing Acts Amendment Act 1980.

(2) This Act shall come into force on a date to be appointed by the Governor-General by Order in Council.
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PART I

AMENDMENTS TO HOUSING CORPORATION ACT 1974

2. This Part to be read with Housing Corporation Act 1974—This Part of this Act shall be read together with and
15 deemed part of the Housing Corporation Act 1974 (in this Part referred to as the principal Act).

3. Repayments of loans for purchase of land—The principal Act is hereby amended by inserting after section 20, the following section:

“20A. (1) In respect of any money advanced by the Corporation after the commencement of this Act to any person who is the income earner of a single-income family, for the purchase of land for occupation by that person, the payments of principal and interest in respect of that loan shall together be such an amount which, when calculated as a weekly amount, does not exceed one-fifth of the weekly income of that person. 5 10

“(2) The weekly income of any person for the purposes of this section shall be calculated by ascertaining the total earnings of that person by way of wages or salary (excluding overtime payments) from primary employment in the period of 12 months ending with the date on which the Corporation agreed to advance money to that person, and dividing the figure so ascertained by 52. 15

“(3) For the purposes of this section a person shall be regarded as the income earner of a single-income family if that person’s income is the sole income of a family, or if the total weekly income of other members of that person’s family who are residing with that person does not exceed \$50. The Governor-General may by Order in Council amend the figure of \$50 specified in this subsection and substitute another figure therefor so as to reflect changes in the general level of wages and salaries, but no such amendment shall be made within 12 months of the commencement of this Act, or at less than 12-monthly intervals thereafter. 20 25

“(4) The Governor-General shall, by Order in Council, make regulations: 30

“(a) Providing at intervals of 12 months for the recalculation, in the manner prescribed by subsection (2) of this section of weekly income, and for adjustments of mortgage repayments accordingly; 35

“(b) Providing for recalculations of weekly income on the grounds of hardship due to changes in family or employment circumstances, and for adjustments of mortgage repayments accordingly.”

PART II

AMENDMENTS TO HOUSING ACT 1955

4. **This Part to be read with Housing Act 1955**—This Part of this Act shall be read together with and deemed part of the Housing Act 1955 (in this Part referred to as the principal Act).

5. **State housing rents**—The principal Act is hereby amended by inserting after section 19, the following section:
10 “19A. (1) The rent payable in respect of any dwellinghouse within the meaning of the Tenancy Act 1955 and the State housing land appurtenant thereto shall be such an amount which when calculated as a weekly rent for the tenancy, does not exceed one-sixth of the weekly income of a tenant or occupier of that dwellinghouse who is the income earner of a
15 single-income family.

“ (2) The weekly income of any tenant or occupier for the purposes of this section shall be calculated by ascertaining the total earnings of the tenant or occupier by way of wages or salary (excluding overtime payments) from primary
20 employment in the period of 12 months ending with the date of the commencement of this Act or the date on which the tenancy or occupation commenced, whichever is the later, and dividing the figure so ascertained by 52.

“ (3) For the purposes of this section a tenant or occupier
25 shall be regarded as the income earner of a single-income family if that tenant’s or occupier’s income is the sole income of a family, or if the total weekly income of other members of that tenant’s or occupier’s family who are residing with the tenant or occupier does not exceed \$50. The Governor-
30 General may by Order in Council amend the figure of \$50 specified in this subsection and substitute another figure therefor so as to reflect changes in the general level of wages and salaries, but no such amendment shall be made within 12 months of the commencement of this Act, or at less
35 than 12-monthly intervals thereafter.

“ (4) The Governor-General shall, by Order in Council, make regulations:

“ (a) Providing at intervals of 12 months for the recalcula-
40 tion in the manner prescribed by subsection (2) of this section of weekly income and adjustments of rent accordingly;

- “(b) Providing for recalculations of weekly income on the grounds of hardship due to changes in family or employment circumstances, and for adjustments of rent accordingly;
- “(c) Providing for the manner in which notices of an adjustment of rent under this section are to be served on the tenant or occupier.” 5