MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

COVERSHEET

Minister	Hon Erica Stanford	**Portfolio**	Immigration
Title of Cabinet paper	Enabling Build-to-Rent investment under the Active Investor Plus visa	**Date to be published**	22 September 2026

List of documents that have been proactively released		
Date	**Title**	**Author**
June 2026	Enabling Build-to-Rent investment under the Active Investor Plus visa	Office of the Minister of Immigration
17 June 2026	Enabling Build-to-Rent investment under the Active Investor Plus visa ECO-26-MIN-0099 Minute	Cabinet Office
10 December 2025	Active Investor Plus visa – Proposed changes to introduce property development as an acceptable investment class under the Growth category	MBIE
5 February 2026	Further advice on options to expand the Active Investor Plus Growth category	MBIE
30 March 2026	Further advice to inform decisions on residential property under Active Investor Plus	MBIE

Information redacted **YES** / **NO** *(please select)*

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of confidential advice to government, commercial information, privacy of natural persons, free and frank opinions, and maintenance of the law.

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
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BRIEFING

Further advice to inform decisions on residential property under Active Investor Plus

Date:	30 March 2026	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	0028145

Action sought		
	Action sought	**Deadline**
Hon Nicola Willis **Minister for Economic Growth**	**Indicate** your preferred approach to residential property development as an investment option under the Growth category **Confirm** your decision on whether philanthropy should be added to the Growth category **Forward** a copy of this briefing to the Minister of Housing	2 April 2026
Hon Erica Stanford **Minister of Immigration**		
Hon Todd McClay **Minister for Trade and Investment**		

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Stacey O'Dowd	Manager, Immigration (Border and Funding) Policy	Privacy of	✓
Hayley MacKenzie	Policy Advisor, Immigration (Border and Funding) Policy	Privacy of	

The following departments/agencies have been consulted
Government entities/autonomous Crown entities: Invest New Zealand (Invest NZ), Ministry of Housing and Urban Development (HUD) External stakeholders: Simplicity (2026), Cedar Pacific, Mackersy Property, McConnell Property, Murray & Co, Property Council, Quattro, Willis Bond (consulted in 2025)

Minister's office to complete:

- ☐ Approved
- ☐ Declined
- ☐ Noted
- ☐ Needs change
- ☐ Seen
- ☐ Overtaken by Events
- ☐ See Minister's Notes
- ☐ Withdrawn

Comments

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BRIEFING

Further advice to inform decisions on residential property under Active Investor Plus

Date:	30 March 2026	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	0028145

Purpose

To provide you with advice on two options for introducing residential property development as an acceptable investment under the Growth category and to seek confirmation of the approach to philanthropy.

Executive summary

This briefing provides further advice on implementing philanthropy under the Growth category. It also sets out information, on whether, and how, residential property development, specifically Build to Rent (BTR), could be introduced as an acceptable investment under the Growth category, following the joint Ministers' request for further analysis.

Joint Ministers previously discussed with officials a preference for a cautious approach to property to avoid diverting capital away from existing Growth category investments. This briefing therefore considers the following options for Growth category investors:

- **Option One:** Permitting investment in Build-to-Rent (BTR) developments (a targeted approach); or
- **Option Two**: Permitting investment in all types of new residential property development (including BTR).

Adjusting the AIP Growth category to include BTR would be a targeted change, with the potential to catalyse and crowd-in significantly larger foreign direct investment (FDI) from global pension schemes and overseas institutional investors. While BTR is a preferred international asset class, it is not yet well-established in New Zealand, limiting current investment opportunities.

If Ministers wish to make residential property development an investment option under the Growth category, at this stage, the Ministry of Business, Innovation and Employment (MBIE) recommends **Option One**. Introducing BTR as an investment option would support delivery of new and high-density housing at scale, contribute to economic growth through capital deepening and attract wider institutional FDI, while aligning closely with the objectives of the Growth category as an investment option. It also poses lower implementation and administrative risks than **Option Two**.

Option Two is not recommended at this time as the Balanced category already caters to those seeking to invest in a broader range of residential property developments and there is no evidence of a capital shortage at this stage. By contrast, a targeted BTR inclusion would better support Growth outcomes, and will enable a learn-by-doing approach, allowing policy settings to be refined based on implementation experience.

We also seek confirmation of whether philanthropy (capped at 20%) is to be added to the Growth category as ICT changes are required.

Recommended action

MBIE recommends that you:

a **Note** that following advice to joint Ministers in February 2025 [24009 and 25964 refer], you agreed to progress the addition of philanthropy as an acceptable investment class under the Growth category, and requested further advice on the form of residential property development that could be permitted under the Growth category (allowing either BTR alone or all residential developments)

Noted

b **Note** that in December 2025, the joint Ministers agreed that the objective for introducing property development as an acceptable investment class under the Growth category was to *increase New Zealand's housing stock by permitting investment in new, high-density, residential property developments at scale and support economic growth* [24009 refers]

Noted

c **Note** that if you choose to expand the acceptable investments available under the Growth category, MBIE recommends a targeted expansion with tight 'entry criteria'

Noted

d **Note** BTR is a targeted subset of residential property development that best meets the objectives in recommendation b, as it delivers new housing at scale, economic growth, attracts wider institution FDI, and poses fewer implementation and administrative risks for the AIP programme

Noted

e **Note** that adjusting the AIP Growth category to include new BTR at scale would catalyse and crowd-in foreign investment from global pension and institutional investors in an asset class common overseas, but not in New Zealand

Noted

f **Agree** to add BTR as either:

i. A subset of managed funds under the Growth category; **AND/OR**

Agree / Disagree / Discuss

ii. A subset of direct investment under the Growth category

Agree / Disagree / Discuss

g If you agree to recommendation **f (i or ii)**, allow BTR under the Growth category, the following design settings are recommended:

Managed funds	
Amend Appendix 15 in immigration instructions to permit investment in new, high-density BTR property at scale	*Agree / Disagree / Discuss*
Permit investment in pre-approved managed funds which invest in BTR on the acceptable managed fund list maintained by Invest NZ	*Agree / Disagree / Discuss*
Funds must provide project-specific funding for a BTR development in New Zealand, or provide private capital to a BTR development company in New Zealand	*Agree / Disagree / Discuss*

Funds must be sponsored by a company with a demonstrable history of at least five years investing and operating in residential property development	*Agree / Disagree / Discuss*
The fund manager has a demonstrable history of at least five years in property development investment management	*Agree / Disagree / Discuss*
Must construct a minimum of 20 new dwellings (to align with Overseas Investment Act 2005)	*Agree / Disagree / Discuss*
Direct investment	
Permit direct investment **only** in BTR where an investor migrant has identified a willing company for investment and it has been approved by Invest NZ	*Agree / Disagree / Discuss*
Direct investment must be made into a company that has a demonstrable history of at least five years investing in and delivering BTR developments of a similar scale to the one they are seeking to develop	*Agree / Disagree / Discuss*
Must construct a minimum of 20 new dwellings (to align with Overseas Investment Act 2005)	*Agree / Disagree / Discuss*

h **Note** that MBIE will work with HUD, Invest NZ and their Board on detailed design settings (building on criteria in recommendation **g**) and the compliance approach

Noted

i **Note** that MBIE does not recommend permitting investment in all types of new residential property development under the Growth category as this would not align with the category's objectives, and there is no evidence of a capital shortage at this stage

Noted

j **Agree** to add philanthropy to the Growth category (capped at 20%)

Agree / Disagree / Discuss

k **Agree** that MBIE provide a draft Cabinet paper to the Minister of Immigration in mid-April for consideration at the Cabinet Economic Policy Committee (ECO) in June **(Minister of Immigration only)**

Agree / Disagree / Discuss

l **Agree** to forward a copy of this briefing to the Minister of Housing.

Agree / Disagree

Stacey O'Dowd
Manager, Immigration (Border and Funding) Policy
Employment, Skills and Immigration Policy, MBIE

30 / 03 / 2026

Hon Nicola Willis
Minister for Economic Growth
..... / ...... / ......

Hon Erica Stanford
Minister of Immigration

..... / ...... / ......

Hon Todd McClay
Minister for Trade and Investment
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Background and context

1. In February 2026, MBIE provided joint Ministers with advice to inform decisions about which additional investment classes that could be made available to investor migrants under the Growth category of the AIP [25964 refers]. Additional investment classes considered included property, philanthropy and Confidential with an aim to diversify investment options available to applicants.

2. Joint Ministers agreed to progress the philanthropy option, and indicated a preference for a cautious approach to expanding the Growth category to include property, in order to not divert capital, manage any unintended consequences and not hollow out the Balanced category. Ministers have requested further advice on two options within property, either a targeted option through BTR or a wider option of all residential property.

3. Under the Balanced category, property development categorised as new residential, and new and existing commercial and industrial property, is permitted. One property development investment has been made to date, suggesting that targeted adjustment to the Growth category is warranted for greater investment and capital deepening.

Objectives of the Growth category

4. In December 2025, joint Ministers agreed that the primary objective for introducing property to the Growth category would to be to diversify the investment options available and to increase New Zealand's housing stock (by permitting investment in new, high-density, residential property developments at scale), and support economic growth [24009 refers].

5. This approach supports the overall objective of the AIP visa agreed by Cabinet, to increase the flow of foreign capital and attract skilled and experienced active investors into areas that align with Government's economic strategy, by providing resident visas to those who wish to participate in New Zealand's investment ecosystem and make a significant contribution to New Zealand's economy [ECO-24-MIN-0290 refers].

Current objectives under the Growth category

6. Currently, there are two acceptable investment options available under the Growth category - managed funds and direct investments which are assessed by Invest NZ against a set of principles that are set out in Appendix 15 of immigration instructions. To be considered acceptable for the purpose of the AIP visa, investments must:

   - clearly contribute to the Government's economic strategy, by being invested into one of the following businesses or projects which will deliver economic and other positive impacts for New Zealand (either as direct investments or through a managed fund):
   - businesses whose business model does not involve acquisition or ownership of property; or
   - businesses or projects that depend on property to deliver their business model, including but not limited to any of the following sectors: technology, manufacturing, food and beverage, renewable energy, aged care, primary sector such as horticulture (including post-harvest infrastructure), forestry, agriculture, or aquaculture; or infrastructure (including tourism, transport, digital, health, education and public infrastructure).

7. Any expansion to the Growth category beyond the current principles would require Appendix 15 to be updated.

Build to Rent property development – the economic opportunity

What is BTR?

8. BTR refers to medium-to-large scale residential housing developments that are built to provide long-term rental accommodation to tenants. BTR developments are typically owned by institutional investors and managed by specialist operators. Institutional investors operate through a variety of structures such as listed corporations and real estate investment trusts. BTR fits institutional capital particularly well because it aligns closely with the scale, time horizons, and risk preferences of institutional investors. BTR developments are sufficiently large to absorb significant amounts of capital, while rental income provides consistent ongoing returns.

9. BTR developments are generally owned and operated as a single development and made available exclusively for long-term rentals. BTR is not used for short-term rental accommodation (i.e. AirBnB), but does, increasingly however have some mixed-used elements, such as retail or services included within the same development. BTR developments are typically purchased by investors who own shares in the development, meaning that investors do not own individual dwellings. Shareholders are paid dividends based on the number of shares owned, with the units rented out to the public[1].

Adding BTR to the AIP Growth category is likely to catalyse and crowd-in wider FDI

10. Adjusting the AIP Growth category to include large-scale BTR construction and operation would be a targeted change that could crowd-in substantial foreign direct investment from global pension schemes and institutional investors. BTR is a preferred property asset class for investors in North America, Europe and the Asia-Pacific[2]. These investors seek long-term, patient capital with stable rental returns, which BTR provides. However, BTR is not yet well developed in New Zealand and there are limited investable vehicles available, constraining offshore investment and creating a lost opportunity relative to other jurisdictions.

11. Commercial Information [redacted].

What is the current state of BTR in New Zealand?

12. Recent changes to the Overseas Investment Act 2005 (the Act) have enabled foreign investors to purchase existing BTR developments provided they acquire land which has at least 20 dwellings (contained on one site or adjacent sites) and they are made available, or continue to be made available, for lease to residential occupiers.

13. As of 31 December 2025, the Property Council's BTR tracker shows there are 1,146 units under construction, and 4,328 units in the pipeline, the majority of which are located in Auckland[4]. This indicates that while the BTR sector remains relatively small, it is expected to grow incrementally from a low base. There are a few key existing BTR developers in New

[1] https://www.propertynz.co.nz/news/what-is-build-to-rent
[2] Indicated by Cedar Pacific
[3] Cedar Pacific is an international specialist investor, developer and manager operating across Switzerland, Canada, Australia and New Zealand, primarily funded by global pension funds, sovereign wealth funds and institutional capital.
[4] https://www.buildtorentnz.co.nz/where-is-btr

Zealand such as Simplicity Living (which takes up most of the market share), Kiwi Property and New Ground Capital.

14. BTR investments typically generate in a range of around 5-15 percent annual return[5], reflecting over time a stable, income-focused investment profile. Returns are generally driven by long-term rental income rather than short-term capital gains, which makes BTR more attractive to institutional investors seeking predictable cash flows and longer investment horizons.

How does BTR align with the Growth category objectives for including property development?

15. BTR provides a well-defined investment model that would allow for property settings to be introduced at a manageable scale before considering any broader expansion. As an investment option, BTR would support high-density housing at scale, drive economic growth through new constructions, and could attract wider FDI. However, given the early stage of the BTR market in New Zealand, the availability of BTR managed funds that are investment-ready is likely to be the primary constraint on uptake by AIP applicants.

16. Confidentiality [redacted] Therefore, MBIE anticipates uptake would be gradual while investor and market confidence grows. This market lag would support a learn-by-doing approach, allowing policy settings to be reviewed and refined as the sector develops.

BTR could be incorporated into the Growth category

17. We have discussed BTR with HUD and Simplicity, building on our previous consultation with the property development sector (which included Cedar Pacific, Mackersy Property, McConnell Property, Murray & Co, Property Council, Quattro and Willis Bond). Set out below is information on how BTR could be added to the Growth category.

18. Broadening the Growth category to include BTR development would improve alignment with the recent changes to overseas investment settings and further diversify investment options available to investors, ensuring AIP has attractive offerings to meet investor demand and support the Government's objectives. This option is also supported by HUD.

19. If progressed, we recommend amending the objective of Appendix 15 to permit investment in new, high-density BTR housing at scale, and adding BTR as **either** a subset of managed funds **and/or** direct investment under the Growth category. This would align with the current approach to direct investments (an investor has to identify a willing company in the first instance).

20. **Table 1** below outlines the design settings proposed for BTR developments. These settings have also been informed by current experience with managed funds. Ensuring stringent entry criteria is crucial to supporting quality investment opportunities operated by sophisticated and experienced fund managers. MBIE would work with HUD, and Invest NZ and its Board on the necessary detail required to translate these settings into immigration instructions and develop an appropriate compliance approach.

[5] For example, the Simplicity Wholesale Property fund a target return of 5-year rolling NZ CPI + 3% on completed properties. Based on the latest CPI (3.1%) this implies a target return of 6.1%.

Table 1 - Design settings for BTR

Build to Rent design settings	
Managed funds	**Comment**
• Pre-approved managed funds are on the acceptable managed fund list maintained by Invest NZ	• Pre-approving managed funds will ensure investors can easily access acceptable BTR investments.
• Funds must provide project-specific funding for a BTR development in New Zealand, or provide private capital to a BTR development company in New Zealand	• This ensures alignment with the Growth category objective and will contribute towards an increase in residential housing stock. • This would exclude mixed-asset funds that do not exclusively focus on BTR projects, i.e. the Simplicity Home and Income Fund, which invests 25% in growth assets (rental property) and 75% in income assets (40% cash and cash equivalents, 10% community housing bonds and 25% residential mortgages[6]).
• Funds are sponsored by a company with a demonstrable history of at least five years investing and operating in residential property development	• While BTR is a relatively new asset class, a five-year track record in residential property development provides assurance that the sponsor has the capability to deliver BTR projects at scale, manage development risks and operate residential assets over the long term.
• Fund manager has a demonstrable history of at least five years in property development investment management	• This ensures the fund manager has the capability and experience necessary to effectively manage a fund, and will provide further confidence to investors.
• Must create a minimum of 20 dwellings	• Aligns with recent changes to the Overseas Investment Act 2005.
• The fund must not be solely reliant on AIP funding	• This reduces the risk that projects proceed only because of immigration-linked capital.
Direct investment	**Comment**
• No pre-approval – an investor has to identify a willing company (an existing legal entity i.e. limited liability company) seeking investment, acceptability will be assessed by Invest NZ	• This aligns with the current process for direct investments under the Growth category. Confidentiality [redacted]
• The company seeking investment must have a demonstrable history of at least five years investing in and delivering residential property developments of a similar scale to the one they are seeking to develop	• A five-year track record will act as an effective quality filter to ensure investment is directed towards experienced developers with the capability to deliver projects.
• The company must not be solely reliant on AIP funding	• This reduces the risk that projects proceed only because of immigration-linked capital.
• Must create a minimum of 20 dwellings	• Aligns with recent changes to the Overseas Investment Act 2005.

21. An overview of proposed minor and technical settings is available at **Annex Two**.

Regulatory oversight of managed funds

22. BTR investment via managed funds provides a layer of specialist market expertise and due diligence/assurance up front. The proposed managed-fund settings for BTR rely on existing regulatory oversight to manage risk. Managed funds are regulated investments, and most managed funds in New Zealand are typically structured as Managed Investment Schemes (MIS) under the Financial Markets Conduct Act 2013 (FMC Act).

23. Retail offers of managed investment products must be made through a registered MIS, which is subject to mandatory governance and disclosure requirements. These include a Financial Markets Authority (FMA) licensed manager and an independent, FMA-licensed supervisor,

[6] https://simplicity.kiwi/investment-funds/funds/homes-and-income-fund

regulated under the Financial Markets Supervisors Act 2011 and the FMC Act. This provides an additional safeguard by ensuring managed funds are subject to ongoing, independent regulatory oversight by the FMA, rather than relying solely on internal governance arrangements.

24. By contrast, wholesale-only managed funds are not required to be registered MIS and are not subject to licensed supervisor requirements, but must still comply with general fair-dealing requirements under the FMC Act. This lower level of regulatory oversight presents a risk that a wholesale fund could deviate from its BTR purpose (e.g. shifting to build to sell). However, this is unlikely due to the BTR business model.

25. Currently, both retail and wholesale funds can be invested in under the Growth category. Many potential AIP investors will likely qualify as wholesale investors (e.g., one pathway is to have owned or controlled net assets of $5 million in the past two years), and may be comfortable with the higher risks associated.

Risks and how these can be managed

The likelihood of BTR developments being sold is low

26. One risk Ministers have asked for advice on is the likelihood of BTR developments being turned into Build to Sell (BTS). MBIE considers the likelihood of this occurring to be low due to the nature of the BTR business model. BTR developments are designed, financed, and operated as long-term rental assets held under a single ownership structure.

27. Converting a BTR development to be sold on a unit-by-unit basis would require a significant change to the structure of the investment, including dividing the development into multiple individual titles, which is complex, and costly. BTR projects typically take several years to plan, finance and construct with investment decisions made on the basis of long-term rental income and capital appreciation over time, rather than short-term sales.

Diversion of funds away from other Growth category investments is likely to be minimal

28. MBIE considers the risk of BTR investment diverting funds away from venture capital, private equity and infrastructure investments to be low. This is because BTR investments are capital-intensive, long-term, and relatively illiquid, making them less substitutable for other Growth category investments that may offer higher liquidity or shorter time horizons.

29. Commercial Information [redacted] For investor migrants, this lower liquidity profile represents a higher-risk investment option. However, these longer timeframes may not align well with the three-year investment period required under the visa.

Commitment of funds

30. Invest NZ carries out regular recertification checks on all approved managed funds to provide clarity as to where capital is being deployed. This supports monitoring of capital commitment and will help ensure funds are directed toward genuine BTR developments.

Analysis of all new residential property development

Residential property development is broad in scope

31. Joint Ministers requested advice on introducing all new residential property development. Residential property refers to land or buildings specifically designed and used for living purposes, such as houses, apartments, condominiums, and townhouses. Primarily intended as homes for individuals or families, these properties can be owner-occupied or rented out.

32. Residential property development in New Zealand is well-established. Residential investment – which reflects spending on new construction, was valued at $3.6 billion for the September 2025 quarter (around $13-14 billion per year)[7], representing around 3 percent of GDP. This suggests the sector already attracts substantial capital, and that AIP investment would add to, rather than materially shift, existing investment patterns.

33. New residential property development captures a wide range of development models that differ materially in scale, density, and risk profile. Development types include residential subdivisions, small unit development (i.e. townhouses, duplexes and triplexes), apartment complexes and mixed-use development. Projects may be at different stages of development, from pre-consent and early-stage construction to post-consent or near-completion, with risk varying across these stages. Within this sector, some developers focus on building units for immediate sale to buyers to realise returns quickly and reinvest capital into new developments. These developers face specific risks such as:

- Heavy exposure to the property cycle. If interest rates increase or demand drops during the project, completed properties may take a longer time on the market to sell and/or have potentially lower investment returns.
- Lack of recurring income. Unlike BTR properties, BTS developments do not generate long-term cash flows or capital appreciation once sold.

34. An overview of BTR compared to BTS is available at **Annex One**.

Alignment with the objectives for including property development under the Growth category

35. Including all new residential property development does not align well with the objectives of the Growth category. While residential development can contribute to housing supply and economic activity, it spans a wide range of investment types and risk profiles, many of which are not materially distinct from investments already accommodated under the Balanced category. Compared with BTR, this approach carries a higher risk of diverting investment away from other existing Growth category investments, and would be more complex to implement and administer, given the wide range of potential projects.

36. Stakeholder feedback has indicated there is not a shortage of capital investment invested in residential property overall, and that expanding the Growth category to include property as an investment class, with the aim of attracting additional capital through AIP, is unlikely to materially change investor behaviour in the residential market.

37. On this basis, MBIE does not recommend including all residential property under the Growth category currently. While this option has been assessed in response to Ministers' request, it is not recommended due to the scope, high diversion risk, and implementation complexity. However, preliminary design settings have been explored in **Annex Three** should Ministers wish to progress this at a later stage.

Next steps

38. We would like to discuss this advice with you at the joint Ministers meeting on 31 March 2026. We also recommend that you forward this advice to the Minister of Housing for their information and that you discuss this advice with them.

39. We also note that these options have ICT implications for Immigration New Zealand (INZ) delivery. It is possible to implement the BTR changes without ICT change, requiring a temporary manual workaround for reporting purposes.

[7] https://www.rbnz.govt.nz/statistics/series/economic-indicators/housing

40. We seek confirmation of whether philanthropy should be added to the Growth category. C [redacted]

[redacted]

42. Adding BTR and philanthropy to the Growth category would require seeking Cabinet's agreement because asset classes are shifting from Balanced to Growth. Subject to your direction, MBIE will provide the Minister of Immigration with a draft Cabinet paper by mid-April 2026, for consideration by Cabinet Economic Policy Committee in June 2026.

Table 2: Timeline for key milestones

Milestone	Date
Draft Cabinet paper to Ministers	16 April
Ministerial consultation	1 May – 10 May
Updated Cabinet paper to Ministers	15 May
Lodge Cabinet paper	21 May
ECO	27 May
Cabinet	2 June

Annexes

Annex One: Comparison of Build to Rent and Build to Sell

Annex Two: Overview of proposed technical settings

Annex Three: Investment guardrails for all residential property

Annex One: Comparison of Build to Rent and Build to Sell

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DRAFT - IN-CONFIDENCE

Residential Property Investment: Build to Rent versus Build to Sell

Option	Description	Alignment with Growth category objective for property	Need for Government investment	Implementation and administration effort	Key guardrails	Risks to manage
Build to Rent (BTR)	• Medium-to-large scale residential housing built to provide long-term rental accommodation • Developments are typically held as a single asset and usually attracts institutional investors who purchase shares in the development	• **Strong** alignment • Supports housing intensification at scale, particularly medium to high density developments • AIP investment could help further catalyse foreign investment by large institutional investors	• **Strong** - 30 percent of New Zealand lives in rental housing and BTR can provide large scale, high-quality and long-term rental options • Provides a pathway to increasing housing supply for households unable to purchase a home	• BTR would restrict expansion to a small subsector of property development which is simpler to implement and administer	• Investment either via a managed fund (pre-approved) or direct investment (investor must find a company) • Must create a minimum of 20 new dwellings • Managed fund or company must have a 5 year track record in residential property and/or BTR at scale	• BTR projects being later converted to BTS – this is possible but unlikely due to the business model of a single asset (rather than multiple titles) • Low risk of BTR diverting capital away from other current Growth category investments
Build to Sell (BTS)	• Residential housing that is built for immediate sale to buyers to generate capital returns • BTS developments make up the majority of the residential property market	• **Medium** alignment • Supports housing supply and construction activity in the short term • Provides less enduring economic benefit than BTR due to lack of long-term asset retention	• **Low-medium** – There are ongoing undersupply of housing stock and affordability challenges in parts of NZ, however, stakeholders have indicated there isn't a shortage of capital investment in residential property overall • Residential property can already be invested in through Balanced	• BTS captures a broad scope which would require greater processing efforts and technical expertise to manage risk and alignment with objectives	• Same as above	• More sensitive to housing market cycles • Risk that BTS incentivises short-term development rather than long-term housing outcomes • Low-medium risk of BTR diverting capital away from other current Growth investments

Annex Two: Overview of proposed technical settings

Technical settings proposed (for either option)
• Developments must be new and create a minimum of 20 dwellings • Investors cannot invest in vacant land unless plans for development purposes have been submitted to regulatory authorities • If the property development is located on sensitive land, it will only be considered an acceptable investment if it is compliant with the Overseas Investment Act 2005 • Neither the principal applicant, nor the family or relatives of any person included in the application, may reside in the development

Annex Three: Investment guardrails for all residential property

All new residential property design settings	
Managed funds	**Direct Investment**
• Pre-approved managed funds on the acceptable managed list maintained by Invest NZ	• No pre-approval – investor has to identify a willing company (an existing legal entity i.e. limited liability company) seeking investment and acceptability will be assessed by Invest NZ
• Funds must exclusively raise capital for the development and ownership of residential property projects	• The company seeking investment must have a demonstrable history of at least five years investing in and delivering residential property developments of a similar scale and acceptability will be assessed by Invest NZ
• The fund must not be solely reliant on AIP funding	• The company must not be solely reliant on AIP funding
• Funds are sponsored by a company with a demonstrable history of at least five years investing and operating in in residential property development.	• Must create a minimum of 20 dwellings
• Fund manager has demonstrable experience managing funds targeting the New Zealand property development sector	
• Must create a minimum of 20 dwellings	