



Briefing

Whai Kāinga Whai Oranga and Māori Infrastructure Fund Implementation Plan			
Date:	5/08/2021	Security level:	In Confidence
Priority:	Medium	Report number:	BRF20/21071047

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Agree the recommendations of this paper	9 August 2021
Hon Dr Megan Woods Minister of Housing		
Hon Peeni Henare Associate Minister of Housing (Māori Housing)		
Hon Willie Jackson Minister for Māori Development		

Contact for discussion		
Name	Position	Telephone
Hamiora Bowkett	Deputy Secretary Strategy, Governance and Public Sector Performance	s 9(2)(a)
Kararaina Calcott-Cribb	Deputy Chief Executive, Tumuaki, Te Kāhui Kāinga Ora, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development	

Other agencies consulted
The Treasury, Department of Prime Minister and Cabinet, Te Arawhiti, Kāinga Ora - Homes and Communities, Ministry for Business, Innovation and Employment, Ministry of Social Development, Department of Internal Affairs
External consultation – Pou Tahua members and Te Matapihi

Minister's office to complete

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> Approved <input type="checkbox"/> Needs change <input type="checkbox"/> Not seen by Minister <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify) <hr/>	Comments
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Briefing

Whai Kāinga Whai Oranga and Māori Infrastructure Fund Implementation Plan

For:	Hon Grant Robertson, Minister of Finance Hon Dr Megan Woods, Minister of Housing Hon Peeni Henare, Associate Minister of Housing (Māori Housing) Hon Willie Jackson, Minister for Māori Development		
Date:	30/07/2021	Security level:	In Confidence
Priority:	Medium	Report number:	BRF20/21071047

Purpose

1. When Whai Kainga Whai Oranga funding was approved by Cabinet, the following recommendation was noted:
agree that before this funding can be released from the relevant appropriations further work on detailed implementation and monitoring plans needs to be completed, submitted to, and approved by, the Minister of Finance, the Minister of Housing, the Minister of Māori Development and the Associate Minister of Housing (Māori Housing), outlining key project milestones and timeframes, operating model(s), governance structure and decision-making rights, and a regular reporting regime;
2. This implementation plan is the response to this recommendation. This implementation plan covers both the policy settings and proposed approach to enable these new delivery models, alongside investment pipelines for new supply in FY21/22 and FY22/23 to indicate readiness for immediate delivery.
3. Following agreement of the recommendations outlined below, Te Tūāpapa Kura Kāinga and Te Puni Kokiri plan to invest in existing pipelines of housing projects for delivery of new housing supply in FY21/22 and FY22/23, in parallel with further design work for a system shift towards partnering with Iwi for long-term sustainable delivery of housing.

Executive summary

4. In May 2021 Cabinet allocated \$730m for Māori housing investment through Whai Kāinga Whai Oranga and the Māori Infrastructure Fund (from the Housing Acceleration Fund).
5. Whai Kāinga Whai Oranga will see delivery of approximately 1000 new homes, repairs to 700 homes, 2700 additional infrastructure enabled sites, supported by a \$30m investment into Māori housing sector capability.
6. The objectives of Whai Kāinga Whai Oranga are to expand existing Māori-led housing delivery programmes at pace for immediate supply, improve housing quality through repairs, and to enable new delivery models that sustainably increase Māori-led housing delivery.
7. Investment into new housing supply from Whai Kāinga Whai Oranga will be made through two pathways:
 - *Project Pathway* - expanding existing Māori housing programmes to address immediate housing need through investment in discrete housing projects across Aotearoa.
 - *Programme Pathway* - shifting the scale of impact and long-term sustainability of Māori housing delivery via a top-down allocation of investment with selected delivery partners in priority areas initially and then expanded over time.
8. The focus of the *Programme Pathway* is creating a system shift through partnership and prioritising long-term sustainable housing delivery. Implementing the *Programme Pathway*

requires additional co-design with iwi and Māori partners. The *Programme Pathway* will not be operational until FY22/23.

9. Te Tūāpapa Kura Kāinga and Te Puni Kōkiri (“Joint Agencies”) have established a joint Chief Executive led governance group (with iwi representation) to oversee delivery of Whai Kāinga Whai Oranga. This governance group is supported by a co-located interagency team.
10. For FY21/22, existing Māori housing programmes led by Joint Agencies will be utilised to enable immediate delivery of new supply and repairs, enabled by capability support from the He Taupua and He Taupae appropriations. In parallel, we will provide further advice on a refreshed operating model for delivery of Māori housing. All investments made through Whai Kāinga Whai Oranga will be assessed against investment criteria.
11. A standardised investment approach that establishes subsidy levels for support along a housing continuum will guide investment decision making; the investment approach distinguishes between investments on general title and whenua Māori land.
12. Joint Agencies have prepared pipelines of investment ready projects for delivery in FY21/22 onwards. These pipelines are supplemented by investment pipelines from iwi delivery partners agencies have worked with in FY20/21. We expect to continue to receive projects through ongoing pipeline contributions.
13. We are seeking a delegation of investment decisions of up to \$20m (including infrastructure and construction costs) to enable timely decision making.
14. Ministers will receive bi-monthly reporting on new investments, key milestones met and material changes to delivery timelines.

Recommended actions

It is recommended that you:

1. **Note** that Cabinet agreed that before funds through Whai Kāinga Whai Oranga be spent, key settings be approved by the Minister of Finance, the Minister of Housing, the Minister of Māori Development, and the Associate Minister of Housing (Māori Housing) [CAB-21-MIN-0116]. *Noted*
2. **Agree** the objectives for Whai Kāinga Whai Oranga: *Agree / disagree*
 - a) expand existing Māori-led housing delivery programmes for immediate supply
 - b) improve housing quality through repairs in the immediate term
 - c) enable new delivery models and partnerships that sustainably increase Māori-led housing delivery in the medium to long-term
3. **Agree** to the investment principles for Whai Kāinga Whai Oranga *Agree / disagree*
4. **Agree** that Whai Kāinga Whai Oranga investment into new housing supply is made via a dual pathway model: *Agree / disagree*
 - a) *Project Pathway* - expanding existing Māori housing programmes to address immediate housing need through investment in discrete housing projects across Aotearoa.
 - b) *Programme Pathway* - shifting the scale of impact and long-term sustainability of Māori housing delivery via a top-down allocation of investment with selected delivery partners in priority areas initially and then expanded over time.
5. **Agree** to indicative investment criteria for Whai Kāinga Whai Oranga *Agree / disagree*
6. **Agree** the investment model and indicative investment levels along the housing continuum *Agree / disagree*

7. **Agree** that investment approvals for Project Pathway should be made: *Select option a or option b*
- a) EITHER (a) (preferred option) by the Whai Kāinga Whai Oranga CE Governance Group where total government contribution to a project is less than \$20m and the investment is within the parameters of the subsidy model (including infrastructure and contribution to construction costs), with decisions on investments of more than \$20m or outside the parameters of the subsidy model being made by the relevant Ministers as specified in paragraph (b);
- b) OR (b) for all investment by the relevant Ministers ie Whai Kāinga Whai Oranga investment with Associate Minister of Housing (Māori Housing), Minister of Māori Development, Associate Minister of Housing (Homelessness) and Māori Infrastructure Fund investment with Minister of Housing, Associate Minister of Housing (Māori Housing) and the Minister of Finance
8. **Note** that subsequent to project approval existing delegations for expenditure through non-departmental appropriations for the respective Chief Executives of Te Puni Kōkiri and Te Tūāpapa Kura Kāinga will be utilised in line with current practice. *Noted*
9. **Agree** that \$15m is allocated to whare repairs for investment in FY21/22, to be managed through existing Te Puni Kōkiri investment mechanisms. *Agree / disagree*
10. **Agree** that He Taupae and He Taupua capability appropriations operate on an on-demand model to enable support to be closely tied to supply investment *Agree / disagree*
11. **Note** that you will receive further advice about a refreshed approach to delivering Māori housing across Joint Agencies *Noted*
12. **Note** that further design work is needed before launching the *Programme Pathway*, with an anticipated report back in December 2021 *Noted*
13. **Note** that Ministers will be provided with bi-monthly progress reports that include information on investment decisions, how projects are tracking, and future projects coming into pipeline, *Noted*

Hon Grant Robertson
Minister of Finance
 / /

Hon Dr Megan Woods
Minister of Housing
 / /

Hon Peeni Henare
Associate Minister of Housing (Māori Housing)
 / /

Hon Willie Jackson
Minister for Māori Development
 / /




Kararaina Calcott-Cribb
Deputy Chief Executive, Tumuaki Te Tūāpapa Kura Kāinga
 / /

Hamiora Bowkett
Deputy Secretary Te Puni Kōkiri
 / /

1. Introduction

Background

15. The housing system is not meeting the needs of Māori and contributing to extensive disparity in wellbeing outcomes for Māori compared to the general population¹.
16. In May 2021 Cabinet allocated \$730m for Māori housing investment to deliver the critical responses required to improve housing outcomes for Māori. Investment was allocated through Whai Kāinga Whai Oranga and the Māori Infrastructure Fund (from the Housing Acceleration Fund).
17. Whai Kāinga Whai Oranga will see the delivery of:
 - 1,000 additional new houses that will be a range of papakāinga housing, affordable rentals, and owner-occupied housing²
 - repairs for 700 Māori-owned houses improving the quality of homes for whānau in most need, led by Te Puni Kōkiri³
 - \$30m towards building future capability for iwi and Māori groups to accelerate housing projects and a range of support services, led by Te Tūāpapa Kura Kāinga.
 - 2,700 infrastructure enabled sites (including 1000 Whai Kāinga Whai Oranga homes)⁴.
18. This investment builds on mahi from the Te Maihi o te Whare Māori – the Māori and iwi Housing Innovation Framework for Action (MAIHI) Whare Wānanga, WAI2750 Kaupapa Enquiry and the development of a new Māori Housing Strategy. It aligns with MAIHI by responding to immediate housing need now while reviewing and fundamentally resetting how Māori housing is delivered long-term through a partnership approach with iwi and Māori.
19. Whai Kāinga Whai Oranga will inform ongoing work through MAIHI to address long term barriers to Māori housing outcomes including funding and financing challenges for whenua Māori.

Scope of this Implementation Plan

20. When Whai Kāinga Whai Oranga investment was approved by Cabinet, the following recommendation was noted:

agree that before this funding can be released from the relevant appropriations further work on detailed implementation and monitoring plans needs to be completed, submitted to, and approved by, the Minister of Finance, the Minister of Housing, the Minister of Māori Development and the Associate Minister of Housing (Māori Housing), outlining key project milestones and timeframes, operating model(s), governance structure and decision-making rights, and a regular reporting regime;
21. This report outlines a joint implementation plan to fulfil this requirement, enabling Whai Kāinga Whai Oranga funding to be invested in Māori housing outcomes.
22. This implementation plan covers both the policy settings and proposed approach to enable these new delivery models, with investment pipelines for new supply in FY21/22 and FY22/23 to indicate readiness for immediate delivery presented in Annex 2.
23. Objectives, principles, investment criteria, investment pipelines, and decision delegations outlined in this paper all relate to both Whai Kāinga Whai Oranga and Māori Infrastructure Fund investments.

¹ Maori household homeownership is only 47.2 per cent compared to 64.3 per cent for the general population. Māori make up 36 per cent of public housing tenants despite comprising just under 15 per cent of the general population, and Māori are five times more likely than Pākehā to be homeless.

² Based on a simplified per-house cost of \$300,000 not including infrastructure

³ Based on the historical average cost of \$50k per repair

⁴ Based on an average cost of \$130,000 per site. This costing is based on current projects under development through MAIHI partnerships team in non-urban environments

2. Objectives and Principles for Whai Kāinga Whai Oranga and Māori Infrastructure Fund

24. We propose the following objectives and principles are agreed for the Whai Kāinga Whai Oranga investment into Māori housing. For the remainder of this implementation plan we have considered infrastructure investment as a part of Whai Kāinga Whai Oranga investment.

Objectives

25. Investment into Whai Kāinga Whai Oranga will:
- expand existing Māori-led housing delivery programmes at pace for immediate supply
 - improve housing quality through repairs in the immediate term
 - enable new delivery models and partnerships that sustainably increase Māori-led housing delivery in the medium to long-term.

Principles

26. We propose the following principles outlined in Figure 1 underpin Whai Kāinga Whai Oranga investment.

Figure 1: Whai Kāinga Whai Oranga Principles

Whai Kāinga Whai Oranga Principles

- | | | |
|-----------------|--|---|
| <p>1</p> | <p><i>Taking a MAIHI and place-based approach to increase Māori housing in deprived areas</i></p> | <p>Investment will be prioritised in areas:</p> <ul style="list-style-type: none">• With high Māori populations, communities with high housing needs• Where our national level housing footprint cannot easily reach• Where the nature of the community requires a bespoke solution• With a high concentration of whenua Māori |
| <p>2</p> | <p><i>Delivery will be Māori led and consistent with MAIHI</i></p> | <p>The investment will uphold Tino Rangatiratanga through enabling:</p> <ul style="list-style-type: none">• Māori solutions across the housing continuum, including ensuring Māori have access to quality and appropriate housing• Increasing Māori homeownership• Unlocking the potential of Whenua Māori, and enabling Māori to realise their commercial housing aspirations. |
| <p>3</p> | <p><i>Investment partnerships will take an intergenerational approach</i></p> | <p>Partnerships between Māori and iwi and whānau and hapū should empower sustainable long-term housing progression, i.e. recycling of investment and progression of whānau along the housing continuum as appropriate for them, e.g. moving from rental to ownership.</p> |

Target Cohorts and Need Across Housing Continuum

27. Whai Kāinga Whai Oranga investment will target the entire housing continuum to reflect Māori aspirations. It will complement and integrate with existing national level programmes that target specific parts of the housing continuum such as the Homelessness Action Plan, Public Housing Plan and Progressive Home Ownership scheme.
28. In FY21/22 the focus for investment will be grants for affordable/collectively owned rental homes to enable immediate delivery of supply. Further information on the investment model across the continuum is available in Section 6 and Annex 4.
29. As part of establishing a new Māori Housing Strategy we are looking at how a Māori housing continuum could better capture alternative housing ownership arrangements and tenure models. For example collective ownership of housing and housing that changes tenure with the whānau as they move along the continuum. As part of a future subsidy model we will incorporate a Māori housing continuum.

4. Delivering Whai Kāinga Whai Oranga

Programme Governance

36. Whai Kāinga Whai Oranga presents a step-change in government investment into Māori housing. Strong governance structures are critical to ensure that the desired objectives and outcomes can be met. Clarity around decision making and scope will ensure efficient programme delivery.
37. Joint Agencies have established a joint CE Governance Group to provide operational oversight of the programme. This Governance Group includes external Māori representation, and as the programme transitions to delivery is likely to include external technical expertise.
38. A joint co-located agency project team supports this group and co-ordinates with existing delivery teams to oversee day-to-day delivery, including engagement with developments, monitoring, contracting, operating model design and joint reporting.

Capability Investment

39. A key element of the Whai Kāinga Whai Oranga package is to support a sustainable housing delivery model led by iwi and Māori aligned with MAIHI. The investment package includes \$30m to enable capability building in iwi and Māori housing providers. New investment in capability will sit alongside existing capability support which includes wraparound support services e.g. He Taupua and Sorted Kainga Ora.
40. Of the \$30m new capability investment \$13m is allocated to the Te Tūāpapa Kura Kāinga He Taupua appropriation. He Taupua supports the implementation of MAIHI by strengthening the delivery of kaupapa Māori approaches to support people facing homelessness.
41. The second capability allocation is \$17m to the Te Tūāpapa Kura Kāinga He Taupae appropriation. He Taupae invests in initiatives that increase the capability of Māori housing suppliers across the housing continuum.
42. We recommend using a similar approach to supply investment. That is, an on-demand model with a minimum allocation to the *Project and Programme Pathways*. Advice on allocations to the *Project and Programme Pathways* for FY22/23 and outyears will be included in the December 2021 report back referenced in Rec 13 above. Investment in FY21/22 will focus on the project pathway and supporting the establishment of the programme pathway.

Delivery of Whare Repairs through Whai Kāinga Whai Oranga

43. Whai Kāinga Whai Oranga includes \$35m to support repairs for approximately 700 houses. This figure was based on an average historical cost of \$50k per repair; in some cases, the cost of repairing a house can be much higher, particularly in highly deprived areas. We will provide you with further advice if the cost of prioritised repairs is likely to have an impact on the target of 700 outlined above.
44. The current repairs programme administered by Te Puni Kōkiri represents the only government assistance available to repair homes that are owned by whānau Māori. The repairs funding allocated by Te Puni Kōkiri has a national focus, but investment allocations will consider and align with the overall objectives for Whai Kāinga Whai Oranga.
45. We recommend that in the short-term, \$15m of funding for repairs Whai Kāinga Whai Oranga be invested through existing channels led and approved by Te Puni Kōkiri in FY21/22, Further work will then be done to integrate the repair delivery through the *Programme Pathway*.

FY21/22 Working Arrangements

46. To meet the objective of expanding existing Māori-led housing delivery programmes at pace for immediate supply, Joint Agencies have identified pipelines of housing projects for investment in FY21/22 and FY22/23. In addition, we have project pipelines provided to us by prospective iwi partners. These pipelines are presented in Annex 2.
47. Joint Agencies' existing housing programmes remain open for new projects, and we expect further projects additional to existing pipelines to surface following Whai Kāinga Whai Oranga announcements.
48. To enable immediate delivery, projects already identified in existing pipelines for delivery in FY21/22, will be assessed by the relevant delivery teams and provided directly to the Joint CE Governance Group for approval.
49. Future investments including projects identified for delivery in FY22/23 that require investment in FY21/22, will transition to the new working arrangements in Annex 2. Projects will require assessment by a inter-agency assessment panel (including external expertise) before going to the Joint CE Governance Group.
50. The Joint CE Governance Group will have oversight of any projects from existing pipelines receiving investment, and any new proposals for Whai Kāinga Whai Oranga investment.

Future working arrangements

51. Joint Agencies are working to streamline Whai Kāinga Whai Oranga alongside existing Māori Housing Programmes, to further enhance the MAIHI 'no wrong door' approach.
52. We will provide an update in the December 2021 report back about the progress of the integrated and streamlined operating and investment model across Joint Agencies to achieve the delivery of Māori Housing Programmes, including new supply, papakāinga, repairs, and capability support.

Appropriation phasing

53. Decisions made earlier in 2021 relating to appropriation levels were made prior to additional work developing investment pipelines.
54. During the Budget 2021 process Joint Agencies intended to appropriate the funding to a multi-year appropriation to allow for flexibility to maximise delivery forecasts and manage delivery pipelines across multi-year programmes of work. This approach was deferred to enable further due diligence across the pipelines of both agencies and give Ministers adequate assurance that funding should be appropriated rather than held in contingency for Budget 2021.
55. We will provide further advice in the December 2021 report back about the preferred approach to appropriation structuring for Joint Agencies investment.

5. Investment criteria

56. Agreed investment criteria to assess all projects will ensure consistency of decision making across investment pathways.
57. We recommend that you agree with the proposed Whai Kāinga Whai Oranga investment criteria in Table 1 below. Note that these criteria align with the criteria already agreed for the Housing Acceleration Fund (CAB-21-SUB-0190).
58. The third criterion in Table 1, *Cost and Co-funding*, highlights that a whole-of-government cost will be considered to ensure projects that are drawing on multiple sources of funding from across the system are assessed appropriately and are providing value for money.

Table 1: Whai Kāinga Whai Oranga Investment Criteria

Criteria	Components of Criteria
<p>Housing benefits of the proposal (30%)</p> <p>Proposals need to show how they contribute to the housing outcomes that are the purpose of Whai Kāinga Whai Oranga and the Māori Infrastructure Fund</p>	<p>a) The number of additional dwellings that the investment will enable relative to demand in that area.</p> <p>b) The proportion of affordable houses expected to be enabled relative to specific housing needs of that area (primarily informed by typology and tenures of housing expected to be built).</p> <p>c) The extent to which the proposal enables whānau to live in accordance with kaupapa Māori approaches and values.</p> <p>d) The extent to which the proposal unlocks the potential of whenua Māori and reconnecting whānau, whakapapa and whenua.</p> <p>e) The extent to which the proposal supports housing development that is environmentally sustainable including resilient to the impacts of climate change (such as coastal inundation), supports good water quality and biodiversity.</p>
<p>Supports long-term sustainable Māori led housing delivery (35%)</p> <p>Proposal enables Māori led delivery of new housing across placed based areas / rohe</p>	<p>a) The extent to which the proposal addresses recycling or reinvestment of funding for future housing needs.</p> <p>b) The extent to which the proposal enables wider wellbeing outcomes (for example, job creation, utilisation of Māori enterprises, economic self-sufficiency, climate-change adaptation, design for community etc).</p> <p>c) The extent to which the delivery model enables local leadership, collaboration or use of prudent commercial partnerships for the delivery of the project(s).</p>
<p>Cost and co-funding (20%)</p> <p>Proposal represents a cost-effective solution for the Government</p>	<p>a) The average whole-of-government cost per dwelling expected to be enabled by the investment</p> <p>b) The extent to which the proposal leverages non-government funding sources to deliver additional housing and provides value for money.</p> <p>c) The impact that this funding will have on the housing development advancing, or on the pace and scale at which it will advance compared to what is currently expected.</p>
<p>Capability and Immediacy (15%)</p> <p>Proposal provides assurance that if funding is approved, the project will advance at pace</p>	<p>a) Confidence in the ability of all parties to deliver the infrastructure and housing as proposed and at pace.</p> <p>b) Demonstrated alignment where relevant between all necessary parties including Territorial Authorities, Regional Councils, mana whenua, developers and affected persons needed to advance the proposal.</p>

6. Investment model for Whai Kāinga Whai Oranga

59. We anticipate that need will exceed the supply enabled through Whai Kāinga Whai Oranga. Opportunities to recycle existing investment, leverage alternative funding sources and grow the existing quantum of future government investment will be critical to meeting unmet housing demand in the long-term.
60. Existing Māori housing investment programmes use a mix of grants, interest free loans and rent subsidies to deliver housing. In Annex 4 we propose a standardised investment approach for interim delivery through the *Project Pathway* of Whai Kāinga Whai Oranga. Annex 4 outlines the investment tools available and maximum investment for each tool to ensure consistency across investments and value for money.
61. We will continue to develop a long-term investment approach through the *Programme Pathway* that will apply to all Māori housing investment. This approach will cover combining different investment programmes i.e. Whai Kāinga Whai Oranga investment and Progressive Home Ownership investment.
62. Investment levels in Annex 4 do not significantly differ from whole of government contributions to other housing delivery channels. However, they differ from other investments in a number of key ways:
- Many developments will be on whenua Māori under Te Ture Whenua Māori Land Act 1993 which face funding and financing barriers specific to their land status. Proposed subsidisation for whenua Māori overcome these barriers.
 - Based on existing proposals, we expect the majority of proposals will not be strictly commercial in nature (due to scale or lack of margins). The proposals create long-term assets that enhance social, cultural and economic wellbeing and these benefits need to be considered when determining the Governments investment. For example, our delivery partners have described their housing programmes as part of a wider journey to lift whānau out of poverty, with housing being a critical starting point.
 - The proposals focus on regional locations, particularly rural environments, most of which are unlikely to have significant housing delivery without subsidisation because of regional development economics (house sale prices are below the cost to build).
63. *Table 2* showcases an example of Whai Kāinga Whai Oranga investment compared with other housing programmes.

Table 2: Example of government investment based on subsidy rates

Housing type	Government contribution over 15 years ⁶			
	Land	Infrastructure	Construction	Total
Affordable rental on whenua Māori with 100% grant for infrastructure and 75% grant for construction	Co-contribution by Māori (value of ~\$200,000)	\$130,000	\$322,500	\$452,500 (Infrastructure & Construction)
Existing housing programmes		Government contribution		
Income related rent subsidy over 15-25 years ⁷		\$450,000- \$750,000		
PHO - deferred interest over 15 years ⁸		\$181,826		

⁶ Based off an average raw land price of \$200,000, an average infrastructure cost of \$130,000 and construction cost of \$430,000

⁷ Based on government contribution of \$30,000 per annum for IRRS.

⁸ Based on Government contribution of 50% on Auckland new build first home grant cap (\$700,00) over 15 years at 5% interest (\$147,826) plus wrap around services of \$34,000

7. Implementing the *Programme Pathway*

64. Investment in the *Programme Pathway* sees a fundamental shift in the way that Māori housing investment is allocated to deliver outcomes.
65. In contrast to the *Project Pathway* which has a focus on short-term delivery, the focus of *Programme Pathway* is creating a system shift through partnership and prioritising long-term sustainable housing delivery. Transitioning towards investing in outcomes through delivery partners will require innovative approaches to contracting, monitoring, evaluation, and measurement of outcomes.
66. Long-term sustainable delivery of housing outcomes will not be possible without partnership and engagement through direct consultation with iwi and Māori through the design phase. Over the next 6-12 months, we will execute a work programme to co-design the parameters and processes for the *Programme Pathway*, ensuring that the operating models meet both the needs of the Crown and our iwi and Māori delivery partners.

Geographic areas of focus for Programme Pathway

67. In the first instance we anticipate working with delivery partners (in some cases multiple delivery partners may be identified for the same region) in the following areas (see Annex 1 for more detail underpinning the choice of these areas):
 - Te Tai Tokerau
 - Tairāwhiti
 - Heretaunga / Hastings-Napier
 - Taranaki including Central North Island
 - Bay of Plenty including Rotorua

Work programme for design of Programme Pathway

68. Joint Agencies are working with several iwi and Māori delivery partners through a series of capability development prototypes, focusing on building the capability required to deliver housing outcomes at scale, alongside pre-construction and planning work for specific housing projects to receive short-term investments. The design of the *Programme Pathway* will draw heavily on insights learned from this work alongside the success of the land for housing programme in partnering with iwi on large scale developments in mainly urban settings.
69. This next phase of engagement with iwi and Māori will focus on the design parameters of the *Programme Pathway*. Examples of workstreams and questions to be addressed through this design phase are outlined below:
 - Approach to identifying delivery partners for priority areas
 - Size and scale of investments for investment, including leveraging existing resources to achieve greater scale
 - Allocation of investment across delivery partners, including scale required to achieve outcomes
 - Commercial model design, contracting approach, approach to monitoring of outcomes
70. Our intention is for the *Programme Pathway* to be operational, with parameters and investment allocations agreed by early 2022 with investments being made from FY22/23 onwards. We plan to continue supporting potential iwi and Māori delivery partners in FY21/22 with capability funding and investments made through *Project Pathway*, so they are ready to take up investment opportunities in the *Programme Pathway* once operational.
71. We plan to provide Ministers with regular updates over the next 6-9 months, culminating in a decision paper in outlining the proposed operating model for the *Programme Pathway*.

8. Delegation for investment decisions

Previously agreed approval processes

72. Cabinet agreed that before funds through Whai Kāinga Whai Oranga be spent, key settings be approved by the Minister of Finance, the Minister of Housing, the Minister of Māori Development, and the Associate Minister of Housing (Māori Housing) [CAB-21-MIN-0116].
73. Following initial approval by the above Ministers, Cabinet subsequently agreed that the following Ministers have ongoing oversight of Whai Kāinga Whai Oranga housing programme (Whai Kāinga Whai Oranga Ministers) [CAB-21-SUB-0190]:
 - Associate Minister of Housing (Māori housing)
 - Minister of Māori Development
 - Associate Minister of Housing (Homelessness).
74. Cabinet also agreed that, to ensure alignment between the Māori Infrastructure Fund, the Housing Acceleration Fund and Whai Kāinga Whai Oranga housing investment, final decision making for the Māori Infrastructure Fund will be retained among the Minister of Housing, the Minister of Finance and the Associate Minister of Housing (Māori Housing).

Delegation for investment decisions

75. For joint agencies, existing delegations exist for the relevant appropriations receiving Whai Kāinga Whai Oranga funding, and that the request for delegation specifically relates to investment approval linked to the Cabinet recommendations outlined in Paras 7(a) and 7(b)
76. Funding through Whai Kāinga Whai Oranga will see investment into projects of varying scale, ranging from small scale papakāinga comprising several homes through to large multi-year mixed tenure developments.
77. In many cases projects requiring a contribution for construction costs will also require infrastructure support.
78. Requiring final ministerial approval for investment decision making allows Ministers to retain oversight and endorsement for how investment is allocated. However, for smaller investment decisions, requiring additional layers of direct approval could result in delays in projects receiving support, and may impact the ability for small projects to receive the timely support required to maintain momentum.
79. To find a balance between ensuring sufficient Ministerial oversight of decisions and ensuring timely access to support, two options are proposed for delegation of investment decision making based on different project size threshold levels:
 - a) EITHER (a) (preferred option) by the Whai Kāinga Whai Oranga CE Governance Group where total government contribution to a project is less than \$20m and the investment is within the parameters of the subsidy model (including infrastructure and contribution to construction costs), with decisions on investments of more than \$20m or outside the parameters of the subsidy model being made by the relevant Ministers as specified in paragraph (b);
 - b) OR (b) for all investment by the relevant Ministers ie Whai Kāinga Whai Oranga investment with Associate Minister of Housing (Māori Housing), Minister of Māori Development, Associate Minister of Housing (Homelessness) and Māori Infrastructure Fund investment with Minister of Housing, Associate Minister of Housing (Māori Housing) and the Minister of Finance.
80. The recommendations section of this implementation plan provides an opportunity for you to provide an indication of your preferred option. Following your decision, we will provide additional advice about formal approval processes required to finalise this delegation which may include a Cabinet item for delegations of the Māori Infrastructure Investment.
81. Note that regardless of the option chosen, you will receive progress reporting on all investment decisions made.

9. Delivery monitoring and construction sector capacity

Approach to project monitoring

82. We propose to establish an interagency Project Control Group (PCG) to provide a central point of oversight for delivery of housing being delivered through existing programmes. Examples of the functions of the PCG are to:
- be a communication and reporting medium between project delivery and governance
 - monitor and report on the general progress and execution of the development
 - maintain a risk register and reporting
 - recommend actions for governance relating to material cost or timeframe overruns for individual projects
 - consider and approve any changes to project master plans and delivery programmes
 - report through to CE governance group on progress and any risks to escalate
83. Oversight of individual project delivery for housing projects delivered in FY21/22 and FY22/23 will be through existing housing programmes led by Joint Agencies. Reporting and milestones from individual projects will be reported to through the PCG, including escalation of new risks and issues.
84. We plan to utilise detailed delivery programmes as both a mechanism for assessing readiness of projects, and as a tool for monitoring delivery. Requiring detailed delivery programmes prior to investment provides a transparent tool for PCG to maintain visibility of project status.
85. The approaches outlined above for monitoring project delivery reflects a standardised approach to any capital asset investment programme.
86. Aggregated reporting across all investments will be provided to Ministers bi-monthly for the next six months.
87. We will provide further advice in the December 2021 report as part of the *Programme Pathway* design update about longer term monitoring structures needed to oversee Whai Kāinga Whai Oranga.

Construction sector capacity constraints and mitigations

88. The ongoing impacts of the COVID-19 pandemic have created capacity constraints in the housing sector including resource and supply shortages leading to price escalation. We expect constraints in the industry will continue to impact delivery timelines particularly in the rural setting where existing supply chains are limited.
89. While this cannot be completely mitigated, we are taking the following actions to limit the impact on Whai Kāinga Whai Oranga:
- Implementing a delivery monitoring approach that encourages free and transparent engagement with delivery partners to identify new risks and mitigations early
 - Surety of funding to enable delivery partners to enter into supply agreements including options such as higher up-front project payments to enable stockpiling of critical project resources at the project outset.
90. Iwi partners who we have worked with through FY20/21 have identified a number of innovative approaches to mitigating the risk of supply chain shortages on deliverability including:
- Building strong relationships with Councils to enable faster consenting processes to ensure no further delays once key resources are secured and in places
 - Working in partnership with local suppliers of goods and providing surety of funding to secure resources required to meet delivery timeframes
 - Integration of supply chain via direct investment or taking equity stake in home construction capacity to enable longer term supply chain security.

10. Reporting, communications, consultation, and next steps

Reporting cadence

91. To keep Ministers up to date with investment decisions, how projects are tracking, and future projects coming into pipelines, you will be provided with a bi-monthly progress report, outlining the following:
- New investments made in the past period.
 - New projects in pipeline since last period
 - A project pipeline update, including both funded and forecast projects
 - Tracking against key deliverables, such as the number of houses constructed, repairs undertaken and progress SSP targets for each agency
 - Total investment allocation and spend to date
 - Project risk register outlining new and emerging risks
 - Progress towards implementation of the *Programme Pathway*.

Communications and engagement

92. Interest in this investment is high and growing. We will provide a detailed communications and engagement plan prior to announcements being made.
93. This plan will include detail on how Whai Kāinga Whai Oranga builds on work to date actioning MAIHI, including how we will work with existing and new partners to communicate operating models and how they can access investment through Whai Kāinga Whai Oranga.

Consultation

94. The following parties have been consulted:
- Members of Pou Tahua (National Iwi Chairs Forum)
 - Te Matapihi
 - The Treasury
 - Department of Prime Minister and Cabinet
 - Te Arawhiti
 - MAIHI Partnerships Programme Working Group (including representatives from Kāinga Ora, Ministry of Social Development, Department of Internal Affairs, Ministry of Business Innovation and Employment)

Next steps

95. Following your approval of this implementation plan, our immediate next step is to make investment decisions into a portfolio of projects through the *Project Pathway*.
96. We plan to provide a report back in December 2021 covering the following subjects:
- c) Indicative design parameters for *Programme Pathway*
 - d) Proposed longer term monitoring structures and approach
 - e) Approach to integrating whare repairs and capability into *Programme Pathway* investments

Annexes

- Annex 1: Identification of focus housing areas
- Annex 2: Investment Pipelines for FY21/22 and FY22/23
- Annex 3: Working arrangements for new supply projects in FY21/22
- Annex 4: Whai Kāinga Whai Oranga Investment Model
- Annex 5: Māori Housing Capability Development Prototypes

Annex 1: Identification of focus housing areas

Focus area criteria

Previous investment into housing has fallen short of making meaningful impact in communities with needs outside of the main regional centres. Investment needs to be targeted to deliver housing and build capability within iwi and rōpū Māori for future delivery.

When determining Whai Kāinga Whai Oranga priority areas for initial investment the following factors were considered:

- Housing deprivation
- Delivery partner readiness
- Concentrations of whenua Māori
- Alignment with place-based focus areas and other Government investment

The tables⁹ below demonstrate the suitability of the priority areas for investment.

Population and Land

	Tairāwhiti	Te Tai Tokerau	Heretaunga	Taranaki / Central North Island	Bay of Plenty including Rotorua
% of total Māori land	19.2%	9.9%	6.3%	29.4%	21.7%
Māori as percentage of areas population	60.8%	34.3%	21%	23.8%	31.1%

The five priority areas have material amounts of whenua Māori available for development and high Māori populations to enable local housing solutions.

Housing Stress Indicators

		Tairāwhiti	Te Tai Tokerau	Heretaunga	Taranaki / Central North Island	Bay of Plenty including Rotorua	National average
Housing Stress Indicators Red = High Green = Low	% of people on the housing register who are Māori	92.3	70.1	62.4	56.9	71.8	49.4
	% Māori who live in crowded dwellings	24.9	22.5	17.2	16	23.5	20
	% Māori who own their home (Colour scale reversed)	34.7	32.6	34.4	34.8	35	
	Median house price (\$)	595,000	655,000	704,000	520,000	848,250	820,000

The table above highlights stress in priority areas. In all five priority areas Māori representation on the housing register is higher than the national average and disproportionately higher than the Māori population percentage of each area.

⁹ Figures are drawn from multiple territorial authority areas using 2018 Census information, Ministry of Social Development Housing Register data and Corelogic house price data as at May 2021.

Annex 2: Investment Pipelines for FY21/22 and FY22/23

To meet the objective of expanding existing Māori-led housing delivery programmes at pace for immediate supply, Joint Agencies have identified pipelines of housing projects from existing programmes to receive investment through *Project Pathway* for delivery in FY21/22 and FY22/23.

In addition, we have received investment pipelines from iwi partners following capability support in FY20/21 which could receive investment in FY21/22 following further assessment for delivery readiness. We expect to continue to receive projects through ongoing pipeline contributions.

Joint Agencies Pipelines

The Joint Agency components of the pipeline are based on housing pipelines from existing Māori housing programmes. Deliverability has been assessed based on status of land, planning progress and construction progress. Projects for delivery in FY22/23 are in earlier stages of feasibility, but in most cases, land is secured and preconstruction work is underway.

The Joint Agency pipelines will see delivery of 109 new houses in FY21/22, and 196 in FY22/23, for a total of 305 houses over the next 24 months.

Table 3: Investment pipeline by source

Indicative Project Stream Delivery by Pipeline	Indicative delivery in FY21/22	Indicative delivery in FY22/23	Total Indicative Delivery by 30/6/23
Te Puni Kōkiri	49	83	132
Te Tūāpapa Kura Kāinga	60	113	173
Total	109	196	305

Joint Agencies baseline funding will deliver new supply in FY21/22 in parallel with delivery from Whai Kāinga Whai Oranga. This delivery will be reported alongside Whai Kāinga Whai Oranga investment.

Iwi Partners Pipeline

In FY2020/21 Joint Agencies supported three housing delivery prototypes (discussed in Annex 5) with capability funding to explore new models for delivery of Māori housing, and to develop investment pipelines in priority areas:

- K3 Development (Heretaunga / Kahungunu)
- Ka Uruora (Taranaki and Lower North Island)
- Maru Ora & Toitū Tairāwhiti (Tairāwhiti)

Investing in delivery partners through the Project Pathway enables delivery partners to build and maintain momentum, delivery of housing solutions to take place, and important lessons relating to contracting, delivery monitoring, commercial models to feed into the design of the Programme Pathway.

Following the housing delivery prototypes, these partners have provided us with delivery pipelines for FY21/22. The indicative delivery figure of 231 houses in Table 4 is based on pipelines provided and will be subject to further due diligence and readiness assessment prior to any investment decisions being taken.

Table 4: Indicative investment pipeline provided by Iwi partners

Delivery Partner	Location	F21/22 (# houses)
Ka Uruora	Taranaki / Lower North Island	s 9(2)(f)(iv)
Maru Ora / Toitū Tairāwhiti	Ōpōtiki / Gisborne	
K3 Development	Heretaunga	
Total Indicative iwi Delivery in FY21/22		

Project costs and grant contribution required to enable delivery

Both the overall project costs, and the grant amount required to enable project delivery varies from project to project. For example, grant contribution for papakāinga is tied to the ability for individual rūpū to access finance. For iwi projects, other sources of investment are also being leveraged to reduce grant contributions required.

Table 5 below illustrates the project costs and grant contributions for the construction and infrastructure components of the projects identified above, at an aggregate level.

Table 5: Project Costs and Grant Contributions Required to Enable Pipeline Delivery

	FY21/22 (\$m)	FY22/23 (\$m)	Total for 2 years (\$m)
Pipelines			
Number of houses delivered	109	196	305
Total Project Costs	67.4	116.6	184.0
<i>Construction Grant (Whai Kāinga Whai Oranga)</i>	29.9	43.4	73.3
<i>Infrastructure¹⁰ Grant (Māori Infrastructure Fund)</i>	10.5	38.1	48.6
Total Grant Required to Enable Delivery	40.4	81.5	121.9
Total Grant as % of Project Cost	60%	70%	66%
Iwi Partner Pipelines			
Number of Houses Delivered	231		
Total Project Costs	116.3		
<i>Construction Grant (Whai Kāinga Whai Oranga)</i>	45.7		<i>Only FY21/22 pipelines considered</i>
<i>Infrastructure Grant (Māori Infrastructure Fund)</i>	30.7		
Total Grant Requested	76.4		
Total Grant as % of Project Costs	66%		

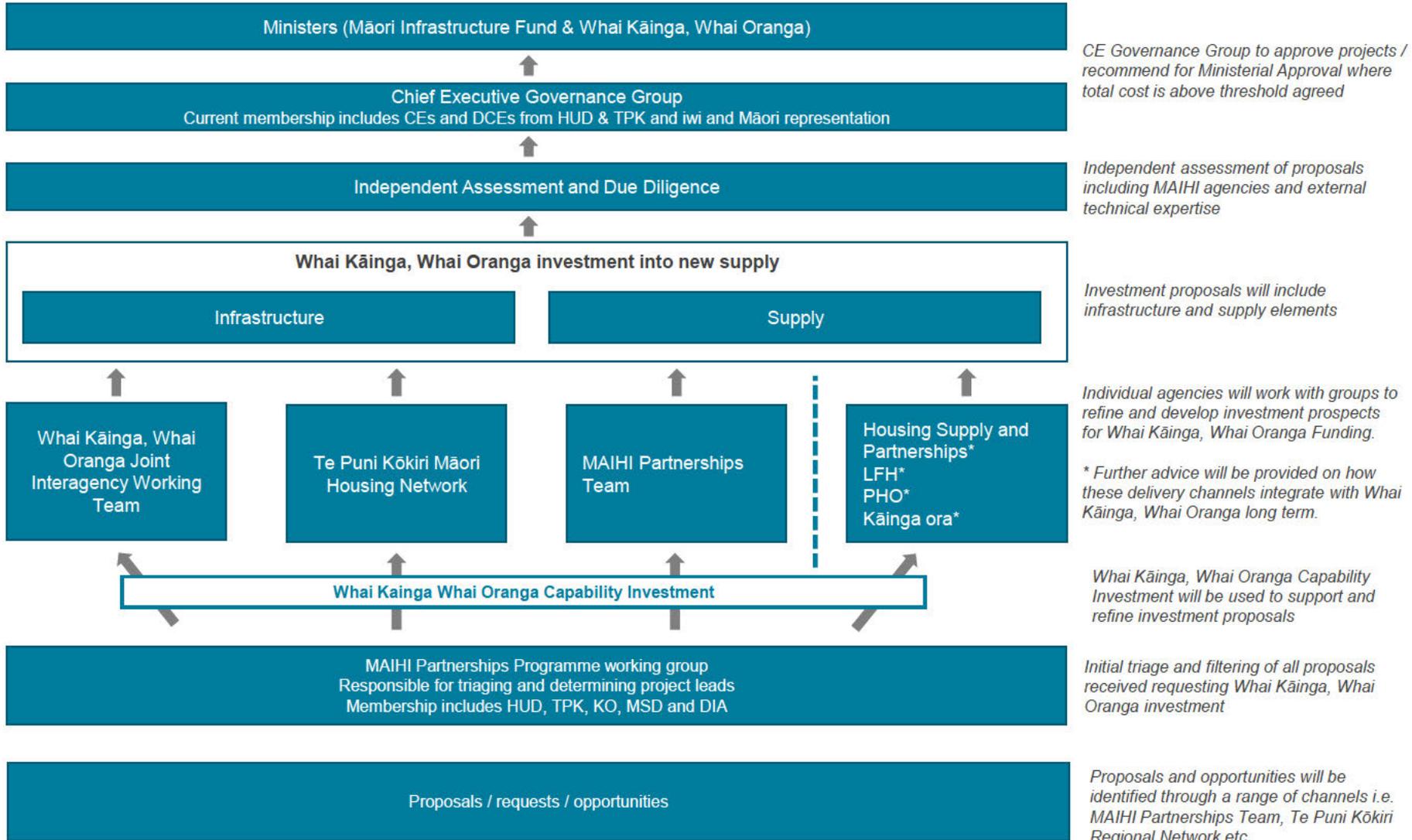
Table 5 shows that:

- Delivery of 305 houses in FY21/22 and FY22/23 from agency pipelines would require a total construction grant of \$73.3m and an infrastructure grant of \$48.6m
- The additional 231 houses from the iwi delivery partner pipeline in FY22 would require a grant of \$45.7m for construction and \$30.7m for infrastructure

¹⁰ Some projects include costs for infrastructure only sites to sit alongside delivered houses, both for whānau to self-fund homes, or to future proof site for future investment

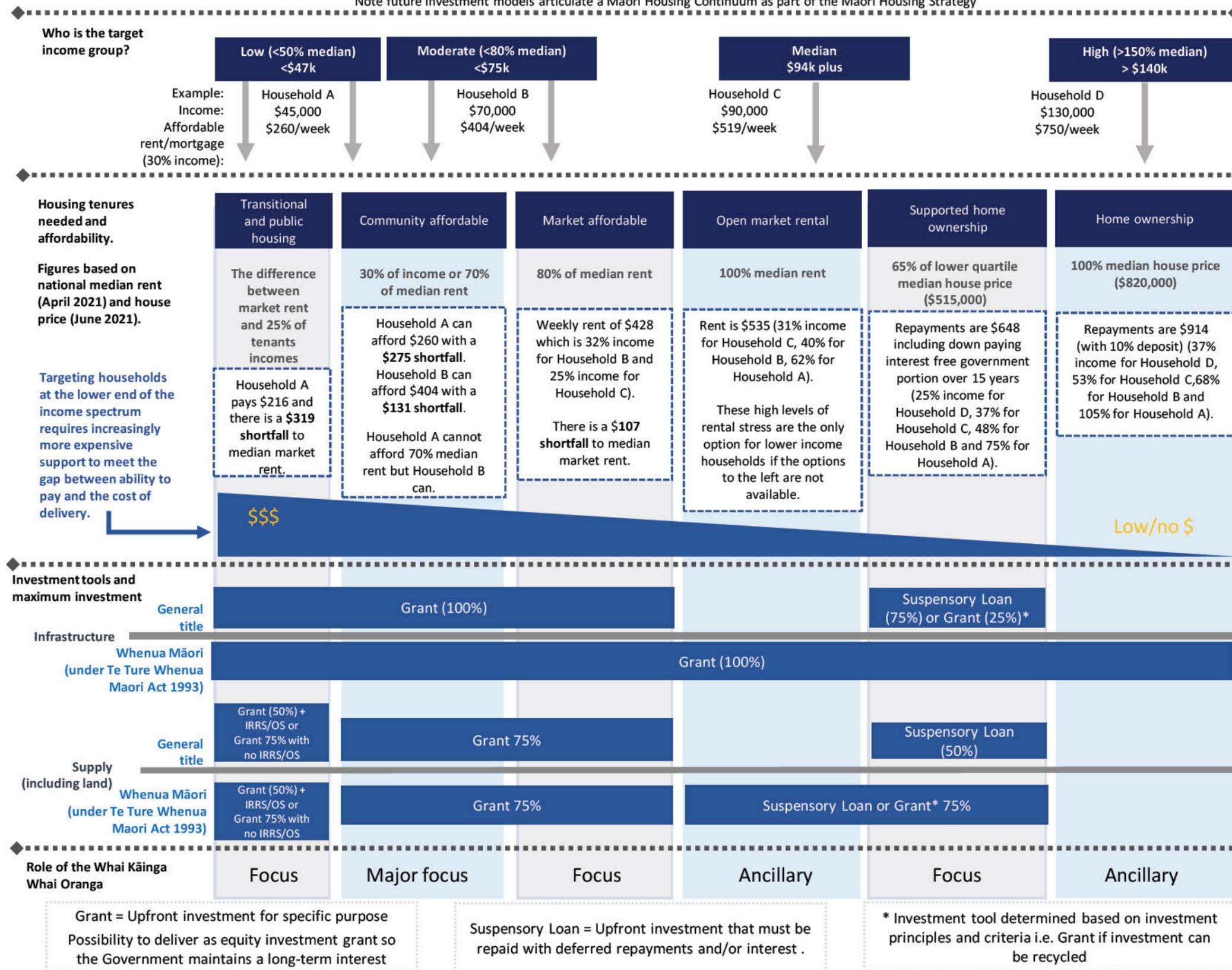
Annex 3: Working arrangements for new supply projects in FY21/22

Whai Kāinga, Whai Oranga Interim Working Arrangements for Delivery of New Supply



Whai Kāinga Whai Oranga Investment Model

This diagram outlines supply side support using Whai Kāinga Whai Oranga investment across the housing continuum.
 Note future investment models articulate a Māori Housing Continuum as part of the Māori Housing Strategy



Grant = Upfront investment for specific purpose
 Possibility to deliver as equity investment grant so the Government maintains a long-term interest

Suspensory Loan = Upfront investment that must be repaid with deferred repayments and/or interest .

* Investment tool determined based on investment principles and criteria i.e. Grant if investment can be recycled

Annex 5: Māori Housing Capability Development Prototypes

