Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development

Flexible fund - Questions and Answers

17 April 2026

This document provides consolidated responses to questions regarding the flexible fund and application process. This is updated weekly on Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development's website on each Friday from 6 March to 17 April 2026. All questions must be submitted to investment@hud.govt.nz by 10 April 2026.

We strongly recommend that prospective applicants review the following documents first:

- Housing Investment Plan 2025
- Application process - information document
- Application pack

These materials are available on our website and can be accessed here: Budget 2025 flexible fund opportunity - Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development

1. **Question: Do providers have to be a community housing provider to be eligible to access the flexible fund?**

   Answer: To receive social housing funding a Provider must be a community housing provider registered with the Community Housing Regulatory Authority (Home | Community Housing Regulatory Authority).

   Community housing providers, iwi Māori providers and other organisations who provide housing are eligible to apply for affordable rentals funding.

2. **Question: How will a project with minimum viable scale requirements be treated?**

   Answer: The application form requires providers to identify any minimum viable scale or housing number requirements arising from development specifications or financial feasibility. This information will be considered by the panel when making their assessment and recommendations. At the conclusion of stage one, a ringfenced number of homes will be allocated per location to preferred delivery partners, subject to approval of specific projects. There is no fixed expectation regarding the type of proposals submitted, both site-specific and modular or down-scalable proposals will be considered, with minimum scale requirements assessed on a case-by-case basis.

3. **Question: Is there a minimum and maximum number of places a provider can apply for?**

   Answer: No, there is no minimum and maximum number of houses to be funded a provider can apply for (noting the number of homes identified in our purchasing intentions).

4. **Question: Can applications consist of mixed tenure developments?**

   Answer: Yes, we are open to receiving applications for a mix of social housing and affordable rentals.

5. **Question: Will you accept proposals for innovative funding approaches?**

   Answer: We will consider applications that seek alternative forms of funding where innovative approaches demonstrate improved outcomes or improved value for money for the government. The applications must provide clear evidence that they will achieve the purchasing intentions and objectives set out in the Investment Plan and application process information document.

6. **Question: How many of the 675 to 770 homes will be social housing and how many will be affordable rentals?**

   Answer: The final split will depend on the proposals we receive.

7. **Question: Will benchmarking be made available to applicants?**

   Answer: No, the benchmarking will not be released to the applicants.

8. **Question: Do applicants need to provide a letter of support from financiers?**

   Answer: Applicants are asked to provide evidence that they have the required equity and finance to undertake the proposed programme and the ability to get finance at competitive rates (for example, communication with financiers).

   The more detailed this communication with financiers is, the stronger the evidence of this assessment criteria being met.

9. **Question: How can applicants use the financial model to reflect a leasing option?**

Answer: For the Flexible Fund, the same contract will be used (with limited changes) regardless of whether Providers own or lease the homes they provide as social housing or affordable rentals.

There are two options for leasing under the flexible fund. The way the financial model can be utilised will depend on which option is proposed.

Please note (for either approach):

1) We encourage all parties to seek their own legal advice to ensure the lease agreement into which they will enter (once the project is approved at stage two) is aligned and consistent with the provider's contract with the Crown; and
2) Upfront Funding is not available for projects where the provider does not own the homes.
3) The Housing Option (section 20 of the Commercial Term Sheet) will not apply to homes that are leased from 3rd parties.

Option 1: Long term contracts

If a lessor requires a rental amount that is higher than market rent and/or and long-term commitment (e.g. up to 25 years) in order to make a development viable, the cost-based funding model as set out in section four of the Application Pack applies.

Information sessions on the funding approach on 12 and 26 March are open to everyone so this may be a good way to understand our new approach.

Applicants will need to work with their leasing partners to complete the financial model as both parties will need to input into and be comfortable with the model (including the amount of contingency/risk margin and the chosen Contingency Increase Level).

Option 2: Short term contracts

For lessors that require a market-based approach, this can be accommodated by inclusion of market rent as a component of cost. In this case, the Project Agreed Amount would be comprised of:

1) Market Rent – adjusted annually with the market rent inflation for that region;
2) Tenancy Management – adjusted annually with the labour cost index;
3) Other costs – adjusted annually with general CPI. This could include head office costs as well as other costs incurred by the lessee such as contents insurance and cleaning/grounds maintenance etc.

Note that this approach is more akin to any other lease for a residential property and does not include above market rent or long term commitments from the Crown. As such, contracts using this approach could be for terms less than 25 years (at our discretion) and would remove paragraph (d) from the Early Termination compensation calculations (noting reasonable break costs are still paid in the event of Early Termination).

For Stage One Applications that choose to take this approach, you can simply include the annual market rent amount, together with the other costs, in cell D77. You do not need to complete the Development Costs, Financing Assumptions, Interest Rate Assumptions or Contingency/Risk Margin sections. Please provide a note in cell F77 that these costs include the market rent for the homes. The Agreed Amount per Home, Crown Year 1 Cost per Home and Crown WOLC per Home (for an equivalent 25-year contract) will then be calculated in the Summary section.

10. **Question: Can you explain what the contingency/risk margin can/should be used for?**

Answer: Over the term of the contract, the Contingency is intended to cover costs that are not otherwise provided for in the other components of the Agreed Amount.

Examples include:

1) potential differences between the index-adjusted cost components of the Agreed Amount (i.e., Rates, Dwelling Insurance, Tenancy Management and Other costs) and actual costs.
2) potential differences between the Debt Servicing and Repayment component of the Agreed Amount and actual debt servicing and repayment amounts (including differences between actual interest rates and that used to calculate the Debt Servicing and Repayment component of the Agreed Amount).
3) covering costs that are not able to be easily specified, such as capital replacement costs.
4) providing sufficient cashflow to meet debt covenants.

As per section 4.2 of the Application Pack, in determining the requested Contingency amount (in the financial model) and the choice of contingency increase level, applicants must take account of the following:

1) the minimum level of contingency for the project to be financially viable
2) key cost components such as rates and insurance will be adjusted according to the relevant inflation sub-index, providing a level of protection against extraordinary cost increases in these areas
3) the commercial term sheet provides for the Agreed Amount to be adjusted if a Qualified Change in Law results in your costs being materially higher than would otherwise be the case
4) payments will be sufficient to repay third party debt over the life of the contract, resulting in diminishing interest rate risk over time
5) ownership of the properties at the end of the contract term.

We require any requested contingency to solely fund the projects and applicable costs being procured in this process, and not wider properties or services provided by your organisation.

11. **Question: Can applicants submit multiple applications?**

    Answer: Applicants can submit multiple application forms if they prefer, which may be relevant where the approach, partnership arrangements, or project details differ.

12. **Question: Do Strategic Partners need to provide information for the delivery partner capability, capacity and track record criteria?**

    Answer: The Ministry's existing Strategic Partners are not required to submit information for delivery partner capability, capacity, and track record criteria. However, where information is provided it will assist the Ministry in evaluating proposals against these criteria, particularly as it relates to the features of a proposal.

13. **Question: What impact does the new funding approach have on existing contracts and projects currently undergoing assessment?**

    Answer: The new funding approach is for housing delivery under the Budget 25 Flexible Fund. There is no impact on existing contracts or projects under development funded through previous funding rounds.

14. **Question: Is upfront funding available for affordable rentals or will it be more targeted to social housing?**

    Answer: It is available for both social housing and affordable rentals. The funding model for social housing and affordable rentals for the flexible fund is the same.

15. **Question: Would a special purpose vehicle/wholly owned subsidiary of a CHP be eligible for upfront funding?**

    Answer: Yes, they would be eligible for upfront funding, subject to the other eligibility requirements (such as challenging development economics).

16. **Question: In the context of upfront funding, what does challenging development economics mean and what is HUD looking for from providers to demonstrate this?**

    Answer: Challenging development economics is where the cost of development exceeds the market value of the completed project, and this limits the provider's ability to raise finance against the project (due to the financier's loan-to-value restrictions). You can demonstrate this by showing that the costs to deliver the project significantly exceed the likely market value at completion. At stage one we do not need you to obtain a registered market valuation for the project (although if you already have one you could provide it as evidence), a sample of similar homes in the area from public sources is sufficient at stage one.

Note you will also need to demonstrate that you have minimised development costs as far as possible – provision of upfront funding does not negate the need to find all reasonable ways to reduce the project's costs through design choices and cost savings methods have been explored and used.

17. **Question: Will the flexible fund offer grant funding for infrastructure and vertical build as HUD has done previously?**

    Answer: The flexible fund received operating funding (ongoing funding) as well as capital funding (upfront funding) through Budget 2025. Ongoing funding is for servicing and repayment of finance used for the development and purchase of the home or paying the lease. It also covers operational costs such as rates, insurance, tenancy management and maintenance.

    Some capital funding is available as upfront funding. This funding is available where it will enable development in locations with challenging development economics or where the applicant cannot obtain the necessary finances. This can be used as a portion of the capital required for the development or the purchase of the property upfront and is available once the contract is signed before the house is tenanted. The total ongoing funding for the term of the contract will be lower as a result of upfront funding paid.

18. **Question: What actions has Government taken to lower financing costs?**

    Answer: In 2025, the government introduced measures to support access to finance for the community housing sector.

    A loan guarantee scheme was established to enable participating banks to offer loans that help CHPs secure debt financing at lower cost and on more flexible terms.

    A Crown loan facility was established to support the Community Housing Funding Agency to lower CHP borrowing costs.

    You can find more information on the Treasury's website about the loan guarantee scheme: Community Housing Provider Loan Guarantee Scheme | The Treasury New Zealand.

19. **Question: Does location mean geographical priority area (i.e. Far North, East Bay of Plenty), as opposed to different towns in a priority area?**

    Answer: Investment locations are determined by territorial authority or local board areas depending on the region. We will consider proposals located within these territorial authorities and local board areas identified in the housing investment plan. In limited cases projects from surrounding areas of the same functional housing market, or functional urban area, will be considered where a provider can evidence the project will address the housing need in the investment location.

20. **Question: Are there size or design guidelines for housing under the flexible fund?**

    Answer: There are no specific size or design guidelines. Applicants are encouraged to propose what they think best meets the needs of social housing and affordable rental tenants and the flexible fund objectives and assessment criteria, including reducing the long-term cost of housing to government and maximising the number of people able to be housed.

21. **Question: In areas where 1 or 2 bedrooms are preferred, is there demand for larger homes that suit specific groups, such as people with disabilities?**

    Answer: We have outlined purchasing intentions for preferred bedroom numbers. If an applicant is wishing to provide different type of homes, we are looking for evidence that those homes will meet the need in place.

22. **Question: How will funds be reallocated if ringfenced projects do not proceed after the stage two application process?**

    Answer: Where preferred delivery partners do not fulfil their ringfenced allocation, the Ministry will re-pool this funding. The Ministry will determine reallocation of uncommitted funding to other delivery partners at its sole discretion.

    Factors that will likely be taken into consideration are:

    - geographical areas that have the greatest housing need;
    - assessment/ranking of delivery partners as determined by the evaluation process;
    - most advantageous funding approach / amount;
    - most advantageous housing typology; and
    - performance of the delivery partner.

23. **Question: Does the operating supplement still exist?**

Answer: We have moved to a cost-based funding model for Budget 2025 Flexible Fund. It removes the reference to market rent and operating supplement as the primary metrics in contracts. This enables indexation that more closely follows actual costs, as well as removes the distortions that regional variations in market rent create.

The funding model inputs enable applications to set out the various cost components on the proposal, where in the past the costs were expressed as market rent and operating supplement. This is applied to both social housing and affordable rentals.

24. **Question: For affordable rentals, how will the median market rents be calculated?**

Answer: Median market rents for affordable rentals will be derived from tenancy bond lodgement data provided by Tenancy Services. This is the same data that underpins the median rents published on Tenancy Services' website, which means it can be used as reference point for applicants to help determine their rent setting approach in most cases.

It should be noted though that Tenancy Services only publish a six-month rolling median, which may not always be suitable for informing the Ministry's final determination of a median market rent. Therefore, the Ministry may, at its discretion, measure over a longer period or a wider area to ensure it is an accurate reflection of rents for a particular location and typology.

25. **Question: Is there a preference for the development of social housing rather than affordable rentals?**

Answer: While we do not have a specific preference, we wish to fund a mix of social housing and affordable rentals through this application process.

26. **Question: Is there a preference between homes owned by CHPs and homes leased from private developers?**

Answer: We are open to both CHP-owned houses as well as leased from developers or others.

27. **Question: What level of information stating alignment of purchasing intentions is required - i.e. quantitative research specifically identifying the need in the area vs a statement that the housing is located within an investment location?**

    Answer: If it's an identified investment location and aligned with our purchasing intentions, stating the location will be sufficient. If it's outside of the identified investment locations but within the functional housing market, or delivery of different types of homes from those outlined, we would expect more analysis on how it will support the need in the investment location.

28. **Question: Do the contract payments start from the date tenanted or are there any days allowed from getting title to get tenanted as in social housing?**

    Answer: Payments start when the tenant moves in and continue for 11 business days after departure to cover turnover. This is the same as the current terms for social housing contracts.

29. **Question: Should applicants explicitly prioritise or rank individual sites/projects where multiple projects are proposed within one application?**

    Answer: We are looking to fund at a programme level at stage one. We are not looking for specific project or site-specific information at stage one.

30. **Question: Will HUD elect to support some, but not all, of the sites/projects put forward within a single application as part of the assessment process?**

    Answer: We may do this as part of the assessment process. The application form requests providers to identify if there are any minimum viable scale or housing number requirements from particular developments. This will be taken into account when we are assessing applications.

31. **Question: Regarding the financial model, what are the model assumptions around tenant contributions for affordable rentals?**

    Answer: For affordable rentals, the tenant rent contribution assumption is 60% of the median market rent.

32. **Question: Cashflow in the new model results does not fund the Capex, therefore, the model goes into negative cashflows, e.g., from year 10. Can you please review this aspect?**

    Answer: Whether the model results in negative cashflows as a result on the capital replacement coming "online" in year 10 is dependent on the level of contingency chosen and the choice of Contingency Increase Level. Applicants are able to choose the level of Contingency and the Contingency Increase Level that is financially sustainable.

33. **Question: Where rates are changing due to three waters removals to separate companies, how is this planned to be managed?**

    Answer: The Rates component of the Agreed Amount is set at contracting and adjusted annually based on the previous year's Rates component and the CPI Level 3 Class: Local Authority Rates and Payments (Series Reference Code SE90201). A providers actual rates bill in any given year does not impact this amount. Therefore, if a project's bill reduces because a component (such as water) is removed and billed separately, this would not impact the amount the provider receives.

34. **Question: Should all development costs be input into the model, or only costs requiring funding?**

    Answer: All development costs should be input into the model. Any cost components that do not require funding can be included in the percentages of "Equity" (cell D56 of the Input sheet) or "Other 3rd party funding" (cell D59 of the Input Sheet).

35. **Question: Is the contingency amount plus rate of increase paid each year regardless of actual costs?**

    Answer: Yes. The Agreed Amount is adjusted in accordance with the relevant inflation adjustments set out in section 10 of the Commercial term sheet regardless of the provider's actual costs in that year. Applicants should provide as much detail as possible as to how they chose their Contingency Amount and the Contingency Increase Level, noting that these materially impact the two metrics used in the cost assessment (being Crown Year 1 Cost and Crown Whole of Life Cost).

36. **Question: Do applicants need to show how they calculated the contingency amount?**

    Answer: Yes. Applicants should provide as much detail as possible as to how they chose their Contingency Amount and the Contingency Increase Level.

37. **Question: With leasing, do providers/CHPs need to negotiate how much the Agreed Amount is passed on to the lessor?**

    Answer: Yes. They will need to agree with their lessor how lease payments will be calculated.

38. **Question: Tenancy Management costs are indexed to Labour costs, but Tenancy Management is more than wages. How does the CHP account for their other costs associated with caring for tenants?**

    Answer: Providers should include all costs associated with Tenancy Management, not just wages. We acknowledge that tenancy management includes more than wages and salaries but have assumed these are the largest cost component and therefore annual adjustments based on the Labour Cost Index would provide a closer match to actual costs than general CPI.

39. **Question: What is the ceiling of the contingency percentage?**

    Answer: There is no ceiling, but section 4.2 of the Stage one application pack details what applicants need to consider when setting their contingency level. As set out in section 3.2 of the Stage One Application Pack, the “Cost to government and evidence of value for money” assessment criteria will consider “evidence on how the application represents value for money and is aligned with the funding objectives of reducing long-term cost of housing to government and maximising number of people able to be housed.”

40. **Question: Would anything trigger a reduction in the Agreed Amount over the term of the contract?**

    Answer: If the relevant inflation index or sub-index is negative, this would be reflected in the adjusted Agreed Amount.

41. **Question: What is the process for renegotiating an Agreed Amount if costs rise?**

    Answer: Outside of the Qualified Change in Law clause, there is no provision in the contract to renegotiate the Agreed Amount.

42. **Question: We are currently in the process of completing our registration as a CHP. Are we able to apply?**

    Answer: Any organisations with expertise and experience to deliver homes and provide ongoing tenancy services are eligible to apply for affordable rentals funding.

    To contract for social housing funding, the contracting party must be a registered community housing provider. Providers may apply while their registration is ongoing, but they must complete this process before contracting is finalised if their application is approved.

43. **Question: What process do we go through to establish a Relationship Agreement/Contracts with HUD?**

    Answer: Preferred delivery partners will receive a copy of the contract as part of the stage two application pack. If your stage two application is successful, you will sign this contract with the commercials, e.g. project address, typology, Agreed Amount etc, completed.

44. **Question: Who are the members on the assessment panel?**

    Answer: The evaluation panel will consist of internal Ministry staff and may include external independent advisors. To protect probity and the integrity of the evaluation process, panel member details are not disclosed during the assessment phase.

45. **Question: Does the funding require the purchase to be a house-and-land package, where both the dwelling and the land are purchased together?**

    Answer: There is no set expectation. We are open to receiving proposals with different approaches and arrangements.

46. **Question: What is the maximum percentage of the property purchase price that can be funded by HUD?**

Answer: The financial model requires applicants to set out the percentage of equity, debt, upfront funding and other third-party funding they are assuming in their application. While there is no minimum level of equity required, the application pack details that Applicants are required to provide evidence on how the application represents value for money and is aligned with the funding objectives of reducing long-term cost of housing to government and maximising number of people able to be housed. This includes evidence that reasonable measures to minimise the level of funding requested have or will be taken.

47. **Question: How would ongoing funding be distributed among multiple entities?**

Answer: Funding will be provided to the contracting entity. To deliver social housing, the contracting entity must be a registered community housing provider. For affordable rentals, if there are multiple entities working in partnership, funding distribution will be subject to the agreements established among the entities.

48. **Question: Does operational expenditure include only the costs associated with providing accommodation or service costs such as housekeeping or garden maintenance?**

Answer: The operational expenditure includes costs associated with providing the home and tenancy management only.

49. **Question: Do the specifications set out in the HUD Public Housing Design Guidance apply under the flexible fund?**

Answer: No. There are no design or size guidelines for housing under the flexible fund. This is up to the applicant to propose what they think best meet the needs of social housing and affordable rental tenants. Our focus is on supporting the delivery of housing that is competitively priced and financed to maximise the number of households able to be housed.

50. **Question: How do you define 'high Māori housing need within an area'?**

Answer: High Māori housing need refers to locations where Māori are experiencing disproportionately high unmet housing need, as informed by housing need data (housing register and severe housing deprivation) and local insight. For the purposes of the investment plan this is in the context of territorial local authority boundaries.

51. **Question: What are the minimum and maximum contract terms?**

Answer: The contract term has a maximum of 25 years with no minimum term. However, the financial model calculates the debt servicing and repayment components to amortise the debt over 25 years and the whole of life cost is calculated based on a 25-year life. If a provider wishes to propose a shorter term, you are welcome to do that, but the debt servicing and repayment amount will not increase and the whole of life cost will continue to be calculated based on a 25 year contract in order to maintain that equivalency when we assess whole of life cost and value for money.

52. **Question: Regarding the financial model, what are the model assumptions around social housing payment? Is there visibility of IRR cost based on dwelling type?**

Answer: The Agreed Amount is the sum of the tenant rental contribution and the subsidy paid by the Ministry. This means that, notwithstanding a failure by the provider to collect the tenant rental contribution from the tenant, the level of tenant rental contribution assumptions used in the financial model are high level estimates used to estimate the level of subsidy that is likely to be required from the Ministry for each tenure type, bedroom typology, and location. However, the risk that these assumptions do not align with actual tenant rental contributions will not impact the revenue received by the provider as the Ministry will top up the actual tenant rental contribution to the Agreed Amount.

53. **Question: How does the upfront funding affect the Year One cost calculation?**

Answer: The Year One cost calculation includes the Agreed Amount, less the tenant contribution, plus an allocation for upfront funding. The upfront funding allocation reflects the cost of capital for the Crown that needs to be accounted for.

54. **Question: The application form requires detailed costings and proof of value for money. How can applicants complete the forms if they do not yet have a specific project secured?**

Answer: At stage one of this application process, we are looking for cost estimates of your proposed delivery programme. This does not need to be based on specific sites but needs to provide enough information to give us confidence that your proposed delivery programme is credible and deliverable to meet our requirements. The costings should reflect the cost that you expect to be able to deliver at across a portfolio of delivery where there will be variances in costs between each project. For preferred delivery partners moving to stage two, the cost estimates you provide at stage one will form the basis of the parameters that we will agree for specific project cost assessment at stage two.

55. **Question: Are CHPs required to demonstrate their own track record of prior housing developments, or it is acceptable for them to meet this requirement through the engagement of a development partner?**

Answer: We will assess the necessary capability, capacity and track record of the delivery programme as a whole. If your proposal includes multiple parties, the application must clearly set out roles and responsibilities of each organisation involved, as well as risk allocation. We will each organisation based on the role it is intended to play.

56. **Question: Is the intention for government to provide funding for new building projects or existing available building for the purpose of housing? Who retains ownership of homes?**

Answer: Our focus is on addressing the high housing need in the investment locations identified in the housing investment plan. We are open to fund both new build homes, as well as existing homes that are purchased or leased from the market, aligned with the funding objectives and the purchasing intentions. Ownership of these homes will be subject to the delivery model and arrangements proposed.

57. **Question: Can you explain more about value for money?**

Answer: We want to fund proposals that will support us in achieving the funding objectives. This means we will consider proposals that can demonstrate a reduction in the long-term cost of housing to government and enable us to maximise the number of households we can house.

It will be evaluated against the assessment criteria outlined in the application pack. Applicants are required to provide evidence of measure to minimise the level of funding requested, evidence that the costs are competitive with the market and have cost reduction practices that can be implemented to reduce costs.

58. **Question: In what case will you consider proposals that are located outside the investment locations? Will you consider proposals located in other areas if applicants can demonstrate how their housing delivery will meet the local housing needs?**

Answer: Our focus is on addressing housing needs in the investment locations identified in the housing investment plan. This means we will predominantly fund proposals that are located within the territorial authority boundary of each investment location. We may consider proposals that are located outside the territorial authority if they are within the functional housing market and have strong evidence that they will support the housing needs in the investment location, but these are likely to receive lower priority.

We are not investing in other locations through this funding round.

59. **Question: For affordable rentals, what level of housing need is expected for tenants?**

Answer: Affordable rentals under the flexible fund provide homes at lower-than-market rents for households unable to access private rentals due to barriers or circumstances beyond affordability and who are unlikely to be able to access social housing. The households must have high housing need and meet the income and asset thresholds. This means that households are unable to access an appropriate private rental due to barriers beyond affordability, such as discrimination, poor rental history, lack of appropriate housing in the area, or instability in their circumstances. Households must also meet at least one of the following criteria:

- The household is unlikely to be placed into social housing due to a low rating on the housing register or limited availability in their area.
- The household has previously accessed a housing support, such as social housing, transitional housing or emergency housing.
- An affordable rental would prevent the household from needing to enter social housing, transitional housing or emergency housing.

60. **Question: For affordable rentals, how should providers account for increased tenancy management costs for tenants with higher needs, given there is no separate funding for support services?**

Answer: Applicants are required to provide estimated costs for their programme delivery as part of the application. Tenancy management costs only should be factored into the calculation of the total amount funding required.

61. **Question: To what extent can proposed rent levels for affordable rentals reflect the higher cost of delivering specific type of housing? Is there flexibility to set the rent at the upper end of the range if the provider can justify the build cost and long-term sustainability?**

Answer: The new cost-based funding model under the flexible fund is designed to reflect the actual costs of delivering and operating the homes. Applicants are required to incorporate these costs into the financial model.

62. **Question: Is there any preference or support for developments that deliver accessible housing for ageing populations?**

Answer: Older people, including kuia and kaumātua, are identified as a priority population under the flexible fund.

63. **Question: How will HUD assess whether a tenant appropriately meets the intended cohort for affordable rentals?**

Answer: Providers that deliver affordable rentals will propose their approach for assessing tenants against the eligibility criteria. The process should be outlined in a tenancy management policy document or manual and submitted as required in Section 3.1.3 of the application form.

64. **Question: If a provider has historically used a third-party for tenancy management, are they still eligible to apply for the flexible fund?**

Answer: Any organisations with expertise and experience to deliver homes and provide ongoing tenancy services can apply for affordable rentals funding individually or collectively as a proposed partnership. The Ministry will assess the organisation, or organisations if it's a collective application, necessary capability, capacity and track record based on the role it is intended to play.

65. **Question: The financial model provided by HUD doesn't really work for our projects. Can we use a different financial model?**

Answer: As part of the application process, we are open to receiving applications that seek alternative forms of funding, where innovative approaches demonstrate improved outcomes or improved value for money for government, in line with the flexible fund objectives.

Applicants are able to propose a different funding approach where this better reflects their proposed programme of delivery. Where an alternative approach is proposed, applicants are expected to provide sufficient information through the application form and the cost response form to demonstrate the alignment with the purchasing intentions and funding objectives, and how the proposed approach represents value for money.

In this instance, you do not need to use the financial model spreadsheet provided but please set out the amount and timing of cashflows you are requesting, with details of how these have been calculated and what assumptions have been made. We will then determine the Crown Year 1 Cost and the Whole of Life Cost equivalent to your request.

Any alternative funding approach or financial model will be assessed against the stage one assessment criteria set out in the application pack, alongside other applications. In some cases, further assessment may be required.

66. **Question: What is the proposed programme for awarding the preferred delivery partners through stage one and then likewise for finalising the stage two?**

    Answer: Stage one applications are due on the 24th of April. We will be undertaking assessment throughout May and June. We expect to finalise these outcomes by July.

    Stage two project submissions will likely to be open to preferred delivery partners from July to August running through to the end of the year.

67. **Question: Can applicants submit applications through GETS?**

    Answer: No. Applications must be submitted to investment@hud.govt.nz by 5:00pm on 24 April 2026.

68. **Question: Is there an expectation that providers apply only in their respective regions or is HUD open to receiving proposals on a national scale?**

    Answer: We are open to receiving applications for one or more investment locations. Applicants can submit one application or multiple applications if they prefer, which may be relevant where the approach, partnership arrangements, or project details differ.

69. **Question: Is there a preference for one housing provider in an area where there is a small allocation of homes or several smaller providers?**

    Answer: All applications will be assessed against the assessment criteria set out in the stage one application pack. We will select an appropriate number of delivery partners to provide the number of homes to meet our purchasing intentions.

70. **Question: If a provider is proposing multiple developments, should that all be put into one application and one financial model?**

    Answer: Applicants can submit separate financial models for separate projects if they have sufficient details available and wish to do so.

71. **Question: Does the funding include emergency housing and support services?**

    Answer: No. The flexible fund does not include emergency housing or any other housing support services.

72. **Question: How does HUD view models where tenants progress through staged housing pathways (e.g., transitional to progressive ownership), while maintaining availability of housing for those in need?**

    Answer: The flexible fund is primarily focusing on delivering up to 770 social homes and affordable rentals in the investment locations. We will consider proposals that are aligned with the purchasing intentions and will support us in achieving the funding objectives. Alternative pathways, such as progressive homeownership, are not in scope of this funding round.

73. **Question: For the assessment of experience and capability of successfully delivering and maintaining homes, does it have to be based on the delivery of social housing? Can it be based on previous experience of delivering market development or papakāinga?**

    Answer: The Ministry will consider all experience and capability in delivering and maintaining homes, including private developments and papakāinga. The evaluation will include how this experience and capability contributes to delivering social housing and affordable rentals, as well as the ongoing maintenance of these homes.

74. **Question: With a leasing option that is based on an existing building being refurbished furbished for housing, how do applicants indicate the amount the owner wants as a 'return' on the value of the building, as opposed to the debt they carry on the cost of the refurbishment work?**

    Answer: The new-cost based funding model under the flexible fund is designed to reflect the actual costs of delivering and operating the homes. The costs related to the development of homes must be incorporated into the Development Costs in the financial model. Applicants will then need to include the sufficient contingency and the contingency increase level to provide the return that is required.

75. **Question: Can other ongoing costs include FTE to provide wrap-around support services?**

    Answer: No. The flexible fund does not cover support services other than tenancy management.

76. **Question: Does the financial model assume cashflow return to the equity providers?**

Answer: While the financial model does not assume cashflow return, it requires applicants to specify the level of contingency they require. We expect the contingency would be used to cover costs that are not otherwise included in the make-up of the Agreed Amount, which could include a required cashflow return on equity.

77. **Question: What are the impacts of the interest rate assumptions in the financial model?**

Answer: The initial interest rate (cell D65 in the financial model) is used to calculate the Debt Servicing and Repayment component of the Agreed Amount. This interest rate therefore impacts the Crown Year 1 Cost and the Crown Whole of Life Cost.

As per section 4 of the Application pack, the Debt Servicing and Repayment component of the Agreed Amount is not adjusted during the term of the contract. It is expected that the Contingency will be used to absorb cash flow requirements that are not otherwise provided for in the other components of the Agreed Amount, such as changes in interest rate during the term of the contract.

The interest rate assumptions from Year 6 onwards (cells E65 to H65) therefore do not affect the Agreed Amount. However, the model enables these cells to be adjusted to help Applicants determine the amount of Contingency they require and the Contingency increase level they are comfortable with. The 'Programme Cashflow' and 'Chart' tabs provide projected cashflow over the contract term so Applicants can ensure financial viability.

The interest rate assumptions from Year 6 onwards (cells E65 to H65) should be based on your and your financier's best estimates of the long-term interest rates. Our expectation is that the long-term interest rates are not above the long-run average of 6.5%. If you choose interest rates that are different to this, please explain this in your application.

78. **Question: How will benchmarks be applied to non-standard housing typologies?**

Answer: The assessment will take into account the unique composition of the homes you are looking to provide. We will consider how they best align with available benchmarks.

79. **Question: How should applicants reflect category-specific indexation where the financial model applies a single CPI across all costs categories?**

Answer: The financial model is used to assess the Crown Year 1 Cost and Crown Whole of Life Cost of the project. The inflation assumption used in the index need to be consistent with the financial model across the applications. The actual amount (the Agreed Amount) will reflect the actual inflation rates for the relevant index or sub-index identified in section 10 of the commercial term sheet, not the assumed rates in the financial model.

80. **Question: How should applicants determine an appropriate Contingency Increase Level given the non-linear nature of some cost risks?**

Answer: We acknowledge that, like previous funding approaches, the extent to which cash inflows in each year meet the cash outflows for that year varies across the life of the contract - some years there may be a cash surplus and some years those surpluses may need to be used to cover cash shortfalls. Additionally, the remaining years of the contract and the repayment of loan principal may enable additional borrowing to cover large cash requirements such as capital replacement. Providers are expected to choose a contingency amount and Contingency Increase Level that enables financial viability across the life of the contract. As per section 3.2 of the Application pack overview and instructions, we will consider applications that seek alternative forms of funding, this includes any alternative approaches to managing and/or calculating contingency over the life of the contract.

81. **Question: Will the annual change in 'Dwelling Insurance' as reported by Statistics NZ be regional – e.g. will cost of insurance for homes in Wellington be based on change to 'Dwelling Insurance' for Wellington or for NZ?**

Answer: No. The inflation indices used to adjust the Agreed Amount annually, will be the relevant national index or sub-index. However, Applications should consider how their region's inflation compares to the national average, as this may affect their choice of contingency and the contingency increase level.

82. **Question: On the application form, does the question 'Do significant components of your application require another organisation's services, who is not an applicant?' only applicable to Joint Applicants? If it is applicable to single applicants, are you asking about organisations *other* than funders or suppliers/contractors or should these be included?**

Answer: This applies to any applicants working with third-party entities to deliver the proposed projects, and not included as a joint applicant where a joint application is being made. This should include key suppliers/contractors.

83. **Question: Would HUD be interested in receiving applications that demonstrate additional benefits for tenants?**

Answer: We are open to receiving applications that provide additional outcomes for tenants and the community but these will also be considered alongside the objectives of the flexible fund, including reducing the long-term cost of housing to government – this means we want to support the delivery of modest housing that is competitively priced and financed - and maximising the number of households able to be housed – this means we want the government investment in housing to fund as many homes as possible with the funding available.

84. **Question: Can you explain more about the available funding mechanisms?**

Answer: The flexible fund received operational funding and capital funding to deliver social homes and affordable rentals.

Ongoing funding supports the servicing and repayment of finance used for the development / purchase of the home or paying a lease. It also covers operational costs such as rates, insurance, tenancy management and maintenance.

Upfront funding will only be considered for projects that meet the eligibility criteria (see the Cost Response Form for more detail) and will support only a limited portion of project costs. It can be used for a portion of the capital required for development or purchase of the homes, and together with the applicant's own contribution, as equity to obtain finance to develop or purchase the homes. The total operational funding for the term of the contract will be lower as a result of capital funding paid.

The Agreed Amount in the financial model indicates the total revenue received by the applicant. This includes the ongoing funding, upfront funding (if applied), the tenant contribution for both social housing (income-related rent) and affordable rentals, and contingency.

85. **Question: Are there expectations regarding ongoing availability beyond the contract term?**

Answer: The future use of the homes beyond the contract period will depend on circumstances at that time and any subsequent agreements or negotiations.

86. **Question: What is the Debt to Service Coverage Ratio (DSCR) benchmark that HUD uses?**

Answer: We do not have a benchmark DSCR. Applicants should work with their financier to determine the minimum covenant levels they require.

87. **Question: With regards to the financial model, the ICR and DSCR calculation uses the Total Agreed Amount in the Income. Where there is a separate asset owner from the CHP, what is the best way to show the ICR and DCSR once the CHP costs is taken out from the Total Agreed Amount?**

Answer: The financial model is for the project in its entirety. The DSCR and ICR calculations use the net operating cashflow of the project, which is after all operating and capital costs (where CHP costs would be) have been take off the Agreed Amount.

88. **Question: For affordable rentals, what level of detail is expected regarding tenancy management where a formal partnership with another entity is intended but not yet finalised?**

Answer: The application form specifies the information required for each criterion. Applicants are expected to respond by outlining their intended approach to the fullest extent possible.