



14 March 2025

HUD2025-006304

s 9(2)(a)

Kia ora s 9(2)(a)

On 30 January 2025 the Ministry of Housing and Urban Development - Te Tūāpapa Kura Kāinga (the Ministry) received your request for the following information under the Official Information Act 1982 (the Act):

*“...any briefings or materials prepared for:
The Minister and Associate Minister of Housing for the Housing Annual Review at select committee in December 2024.
Any MHUD representatives appearing before select committee for the MHUD Annual Review in December 2024.”*

Eight documents have been found to be within scope of your request and are being released to you. Some information has been withheld under the following sections of the Act:

Section of Act	Reason to withhold
9(2)(f)(iv)	To maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.
9(2)(b)(ii)	Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

The documents are detailed in the attached document schedule.

In terms of section 9(1) of the Act, I am satisfied that, in the circumstances, the decision to withhold information under section 9 of the Act is not outweighed by other considerations that render it desirable to make the information available in the public interest.

You have the right to seek an investigation and review of my response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman’s website at: www.ombudsman.parliament.nz.

As part of our ongoing commitment to openness and transparency, the Ministry proactively releases information and documents that may be of interest to the public. As such, this response, with your personal details removed, may be published on our website.

Nāku noa, nā

Jenna Bottcher Hansen
Manager Government Services
Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development

Annex A: Document schedule

Documents released – [HUD2025-006304]			
	Date	Document	Section of the Act applied
1	7/11/2024	2024 Annual Review pack	N/A
2	28/11/2024	KO Recommendations	9(2)(f)(iv)
3	29/11/2024	Annual Review notes	N/A
4	29/11/2024	KO Previous Advice notes	N/A
5	November 2024	Change – 1 Pager	N/A
6	2/12/2024	AR2 December	9(2)(b)(ii)
7	2/12/2024	Key Construction Indicators (PowerPoint)	N/A
8	4/12/2024	Public Housing (Excel)	N/A

Annual Review 2023/24 Briefing Pack

Key messages and
information

Kāinga Ora Hearing: Tuesday 3 December - 8.00am to 10.00am

HUD Hearing: Tuesday 3 December - 10.20am to 1.20pm

Ministers Hearing: Wednesday 4 December - 3.35 to 4.05pm



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Going for Housing Growth

- The Government's Going for Housing Growth programme is about enabling more homes to be built.
- New Zealand has among the least affordable houses in the world, the result of a persistent undersupply of houses.
- Unaffordable housing has far-reaching social and economic consequences – children and families living in cars and motels, declining home ownership, health problems from overcrowding, poor productivity, and lower living standards for all New Zealanders.
- The Going for Housing Growth programme seeks to increase the availability of affordable housing, improving living conditions for renters and homeowners, and supporting productivity, economic growth and job creation.
- Going for Housing Growth aims to address the underlying causes of the housing crisis – these include uncompetitive urban land markets, insufficient infrastructure funding and financing, and a lack of incentives for councils and communities to build more houses.
- The three main parts of the Going for Housing Growth programme are:
 1. Freeing up land for development inside and at the edge of our cities, and removing unnecessary planning barriers
 2. Improving infrastructure funding and financing
 3. Providing incentives for communities and councils to support growth.
- Over the next three years (2024 – 2027), Going for Housing Growth will progress from key policy decisions through to implementation.
 - Pillar 1 will be delivered through an amendment Bill to the RMA, to be introduced before the end of the year; and amendments to the National Policy Statement on Urban Development, which will be released for public consultation early in 2025.
 - Cabinet is expecting to make decisions on Pillar 2 before the end of the year.

Minimum floor size and balcony requirements

- The Government has announced that councils will no longer be able to set minimum floor size or balcony requirements.
- Removing these requirements will reduce regulatory barriers to building affordable apartments and reduce the costs of new apartments. Research from 2015 in Auckland found that balcony requirements could increase the costs of an apartment by up to \$70,000 per unit and minimum floor area requirements result in fewer low-cost dwellings being developed.
- Other regulations will ensure that small apartments are still fit for purpose. These regulations include the Building Act 2004, Housing Improvement Regulations 1947 and, if it is used for rental accommodation, the Healthy Homes Standards.

Impacts on councils

- Councils will be required to undertake a plan change to give effect to requirements under the Going for Housing Growth land pillar.
- I recognise this will come at a cost for councils. However, to reduce the costs and avoid unnecessary complexity for councils, we are working to coordinate the timing of the new Going for Housing Growth requirements with the proposed changes to other pieces of national direction where possible.
- The estimated costs to councils for their recent intensification plan changes (supplied by councils) range from under \$1 million to \$6.5 million.
- Overall, the changes we are proposing will provide councils with more flexibility about how to provide for growth. For example, councils will need to comply with Housing Growth Targets, but the Medium Density Residential Standards will become optional, providing more choices for councils about where to enable growth to occur.

Improvements to the rental market

- The Government is making changes to the Residential Tenancies Act 1986 (RTA) with the aim of encouraging landlords into the market. Key changes include:
 - Reintroducing a landlord's ability to end a periodic tenancy with 90 days' notice without requiring a specific reason (commonly referred to as a 'no cause' termination)
 - Reintroducing a landlord's ability to give notice to end a fixed-term tenancy at the end of the term without requiring a specific reason.
- Some landlords have said that the removal of no cause terminations increased their risks, making them less willing to take a chance on some tenants, or causing them to exit the rental market altogether.
- The current rules for ending a fixed-term tenancy likely had a disproportionate impact in some markets by creating uncertainty around when property owners could re-gain possession of their property for their own use. In tourist areas such as Queenstown, landlords may have shifted to Airbnb. In Dunedin's student market, the current rules can prevent landlords signing tenancy agreements with new tenants well in advance of the current tenancy ending, resulting in uncertainty about tenancy arrangements for the following year.
- The Government is also making changes to the RTA that will encourage landlords to allow pets by reassuring landlords around the risk of damage. Key changes include:
 - Introducing pet bonds (set at a maximum of two weeks' rent) that can be charged in addition to the existing bond.
 - Making tenants liable for all pet-related damage beyond fair wear and tear.
 - Providing that tenants may only have a pet or pets with the consent of the landlord, who can only withhold consent on reasonable grounds.
- The Government is also making technical changes to the RTA to improve efficiency and clarity. For example, enabling the Tenancy Tribunal to decide matters on the papers to reduce the time and cost of attending hearings for stakeholders.
- The Residential Tenancies Amendment Bill was introduced to Parliament and received its first reading in May 2024. The Government expects most of the changes in the Bill will come into effect in 2025, with the pet changes coming into effect once the bond system has been updated likely in late 2025.
- The 2024 Healthy Homes Guarantee Act Monitoring Topline Report shows positive compliance with the Healthy Home Standards (HHS): 79 per cent of surveyed landlords stated that they have acted or plan to act to meet HHS requirements, and 17 percent indicated their rental properties already fully met the HHS (as at January - February 2024).
- The Government decided not to proceed with the Residential Property Managers Bill, and it was discharged on 21 June 2024. The CBA of the proposed regulatory regime carried out by MartinJenkins indicated a benefit-cost ration of 1.07:1. This is a marginal balance in favour of benefits. The CBA noted that the results were subject to significant uncertainty, especially in relation to incremental benefits, with costs being the most certain.

Ministry advice on RTA and housing supply

- Reintroduction of interest deductibility for residential investors. Advice provided from HUD on the impacts on the housing market was that in the long-term, rents are more likely to be lower following the reintroduction of mortgage interest deductibility than under the previous settings.
- Reductions in costs should lead to increased demand from landlords, putting some upward pressure on prices and increased supply of new housing. Work done by HUD, RBNZ and Treasury suggested changes in the overall balance of supply and demand have a much larger impact on rents than changes to landlords' costs.

Building and construction

- New Zealand has consistently higher building costs than other comparable countries.
- In many places the cost of building new homes exceeds the market value of the home once completed.
- Inefficiencies in the building consent system create uncertainty and delays, and high costs for construction materials make building more expensive. This creates challenges to increasing housing supply.
- The Government is committed to making it easier and cheaper to build new homes, and maintain existing homes, through more efficient regulation of building and construction.
- This work largely sits under Vote Building and Construction, which is being led by the Minister for Building and Construction, Chris Penk.
- His comprehensive work programme comprises a mix of quick wins and longer-term initiatives focused on:
 - reforming the building consent system and reducing red tape, including by simplifying consent requirements for lower-risk activities
 - increasing competition for building products and driving down costs, including by making it easier to use high-quality overseas building products in New Zealand
 - setting the course for appropriate seismic risk management, including bringing the earthquake prone building review forward to provide greater certainty to the sector.
- He has already taken several actions in this work programme, including:
 - exempting minor building work from paying the building levy
 - requiring councils to submit data for building consent and code compliance certificates every quarter
 - beginning work to eliminate barriers to the use of overseas building products
 - making it easier to make minor changes to a building consent.
- Combined with actions to encourage urban development and reduce resource management barriers, this will provide greater certainty to the sector, help smooth out the boom-bust cycle and give more confidence to the sector to invest in raising industry-wide capacity and skills.

Social housing

Social Housing Register Key Numbers – October 2024

- As of October 2024, there were **26,131 applicants** on the social housing register, of which there were:
 - **21,294 on the Housing Register** (decrease of 1,628 since 01 July 2024)
 - **4,837 on the Transfer Register** (decrease of 103 since 01 July 2024)
- Over October 2024, there were **1,025 applicants** housed in social housing (decrease of 325 from over July 2024). Around half of applicants housed in social housing are those with children (53% as at end of July 2024).

Social Housing Net Pipeline – September 2024

Social Housing Net Pipeline FY24/25 as at 30 September 2024			
Region	Kāinga Ora	CHP	Total
New Zealand	2,285	504	2,789
Auckland	745	84	829
Bay of Plenty	375	154	529
Canterbury	249	-	249
Central	121	67	188
East Coast	304	-	304
Northland	182	124	306
Southern	52	11	63
Taranaki	17	-	17
Waikato	313	-	313
Wellington	75	16	91
West Coast Tasman	119	48	167
Unknown	-267	-	-267

Notes:

- Data is as at end of September and shows pipeline for the remainder of the financial year.
- CHPs pipeline does not include a redirect forecast.
- Kāinga Ora Pipeline is a net forecast which include forecast SLED
- Pipeline, and information is variable and subject to change across time

Social Housing Delivery Summary

1 November 2017 – 30 September 2024

	Kāinga Ora	% of KO total Ex. Adj. + SLEDs	CHP	% of CHP total	Total
Redirects	-	0	5,248	67%	5,248
New Build	14,395	75%	2,617	33%	17,012
New Leases	615	8%	0	0	615
Buy In	1,988	17%	0	0	1,988
Adjustments & SLED	-6,526	0	0	0	-6,526
Leased from Kāinga Ora to CHPs*	-974	0	948	0	-26
Total	9,498	100%	8,813	100%	18,311

* Includes the leasing of 974 public homes from Kāinga Ora to CHPs is reflected as a transfer from the total Kāinga Ora homes (decreasing Kāinga Ora managed stock by 974).

1 November 2017 – 30 June 2018

	Kāinga Ora	% of KO total Ex. Adj. + SLEDs	CHP	% of CHP total	Total
Redirects	0	0	471	93%	471
New Build	739	53%	37	7%	776
New Leases	473	34%	0	0	473
Buy In	183	13%	0	0	183
Adjustments & SLED	-848	0	0	0	-848
Total	547	100%	508	100%	1,055

2018/19 Financial year

	Kāinga Ora	% of KO total Ex. Adj. + SLEDs	CHP	% of CHP total	Total
Redirects	0	0	815	85%	815
New Build	1,461	74%	140	15%	1,461
New Leases	105	5%	0	0	105
Buy In	402	20%	0	0	402
Adjustments & SLED	-745	0	0	0	-745
Leased from Kāinga Ora to CHPs*	0	0	0	0	0
Total	1,223	100%	955	100%	2,178

2019/20 Financial year

	Kāinga Ora	% of KO total Ex. Adj. + SLEDs	CHP	% of CHP total	Total
Redirects	0	0	972	72%	972
New Build	1,229	79%	375	28%	1,229
New Leases	6	0%	0	0	6
Buy In	326	21%	0	0	326
Adjustments & SLED	-834	0	0	0	-834
Total	727	100%	1,347	100%	2,074

2020/21 Financial year

	Kāinga Ora	% of KO total Ex. Adj. + SLEDs	CHP	% of CHP total	Total
Redirects	0	0	1,101	63%	1,101
New Build	1,866	87%	656	37%	2,522
New Leases	11	1%	0	0	11
Buy In	277	13%	0	0	277
Adjustments & SLED	-857	0%	0	0	-857
Total	1,297	100%	1,757	100%	3,054

2021/22 Financial year

	Kāinga Ora	% of KO total Ex. Adj. + SLEDs	CHP	% of CHP total	Total
Redirects	0	0%	545	54%	545
New Build	1,273	87%	464	46%	1,737
New Leases	8	1%	0	0	8
Buy In	188	13%	0	0	188
Adjustments & SLED	-745	0	0	0	-745
Total	724	100%	1,009	100%	1,733

2022/23 Financial year

	Kāinga Ora	% of KO total Ex. Adj. + SLEDs	CHP	% of CHP total	Total
Redirects	0	0%	598	65%	598
New Build	2,646	85%	322	35%	2,968
New Leases	10	0%	0	0	10
Buy In	463	15%	0	0	463
Adjustments & SLED	-888	0	0	0	-888
Total	2,231	100%	920	100%	3,151

2023/24 Financial year

Public Housing	Kāinga Ora	% of KO total Ex. Adj. + SLEDs	CHP	% of CHP total	Total
Redirects	0	0%	629	60%	629
New Build	4,746	97%	422	40%	5,168
New Leases	2	0%	0	0	2
Buy In	123	3%	0	0	123
Adjustments & SLED	-1323	0	0	0	-1323
Total	3,548	100%	1,051	100%	4,599

YTD 2024/25 Financial year (September 24)

	Kāinga Ora	% of KO total Ex. Adj. + SLEDs	CHP	% of CHP total	Total
Redirects	0	0%	117	37%	117
New Build	435	94%	201	63%	636
New Leases	0	0%	0	0	0
Buy In	27	6%	0	0	27
Adjustments & SLED	-287	0	0	0	-287
Total	175	100%	318	100%	493

Tenancy Reviews

- On 25 March 2024, Tenancy Reviews were restarted for the initial focus group of tenants who are currently paying market rent and who have been in their tenancy for three or more years.
- Tenancy reviews take time to complete, and that timeframe will vary depending on the tenant's situation.
- As at 31 August 2024, there were 343 tenancies eligible for a Tenancy Review, of which 327 are now underway.
- While most reviews remain at the initial engagement phase, 10 have now progressed to the formal review stage where the information gathered in preceding stages will be used to inform MSD's final recommendation on their on-going eligibility for social housing to be actioned by the landlord.

Designation	31 August 2024
Initial Engagement	249
Independence Planning ¹	63
Current Cohort	343
In Progress	327
Formal Review	10

Notes:

- *Independence Planning is a phase in the Tenancy Review process where clients with the potential to become independent from social housing and are actively supported to move to alternative housing.*
- *Formal Review is used to determine a client's continued eligibility for social housing and if they are eligible, whether their current property continues to meet their needs. This is the final stage of the tenancy review process when the outcome will be decided. All the work and client interactions leading up to this point will inform the final decision.*
- *The reporting is dependent on the correct client event notes being created in a client's file. As such, the total number of Tenancy Reviews at the initial engagement, independence planning, and formal review stages may not equate to the total number of Tenancy Reviews underway.*
- *Data is operational and based on a point in time and is not cumulative.*

¹ MSD will ensure clients receive the support they need, to help them obtain alternative housing, including financial support such as Housing Support Products, housing broker services and employment services. Clients must also take all reasonable steps in the circumstances to find and obtain alternative housing.

Emergency housing

Target 8: Fewer people in emergency housing by 2030

- MSD and HUD have a shared target to reduce the number of households in emergency housing by 75 percent.
- The target sees households in emergency housing reducing from 3,100 to less than 800 by 2030.
- The total number of households in emergency housing has reduced by 68 percent from **3,141 in December 2023 to 993 at the end of October 2024.**
 - There were 1,137 adults in emergency housing
 - There were 1,014 children in emergency housing.
- This is a significant drop from the same time last year, when the number of households in emergency housing stood at 3,237, marking a 73% decrease.

Decrease in demand for emergency housing

- A combination of factors has contributed to the decreasing number of emergency housing households over 2024, including:
 - Tightening the gateway into emergency housing
 - Implementing the Priority One Fast Track policy
 - Frontline staff efforts to support only those with the greatest need to access emergency housing (through early intervention, a continuation of housing support services including Housing Support Products, and regional target setting).
 - Social Housing supply has continued to increase. However, the tightening of the gateway into emergency housing and the Priority One Fast Track policy appear to be having a larger impact.

Priority One Fast Track

- On 30 April, MSD implemented the Emergency Housing Fast Track Override for eligible applicants on the Social Housing Register.
- This ensures that families with dependent children in emergency housing for extended periods (12 weeks or more) are prioritised on the social housing waitlist.
- As at 31 October 2024, there were 249 live applications on the Social Housing Register that had the Priority One flag, a drop from 282 as at 31 September 2024.
- As at 31 October 2024, there **have been a total of 786 households housed under the Priority One category since it began, including 1,608 children.**
- Regional P1 performance will always be strongly influenced by the pipeline of new social housing.

Emergency housing gateway changes

- On 26 August 2024, MSD introduced changes to tighten the Gateway to Emergency Housing.
- The Gateway changes shift EH to a more rules-based approach and ensures that emergency housing grants are targeted to those in genuine need and have met their responsibilities.
- The changes:
 - introduce new information requirement powers to enable MSD to verify applicant eligibility and whether they have met their responsibilities
 - establish responsibilities as eligibility criteria, and a non-entitlement period of 13-weeks if an applicant has not met their responsibilities, after two warnings and when no good or sufficient reason for exemption applies
 - revoke MSD's ability to make emergency housing grants recoverable
 - remove MSD's discretion to grant, despite responsibilities not being met, on the basis that declining a grant would worsen the applicant's position, increase risk to the applicant's (or immediate family's) welfare, or cause serious hardship.
- If people have a genuine housing need and continue to meet their responsibilities including, abiding by the rules of stay and looking for alternative accommodation whilst in emergency housing, they are likely to continue to be eligible for support.
- If people don't meet their responsibilities three times without a good reason, they won't be able to get an Emergency Housing Grant for 13 weeks (except in limited circumstances). People may still qualify for other assistance during this time – like help with costs to stay with family and friends or to move to a new place.
- Where a client is declined emergency housing assistance, MSD will provide the client with options and advice to ensure their wider needs are addressed by other government and community services, including identifying alternative accommodation options where appropriate.
- While some clients may not be eligible for emergency housing assistance, it is important to note that there may still be other services, packages and supports the client can access through MSD.

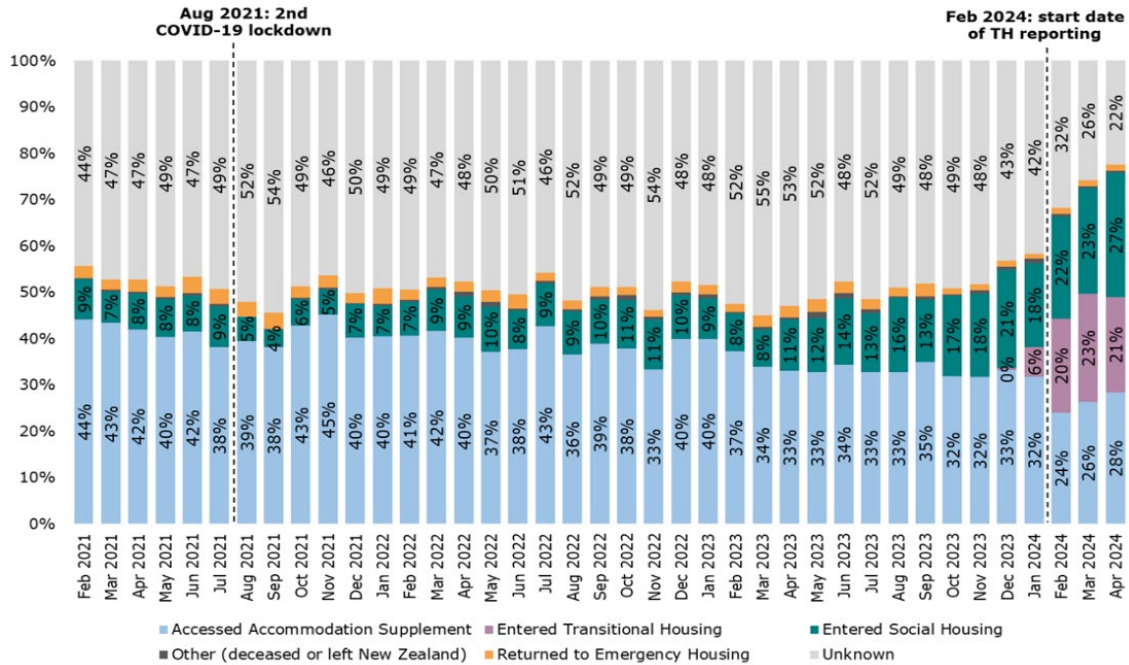
Social Outcomes Contracting

- HUD is trialling an emergency housing social outcomes-based contracting model in Wellington and Hamilton, over the next two years.
- The trial is a focused support service for 50-100 people total across both places, without children in their care and who have been in emergency housing for an extended period and are not in other housing support services e.g. Housing First, Rapid Rehousing, Transitional Housing, or engaged with MSD's Navigator service.
- The trial will support people to move out of emergency housing into more stable housing, rather than the funding of housing itself.

- One provider in Wellington and one in Hamilton have been contracted to support people in those places to leave emergency housing and help them to find and sustain stable housing.
- Wellington and Hamilton were chosen due to the high number of people in emergency housing in these locations, particularly single people or couples without children. As numbers in emergency housing have decreased significantly, this cohort makes up a higher proportion of those left in emergency housing.
- Single people and couples without children can often face higher barriers to moving into stable accommodation and are not assisted by other interventions such as the Priority One fast track for whānau with children. Some of these people have been in emergency housing for extended periods.
- This trial aims to identify those barriers and provide tailored supports to help them move into and sustain stable housing. If we can support these people to sustain stable housing, it reduces the chance of them requiring emergency housing in the future.
- The trial will test a social outcome contracting approach that links some of the funding to achieving successful housing outcomes for this group, and an improvement in the overall wellbeing of these whānau. Stable and permanent housing can impact broader outcomes (e.g. economic, educational, social) and that is why this approach is being adopted.
- Achievement of these outcomes will also support the Government's target of reducing the number of households in emergency housing by 75 percent over six years, meaning fewer than 800 households by 2030.

Where do people go when they leave emergency housing

- The Ministry of Social Development's ability to track the housing outcomes of those exiting emergency housing has improved during this government's terms with MSD **now able to show where around 80 percent of those exiting emergency housing go.**
- Of the households that exited emergency housing (excluding CEH) during June 2024:
 - **35 percent** left emergency housing to go into **Social Housing**
 - **20 percent** had moved into **Transitional Housing**
 - **24 percent** were receiving the **Accommodation Supplement for a private rental.**
- Officials are working hard to develop official reporting on emergency housing exits, but that will take time as it requires linking information from multiple systems, agencies and other organisations.
- While our understanding (of where households go after emergency housing) is improving daily, it is unlikely that we will ever achieve a complete view because people are not required to let MSD know where they live once they stop receiving assistance. We need to balance the requirement to monitor the effectiveness of our interventions with the need to respect individuals' reasonable right to privacy.



- There is no single pathway out of emergency housing rather MSD staff and support service providers work to find the right solution for the whānau / individual. For many that will be support to access and sustain a private rental. For other people with more complex needs it may be that a period in transitional housing or social housing is required to allow time and space to address the issues underlying their homelessness.
- While our understanding (of where households go after emergency housing) is improving daily, it is unlikely that we will ever achieve a complete view because people are not required to let MSD know where they live once they stop receiving emergency housing assistance.

Rotorua consents and exit strategy

- HUD recently applied for resource consent for seven motels to continue operation until 15 December 2025. The final decision on HUD's resource consent applications is expected mid-December at the earliest but may not be issued until the new year.
- HUD continues to progress its staged exit of Contracted Emergency Housing and so far, has exited three of the 13 motels and will exit a further three motels by 15 December 2024. It has also stopped referrals to an additional three motels effectively applying a sinking lid to their occupancy.

Impact of changes to emergency housing on homelessness

- Due to the limitations of existing data, we are not yet able to determine the full impact of the changes to emergency housing on homelessness.
- We have seen an increase in the number of households entering stable housing after exiting emergency housing, and an increase in the number of households being housed from the Register each month, indicating some positive impacts of recent policy changes on homelessness.
- Providers across the country are also working to improve their data and evidence on homelessness.
- MSD is regularly engaged with community and housing groups and have developed a pathway to receive any concerns they have.
- We are unable to confirm provider observations or whether any reported increases in homelessness are related to changes to Emergency Housing with the existing data.

Measuring homelessness

- Estimates of homelessness (also known as estimates of Severe Housing Deprivation) are available every five years from Census and are useful for monitoring changes in homelessness over the long-term. Estimates from Census 2023 will be released in December 2024.
- HUD does not currently have a way to measure changes in the number of people experiencing homelessness in the short-term. Existing data and intelligence gathering methods were not designed to measure homelessness, are limited to those in contact with services and can be sensitive to operational and administrative changes.
- HUD will produce a short report on homelessness every six months, with the first report due December 2024. The report will provide insights on any changes in homelessness.
- As there is no single measure or indicator that can provide a complete picture of homelessness in the short-term, the report will combine a range of indicators using currently available data sources and observational reports from providers.
- HUD is also working alongside MSD and the Social Investment Agency (SIA) to improve data and evidence on homelessness. For example, we are in the early stages of developing a measure of housing insecurity (including homelessness) using data available in the Integrated Data Infrastructure in collaboration with SIA. Should this measure be of sufficient quality, it will be included in our regular reporting on homelessness.

Homelessness Action Plan

- The Aotearoa Homelessness Action Plan 2020-2023 (HAP) concluded in 2023.
- However, the Ministry continues to deliver some initiatives that were initiated under the HAP, such as Rapid Rehousing.
- The Government is focused on delivering better solutions for those in acute housing need and the commitment to reduce the large-scale and long-term use of emergency housing.
- An overall evaluation of the Aotearoa Homelessness Action Plan 2020-2023 is being completed and is due to be published in late 2024.

Support available for people in urgent housing need

- We know that people in urgent housing need will sometimes have very limited housing choice and need additional support to secure and maintain stable housing.
- We have continued to fund programmes that respond to urgent housing need and people can access these programmes through referrals from MSD or directly through providers.
- Programmes respond to a range of circumstances from chronic homelessness (where people have been rough sleeping or sleeping in places not intended for habitation for more than 12 months) to where people at risk of losing their current tenancies in either social housing or a private rental.
- Programmes are aimed at providing supporting people to access or maintain stable housing, and where needed supporting people to address barriers which are preventing people from accessing and maintaining stable housing which can include connecting with available health and social services.
- Interim housing is provided through some programmes, for example transitional housing, and stable housing will include social housing. People may also be supported to return to live with whānau and make other reconnections with community.
- Programmes include:
 - **Transitional housing** providing interim housing and social services that include support to access and move into stable housing for households with an urgent housing need. Support is also provided for up to 12 weeks after a household moves into stable housing HUD funds almost 6,400 transitional housing places.
 - **Rangatahi supported accommodation** providing transition focused interim housing and support services for young people with significant habilitation/(re)integration needs. Because of the needs of the target population, housing and specialist social service provision is provided for at least 12 months, with young people supported to find stable housing at the end of the programme. The first sites were stood up between July 2023-April 2024.
 - **Housing First** is targeted to people experiencing chronic homelessness who need intensive ongoing support services to help address high or complex needs and maintain stable housing. Access to stable housing is a priority, and support is then available for as long as needed. June 2024 data shows that 3,360 households were being supported.

- **Rapid Rehousing** works on Housing First principles but is targeted to people who have been experiencing homelessness for less than 12 months and whose support needs are not as high or complex. Access to stable housing is a priority and support is then available for up to 12 months. June 2024 data shows that 1,893 households were being supported.
- **Sustaining Tenancies** provides social services to people at risk of losing their tenancies in either social or private rental housing, and aims to prevent a loss of tenancy, or if the tenancy is lost, to help achieve a new tenancy. Over 3,000 households annually are accepted into service.
- **Outreach** provides social services to support people experiencing homelessness (particularly people who are rough sleeping or sleeping in other uninhabitable places) to help alleviate barriers with accessing available supports needed to exit homelessness and connect into housing and wider social and health services.

Key points on emergency housing

- Total number of households in EH has **reduced by 68 percent** from December 2023 to October 2024 – **from 3141 to 993**.
- Emergency housing in motels was never intended to be a long- term option and is not an appropriate place for children and young people to grow up.
- A number of factors have contributed to reduction in EH numbers including gateway changes, priority one fast track, increased social housing supply. Other more general factors impacting the rental market may have also played a role.
- Government has chosen to prioritise getting children out of EH and made significant progress. The Priority One Fast Track has helped house a total of 786 households including **1,608 children** (who were in EH) in social housing.
- Changes to EH moved it to a more rules-based approach alongside clear responsibilities. If people have an urgent housing need and meet their responsibilities, they are likely to be eligible or remain eligible for an EH Grant.
- While some clients may not be eligible for emergency housing assistance, it is important to note that there may still be other services, packages and supports the client can access through MSD or a local provider.
- HUD continues to progress its staged exit of Contracted Emergency Housing and so far, has exited three of the 13 motels and will exit a further three motels by 15 December.
- Minister Potaka recently announced a Social Outcomes Contracting trial in Wellington and Hamilton focused on singles or couples without children who have been in EH for extended periods. This provides greater flexibility for providers to work differently.
- Emergency Housing Grants are just one part of the response to urgent housing need. HUD funds a wide range of other programmes such as Transitional Housing, Housing First and Rapid Rehousing that may be available depending on location and needs.
- MSD also administers a range of financial supports (such as Housing Support products and AS) and services (such as rental brokers) to help people access or maintain accommodation.
- Encourage anyone with an urgent housing need to contact MSD or a local provider.
- It's obviously concerning to hear reports that homelessness is increasing. We are working with MSD, SIA and providers to build a better picture of what is happening with homelessness. But there are challenges in measuring and attribute changes in homelessness in the short term.

Q. What do you say to people who say homelessness is the worst it's ever been?

For example, DCM say homelessness had increased 40% in a year from September 2023 - September 2024.

- It's obviously concerning to hear reports that providers are seeing more homelessness.

- We are working with MSD, Social Investment Agency (SIA) and providers to build a better picture of what is happening with homelessness.
- There are challenges in measuring and attributing changes in homelessness in the short term.

Q. Haven't you just made it harder to get in to EH?

- No, changes were about ensuring genuine need and being clear on responsibilities.
- Alongside gateway changes there has been a big focus on getting people into stable housing (in particular children) through priority one fast track and ensure people have access to right supports to prevent need for EH and support in current housing.

Q. Why can't you say where all people exiting EH go? Isn't it likely they are homeless?

- We know where around 80% of people go when they exit EH.
- We continue to work to improve this but unlikely we will ever achieve a complete view because people aren't required to let MSD know where they live once they stop receiving assistance.
- We are working with MSD, SIA and providers to build a better picture of what is happening with homelessness.

Q. Is it appropriate for people to be sleeping in parks/ cars etc. in x location?

- No. I would encourage anyone in that situation to contact MSD to determine what support may be available to them

Q. You noted in the EH Target Delivery Plan that reducing the number of households in EH could increase all forms of homelessness and/ or increases in people living in overcrowded dwellings. Has this eventuated?

- Due to limitations of existing data we are not yet able to determine the full impact of changes to EH on homelessness more broadly. But we are working with MSD, SIA and providers to build a better picture of what is happening with homelessness.

Q. At the same time that KO is increasing the number of tenants it evicts you are also making it harder for them to access EH. Where are these people meant to go?

- While some clients may not be eligible for emergency housing assistance, it is important to note that there may still be other services, packages and supports the client can access through MSD or a local provider.

Housing support products

- Housing Support Products are individual products administered by MSD that provide financial assistance for clients needing help to obtain and retain accommodation.
- Most Housing Support Products are recoverable discretionary grants and can be considered for any client who meets the qualifications.
- Housing Support Products were expanded on 1 July 2024 to also help those in accommodation where the Residential Tenancies Act 1986 does not apply. The type of Housing Support Product that a client can receive will depend on whether the Residential Tenancies Act applies to their accommodation agreement.
- The Housing Support Products are:
 - **Moving Costs Grant:** Provides recoverable assistance to help a client with costs to move their furniture, appliances, personal effects, and personal belongings into accommodation.
 - **Bond Grant:** Provides recoverable assistance to help with the cost of a rental bond charged by a landlord to the client as a tenant. This payment is limited to accommodation that the Residential Tenancies Act 1986 applies to.
 - **Accommodation Costs in Advance Grant:** Also known as Rent in Advance Grant for those in accommodation that the Residential Tenancies Act 1986 applies to. Provides recoverable assistance to help with the cost of accommodation costs in advance charged by an accommodation supplier to the client
 - **Accommodation Costs Arrears Grant:** Also known as Rent Arrears Grant for those in accommodation that the Residential Tenancies Act 1986 applies to. Provides recoverable assistance to help clients retain their accommodation if they are at risk of losing their accommodation due to being behind on their accommodation costs.
 - **Tenancy Costs Cover:** A conditional grant for clients who are having difficulty getting rental housing due to their personal circumstances. It provides landlords with assurance the client will be able to meet any tenancy related costs over and above the rental bond (up to a limit) if owed at the end of the tenancy. Tenancy Costs Cover is payable to the landlord, but recoverable from the client. This payment is limited to accommodation that the Residential Tenancies Act 1986 applies to.
 - **Transition to Alternative Housing Grant:** A one-off, non-recoverable incentive payment for clients who are ready and able to move out of social housing and into alternative housing. This payment is limited to clients moving into accommodation that the Residential Tenancies Act 1986 applies to.
 - **Accommodation Security Cover Grant:** A conditional, recoverable grant that provides assurance to accommodation suppliers that the client will be able to pay any outstanding costs, up to a limit, at the end of their accommodation agreement. This payment is limited to accommodation agreements that the Residential Tenancies Act 1986 does not apply to.
- Clients can receive multiple Housing Support Products if they meet the qualifications for each individual grant.

Housing supports – including boarder’s contributions in the calculation of subsidies for private and social housing

- This policy adjustment ensures that the board payments an individual receives are counted when calculating their eligibility for housing subsidies. Only those receiving board payments are affected by this change.
- Currently, if a person has three or more boarders, the board payments are considered when determining that person’s entitlements to housing subsidies. This adjustment extends this consideration to the first and second boarders too.
- This change also makes the welfare system fairer by treating boarders' contributions more consistently with how other earnings impact beneficiaries’ entitlements. It also prevents the double counting of accommodation costs within a single household where the primary tenant and the boarder are both receiving a housing subsidy for the same accommodation costs.
- **\$150.957 million in operating funding is expected to be saved by adjusting how contributions from boarders are considered when calculating the Accommodation Supplement, Temporary Additional Support, Special Benefit, and the Income-Related Rent Subsidy.** These savings are partially offset by a capital implementation cost of \$6.894 million.
- This policy adjustment will not change the housing subsidies of impacted individuals until 2026. Legislative amendment, and further policy design work, is required to implement this adjustment.

Whai Kāinga Whai Oranga

- Launched in 2021, MAIHI Ka Ora – the National Māori Housing Strategy has a shared vision for the Māori Housing system that all whānau have safe, healthy, affordable homes with secure tenure across the Māori housing continuum.
- The strategy takes Te MAIHI o te Whare Māori – the Māori and Iwi Housing Innovation Framework for Action, to drive a whole of system approach. The MAIHI Ka Ora Implementation Plan focuses on the steps that need to be taken over the next three to four years to move us closer to achieving the vision of MAIHI Ka Ora.
- Whai Kāinga Whai Oranga (to have a home, to have wellbeing) combines investment from Budget 2021 (\$380 million) and the Māori Infrastructure Fund (\$350 million) - the largest investment ever made towards Māori Housing. The programme is jointly administered with Te Puni Kōkiri (TPK), and has three objectives:
 - Expand existing programmes at pace for immediate delivery
 - Improve housing quality through repairs (TPK measure); and
 - Enable new delivery models for Māori housing in the medium-long term.
- By the end of June 2025, Whai Kāinga Whai Oranga will deliver:
 - Supply – 1,000 new homes
 - Repairs - 700 home repairs for whānau Māori owned and occupied homes
 - Infrastructure – 2,700 additional infrastructure sites enabled; and
 - \$30 million investment into Māori housing sector capability.
- HUD is working through reviewing its funds and programmes to identify which of our current or planned investments should continue, including Whai Kāinga Whai Oranga.

Data at end October 2024:

- 1,001 - new homes (supply) contracted
- 633 - repairs contracted
- 2,114 - infrastructure sites contracted
- \$27 million - capability funding contracted

Review of Kāinga Ora

- The Government had significant concerns about the financial performance and governance of Kāinga Ora. The coalition Government agreed to commission an independent review into Kāinga Ora's financial situation, procurement, and asset management.
- The review made two broad findings. First, Kāinga Ora is underperforming and not financially viable without significant savings as well as funding and financing changes. Second, the wider social housing system is not delivering the results New Zealand needs, and is lacking in transparency and accountability, coupled with a poor understanding of tenant outcomes.
- Cabinet appointed Simon Moutter as the new Chair of Kāinga Ora and a refreshed Board was appointed by Cabinet in July. An updated Letter of Expectation has been issued to the Board focusing on the credible plan and areas of focus for the Board including financial sustainability including demonstrating value for money across significant investment programmes and focusing on core functions including managing disruptive tenants and debt arrears and reducing the number of vacant properties.
- Ministers have agreed to a renewal programme for Kāinga Ora in 2025/26 to provide the ability for replacement of aged and not fit for purpose housing stock. One of the expectations is that the projects represent value for money in terms of total capitalised costs.
- The Board has delivered to Ministers a plan, which focuses on returning Kāinga Ora to financial sustainability and eliminating losses.

Kāinga Ora savings

- Kāinga Ora's debt has grown from \$2.7 billion in 2018 to \$12.3 billion in June of 2023. Advice released last year suggests that if Kāinga Ora continues its current trajectory, its debt would reach \$28.9 billion by 2033.
- The debt level is forecast to grow significantly and is not sustainable.
- The review noted that Kāinga Ora's plans to save \$674 million, out to 2026/27.
- Budget 24 savings forecasts \$1 billion in savings, as it includes 2027/28 as well (\$284 million). The remaining difference is additional savings Kāinga Ora identified between the panel work and the finalisation of the Budget.
- The savings amount within the panel report was based on a consultant's review commissioned by Kāinga Ora into the asset management system which was completed in late 2023.
- The savings suggested by Kāinga Ora are significant and the approach to implementing these changes were in the early stages of development when the panel met with Kāinga Ora.

- One of the requirements of the turnaround plan is for the refreshed Board to get assurance about how these savings plans will be implemented.

Kāinga Ora paused and under assessment projects

- The first task of the refreshed Board was to present a Kāinga Ora turnaround plan to Ministers, and this focuses on returning Kāinga Ora to financial sustainability and eliminating losses.
- Kāinga Ora currently has around 3,620 places under construction for the delivery in the next two years and as part of the normal business case assessment other projects are currently being examined to ensure they are delivered in priority places and represent value for money.
- As of 31 July 2024, there were 371 Kāinga Ora social housing projects under assessment. These projects include 4,952 homes.
- The spend from inception to July 2024 on these projects is \$246,264,507 (excluding land). Of that, \$46,879,055 is associated with land costs (including acquisition of land).
- The work associated with these costs often includes demolishing old social housing units that are no longer fit for purpose, scoping, consenting the project to redevelop the land and then procuring the construction work to deliver the new homes. These costs are typical across the wider construction sector in the early stages of projects.
- Many of these projects will happen, some will occur, in some cases on a slower timeframe, however it is important that Kāinga Ora is building in the rights places with a focus on best value for money and in the areas with the greatest social housing need.
- Kāinga Ora is currently rephasing its social housing pipeline of 4,952 homes that have not been contracted to align with the updated priority areas.
- As Kāinga Ora work through and finalise the review of the overall programme of work, a number of these projects will proceed and as decisions are made, they will keep communities informed.

Kāinga Ora delivery expectations 2024/25 and 2025/26

- Ministers issued a delivery letter to Kāinga Ora in August where they are expected to deliver approximately:

	2024/25	2025/26	Cumulative
Gross Build	3,400	2,000	5,400
Demolitions	(900)	700	1,600
Sales	(300)	900	1,200
Net Build	2,200	400	2,600
Retrofit Programme	850	495	1,345

Kāinga Ora development pipeline

- Kāinga Ora builds additional social housing based on the Government's Letter of Expectations, which tells us how many houses are needed and where they are needed. We deliver new homes by redeveloping our existing sites, purchasing land to build on and working with private sector developers to acquire homes.
- Over the two years to 30 June 2026, Kāinga Ora will be adding 2,650 homes to our state housing stock and be renewing almost 3,000 other state homes.
- All Kāinga Ora social housing projects which have already been contracted for delivery are proceeding as planned. As at 31 July 2024, we had over 3,600 homes under construction or contracted for delivery.

Kāinga Ora renewal of portfolio

- Kāinga Ora also renews its existing homes, to make sure they have homes in the right locations and their homes are suitable for the people that need them. They renew their homes through renovation, removing homes and redeveloping on the same land, or selling and replacing it with another home elsewhere.
- Over the two years to 30 June 2026, Kāinga Ora will be renewing almost 3,000 other state homes.

Deferred maintenance

- At this stage, there is no proposal to significantly defer maintenance which is essential in providing a warm, dry homes for tenants but a sharper focus on what gets spent, when and how.
- The savings incorporated are on the back of a review undertaken by Kāinga Ora which identified changes to processes and approaches to asset maintenance.
- The Kāinga Ora commissioned report identified:
 - Limited whole of asset planning in assessing maintenance needs
 - Limited management oversight of maintenance partner activity with delegations set too low
 - Incomplete data of asset condition and data most held by independent contractors.
- The refreshed Board will be looking at the savings plan and will ensure that the trade-offs and choices are clearly identified.

Kāinga Ora Tenancy Management

- It is important to keep in mind that most of the 190,000 New Zealanders who live in Kāinga Ora homes are good neighbours and members of their community. Kāinga Ora only receives concerns about a very small proportion of the people who live in these homes.

Tenancy Management Framework

- On 1 July 2024, Kāinga Ora introduced a new Tenancy Management Framework that strikes a better balance between its responsibilities as a landlord, the responsibilities of tenants, and the quiet enjoyment of others in the community.
- The new Tenancy Management Framework informs Kāinga Ora's approach to a range of tenancy issues, including rent arrears and disruptive behaviour. The approach is about being firm but fair.

RTA Tools for disruptive behaviour

- Kāinga Ora is making earlier and more frequent use of the tools available under the Residential Tenancies Act (RTA) to drive behaviour change and provide a clear deterrent for disruptive behaviour.
- If behaviour does not change, Kāinga Ora will end tenancies when needed and not offer the customer another home.
- Ultimately, that approach is designed to provide a clear deterrent for disruptive behaviour and encourage behaviour change through making effective use of the tools available to under the RTA.

Data as at September 2024:

Action Taken	Description	Financial Year 2023/24	30 September 2024
Section 55A notices issued	We can make it clear to tenants that their behaviour is unacceptable, and their tenancy is at risk by issuing a Section 55A notice. If a tenant receives three Section 55A notices within a 90-day period, then we can apply to the Tenancy Tribunal to end their tenancy.	202	241
Agreed relocations	If tenants are willing, Kāinga Ora can work with them to relocate them to a new home. Most tenants take moving to a new home as an opportunity for a fresh start and do not cause further issues.	243	27
Required relocations (s53B notices)	Section 53B notices are used to end a tenancy and move the tenant to another Kāinga Ora home. Most tenants take moving to a new home as an opportunity for a fresh start and do not cause further issues.	10	1
Tenancy terminations by order of Tribunal (s55, s55A, s55AA, s56 notices)	In severe, threatening or persistent cases we will seek termination at the Tenancy Tribunal and will not provide the tenant with another Kāinga Ora home. This figure includes situations where a tenancy has been terminated after we have issued the tenant with three section 55A notices within 90 days.	11	12

Kāinga Ora workforce changes

- Kāinga Ora is consulting with its staff on change processes in response to changing priorities and to achieve further savings, while maintaining the delivery of our core functions and services.
- This is a continuation of the work commenced last year to achieve more efficiencies across Kāinga Ora which included reducing some support (or back-office) functions.
- Consultation on change programmes have commenced, or will be starting, or are now completed, with teams in the following business groups: People Governance and Capability; National Services; Commercial; Urban Planning and Design; Strategy Finance and Policy and Te Kurutao Group Māori.
- Since November 2023, when the first consultation process was initiated, the workforce has decreased by nine percent (as at October 2024).

Budget 2024

Large-scale projects

- Kāinga Ora is leading the delivery of five-large scale urban development projects in Auckland (Mount Roskill, Mangere, Tāmaki, Oranga and Northcote), and one in Eastern Porirua. These are multi-decade suburb wide land development and infrastructure projects that provide build-ready land, the renewal of existing Kāinga Ora housing stock, and new market housing. The LSPs all started between 2017 to 2019.
- Kāinga Ora partners with Auckland Council, developers, Tāmaki Regeneration Company to deliver the LSP programme. Kāinga Ora is also partnering with Ngāti Toa to deliver the Eastern Porirua LSP.
- The programme is funded by a combination of Kāinga Ora land sales, Crown operating and capital funding, and Council contributions. Over time the programme settings have been adjusted to respond to cost escalation.
- Budget 2024 reduced the overall funding envelope for LSPs by \$435 million to \$1.86 billion. This included returning \$200 million operating funding, \$130 capital and a \$105 million contingency.
- The total number of homes enabled by the total programme is still the same as before July 2024 (14,088). This was achieved by adjusting policy settings (e.g. by removing affordability requirements).
- In Budget 2024, the Housing Acceleration Fund allocated to the LSPs was reduced from \$2.3 billion to \$1.86 billion, a \$435 million decrease. Work is currently under way to realign the programme in line with Ministers' expectations.
- At present, we have 1,008 homes are currently under construction – 304 state, 369 affordable and 335 market.
- To date, 111 hectares of land have been redeveloped by Kāinga Ora and 16 additional hectares of land are currently being redeveloped.
- As of 30 September 2024, \$954 million, of \$1.86 billion had spent by Kāinga Ora on LSP. HUD had paid HAF fund of \$619.6 million to Kāinga Ora.
- As at 30 September 2024, Kāinga Ora has enabled 5293 of the 14,088 homes.

New social housing places for Community Housing Providers

- Budget 2024 allocated \$140 million of new funding from the 2025/26 financial year for a total of 1,500 new social housing places, to be delivered over the next two financial years (2025/26 and 2026/27), and to be operated by Community Housing Providers.
- The 1,500 new places will be operated by CHPs, but some may be built by other players, with CHPs focusing on their strengths in tenancy management and community connections.

- Of the 1,500, around 500 places will be focused on maintaining momentum of social housing delivery and supporting the Government's emergency housing reduction target in the near term.
- The priority locations for the first 500 new social housing places are Gisborne and the wider Tairāwhiti region, Hamilton, Napier and Hastings, Rotorua, Tauranga, and HUD will consider social housing projects in Auckland, Christchurch, and Wellington that directly support a reduction in emergency housing.
- For the 500 places focused on maintaining momentum, we will take a deliberate approach to investment in different locations. Objectives include:
 - maximising value for money from Government investment
 - reducing reliance on emergency housing and motel accommodation
 - taking a balanced approach between achievability and building capability in historically under-served places.
- As at the end of October 2024, around 100 places have either been approved or are in the final stages of consideration, and there is a strong pipeline of proposals, with over 240 more places under active consideration.
- We are confident that the balance of the first 500 places will be allocated in sufficient time for delivery before the end of June 2027.

Strategic partnerships

- The majority of the remaining 1,000 places funded through Budget 2024 will be delivered through strategic partnerships with institutions and communities.
- Strategic partnerships, at this stage, will involve:
 - a selection of a small number of organisations with high readiness to partner
 - commitment to fund (within current funding and agreed locations) a pipeline of housing delivery (for example up to 100 homes by 30 June 2027), rather than requiring project by project application and approval and
 - agreement to key parameters for delivery upfront, with flexibility for the partner to deliver within those parameters.
- It is expected that there will be some room for CHPs to deliver projects outside of this. This will be based on demonstrating housing need in place, with HUD applying a strong value for money lens in its investment decisions.
- HUD will communicate process and parameters for remaining places to the sector by the end of December 2024.

Redirects

- From July 2024, HUD is not accepting any new redirects unless by exception. This policy change aligns with the government's preference for new social housing places to be new

builds. “Redirects” is a catch-all term for social housing supply that is existing in the market, and which is not new build housing specifically intended for social housing. These houses are predominately provided by CHPs through lease arrangements with private landlords, Councils, and existing CHP stock.

- This means CHPs need to cap their current number (effective July) of redirect tenancies as the maximum. This allowance ensures tenancies and properties can still be replaced when they become vacant or unavailable over time. However, CHPs will not be able to increase their net number of redirects.
- HUD will still accept redirects where it has provided a commitment to do so or where funding has been provided for redirects through a specific programme. This means that some separately funded services such as, Housing First and Rapid Rehousing, where immediate access to housing and client choice are key service elements are not included in the redirects approach. Redirects for Te Toi Mahana are also separately funded - so are not counted or have any implications for the 1500 places funded through Budget 2024.

Updating social housing priority locations and focus on Emergency Housing

- As of 31 September 2024, 48 of the projects which were under assessment are now proceeding to contract. Of those, 25 are in Rotorua, where we have seen significant demand for Emergency Housing, which we are committed to resolving.
- Kāinga Ora will continue to review the projects under assessment and make decisions in line with the Government’s updated priority locations for social housing need.
- As of 1 September 2024, Kāinga Ora has housed 592 applicants through the Emergency Housing fast track.

Vote savings

- The Government identified savings of approximately \$2 billion across Vote Housing and urban Development over the four years from 1 July 2024.
 - Approximately \$1 billion from planned reduction in expenditure by Kāinga Ora in a number of areas, including from its asset maintenance programme. These savings were identified by Kāinga Ora during the independent review and approved by the Kāinga Ora Board. These savings will be delivered through the turnaround plan that Ministers have requested from the new Board.
 - \$435 million from reducing the funding envelope for the Kāinga Ora led Large-Scale Projects. This includes returning \$200 million operating funding, \$130 capital and a \$105 million contingency.
 - \$245 million from winding down the First Home Grant scheme.
 - Savings from a range of funds of programmes relating to underspends, where there were constraints to delivery and a small reduction to investment for Māori housing supply and capability projects.
- Some of these savings have been reprioritised to support new investments.

- Budget 2024 provides \$140 million of new funding for 1,500 new social housing places to be provided by Community Housing Providers and delivered from 2025 to 2027. This investment is made possible by ending the First Home Grant scheme, which evidence suggests is now less effective than when it was established in 2010. The more effective First Home Loan remains to support first home buyers into home ownership.

Transitional housing savings

- Through Budget 2024, savings were identified from a number of initiatives funded from the Transitional Housing Appropriation including:
 - Hamilton and Wellington Place-based initiatives
 - Rangatahi Youth Transitional Housing places funded through Budget 2023
 - Homelessness Action Plan initiatives.
- To meet the required savings target we needed to make tough choices and return funding from:
 - Underspends where the cost of contracting services and transitional housing places was lower than initially budgeted
 - Deciding not to contract some additional places where there were constraints to delivery
- None of the savings identified affect current contracts or levels of service.
- HUD initially expected not to contract some Rangatahi Youth places due to provider constraints. Since budget providers have identified opportunities which HUD has contracted, with offsetting savings from the wider Transitional Housing Programme from delays in contracting and lower price points compared to budget.

HUD savings and restructuring

- The Minister of Housing was given a 7.5% savings target for departmental and non-departmental spending within Vote Housing and Urban Development, including the Ministry of Housing and Urban Development and Kāinga Ora.
- The Budget confirmed HUD's departmental budget at \$61 million from 1 July 2024 on an ongoing basis.
- HUD originally had \$73 million of funding for the next financial year (2024/25), with this to decrease by \$10 million per year from July 2025 due to the expiry of time-limited funding.
- The average decrease is about 6% out to 2027/28 against HUD's original baseline, instead of 7.5%.
- HUD is undertaking a phased internal change programme to deliver against the Government's priorities and achieve the savings required by the Government. HUD is currently reviewing its workforce capability and capacity and there will be a decrease in staffing levels. This work started in 2023/24 and will be completed in 2024/25.

Summary of initiatives for Vote Housing and Urban Development

	Budget 2024 Operating Average (\$m)	Operating Total (\$m)	Capital Total (\$m)
Budget Breakdown for Vote			
Increased Funding for Core Services	18.750	75.000	-
New Government Commitments	53.041	212.165	-
Savings and Revenue	(452.631)	(1,810.523)	(285.000)
Total	(380.840)	(1,523.358)	(285.000)

Increased Funding for Core Services

Transfer of Infrastructure Assets to Third Parties

This initiative provides funding so that the Ministry of Housing and Urban Development can transfer infrastructure assets to third parties to meet generally accepted accounting principles. As a response to COVID-19, funding was provided for a number of infrastructure projects. The Ministry was subsequently advised by Audit New Zealand that it needed to recognise the value of infrastructure upgrades on its balance sheet for works incurred on land owned by the Crown. This meant that there was no initial operating impact from this work as anticipated. This initiative ensures that there is sufficient authority at the time of transfer to recognise the technical non-cash operating expense associated with the transfer of assets.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	65.000	10.000	-	-	75.000	-

New Government Commitments

Kāinga Ora Crown-Funded Programmes and Statutory Obligations – Continuation of Funding

This initiative provides funding for Kāinga Ora – Homes and Communities to retain the capability required to execute its non-public housing statutory functions and obligations and to deliver housing products on behalf of the Crown.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	34.920	14.970	12.610	12.610	75.110	-

Social Housing Supply – Additional 1,500 Social Housing Places

This initiative provides funding for 1,500 new social housing places with delivery to be phased from 1 July 2025 onwards. These places will be delivered by Community Housing Providers.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	-	17.500	52.500	70.000	140.000	-

Savings and Revenue

Baseline Savings and Revenue

Affordable Housing Fund Innovation Pathway

This savings initiative returns funding remaining in the Affordable Housing Fund. This fund is designed to support the development of new, affordable homes for low-to-moderate income individuals in areas facing the largest housing supply and affordability challenges. This funding was uncommitted and there is no change to current service levels from the return of funding.

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	(10.000)	-	-	-	(10.000)	(50.000)

Contracted Emergency Housing

This savings initiative returns funding by exiting Contracted Emergency Housing motels in Rotorua due to declining demand. This saving corresponds to a historical underspend.

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	(5.000)	(5.000)	(5.000)	(5.000)	(20.000)	-

Emergency Housing Review and Homelessness Action Plan

This savings initiative returns funding allocated to the Emergency Housing Review and Homelessness Action Plan arising from projected underspends due to delivery capacity constraints.

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	(2.000)	(13.000)	(14.000)	(15.000)	(2.000)	(46.000)	-

Emergency Housing System and Homelessness Action Plan Tagged Contingencies

This savings initiative returns funding allocated to the Emergency Housing System and Homelessness Action Plan contingencies. This funding was uncommitted and there is no change to current service levels from the return of funding.

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Tagged Contingency	(68.756)	(3.509)	(15.666)	(21.576)	(19.000)	(128.507)	-

Kāinga Ora-Led Large-Scale Projects

This savings initiative returns funding for progressing Large-scale Projects, including the contingency for cost-overruns. As part of the broader review into funding in the Housing portfolio, the Large-Scale projects will be assessed to ensure that remaining funding are directed towards the highest value-for-money spend, with an emphasis on enabling additional housing supply.

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	(30.000)	(110.000)	(30.000)	(30.000)	(200.000)	(235.000)

Kāinga Ora Reduced Asset Maintenance and Personnel Expenditure

This savings initiative reflects planned expenditure reductions by Kāinga Ora as a result of efficiencies in areas including asset maintenance and personnel costs (primarily from support services).

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	(36.000)	(159.000)	(277.000)	(284.500)	(284.500)	(1,041.000)	-

Ministerial and Management Services Reduction

This savings initiative returns funding from the Managing the Housing and Urban Development portfolio to reduce departmental baselines. Savings arise from departmental services that manage and regulate housing and housing support providers and advice, servicing and monitoring to support Ministerial decision making.

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	(13.250)	(2.710)	(2.730)	(2.910)	(21.600)	-

New Supply and Capability of Māori Housing

This savings initiative returns funding by reducing a small portion of the ongoing funding for both new Māori housing supply and investments in capability and capacity of Māori housing providers. This returns funding that was uncontracted. Significant ongoing funding of over \$100 million operating per annum remains to maintain momentum for priority investments in supply and capability initiatives in focus areas.

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	(10.000)	(10.000)	(10.000)	(10.000)	(40.000)	-

Progressive Home Ownership

This savings initiative returns underspends related to grants under the Progressive Home Ownership scheme due to lower-than- expected forecast spend. This funding was uncommitted and there is no change to current service levels from the return of funding.

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	(2.000)	(5.000)	(5.000)	(5.000)	(17.000)	-

Rangatahi Youth Transitional Housing

This savings initiative returns funding for rangatahi youth-focused transitional housing places that will not be contracted. This funding was uncontracted and there is no change to current service levels from the return of funding.

This initiative contributes to the baseline savings target for the Ministry of Housing and Urban Development.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	(5.000)	(5.000)	(5.000)	(5.000)	(20.000)	-

[Note the Rangatahi Youth Transitional Housing places have subsequently been contracted with offsetting savings found from elsewhere in the Transitional Housing Appropriation]

Further Savings and Revenue Measures

First Home Grant Scheme

This savings initiative returns funding from the First Home Grant scheme, providing deposit support for eligible first home buyers, which is ceasing. Ongoing funding is provisioned for the First Home Loan scheme, which represents better value for money and better assists first-home owners in lowering the deposit barrier.

Vote	2023/24	2024/25	2025/26	2026/27	2027/28	Operating Total	Capital Total
Housing and Urban Development	-	(35.000)	(70.000)	(70.000)	(70.000)	(245.000)	-

Housing initiatives in Vote Social Development

INITIATIVE NAME	DESCRIPTION	NET SAVINGS	FORECAST PERIOD
Policy Changes			
Emergency Housing – Tightening Gateway Settings and Continuing Support Services <i>Vote Social Development</i>	This initiative will contribute to the Government’s target of 75% fewer households in emergency housing by 2030 as well as to general future savings. This initiative ensures emergency housing is targeted to those who have a genuine need and have met their responsibilities. Operating cost over two years: \$83.476 million	\$350.546 million	Five years from 2023/24 to 2027/28
Housing Supports – Including Boarders Contributions in the Calculation of Subsidies for Private and Social Housing <i>Vote Social Development Vote Housing and Urban Development</i>	This initiative includes boarders’ contribution in the calculation of subsidies for private and social housing making the assistance fairer and more sustainable where accommodation costs can be counted more than once in the calculation of subsidies. Operating and capital cost over forecast period: \$10.665 million and \$6.894 million respectively	\$150.957 million	Five years from 2023/24 to 2027/28

HUD audit report and recommendations

Overall findings

- An unmodified audit opinion was issued for HUD for 2023/24. This means Audit were satisfied that the financial statements and statement of service performance present fairly the Ministry’s activity for the year and its financial position at the end of the year.
- The financial statements are free from material misstatements, including omissions.
- HUD’s management control environment was assessed as Very Good (same as 2023).
- HUD’s financial information systems and controls were assessed as Good (same as 2023).
- HUD’s performance information and associated systems and controls were assessed as Good (same as 2023).
- Audit made two new recommendations:

Audit NZ recommendation	Management comment
<p>Expenditure transaction approvals</p> <p>When performing our controls testing for departmental and Crown expenditure, we noted that our selected purchase order samples lacked evidence of approval as these were automatically approved by the system. We noted that as these expenses were below \$100k, these expenses were automatically approved by the system, based on the approved contracts in the system these expenses were associated.</p> <p>This poses a risk that invalid expenses below \$100k but associated with an approved contract may still be approved and paid. While these transactions are immaterial individually, they have the possibility to be material in aggregate.</p> <p>We recommend the Ministry approve its expenditure on a per invoice basis, rather than automatically approving them based on the associated approved contract, particularly for Crown expenditure related to contracts with housing providers.</p> <p>We further recommend the Ministry to monitor contracts to ensure formal agreements are in place prior to processing payments.</p>	<p>The checking of individual invoices is performed by the Contract Management Team (CMT) prior to the invoice being submitted for payment in Aho (Oracle). The prechecks are consistent with the documented walkthrough notes, however during the interim audit the evidence that these checks have been performed could not be produced for this sample. HUD Finance as well as CMT are working on improvements to better document the prechecks (the control) performed prior to payment. It is important to note there was no breach of delegations given the financial delegations are exercised when the WOLC contract is approved, then purchase orders are created to control annual spend and that the control was in place.</p>

Audit NZ recommendation	Management comment
<p>Verification procedures for creditor Masterfile changes</p> <p>During the audit, we were made aware of a fraud related to inappropriate Masterfile changes as supplier's digital systems had been compromised and an unidentified fraudster was able to contact HUD to initiate a change in bank account details. Two payments totalling \$13.3 million were made to the fraudulent bank account. The entire amount was recovered by HUD within couple of weeks.</p> <p>This fraud highlighted the need further improve design and implementation of Masterfile change internal controls.</p> <p>We recommend the Ministry to improve its controls around processing requests to changes to the creditor Masterfile report. These include:</p> <ul style="list-style-type: none"> • Design - Requests for changes to vendor information, particularly bank account, should require validation from a second authorised supplier representative including making a phone call to relevant contact at supplier to confirm • Implementation – HUD currently accepts snapshot of online bank statement as evidence of change in bank account. Online screenshots are susceptible to modification. HUD must insist on proper bank certificate or complete bank statement with new bank account number • Implementation – Relevant staff at HUD to apply more professional scepticism when reviewing and approving requests for new suppliers and changes to supplier information. This includes attention to detail to pick any inconsistencies <p>Vendor Supplier should also be able to prove it to HUD's satisfaction that laptop or email was actually compromised</p> <p>As of writing this report, HUD has informed us that these recommendations are being implemented. We will verify this as part of our 2024/25 audit.</p>	<p>Prior to the fraud event in July 2024, Audit New Zealand deemed the Ministries internal controls and level of supporting bank evidence for vendor Masterfile changes as effective.</p> <p>In July, when HUD was aware of the fraudulent payments, HUD immediately put in place an independent verbal verification (follow up phone call) of the bank account with the suppliers Finance or senior staff. Transferring the approval of bank account changes from the Procurement and Contract Management Managers to the CFO.</p> <p>In terms of inadequate bank evidence, HUD had immediately removed from its procedures the acceptance of internet banking screen shots. HUD has retained the requirement for bank certificates, deposit slips or bank statements to verify new and changed supplier bank accounts.</p> <p>HUD has made changes to it payments run, performing pre-checks to payments prior to submitting payments. A custom report was built that checks proposed bank accounts in the payment run vs. bank accounts for previous payments made in the last 6 months.</p> <p>Since this incident, HUD has also provided external training with procurement and Finance staff led by Westpac and Bastion Security Ltd (Cyber Fraud). For the past two years HUD, during Fraud Awareness week the Ministry runs campaign to make staff aware of fraud and corruption, and a new Fraud and Corruption policy and procedures was approved in November.</p> <p>Immediate changes were made to HUD's vendor master file changes and new supplier set up as well as additional checks against bank account.</p>

- There were no other significant matters noted.

Performance measures for quality of outputs or services

- Budget initiatives in recent years have been focused on increasing supply and the volume-based performance measures reflect this. HUD's strategic intentions also focus on the provision of more houses.
- In 2023/24, over 80 percent of the funding in the Public Housing appropriation was provided to Kāinga Ora. Kāinga Ora reports qualitative information in the narrative of its Annual Reports, which provides a broader picture of the delivery of services. This includes reporting on how Kāinga Ora support their customers and their wellbeing. For example, in 2022/23, 80 percent of Kāinga Ora's customers were satisfied with their Kāinga Ora home and 80 percent of customers were satisfied with the services provided by Kāinga Ora.
- HUD also undertakes evaluations of services, which provide information on the quality of services that are provided. For example, the evaluation of Housing First and Rapid Rehousing provides qualitative information on the experiences of whānau receiving these services.
- HUD's outcome and impact measures will be reviewed when its Statement of Strategic Intentions is next updated in 2025.

Performance results that did not meet target for 2023/24

Facilitating the purchase and redevelopment of land for housing purposes: Number of settled land acquisitions

One acquisition process was completed early in 2023/24. Progressing further land acquisitions was paused due to the caretaker conventions during the General Election and subsequently setting new Government priorities. Government priorities for the housing system include increasing the supply of developable land for housing. The role of the Land for Housing programme, which facilitates the purchase and redevelopment of land for housing purposes, is being considered as part of the work on improving the effectiveness and value for money of expenditure across the housing system.

Facilitating the purchase and redevelopment of land for housing purposes: Number of signed Development Agreements

A Development Agreement in the final stages at the end of 2022/23 was signed early in 2023/24. Progressing further Development Agreements was paused due to the caretaker conventions during the General Election and subsequently setting new Government priorities. Interim setting changes, agreed by Cabinet after 30 June 2024, will enable Development Agreements for three sites to progress, and to be initiated for two further sites. The role of the Land for Housing programme, which facilitates the purchase and redevelopment of land for housing purposes, is being considered as part of work on improving the effectiveness and value for money of expenditure across the housing system.

Services for People in Need or at Risk of Needing Public Housing: The number of contracted places available for chronic homeless households to be placed and supported into secure and stable accommodation under the Housing First initiative

The target number of places has not been contracted, due to current sector capacity constraints.

Affordable Housing Fund: The number of homes unlocked through the Build Ready Development Pathway

Early in 2023/24, \$52.9 million of prepurchase and underwrite funds were approved to unlock 91 homes in Whangārei, Te Awamutu, Waipawa and Waipukurau. Progressing any further potential commitments was paused due to the caretaker conventions during the General Election and subsequently setting new Government priorities. After 30 June 2024, Cabinet agreed to end the Build Ready Development pathway.

Authority for the Residential Property Management Regime: The regulatory functions, systems and processes necessary to give effect to the legislation are established by the date(s) that relevant sections of legislation and regulations commence; and the regulatory functions, systems and processes are established in accordance with the requirements of the regulatory regime

The Residential Property Managers Bill was discharged in June 2024 and the funding agreement has now ended.

Infrastructure Investment to Progress Urban Development: The forecasted completion date of the housing infrastructure projects is at or before 30 June 2024

One additional housing project, on Teitei Drive in Ohakune, was added to this group of housing infrastructure projects in the last 12 months. However, the project became financially unviable due to rising costs and economic pressures. Despite exploring various options, none were feasible within the allocated budget or addressed market risks. Consequently, Kāinga Ora withdrew as the developer and shelved the project, and it is in the process of being cancelled. Therefore, the project will not meet the completion date, and the percentage of projects forecast to meet completion at or before 30 June 2024 is less than target.

Land for Housing Programme: Number of settled land acquisitions

One acquisition process was completed early in 2023/24. Progressing further land acquisitions was paused due to the caretaker conventions during the General Election and subsequently setting new Government priorities. Government priorities for the housing system include increasing the supply of developable land for housing. The role of the Land for Housing programme, which facilitates the purchase and redevelopment of land for housing purposes, is being considered as part of the work on improving the effectiveness and value for money of expenditure across the housing system.

Housing Acceleration Fund: The total number of houses enabled; and the total number of houses enabled through the delivery of Large-Scale Projects

Kāinga Ora delivered 651 homes against a target of 750, primarily due to challenging market conditions. Land sales slowed due to difficulties in securing financing for developers, and rising interest rates, with delivery also affected by economic uncertainty and fluctuations in the housing market.

He Kūkū ki te Kāinga – Increasing Māori Housing Supply – Prepayment of Upfront Funds: Number of cabins delivered as part of the 2023 North Island Weather Events' response

While funding to deliver the cabins was allocated to the financial year 2023/24, 109 cabins were delivered in 2022/23 as part of the immediate response to the early 2023 North Island adverse weather events and the remainder of the 400 cabins were delivered in 2023/24. So, while only 291 cabins were delivered in 2023/24, across both years 400 cabins have been delivered, meeting the target.

Agenda for HUD in-depth hearing

Structured agenda for the in-depth 2023/24 Annual review of the Ministry of Housing and Urban Development

3 December 2024, 10:20 am – 1:20 pm


Total hearing time 3 hours





	Topic	Time
1	<p>Overview discussion: whole-of-organisation focus</p> <p>Introductory remarks from HUD: introduce attendees, what went well, what didn't, key concerns (maximum 5 minutes).</p> <p>Discussion on:</p> <ul style="list-style-type: none"> • Strategic context, adapting to current priorities • Organisational health and delivery: key audit findings • Overview of performance - financial and non-financial, looking at current year and headline trends 	<p>10.20am – 10.30am (10 mins)</p>
2	<p>Subject area: Leadership of the housing system</p> <p>Potential discussion on:</p> <ul style="list-style-type: none"> • Leading on housing sector strategic changes • Relationships. local authorities, and responding to their needs • Other Strategic partnerships • Coordinating government response to needs • Performance measurement and reporting 	<p>10.30am – 10.55am (25 mins)</p>
3	<p>Subject area: Housing system health and capability</p> <p>Potential discussion on:</p> <ul style="list-style-type: none"> • Construction and housing development sector – capacity and capability, workforce, skills, logistics etc • Cost factors and efficiency of delivery • Māori led housing • Performance measurement and reporting 	<p>10.55am – 11.20am (25 mins)</p>
4	<p>Subject area: Social Housing Supply</p> <p>Potential discussion on:</p> <ul style="list-style-type: none"> • Public Housing Plan delivery • Planning for future delivery • Roles of different delivery channels – e.g. Kainga Ora and Community Housing Providers • Role and development of transitional housing • Performance measurement and reporting 	<p>11.20am – 11.45am (25 mins)</p>
5	<p>Subject area: Government Target – emergency housing</p> <p>Potential discussion on:</p> <ul style="list-style-type: none"> • Government target – Emergency housing – measuring and reporting • Approaches to achieving government target through system levers • Working with others to achieve the target 	<p>11.45am – 12.10pm (25 mins)</p>

6	Subject area: Urban and infrastructure development Potential discussion on: <ul style="list-style-type: none"> • National Policy Statement on Urban Development • Role of HUD re other interested parties in this area – e.g. local authorities, communities • Infrastructure development initiatives and programmes • Performance measurement and reporting 	12.10pm – 12.35pm (25 mins)
7	Subject area: Organisational Capacity and Capability Potential discussion on: <ul style="list-style-type: none"> • Delivering within budgeted resources • Workforce capability – current and planned 	12.35pm – 1.10pm (25 mins)
	General questions, current events, and concluding observations Prior years' budget initiatives/funds, what has been achieved with that money, and how it is reported	1.10pm – 1.20pm (10 mins)

Social Services and Community Committee members

Name		Role	Party	PQ topics
Joseph Mooney		Chairperson	National Southland MP	-
Paulo Garcia		Deputy Chairperson	National New Lynn MP	-
Maureen Pugh		Member	National West Coast-Tasman MP	-
Laura Trask		Member	ACT List	-
Tanya Unkovich		Member	NZ First List	-

Name		Role	Party	PQ topics
Kieran McAnulty		Opposition spokesperson	Labour List	<ul style="list-style-type: none"> • Papers and advice received • Views expressed about former Kāinga Ora Chief Executive • Residential Development Underwrite projections, redirected funding • Homelessness Outreach Service • Evaluation of the Homelessness Action Plan • Children living in emergency accommodation • EH Target • Transitional housing and funding reprioritisation • Retirement Villages Act review timing, decisions • Public housing pipeline and delivery • Public housing register, transfer register • Kāinga Ora social housing projects under assessment • Kāinga Ora funding, review, performance • Kāinga Ora disruptive tenants • Kāinga Ora Sustaining Tenancies Framework • CHP delivery capability • IRRS places • Kāinga Ora vs CHP construction costs • Monitoring performance of registered CHPs • Accessible homes built by CHPs • Accessible Properties as tenancy manager • Trust House as tenancy manager • Tamaki Housing as tenancy manager • Tamaki Housing Association Limited Partnership homes built • First Home Loan changes • First Home Grant changes • Home Start Grant changes • Affordable Housing Fund • Rate of rental increase • Rate of house price increase • HUD restructure, roles disestablished

Name	Image	Role	Party	PQ topics
Willow-Jean Prime		Member	Labour List	<ul style="list-style-type: none"> • Young people in EH • Young people in accommodation for the homeless • EH and TH services for young people • Youth homelessness • Rangatahi Youth Transitional Housing
Carmel Sepuloni		Member	Labour Kelston	<ul style="list-style-type: none"> • EHSNG volumes • Changes to EH, eligibility criteria, Priority One category
Willie Jackson		Opposition spokesperson	Labour List	<ul style="list-style-type: none"> • Children living in EH
Megan Woods (potential sub)		Previous responsible Minister	Labour Wigram	<ul style="list-style-type: none"> • Homelessness in Christchurch • Households on the housing register in Christchurch • Emission impact of reducing density requirements for housing


Labour Party Media


Kieran McNulty
Core themes: Opposition to Government budget and policies, concerns w/ systemic problems in NZ housing market/sector, and unintended consequences of new emergency housing settings creating possible increase in homeless persons.

- [Release: Emergency housing changes will see more people on streets - August 2024](#)
- [Statement from Labour housing spokesperson Kieran McNulty - NZ Labour Party - July 2024](#)
- [Labour's Kieran McNulty: It will take more than a decade to fix NZ's housing crisis. All things property, under OneRoof - June 2024](#)
- [Granny flat change welcomed by housing providers and Labour Party - NZ Herald - June 2024](#)
- [Budget 2024: Labour attacks changes to housing policy, says it's 'catastrophic for New Zealand' | Newshub - June 2024](#)
- [Release: National Government takes anti-housing stance - NZ Labour Party - May 2024](#)

Labour Party OIA requests


- Budget bilateral meetings
- Failed or scaled Budget 2024 bids
- Communications on baseline savings
- 1,500 more social homes
- First Home Grant advice
- Performance plans and briefings on service delivery
- Emergency housing and Target 8 advice and correspondence
- Residential Development Underwrite advice and correspondence
- Retirement Villages Act Review submissions
- Correspondence with Minister Costello
- Construction cost between KO and CHPs
- Kāinga Ora Letters of Expectation
- Supplementary document from Reviewers of Kāinga Ora
- Comments made about former Chief Executive of Kāinga Ora
- Tāmaki Regeneration Company Equity Drawdown Request
- Spend on contractors, consultants to assist with change processes, role disestablishments and restructures
- Restructuring proposal documents and correspondence
- Contracts with ImpactLab
- Housing Ministers meetings, minutes and actions following Ministerial meetings

Name	Role	Party	PQ topics
Ricardo Menéndez March		Member	<ul style="list-style-type: none"> • EHSNG volumes • People leaving EH • Changes to EH, eligibility criteria, Priority One category

Name		Role	Party	PQ topics
<p>Tamatha Paul</p>		<p>Opposition spokesperson</p>	<p>Green Wellington Central MP</p>	<ul style="list-style-type: none"> • Papers and advice received • EHSNG volumes • People leaving EH • Changes to EH, eligibility criteria, Priority One category • EH applications declined • Public housing waitlist • Homelessness • Kāinga Ora tenancies ended, evictions • Kāinga Ora complaints about tenants • Kāinga Ora Sustaining Tenancies Framework • Kāinga Ora rent arrears • Kāinga Ora homes meeting universal design standards • Kāinga Ora review • Kāinga Ora social housing projects under assessment, houses built • Arlington development • Selling state houses • Changes to IRRS funding • CHP build delays, houses built • Government house build programme • Register of boarding homes • Renting, no-cause evictions • Healthy Homes Standards compliance, reporting • Progressive Home Ownership • Unclaimed tenancy bonds • Pet bonds • Land held in Land for Housing programme
Green Party Media				
<p>Tamatha Paul</p> <p><i>Core themes: Opposition to Government policy direction on residential tenancy legislation, concerns for the wellbeing of renters.</i></p>		<ul style="list-style-type: none"> • Green Party's Tamatha Paul says tenancy changes prove Government 'does not care about renters' Newshub – April 2024 • Greens call for rent controls after record highs, ACT labels them 'economically illiterate' Newshub - April 2024 		

Green Party OIA requests

- Going for Housing Growth briefings and advice
- Fast-Track Approvals Bill briefings and advice
- Residential Property Managers Bill briefings and advice
- Residential Tenancies Act changes restoring no-cause evictions
- Retirement Villages Act Review briefings and advice
- Climate change briefings and advice
- Draft second Emissions Reduction Plan
- Consenting timeframes
- Budget advice to Ministers
- Government Transport Government Policy Statement
- Quarterly Report on Nine Targets
- CHP redirects
- Income Related Rent Subsidy and Accommodation Supplement
- Use of Te Reo and staffing changes
- Kāinga Ora Review

Name	Role	Party	PQ topics
Takutai Tarsh Kemp		Member	Te Pāti Māori Tamaki Makaurau MP

Te Pāti Māori OIA requests

- Use of Te Reo Māori
- New Builds and Māori Communities
- Māori homeownership
- Government response and statistics on homelessness for Māori
- Prevalence of unoccupied or ghost homes

Latest data and statistics

Social Housing

Total Places

As at **31 October 2024** there were **84,834** Social Housing Places (71,067 managed by Kāinga Ora and 13,767 by Community Housing Providers).

As at **31 December 2023** there were **80,605** Social Housing Places (67,747 managed by Kāinga Ora and 12,858 by Community Housing Providers).

As at **30 September 2017** there were **66,196** Social Housing Places (61,323 managed by Kāinga Ora and 4,873 by Community Housing Providers).

Net change

Between **31 December 2023** and **31 October 2024**, the number of Social Housing Places increased by **4,229** Social Housing Places (a **3,320** increase in places managed by Kāinga Ora and a **909** increase in places managed by Community Housing Providers).

New builds

Between **31 December 2023** and **31 October 2024**, there were **4,602** Social Housing New Builds delivered (**4,077** by Kāinga Ora and **525** by Community Housing Providers), in some cases replacing old houses that had passed their use-by-date and allowing a greater number of homes on the same site.

Social Housing Register

Total Applicants

As at **31 October 2024** there were **26,131** Applicants on the Social Housing Register (includes the Housing Register **21,294** and Transfer Register **4,837**).

As at **31 December 2023** there were **30,509** Applicants on the Social Housing Register.

As at **30 September 2017** there were **7,327** Applicants on the Social Housing Register.

Net change

Between **31 December 2023** and **31 October 2024**, the number of Applicants on the Social Housing Register **decreased by 4,378** (includes the Housing Register and Transfer Register).

Residential Building Consents

Between **31 July 2023** and **30 September 2024** there were **39,745** new Residential Dwellings Consented.

Between **31 December 2022** and **31 December 2023** there were **37,234** new Residential Dwellings Consented.

House Prices

According to the REINZ House Price Index (HPI):

Between **October 2023** and **October 2024** (1 year comparison), house prices fell 1.1%.

Between **October 2019** and **October 2024** (5 year comparison), house prices rose 4.8%.

Rental Prices

Stats NZ Rental Price Index (flow measure)

Between **December 2023** and **September 2024**, the Rental Price Index fell 0.5.

Note: the Stats NZ Rental Price Index is controlled for quality and tenancy types and so is a more accurate measure of the change in rental prices.

MBIE Geometric Mean

Between **December 2023** and **September 2024**, the average (geomean) rent price rose from \$529 pw to \$537 pw

Note: the change in geometric mean covers all tenancies and is not controlled for quality or tenancy types.

National housing key data releases

House Price Index (HPI) and Median House Price	
<p>Key Data and Points:</p> <p>+0.5% change in the HPI in the month of October 2024</p> <p>-1.1% change in the HPI since October 2023</p> <p>Number of sales: 6,681</p> <p>+10.0% in the month of October 2024 (-2.6% seasonally adjusted)</p> <p>+20.0% since October 2023</p> <p>Median House Price of \$795,000 in October 2024</p> <p>+1.9% in the month of October 2024 (+1.0% seasonally adjusted)</p> <p>+0.7% since October 2023</p> <p>Inventory for sale: 32,339</p> <p>+7.7% in the month of October 2024</p> <p>+26.3% since October 2023</p>	<p>Trend and HUD Comments:</p> <p>There has been some renewed interest in the property market. House prices have slightly improved, and sales numbers also saw growth in October.</p> <p>Despite recent falls, interest rates remain high compared to recent years, and concerns about rising unemployment and high stock availability will dampen house price growth.</p> <p>The RBNZ projection is for house price growth to return gradually to an average rate of around 5% in the long-term. (pg. 48, MPS mps-aug-2024.pdf (rbnz.govt.nz)).</p>
<p>Notes:</p> <p>House Price Indexes (HPIs) measure price change over time and are a better measure of market change than median or average sales prices, which can be heavily influenced by the composition of sales. There are three main HPIs produced in New Zealand: Real Estate Institute of New Zealand (REINZ), QV and CoreLogic.</p> <p>HUD's preferred measure of house prices is the REINZ HPI. While the other two HPIs offer some insight, they are too lagged to be useful for our purposes. Treasury and RBNZ use the CoreLogic (a quarterly version) HPI as this is a robust measure and suits their long-term trend analysis and forecasting needs. RBNZ also uses REINZ for more timely analysis.</p> <p>REINZ data reports the median price of unconditional sales in a month. The median or average house prices in each month can be heavily influenced by the composition of sales for that month. For this reason, HUD prefers Housing Price Indices as a better measure of price and market changes over time.</p> <p>Release Date: 14/11/2024 REINZ HPI & median house prices</p>	

New Dwelling Building Consents

Key Data and Points:

2,943 new dwellings consented in **September 2024**.

1,378 Houses

1,091 Townhouses, flats, and units

277 Apartments

197 Retirement Village Units

+1.6% total dwellings consented compared to **September 2023**

(**+2.6%** seasonally adjusted)

33,677 new dwellings consented since **September 2023**

-16.7% compared against the previous year ending **September 2023**

Trend and HUD Comments:

Building activity is expected to tighten further as existing projects are being completed faster than new projects are starting. This will be exacerbated by the lag between consenting, financing and getting new projects underway.

Stand-alone-housing is typically more responsive to market sentiment, due to the lower requirements to secure finance and relative ease of getting projects underway when compared to other typologies.

Consents for new stand-alone houses have risen slightly while consents for new apartments continue to decline and will take longer to recover, with apartment consents being particularly hard-hit.

The sector will continue to be hindered by high interest rates, increasing unemployment, and a large stock of properties for sale. However, unemployment is projected to peak in mid-2025, interest rates are slowly falling and are projected to continue to decline.

We expect there to be a gradual increase in house sales, prices and building consent issuance.

Notes:

Building consent data is one of the key indicators of construction sector activity. It reflects an intention to build. Not all building consents result in completed homes.

The number of dwellings consented each month can vary significantly due to timing of large multi-dwelling projects and frequently has a seasonal pattern obscuring underlying trends.

Release Date: 1/11/2024 [New dwelling building consents \(Stats NZ\)](#)

Rental Price Index (Flow Measure)

Key Data and Points:

+0.1% change in the RPI in the month of **October 2024**

+0.7% change in the RPI since **October 2023**

Trend and HUD Comments:

Annual rent inflation for new tenancies is easing steadily (from 7% in December 2023 to 0.7% in October 2024), continuing the trend across all regions in 2024.

Slowing wage growth, continued high levels of new building completion, high stock availability, and the reduction in net migration (from a combination of decreasing arrivals and increasing departures) all contribute to this trend.

Rental affordability is anticipated to hover around its current levels in the short term. The future impact on rental affordability will depend on where net migration and unemployment stabilize, and how changes to monetary policy and the economic outlook affect the length and depth of the construction sector downturn.

Notes:

The Rental Price Index (RPI) flow measure shows changes in price inflation for recently tenanted, private-sector rentals. Unlike other measures it adjusts for changes in the mix of property sizes and types giving a truer picture of price change. Weightings of the five broad regions can skew the national figure, with Auckland typically having an outsized impact.

The 'flow' measure of rents captures rental price inflation only for dwellings that have a new bond lodged against them in the reference period – not price changes for tenants who have not moved which there is no accurate, timely measure of. The flow measurements are useful for showing turning points in the market and the effects of wage growth and the balance between supply and demand.

Release Date: 14/11/2024 [Rental Price Index flow measure \(Stats NZ\)](#)

Rent Price and Active Bonds

Key Data and Points:

Geometric mean (see *Notes*) of **\$576** pw in the month of **August 2024**

+1.4% in the month of **August 2024**

+4.9% since **August 2023**

Active Bonds: 418,020

+795 (+0.2%) in the month of **August 2024**

+7,191 (+1.8%) since **August 2023**

Trend and HUD Comments:

The Geometric Mean Rent has stabilized in recent months as rental inflation has slowed. This is due to the high stock levels coupled with a decline in demand, driven by a decrease in net migration.

Notes:

Due to time taken to lodge and process bonds the rent price data from bonds for recent months is generally incomplete and changes as additional bonds are received by MBIE Tenancy Services.

Average rents do not give as clear a picture of true price movement as the Stats NZ Rent Price Index. Average rents do not account for changes in the types of properties rented from one period to another and fluctuate up and down over short periods. HUD's preferred measure is the geometric mean because it is more responsive to short-term, month-on-month movements, while the median tends to be less reactive and more prone to jumps in price.

Active bonds give an indicator of growth of rented stock. It is based on bonds lodged so does not cover rented homes where a bond has not been lodged and is for private tenancies only.

Release Date: 8/10/2024 [Rent price and active bonds \(MBIE\)](#)

Factors affecting the housing market

House Prices

Some factors are both upward and downward pressures as they will affect different groups of buyers.

Upward Pressures		Downward / Stabilising Pressures	
House Price Declines Stabilising	<i>House price declines since the start of 2024 seem to have stopped and prices risen in many areas in the past month. The perception that prices may rise can become a driver of growth.</i>	High New Listings and Inventory	<i>The number of listings for sale fluctuates but is currently at an 8 year high. This includes a high number of recently completed homes.</i>
Interest Rates Falling	<i>Two consecutive cuts in the OCR have signalled the RBNZs intent to remove fiscal restraints sooner than previously intended. Retail rates have fallen more as banks price in future cuts as well.</i>	New housing supply	<i>Currently construction activity remains high, adding to stock available to buy</i>
Test Rates Falling	<i>Test rates (used to ensure borrowers can cope with a return of higher rates) have fallen from ~9% to ~8% increasing the amount that can be borrowed.</i>	Wage Growth	<i>Average wage growth was 4.3% in year to June 2024 but is likely to slow as unemployment rises.</i>
Mortgage Affordability Improving	<i>As interest rates fall and wages still rise, mortgage affordability has and will continue to improve.</i>	Rising Unemployment	<i>Unemployment has risen 0.2 percentage points to 4.8% and is forecast to rise further before recovering.</i>
LVR (Loan to Value Ratio) Rules loosened	<i>Owner occupier lending capacity with an LVR over 80% has increased from 15% to 20%. For investors the LVR requirement increased from 65% to 70% meaning investors need lower deposits.</i>	Implementation of Debt-to-income ratios	<i>Implementation of DTIs by RBNZ in July 2024 have the potential to apply downward pressure on house prices by limiting borrowing but will not have much impact until interest rates fall to around 5%.</i>
Consumer Confidence Increasing	<i>Whilst still low, consumer confidence has listed with a general improved outlook for the coming year driven by falling inflation and interest rates.</i>	Global financial and geopolitical impacts	<i>Changes in US economic and domestic policy may contribute to tradeable inflation within the CPI, reducing the rate to which interest rates might fall.</i>
Market Confidence Increasing	<i>Media and economists' commentary that prices may have reached a bottom in this cycle and that prices will rise may encourage those trying to "time the market" increasing demand and FOMO.</i>	Sticky Domestic Inflation	<i>Local council rates, insurance and rental inflation for all tenancies continue to drive domestic inflation. Any other increases in these or other domestic items (along with tradeable inflation mentioned above) could cause inflation to rise out of the target band, requiring a return to higher interest rates.</i>
New housing supply slowing	<i>Whilst new supply has been high over the past year, slowing new building starts will cause a shortage of new builds in the medium term.</i>		
Reinstatement of Interest Deductibility	<i>A return to 100% deductibility for investors in 2025 will make investment in housing more attractive again.</i>		

Rental Prices

Some factors are both upward and downward pressures as they will affect different groups.

Upward Pressures		Downward / Stabilising Pressures	
Internal Migration	<i>Internal migration continues to put pressure on some regional rental markets where there has been a lower supply response.</i>	Internal Migration	<i>Some areas, particularly Wellington City, are experiencing population loss which will reduce pressure on the rental sector.</i>
Wage Growth	<i>Average wage growth of 4.3% in year to June 2024 but is likely to slow as unemployment rises.</i>	Population Growth	<i>Inward net migration has eased to 53,800 in August 2024. Whilst the surge in net migration caused upwards pressure, as that surge has slowed, rent inflation has fallen.</i>
Increasing ownership costs, incl. rates, and mortgage interest	<i>Some landlords refixing mortgage rates now will be moving from ~3% to over 6%. Local Council Rates up ~12% Insurance premiums up 13% Whilst supply and demand is still a limiting factor for new tenancies, existing ones might be more impacted by rent increases.</i>	“Sticky rents” and tenant loyalty	<i>Landlords keeping good tenants and foregoing “market rent” especially those with lower costs.</i>
		Continuing Supply	<i>Whilst the rate of growth has slowed, the number of tenancies is still 1.6% higher than this time last year.</i>
		Rising unemployment	<i>Unemployment has risen 0.2 percentage points to 4.8% and is forecast to rise further before recovering.</i>
		Rising numbers of rental listings	<i>Rental listings on Trade Me are 44% up compared to this time last year.</i>
Slowing housing supply	<i>Sharp decline in construction activity may contribute to a rental short fall in the medium term.</i>	Interest deductibility	<i>Over the long term the reinstatement of interest deductibility should make rents lower than under the previous settings</i>

Key points and trends

- Inward net migration has eased to 53,800 in August 2024 compared to a net gain of 127,700 in the year to August 2023. This comprised of a net increase of 109,900 non-NZ citizens and a net loss of 56,100 NZ citizens, meaning that whilst new arrivals have fallen, people leaving NZ (particularly for Australia) is still high.
- High net migration a year ago was putting significant strain in much of the housing market, particularly in Auckland, but as it has slowed, so has rental inflation – nationwide down from a record 7.2% in September 2023 to 1.2% in September 2024. However rental inflation is still high in Canterbury (4.2%) and the Rest of the South Island (5.4%).
- Whilst construction sector intents (consents) have stabilized, reports are that new construction activity is significantly reduced. If prolonged this would add to rental market pressure in the medium term. The length of the downturn is uncertain, largely depending on how quickly demand returns in the housing market.
- Housing market appears to be stabilising as:
 - interest rates have started to fall with further cuts imminent
 - reported renewed interest in housing from investors as tax deductibility restore and changes to the Residential Tenancies Act make their way through parliament.
 - higher consumer confidence is evident as inflation slows and interest rates fall
- Stable or slight growth more likely than a return to strong growth in short term as:
 - high levels of inventory for sale will act as a lid as buyers have a choice
 - saving for a deposit remains the largest hurdle for first home buyers
- Increasing unemployment and lower wage growth expected for the next couple of years will add to the uncertainty and hardship for some renters and would be homeowners.

Monthly Housing Dashboards

Emergency Housing SNGs | Oct 2024 |

Emergency housing is short-term accommodation (usually in motels) for individuals who have an urgent need because they are unable to remain in their usual place of residence. It is funded through Special Needs Grants that clients apply for when they cannot access accommodation and we have explored all the other options available to them. Grants can cover between one and 21 nights of accommodation at a time.



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Amount granted
Oct 2024

\$8M

\$1.7M less than last month

Monthly Emergency Housing Special Needs Grants

2,607

657 fewer than last month

Households in emergency housing as at 31 October

858

180 fewer than last month

Adults in emergency housing as at 31 Oct

930

195 fewer than last month

Children in emergency housing as at 31 Oct

747

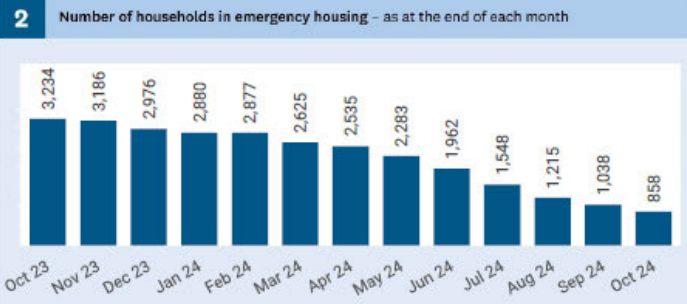
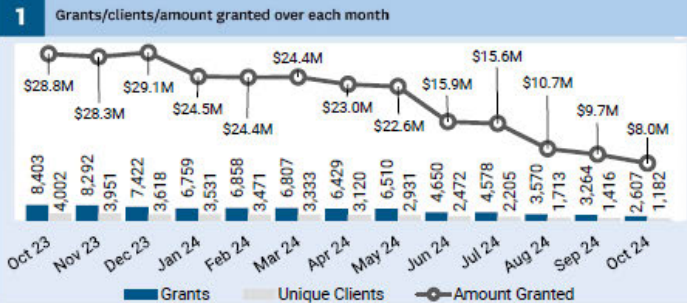
186 fewer than last month

Households with children in EH for 12 weeks+ as at 31 October

123

42 fewer than last month

Emergency housing – over the month and historic numbers



Commentary

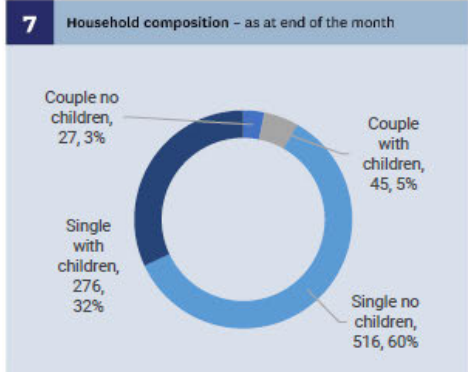
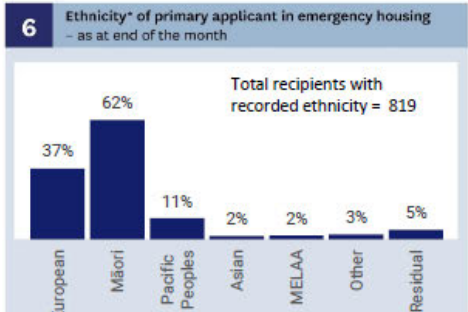
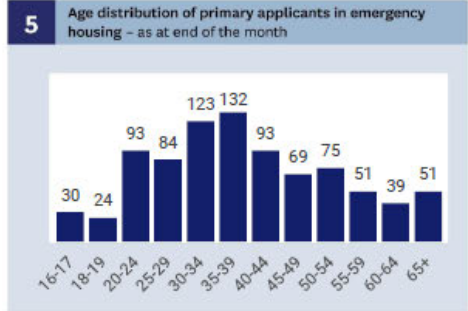
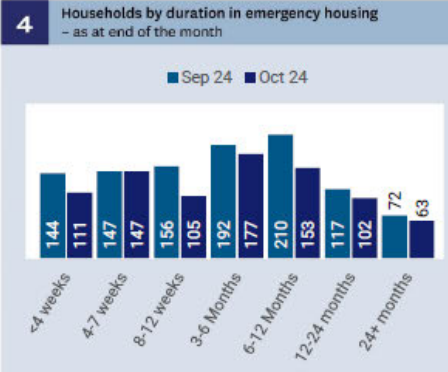
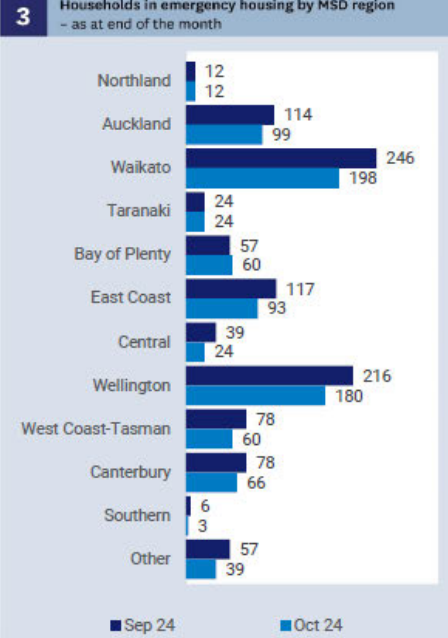
The number of households in emergency housing has continued to decrease, reaching a total of 859 at the end of October 2024, down by 180 compared to the previous month. This is a significant drop from the same time last year, when the number of households in emergency housing stood at 3,234, marking a 73% decrease.

All regions observed a decline in the number of households, except Bay of Plenty. Waikato has recorded the most decrease with 48 fewer households, followed by Wellington and East Coast.

There were notable decreases in the number of single adult households, particularly in Wellington and Waikato. The number of single with children households has also reduced across multiple regions with the highest reduction in Waikato.

Note: Households living in Contracted Emergency Housing (CEH) in Rotorua are not included in this reporting. The new model is being piloted in Rotorua. Reporting of the number of households in CEH is currently unavailable. **Random rounding** has been applied to these figures. Figures in tables may not add up to the total due to random rounding.

Emergency housing – at the end of the month



Public Housing Register | 31 Oct 2024

The Public Housing Register is a non-time bound list of all applicants eligible to be placed in public housing. Applicants complete a public housing assessment which determines eligibility and priority for public housing against an agreed set of criteria, which is then used to assist the public housing provider in matching to the most appropriate property.



MINISTRY OF SOCIAL DEVELOPMENT
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As at 31 Oct 2024

Housing Register

21,294

663 fewer than last month

Transfer Register*

4,836

117 fewer than last month

Public Housing Register

26,130

780 fewer than last month

New applications that entered the Public Housing Register

1,869

153 fewer than last month

Housed in public housing

1,026

69 more than last month

Priority One Fast Track

Live on Register

249

Housed in Oct 24

57

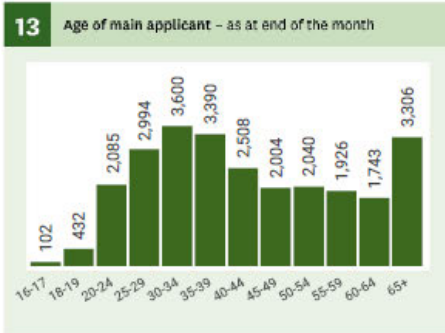
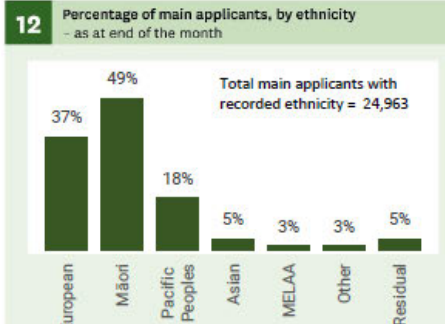
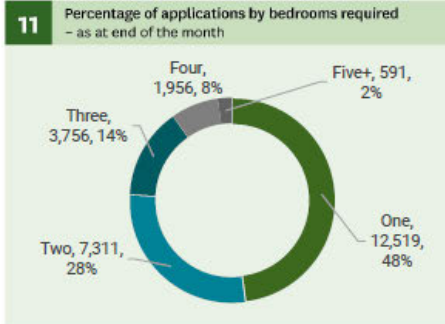
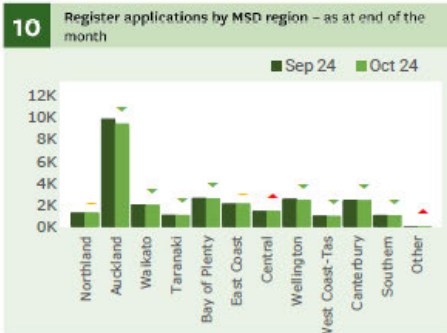
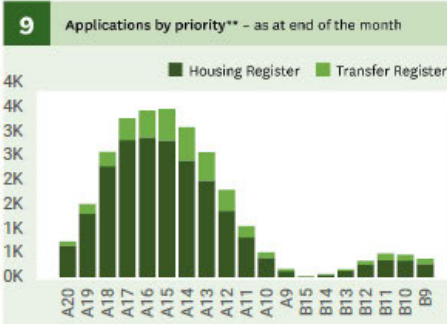
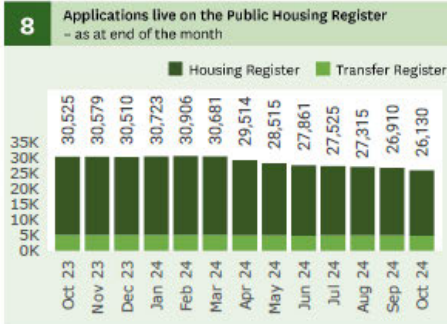
Housed since May 24

786

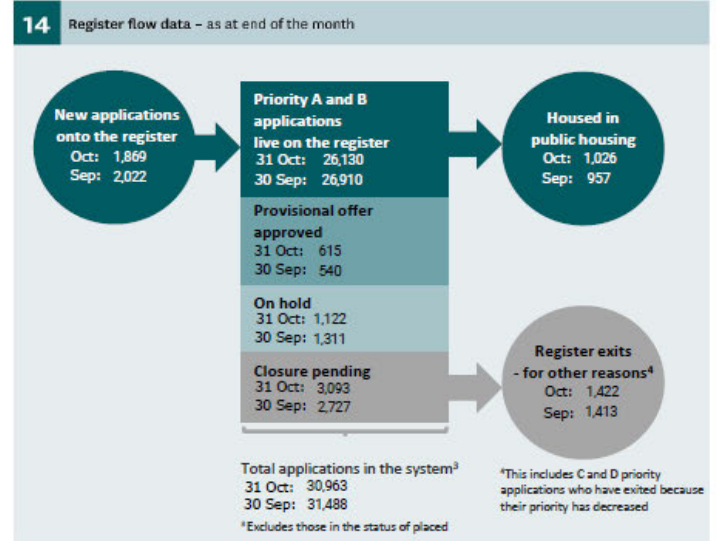
Children housed since May 24

1,608

Public Housing Register numbers



Public Housing Register flow



Commentary

The number of applications on the Public Housing Register has decreased for the eighth month in a row with 780 fewer applications than the end of last month.

Most regions experienced a decrease in applications with the highest decreases in Auckland and Wellington, down by around 430 and 110 respectively.

The decrease in the number of applications on the register is likely driven by the combination of fewer new applications entered onto the register and more applicants being housed in October compared to September 2024.

**Graph 9 - info on the SAS criteria used to determine eligibility and priority can be found here:

www.workandincome.govt.nz/map/social-housing/assessment-of-eligibility/index.html

*People who already live in public housing, but have applied and are eligible to transfer to another property are placed on the Transfer Register.

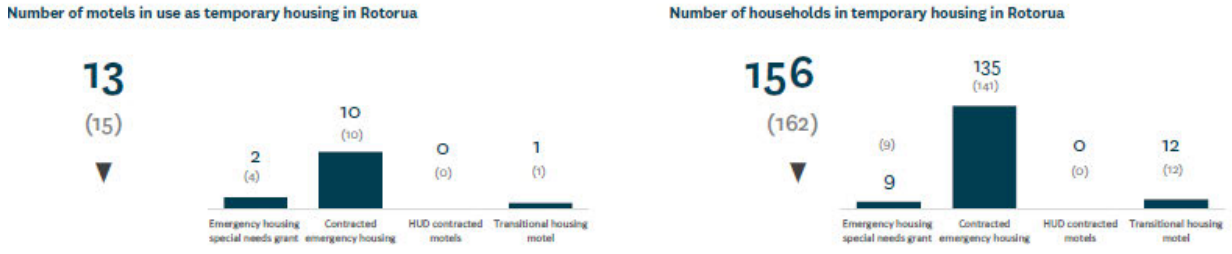
Random Rounding has been applied to these figures. Figures in tables may not add up to the total due to random rounding.

³MSD reports total response ethnicity. This means if a person identifies with more than one ethnic group, they are counted in each applicable group and the sum of responses for all ethnic groups may exceed 100%. For more information www.msd.govt.nz/about-msd-and-our-work/tools/how-we-report-ethnicity.html. Note, MELAA refers to Middle Eastern, Latin American, and African.

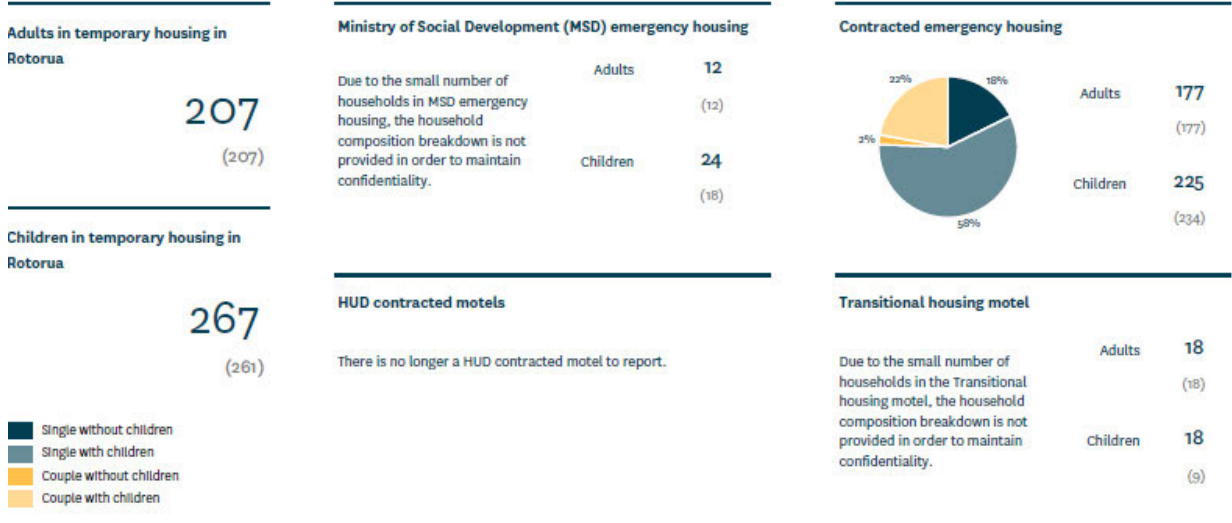
Rotorua temporary housing dashboard | Oct 2024

This dashboard provides monthly reporting on the use of temporary housing options in Rotorua. Last month's figures are provided in brackets.

Summary of temporary housing use in Rotorua



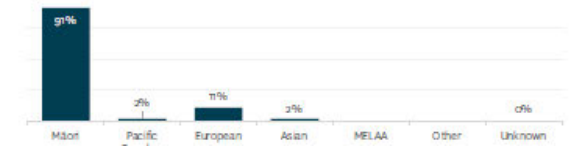
Household composition



Ethnicity of tenants in Ministry of Social Development (MSD) emergency housing

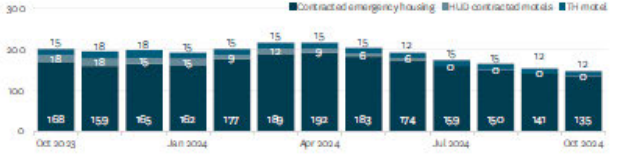
Due to the small number of households in MSD emergency housing, the ethnicity breakdown is not provided in order to maintain confidentiality.

Ethnicity of primary tenants in HUD contracted emergency housing



Trends

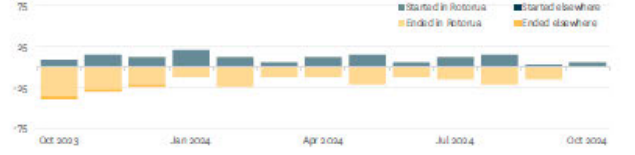
Households in HUD contracted emergency housing/ HUD contracted motels / TH motel



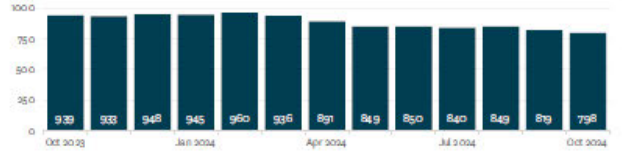
Households in MSD EH - emergency housing



Emergency housing start/end of spell location



Housing Register applicants



Other housing support in Rotorua



Whai Kāinga Whai Oranga Dashboard

As at 31 October 2024

Monthly Summary Update | \$730m investment over four years



Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development



Te Puni Kōkiri
Ministry of Māori Development

1000

new homes (supply)

1001

homes approved or contracted

700

repairs to homes

633

repairs approved or contracted

\$27m*

capability building

\$27m

approved or contracted

2700

infrastructure sites enabled

2114

infrastructure sites approved or contracted

*An OBU FY22/23 transfer of funds of \$2.96m (\$30m to \$27m) from capability to stand up the WKWO inter-agency team.

Investment spend

Supply

Region	Nq of Homes	Contracted Amount
Northland	144	\$45,324,851.74
Auckland	25	\$7,465,755.00
Waikato	37	\$11,265,826.00
Bay of Plenty	129	\$43,813,331.41
Gisborne	23	\$8,079,332.93
Taranaki	5	\$1,550,262.00
Hawkes Bay	74	\$22,276,253.80
Wellington	28	\$7,447,360.00
Tasman	20	\$7,617,857.00
Southland	8	\$2,306,916.00
*Ka Uruora	172	\$36,417,341.00
*Toitu Tairāwhiti	150	\$39,500,000.00
*Ngāti Kahungunu	86	\$30,100,000.00
*Te Pouahi	100	\$33,206,666.00
Totals	1001	\$296,371,752.88

*Prototype

Repairs

Region	Nq of Repairs	Contracted Amount
Northland	85	\$5,770,904.90
Auckland	10	\$1,000,000.00
Waikato	59	\$2,270,000.00
Bay of Plenty	26	\$1,753,325.00
Gisborne	158	\$8,339,700.00
Taranaki	26	\$1,127,324.00
Hawkes Bay	14	\$922,500.00
Manawatu-Whanganui	105	\$5,158,086.00
Wellington	19	\$825,000.00
Chatham Islands	3	\$166,451.00
Otago	123	\$7,407,000.00
Southland	5	\$230,000.00
Totals	633	\$34,970,290.90

Providers' capability

Region	Nq of Capability Providers'	Contracted Amount
Northland	20	\$5,030,625.00
Auckland	4	\$1,289,516.00
Waikato	10	\$4,682,699.73
Bay of Plenty	16	\$4,393,915.09
Gisborne	4	\$1,083,641.03
Taranaki	4	\$879,333.00
Hawkes Bay	3	\$1,102,456.75
Manawatu-Whanganui	10	\$1,347,641.40
Wellington	6	\$1,305,076.00
*Ka Uruora	1	\$2,763,250.00
*Toitu Tairāwhiti	1	\$500,000.00
*Te Pouahi	1	\$1,793,334.00
**Te Matapihi	1	\$862,500.00
Totals	81	\$27,033,988.00

*Prototype & **Aotearoa outcome focused

Infrastructure

Region	Nq of Infrastructure sites	Contracted Amount
Northland	398	\$61,456,589.82
Auckland	61	\$7,767,679.00
Waikato	251	\$35,205,352.85
Bay of Plenty	475	\$49,422,902.30
Gisborne	45	\$6,159,791.00
Taranaki	6	\$753,232.00
Hawkes Bay	102	\$13,905,841.20
Manawatu-Whanganui	3	\$251,515.00
Wellington	34	\$5,056,045.00
Tasman	20	\$5,171,877.00
Marlborough	10	\$1,433,905.00
Chatham Islands	1	\$41,571.00
Canterbury	10	\$119,120.00
Southland	8	\$1,147,700.00
*Ka Uruora	203	\$16,975,000.00
*Toitu Tairāwhiti	225	\$23,491,501.00
*Ngāti Kahungunu	152	\$15,200,000.00
*Te Pouahi	110	\$20,000,000.00
Totals	2114	\$263,559,622.17

*Prototype

Supply (\$315m), Repairs (\$35m) & Capability (\$27m)

\$358,376,031.78

\$377m

Infrastructure

\$263,559,622.17

\$350m

Whai Kāinga Whai Oranga Build Milestones

As at 31 October 2024

Te Tūāpapa Kura Kāinga Updates

Projects completed – 7 / 15
 Projects near completion – 3 / 15
 Projects partially underway – 5 / 15

Te Puni Kōkiri Updates

Projects completed – 18 / 26
 Projects near completion – 5 / 26
 Projects partially underway – 3 / 26

Iwi Prototype Updates

Prototypes completed – 0 / 4
 Projects near completion – 0 / 4
 Projects partially underway – 4 / 4

Toitu Tairāwhiti Housing Ltd (Maru Ora previously) Updates

	➔	1	2	3	4	5	6	7	8
Tranche 1 (T1)	23	23	23	23	23	23	23	0	23
Tranche 2 (T2*)	28	28	28	28	28	28	28	0	28
Tranche 3 (T3**)	150	115	81	73	115	115	115	0	70

	+	➔ No of homes contracted	Infrastructure milestones			Build milestones					Delivery date	RAG Status
			1 Consents approved	2 Civils & Infrastructure started	3 Civils & Infrastructure complete	4 Building commenced	5 Building 30% complete	6 Building 60% complete	7 Practical completion	8 Homes complete with CCC obtained		
Te Tūāpapa Kura Kāinga (includes T2*)		334	334 (334)	324 (324)	194 (194)	256 (256)	205 (201)	174 (172)	44 (44)	+ 128 (128)	Jul 2026	1 project is behind schedule
Te Puni Kōkiri (includes T2*)		159	159 (159)	159 (159)	148 (148)	152 (152)	152 (152)	151 (151)	25 (23)	+ 103 (103)	Jun 2025	
Ka Uruora Trustee Ltd		172	132 (92)	73 (73)	73 (73)	73 (73)	73 (73)	65 (65)	0 (0)	+ 65 (65)	Aug 2025	Details of revised POA are being worked through
Toitu Tairāwhiti Housing Ltd (T3**)		150	115 (115)	81 (80)	73 (73)	115 (115)	115 (115)	115 (115)	0 (2)	+ 70 (67)	Jun 2025	
Ngāti Kahungunu Iwi Inc.		86	60 (60)	35 (35)	19 (7)	32 (29)	24 (22)	22 (22)	0 (0)	+ 6 (6)	Dec 2025	
Te Pouahi o Te Taiockerau		100	26 (26)	21 (16)	10 (6)	12 (12)	12 (12)	7 (7)	1 (1)	+ 0 (0)	Jun 2025	Delivery of 40 homes and 55 infra sites
Total		1001	826 (786)	693 (687)	517 (501)	640 (637)	581 (575)	534 (532)	70 (70)	+ 372 (369)		

Infrastructure | No of infrastructure sites, of the total contracted, that have reached each milestone. | (Bracketed numbers – Previous months)

Build | No of homes, of the total number contracted, that have reached each milestone. Offsite manufacturing means there may be more homes where building has commenced than completed infrastructure sites. | (Bracketed numbers – Previous months)

Delivery date for building to be completed and the confidence rating to meet delivery objectives



Change in Housing Affordability Indicators (CHAI) – June 2024

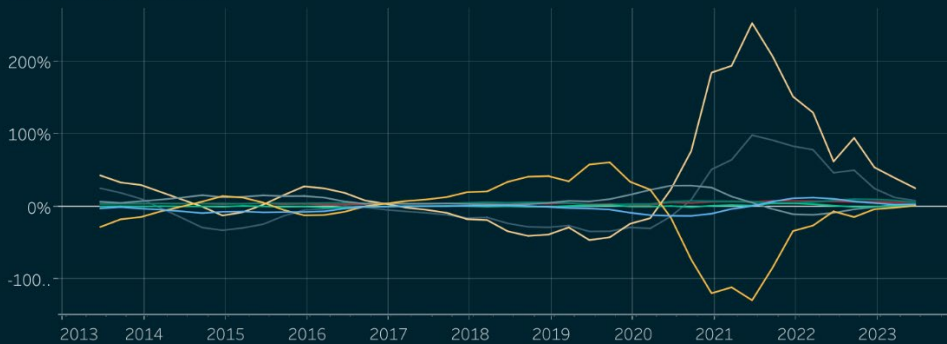
Each affordability indicator compares price change with growth in median household income over time. Higher affordability index means becoming more affordable.

Change since Jun 2014, New Zealand



- Deposit affordability indicator
- Mortgage servicing indicator
- Rent affordability indicator
- House price index
- Interest price index
- Rent price index
- Median household income
- Mortgage price index

Annual change, New Zealand



- Deposit affordability indicator
- Mortgage servicing indicator
- Rent affordability indicator
- House price index
- Interest price index
- Rent price index
- Median household income
- Mortgage price index

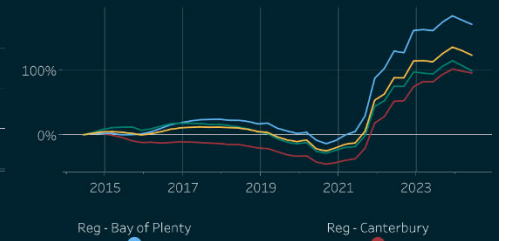
Ability to service a mortgage

Change in mortgage serviceability since Jun 2014

Higher affordability index means becoming more affordable



Change in interest prices since Jun 2014



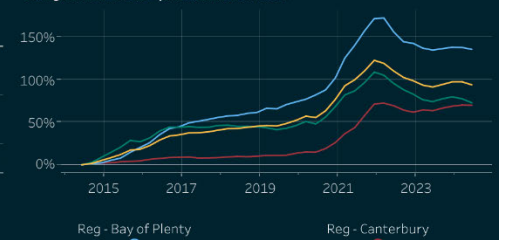
Ability to save a deposit

Change in deposit affordability since Jun 2014

Higher affordability index means becoming more affordable



Change in house sales prices since Jun 2014



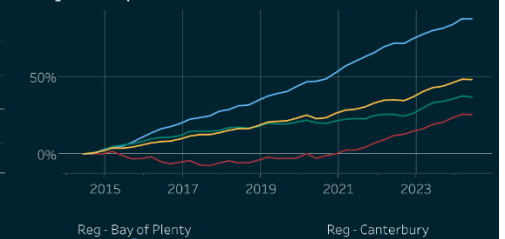
Rental market

Change in rental affordability since Jun 2014

Higher affordability index means becoming more affordable



Change in rental prices since Jun 2014



Cohort characteristics for different housing supports - February 2024 (IDI analysis)

Cohort characteristics from the SOM for different housing supports — February 2024



Accommodation Supplement

Proportion in the last year	AS	NZ	Diff.
No earnings in prior 12 months	49%	30%	1.6x
Had acute hospitalisation	14%	8%	1.7x
Received mental health and addiction services	13%	4%	3.7x
Had police proceeding	8%	2%	3.6x
Had theft offence	1%	0%	6.0x
Had any offence excluding driving	6%	1%	4.5x
In Prison	2%	0%	4.3x
Received main benefit	69%	11%	6.0x
Social housing entry	1%	0%	1.9x
Entered social housing register	3%	1%	5.0x

Most, but not all people accessing AS are also supported by a main benefit.

Social Housing

Proportion in the last year	SH	NZ	Diff.
No earnings in prior 12 months	54%	30%	1.8x
Had acute hospitalisation	16%	8%	1.9x
Received mental health and addiction services	10%	4%	2.8x
Had police proceeding	6%	2%	2.9x
Had theft offence	1%	0%	4.4x
Had any offence excluding driving	4%	1%	3.0x
In Prison	1%	0%	1.9x
Received main benefit	50%	11%	4.4x
Social housing entry	8%	0%	30.6x
Entered social housing register	7%	1%	10.5x

Those in Social Housing are 1.8 times as likely to have had no earnings in the prior 12 months than the general population, and 4.4 times as likely to have received a main benefit in the same period.

Health and Justice related outcomes are not as severe as for those accessing other housing supports.

Social Housing Register

Proportion in the last year	SHR	NZ	Diff.
No earnings in prior 12 months	61%	30%	2.0x
Had acute hospitalisation	21%	8%	2.5x
Received mental health and addiction services	22%	4%	6.2x
Had police proceeding	14%	2%	6.6x
Had theft offence	2%	0%	14.3x
Had any offence excluding driving	12%	1%	8.7x
In Prison	4%	0%	7.9x
Received main benefit	79%	11%	6.9x
Social housing entry	7%	0%	27.6x
Entered social housing register	64%	1%	100.1x

Applicants on the Social Housing Register are twice as likely to have had no earnings in the prior 12 months than the general population, and almost seven times as likely to have received a main benefit in the same period.

As the Social Housing Register includes people on the Transfer Register, it is expected that there is a significant proportion of people on the Register who have entered Social Housing before.

Emergency Housing

Proportion in the last year	EH	NZ	Diff.
No earnings in prior 12 months	59%	30%	2x
Had acute hospitalisation	26%	8%	3.1x
Received mental health and addiction services	31%	4%	8.7x
Had police proceeding	28%	2%	13.4x
Had theft offence	4%	0%	33.8x
Had any offence excluding driving	22%	1%	16.3x
In Prison	8%	0%	17.8x
Received main benefit	95%	11%	8.3x
Social housing entry	7%	0%	24.3x
Entered social housing register	56%	1%	86.5x

People accessing emergency housing are far more likely to be facing challenges around their physical and mental health than the general population.

People accessing emergency housing are generally more likely to have had past interactions with the justice system than those in the general population.

Those entering emergency housing are encouraged to apply for the Social Housing Register.

Factor Definitions

No earnings in prior 12 months	Proportion of people who had no income in the last 12 months. Income includes wages and salaries, ACC weekly compensation, Paid Parental Leave, Student Allowance, sole trader/partnership/company income. It excludes benefits and NZ Superannuation.	Received mental health and addiction services	Received an inpatient or community specialist mental health service in the last 12 months.	Had theft offence	Serving any community or custodial sentence for a theft-related offence in the last 12 months. This is a Corrections managed sentence.	Received main benefit	Had received main benefit in the last 12 months.
Had acute hospitalisation	Had at least one day in hospital from an acute hospitalisation event in the last 12 months.	Had police proceeding	Proceeded against by police for an offence in the last 12 months. Police proceeding include all types of police proceedings against a person, including proactively detected, acquisitive, interpersonal and personal sexual.	Had any offence excluding driving	Serving any community or custodial sentence (excluding driving-related offences) in the last 12 months. This is a Corrections managed sentence.	Social housing entry	Entered social housing in the last 12 months. Entries are defined here as having the factor in one quarter and not having that factor in the prior quarter.
				In prison	Had been in prison in the last 12 months. This is a Corrections managed sentence.	Entered social housing register	Entered social housing register in the last 12 months. Entries are defined here as having the factor in one quarter and not having that factor in the prior quarter.

Cohort characteristics from the SOM for different housing supports — February 2024

This is a Social Outcomes Model product. This analysis counts those in the resident population over the age of 16. This analysis counts those in the following groups for each quarter between September 2016 and December 2022:¹

- > Social housing tenants with active tenancies, inclusive of all tenants. When looking at only the primary tenant, outcomes will differ.
- > Social Housing Register applicants
- > Recipients of a main benefit
- > Recipients of an Accommodation Supplement
- > EH-SNG recipients
- > The general population (NZ)

cohort definitions:

- > Social housing includes Community Housing Providers.
- > Social Housing Register applicants includes those on both the Housing and Transfer registers.

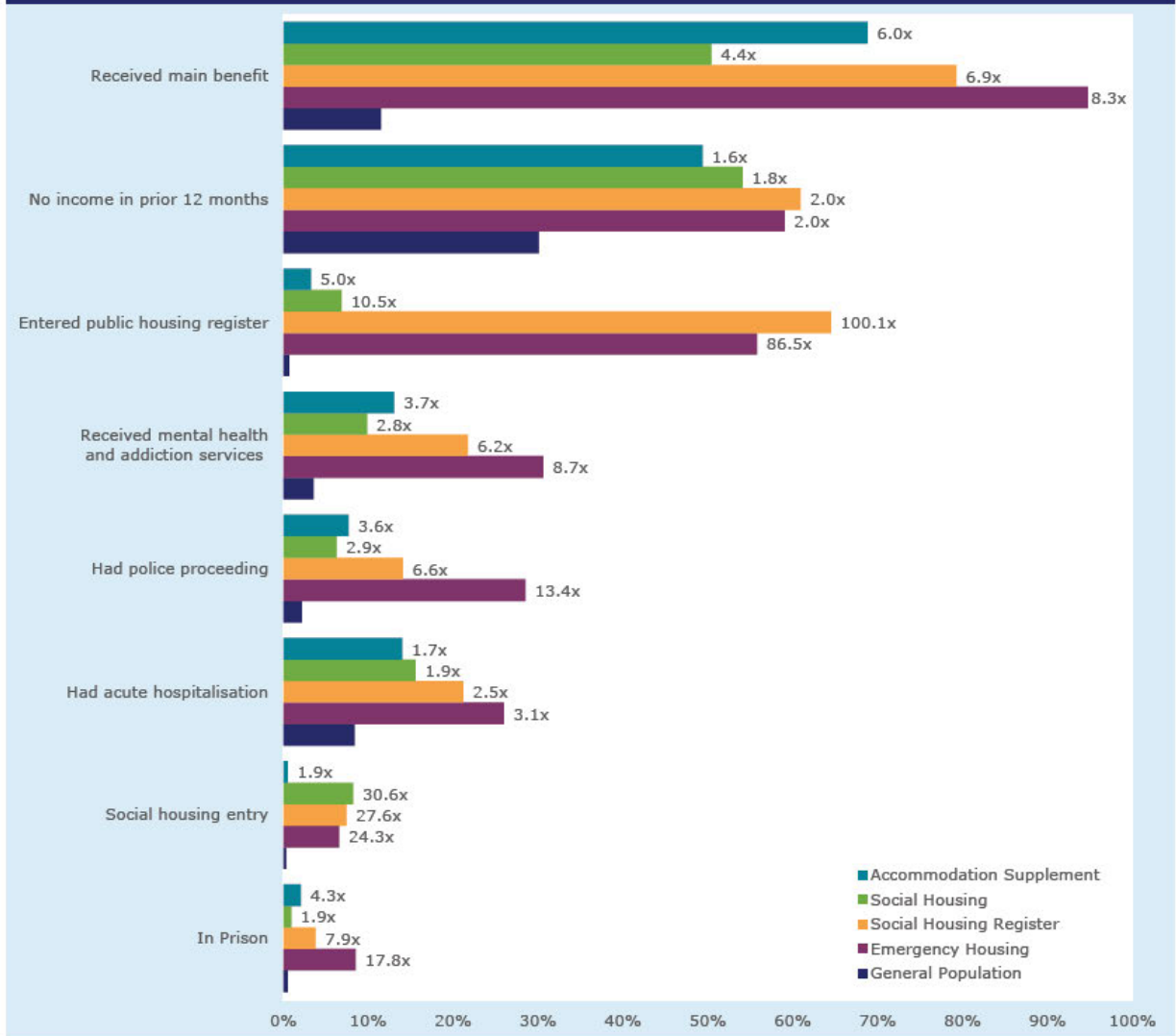
IDI Disclaimer

These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit www.stats.govt.nz/integrated-data/.

The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.

¹ Each person is counted once for each quarter they accessed a housing support e.g. were in a social house.

Factors by Housing Support, compared to the general population



	Recommendation	Work programme	Cabinet decisions to date	Next step
1	To strengthen government accountability for social housing outcomes, Cabinet considers consolidating government funding for housing outcomes under the Minister of Housing, who will be supported by the Ministry of Housing and Urban Development to administer that funding on behalf of the Crown, together with expectations of formal reporting of outcomes by a third party.	Resetting investment	Agreed targeted changes to funds and programmes, and these principles for investment in July 2024: 1. optimise value for money, sustainably delivering on the Government's fiscal, economic and social objectives. 2. Increasing supply where this complements Going for Housing Growth policy to improve ownership and rental affordability over the medium to long term.	s 9(2)(f)(iv)
2	The Minister of Housing directs HUD to become an active purchaser that takes a social investment approach to cost-effectively improving housing outcomes.	Resetting investment	3. Applying a social investment approach.	
3	To better enable tenants and local communities to meet their diverse housing needs and aspirations, government policy and investment builds on the advancements made in place-based and specialised approaches to increase local decision making regarding the management and ownership of housing.	Better Social Housing	-	
4	<i>To increase choice, diversity, and innovation, the government enables more providers to participate in the provision of social housing by:</i>			
4a	The purchaser contracting with Kāinga Ora in a similar manner that it does with CHPs	Resetting investment	Agreed in May 2024	s 9(2)(f)(iv)
4b	Addressing barriers in order to increase provision of social housing by CHPs, Iwi and Māori, and other providers	Better Social Housing	Cabinet noted and agreed a range of options that the Ministers of Finance and Housing will progress to remove barriers to Community Housing Providers in November 2024.	
4c	Ensuring the funding model incentivises delivery where needed and is responsive to the different needs of tenants	Resetting investment	As per recommendations 1 and 4b above.	
4d	Implementing alternative delivery models based on local decision-making and specific tenant needs, with	Better Social Housing	-	

	pathways for communities to manage Kāinga Ora housing stock			
5	<i>To ensure that Kāinga Ora has the leadership and mandate to effectively implement the recommendations of the Review, responsible Ministers:</i>			
5a	Refresh the Kāinga Ora Board	Monitoring	Agreed in May 2024	s 9(2)(f)(iv)
5b	Issue simplified government expectations and direction to Kāinga Ora	Monitoring	Agreed in May 2024	
5c	Report back to Cabinet with options to narrow the scope of Kāinga Ora activities to social housing, including the option of designating Kāinga Ora as a Crown Company under Schedule 4A of the Public Finance Act 1989 with social and financial objectives.	Better Social Housing and Going for Housing Growth	This Cabinet paper seeks agreement to narrow the scope of Kāinga Ora activities. Ministers do not recommend establishing Kāinga Ora as a Schedule 4a company at this time as recommended in the Review. Ministers will require clear oversight to enable increased local decision making and alternative delivery models, including clear monitoring and accountability. We consider that this is best achieved for the time being if Kāinga Ora remains as a Crown Entity.	
6	Responsible Ministers set an expectation that the Board will develop a credible and detailed plan to improve financial performance with the goal of eliminating losses.	Monitoring	Agreed in May 2024. This Cabinet paper seeks agreement to the key aspects of the turnaround plan and associated financial implications to the Crown.	
7	Timeframes for recommendations above.	N/A	None	

General comments/intro

- Greetings
- Introduce officials and the areas they are best placed to respond to:
 - Brad – Org performance, funding and investment in the housing system, and KO monitoring
 - Jo Hogg – Delivery of housing supply and services
- Note other officials will also support specific agenda items [FYI list below]
 - Tony – Item 1 – Financial performance and audit findings
 - Glenn – Item 3 – Cost factors and efficiency of delivery through KO
 - Malo – Item 3 – Māori led housing
 - Jeremy – Item 5 – Emergency Housing target
 - Fiona McCarthy – Item 6 – Urban and infra development
 - Nick – Investment in housing and HTWG
 - Claire – Housing tenures, including RTA and RVA
- Focus this year has been on giving effect to government priorities and the shifts identified in our BIM – there's good alignment between these.

		Government priorities						
		GfHG	Better Social Housing	RM Reform	Building & construction	Rental market	Fiscal objectives	EH Target
BIM Priorities	Removing system barriers	X	X	X	X			
	Funds and programmes		X				X	X
	Planning and investment in places	X	X	X			X	

- We've also done our best to maintain momentum while adapting to current priorities. Examples include ongoing delivery of social housing and Māori led housing, and the development of the Residential Development Underwrite.
- I've spoken at past select committees about the importance of our focus on people and places, so we are continuing to work with providers and communities to advance these approaches e.g. strategic partnerships and social outcomes contracts.
- Appreciate that the committee has provided us with a clear agenda for this hearing and happy to get into questions.

Social housing supply

- New supply has been strong, including focus on new builds (in FY23/24 there were 5,168 new builds; 4,599 net additional overall)
- This has been important to deal with the undersupply of affordable housing and combined with other changes will have supported the reduction in motel use.
- It's no secret that social housing is one of the most expensive ways of improving housing outcomes, and that there is a big gap between being in a social house and other forms of government housing assistance.
- The next step in maturing the system is a stronger, more deliberate focus on delivering social housing to the places it is needed most and getting greater value for money. This requires removing system barriers to get the market working as well as possible, and investment in lower cost interventions like affordable rentals.
- Through our work on resetting investment in the housing system, we will be advising the government on how housing funds and programmes:
 - are targeted to the places (and populations) where they will have the greatest benefit, including considering the right mix of tenures and financial assistance to households in different places (i.e. Apply a social investment approach)
 - optimise value for money, sustainably delivering on the Government's fiscal, economic and social objectives
 - Increase supply to improve ownership and rental affordability over the medium to long term. As we remove system barriers, we expect the government role will become more and more targeted to places where development economics are challenging for reasons.

CHPs vs KO

- In our view, this has always been an AND rather than OR.
- KO will continue to play a significant role in social housing provision (70.8k places compared to CHP's 13.7k), which is why we need it operating efficiently.
- So while KO develops and implements its turnaround plan, CHPs will deliver the bulk of the 1,500 places funded through B24. This is through a mix of projects that were already being developed and strategic partnerships with certain CHPs and places with high need.
- Most CHP social housing places are provided by a very small number of larger CHPs who have capacity to grow their management services.
- Development capacity of CHPs is also limited, so partnerships with the construction industry will also be important.
- Between HUD's active purchasing approach and our strategic partnerships, we will be better placed to identify and source from the best fit provider for housing supply and services that meet the housing needs of different communities.

Leadership of the housing system

- Strategy
 - See BIM.
 - GPS being refreshed next year.
 - Place-based and iwi/Māori led solutions are still front and centre.
- Governance
 - We are still working across government and with the private sector, iwi/Māori, providers and local government across the system (i.e. land use and planning, housing needs and responses, monetary and fiscal policy, construction sector, strategic partnerships with places and providers inc. iwi prototypes).
 - Many groups have been refreshed to align with Government priorities and BIM shifts.

Construction/Development sector

- Engaging with the sector regularly, including as part of GfHG policy development and through forums e.g. Roundtable.
- Reforms in the Building and Construction space are part of the government's plan to fix our housing issues. HUD is engaging on these and we know the sector will be expecting delivery of some of these reforms next year.
- We understand that there will be a period of transition for the sector as GfHG progresses, and that in the short term this is causing some uncertainty. We'll be looking at ways to regularly communicate with the sector to help mitigate some of this. We will also be working through our place-based partnerships to join up GfHG changes with Council practice and implementation.
- Access to capital has been challenging. Interest rates are coming down, which will help. As the Minister announced last week, we will also support Treasury with work to improve CHP access to finance.
- Through the work to reset investment in the housing system, we will also be providing advice on where government funds and programmes might also support sector capacity (e.g. aligning homeownership support with new supply).

Sample of issues raised with new Minister of Housing

- Commentary on quarterly performance reports for Q1, 2 and 3 FY2024
 - e.g. misalignment between SPE targets and PHP commitments
- Information to support the meeting of the Minister of Housing and the Associate Minister of Housing with the Board of Kāinga Ora on Tuesday 19 December 2023
- options for addressing the expected retirement of Kāinga Ora's Chair
- Continuation of Board members with terms ending in Feb 2024
- Ending the sustaining tenancies framework, setting KO expectations on disruptive tenants and community engagement
- Tenant rental arrears
- draft letter of response to Nelson mayor and some background on the proposed development on Rutherford Street and Achilles Ave in Nelson.
- Kāinga Ora board operating with shortfall in statutory minimum membership
- Auckland LSPs – Outstanding Claims
- Commentary on KO's monthly reports
 - Provide more detail in the report on how they are managing tenants with 3 or more complaints about serious disruptive behaviour lodged against them.
 - Continue working with Kāinga Ora to consider how to align 2024/25 targets to emergency housing.

Sample of issues raised with previous Minister of Housing in 2023

- Investment decision analysis needs more work
- Public housing delivery not on track for 2022/23
- Regional housing delivery information missing
- Tenant debt arrears
- Disruptive tenants and no measures for management of this in the SPE
- Staff headcount and pay increases
- Clearer and more prompt reporting to Ministers is needed

Sample of issues raised with Kāinga Ora board and senior management in 2023

- Fiscal Sustainability and Effectiveness Programme and approach to value for money
- Assurance over Costs associated with Government Commitments
- Future Investment Choices
- Hole in Baseline
- Cost efficiencies programmes
- Large Scale Projects
- Māori Housing
- Public Housing Delivery and PHP refresh

- Cyclone Recovery
- Community Group Housing – Review of Supported Housing
- Budget Outcomes - Public Housing Plan 2025

15 December 2023 – Funding and Financing Review

This paper closed out the funding and financing review and highlighted that there was debt headroom within the appropriation given current rate of spend and total capitalized costs.

It also highlighted that there were significant data gaps which made further analysis difficult which was also expressed in the DPMC implementation unit review.

1 September 2023 – Funding and Financing Review

This paper was a follow up on the initial report and highlighted that the average capitalized cost for redevelopments were \$610k (split roughly 50/50 for build and non build costs) and developer led acquisitions were \$574k (ex land).

The next steps of the review were to look at the total debt requirement linked to Budget 2023.

13 July 2023 – Funding and Financing Review

This paper covered the joint review and was focused on the following table:

Category	Key Points	Total Spend FY22	Cost	Split of costs	
				Direct	Overhead
Maintenance and Asset Management	<ul style="list-style-type: none"> Maintenance costs are largely a function of the ageing legacy portfolio that Kāinga Ora inherited. As such, direct asset maintenance costs are relatively fixed based on the current age and condition of the portfolio (average age of portfolio is 44 years). There are choices about how quickly existing stock is retrofitted and renewed over coming years (which has implications for broader spending, funding and financing settings) and the Project Team will look to undertake scenario analysis over coming months. 	\$1.1 B	\$15,300 per property	96%	4%
Customer Programme and Tenancy Support	<ul style="list-style-type: none"> In response to the objectives set out in the Kāinga Ora – Homes and Communities Act 2019 and government direction, Kāinga Ora has redesigned its property management and tenancy support functions to shift its focus towards customer wellbeing and being a world class landlord, given the range of tenants Kāinga Ora house who often have complex needs. This has resulted in a significant growth in Kāinga Ora personnel. The primary driver of the overall FTE increase is driven by the need to ensure appropriate staffing ratios for high and medium-need tenancies, allowing Kāinga Ora to spend more time with the tenants who need it. The implementation of the new operating model is expected to be completed in late 2023. Once complete, Kāinga Ora intend to undertake a post implementation review which will look to refine and develop an approach to validating resourcing against output measures. Given the level of investment (i.e. approximately \$ 300 million per annum) the outcomes of the post 	\$0.23 B	\$3,800 per tenancy	42%	58%

T2023/1385: Kāinga Ora Spending, Funding and Financing Review

2

COMMERCIAL-IN-CONFIDENCE

COMMERCIAL-IN-CONFIDENCE

Category	Key Points	Total Spend FY22	Cost	Split of costs	
				Direct	Overhead
	<p>implementation review should be provided to both the Minister of Finance and the Minister of Housings and clearly link:</p> <ol style="list-style-type: none"> The drivers for change within the customer programme Resourcing decisions made to respond to these changes Expected benefits associated with the change over time, and How value-for-money is being achieved/expected to be achieved. 				

30 June 2023 Plimmerton Farm Development

Due to time pressure and the urgency for an agreement, the analysis behind this investment decision is largely qualitative and the decision is inherently risky. More work is needed to fully understand and quantify the benefits. HUD suggests that further quantitative economic analysis is undertaken as part of the business case phase. However, developments in the surrounding areas provide a good indication of the likely counterfactual, which is of lower density, limited typology, slower pace and poor affordability.

15 June 2023 Status Report - Quarterly Report to 31 March 2023

- The Report also advises that 5,262 homes are under construction or are contracted for delivery by the end of 2023/24 (p.4). If achieved, this would bring Kāinga Ora close to the top of the range projected in the draft 2023/24 Statement of Performance Expectations.
- The Report comments on sustaining tenancies (pp.8-9) and on rent arrears (p.23), noting that:
 - 16% of tenants have debt, with 73% of those tenants having working repayment arrangements
 - 50% of the remaining 27% have plans but are not making the full scheduled payments

- less than 8% of total debt has no repayment plans but those tenants are less than two weeks behind on rent.
- We understand Kāinga Ora has provided you with a separate update on rent debt, advising that \$19.83 million was owed by 10,046 tenancies at 26 March.
- Continued improvements to the Quarterly Reports are being discussed, with the aim of achieving clearer reporting to Ministers on progress against the Letter of Expectations, and more prompt reporting.

13 June 2023 Rugby and Raleigh Street redevelopment in Palmerston North

The business case does not appear to conform to the Kāinga Ora IMF and is limited with respect to strategic and economic analysis. For example, while it is noted that 58 units is the best option under Council guidelines to best achieve Kāinga Ora goals, the business case does not discuss how this yield was arrived at. It does not outline or provide analysis of other potential options. Affordability is a concern. The project does meet Kāinga Ora financial thresholds, by meeting TDC benchmarks and having a high yield (5.8:1 unit uplift), but the low IROI of 1.41 percent means investments of this nature are likely to be financially unsustainable for Kāinga Ora in the long-term. Operating supplement (OS) is assumed, and an OS of approximately 67 percent or roughly \$774,000 would be required to meet the target IROI of 2.89 percent (average of \$310/unit per week). The financial analysis estimates a negative NPV (-\$13.3m). The affordability issue is best addressed at the portfolio level.

10 March 2023 Sustaining Tenancies paper from KO lacking relevant information

Advice to Private Secretary: ... we expect [the Minister] would want to know how the Board and senior management gain assurance that problem tenants and debtors are being managed well. We have asked twice for this - it was not covered in the second version, and then we were advised this morning that it was too late to include this.

FYI for problem tenants we still consider it is lacking information on:

1. The overall environment e.g. number of total tenancies vs number of complaints against tenants (what percentage of tenants have a complaint against them) and then the proportion where serious complaints are made (e.g. xx% of Kāinga Ora tenants are living in properties without any issues).
2. Is there a changing environment? Is there any data on needs of tenants over time to explain whether there is an increasing need for actions with tenants due to underlying conditions?
3. An indication of how complaints flow through to action along the spectrum of actions.

We expected to see more info on the rental debt context e.g. total debt over time and numbers of tenants with rent debt, and the trends for this; number of cases taken to the Tenancy Tribunal about debt, and success rate etc. We are briefing Brad along these lines for the Officials meeting on Monday.

March 2023 Status Report - Quarterly Report to 31 December 2022

- On 9 March Kāinga Ora plans to provide its Q2 Report ... Key points to note include:
- The Report shows PHP building progress to June 2023 as being on track (p.20). Te Tūāpapa Kura Kāinga considered this a very optimistic view even before the January/February floods, and this has been made redundant after the information you received on 6 March about the impacts of recent weather events.

- 72% of tenants with rent arrears have a working repayment plan against the target of 75% (p.18). A higher proportion of tenants with debt have plans, but if one or more payments are missed these are not considered to be “working arrangements”.
- There is no measure in the current SPE related to Kāinga Ora’s management of anti-social and problematic behaviours. Te Tūāpapa Kura Kāinga has raised this for the next SPE. Reporting on this area of work is likely to be needed to enable Kāinga Ora to be excluded from requirements to use licensed property managers if compliance with the Residential Tenancies Act is not being achieved.
- For the Q3 Report, Te Tūāpapa Kura Kāinga is seeking:
 - clearer reporting to Ministers on progress against performance expectations
 - changes to the Appendix intended to show that Kāinga Ora is meeting the expectations in your 2022/23 LOE, as it currently does not do this
 - more prompt reporting - most Crown entities provide a Quarterly Report one month after the end of the quarter.

October 2022 Annual Report 2021/22 – this went in a Status Report to the Minister

Various performance expectations were missed but others were met and/or performance improved from the previous year:

- the number of Kāinga Ora homes has increased by 3,982 since 1 July 2019 (target to June 2022 was 4,480, page 103)
- planned new builds for 2021/22 did not achieve the SPE targets (page 121)
- 52% (target 60%) of the housing portfolio is compliant with Healthy Homes standards

Key workforce data is that the headcount went up by 845 to 3,000 permanent and 172 fixed-term employees. The number of staff earning over \$100,000 per annum increased by 56% in the year, from 828 to 1,293 (page 200). This is 40% of Kāinga Ora’s workforce. For comparison against other large Crown entities, at 30 June 2021 the figure for ACC was 30% (1,153 out of 3,813 staff), and for Waka Kotahi it was 51% (1,061 out of 2,081 staff).

Monthly meetings with KO

October 2023

Fiscal Sustainability and Effectiveness Programme and approach to value for money

Assurance over Costs associated with Government Commitments

- Provide additional insight into the capitalised cost of Public Housing delivery for 2024 across both developer led and redevelopments (pre construction and construction)
- Validate the expected debt requirement and operating cost assumptions set aside in Budget 2023

Future Investment Choices - Provide various investment scenarios post 2025 to provide to incoming Government's viable fully costed choices (*likely to be limited to one or two year extension*)

Hole in Baseline - Completion of a business case outlining the drivers and expected deliverables for the Crown funded activities including choices and trade offs for various funding level scenarios.

A consolidated view of any **cost efficiencies programmes** currently underway including:

- Initial findings/comparison of the Housing Delivery System versus traditional redevelopment and developer led acquisitions.
- Any reviews into other activities (e.g. maintenance, customer support and back office support)

Future Investment Proposals

- Ensure the business case for seeking additional funding for the deferred neighbourhood stages is progressed sufficiently over the next few months to provide a high level view of choices and trade-offs for signalling in Budget 2024, for consideration during Budget 2025.

Public Housing Delivery

- Currently reporting to the Minister doesn't get into regional delivery – we will push on this over the coming month and also look at how to formalise the expectations embedded in the PHP. As part of future delivery meetings we will be looking at quarterly deep dives where delivery is challenging.
- The reporting of metrics outlined in the DPMC implementation unit are not currently embedded in reporting, which should also inform the reporting post Election to Ministers.

June 2023

1. Large Scale Projects
2. Māori Housing
3. Public Housing Delivery and PHP refresh

April 2023

- Cyclone Recovery
- Large Scale Projects
- Māori Housing
- Community Group Housing – Review of Supported Housing
- Funding and Financing Review
- Budget Outcomes - Public Housing Plan 2025

March 2023

Public housing delivery

- The Minister is focused on the expected delivery of around 2,500 units by June 2023, with shortfall being delivered by August 2023.
- The continued focus of delivery meetings will be on changes to the current position.
- We want to have a conversation with the Minister in April about delivery to June 2024 looking at:
 - Delivery mechanisms - redevelopments, acquisitions, OSM and the Housing Delivery System (Velocity)
 - Major risks and issues to delivery and what mitigations are in place to minimise impact where possible
 - Regional pipelines and the impact of recent events on these pipelines if relevant.

Large-scale projects

- At the last Board meeting the Minister clearly outlined her expectations around being presented with the choices and trade-offs across the LSP programme to deal with cost escalation and revenue softening.
- The major focus for teams within HUD and Kāinga Ora is capture the snapshot of the current state-of-play and the future programme, which may be useful to have a broader conversation with the Board at the appropriate time on ways forward.
- We know the importance and significance of the programme – we want to come to a collective position that the programme can progress at pace, which requires that funding matches expectations.

CEO succession – Andrew McKenzie’s contract expires this year

- Andrew McKenzie’s contract is expiring this year. He was first appointed to Housing NZ in June 2016, so he’s at ~7 years’ tenure. Where is the Board at in terms of succession planning?

Progress against Letter of Expectations and other

Role as a public housing landlord – key questions

- Is the Board confident that it is receiving good information on disruptive tenants and rental debt, and that Kāinga Ora policies and processes are effectively managing these issues?

Fiscal Sustainability and organisational change – back pocket summary for CE

Summary of the Ministry's areas of focus to achieve fiscal savings.

Non-personnel fiscal savings:

Over the past few years, the Ministry has been working to reduce reliance on professional services. It is forecasting a reduction on this expenditure line by 50% from 2022/23 actuals (or a 22% reduction from 2023/24 actuals).

The Ministry's use of contractors has also steadily decreased, forecasting an 89% saving from 2022/23 actuals (or 60% from 2023/24 actuals). This has been achieved by focusing on internal capability, resulting in a decreased need to outsource to short-term contractors. The 2024/25 forecast allows for approximately 5 contractors at the Ministry, including those working on discrete workstreams.

Additionally, the Ministry's travel budgets are 37% lower than 2022/23 actuals (11% lower than 2023/24 actuals). The Ministry's forecasted travel expenditure is less than 1% of our departmental baseline. This has been achieved by promoting 'online first' for internal meetings / workshops. The Ministry's forecasted travel spend is to enable our place-based approach, where our people are required 'on the ground'.

Non-personnel fiscal savings	2022/23 Actual	2023/24 Actual	2024/25 Forecast	Savings	
				From 23/24	From 22/23
Professional Services (Consultants + Legal Fees)	\$11.50M	\$7.36M	\$5.74M	\$1.62M / 22%	\$5.76M / 50%
Contractors	\$5.92M	\$1.63M	\$0.65M	\$0.98M / 60%	\$5.27M / 89%
Travel	\$0.79M	\$0.56M	\$0.50M	\$0.06M / 11%	\$0.29M / 37%

Workforce Changes:

In 2023/24 the Ministry undertook a phased organisational change programme to deliver against the Government's priorities and achieve the savings required by the Government. The aim of this work has been to streamline, simplify, and strengthen how the Ministry works, with three specific drivers for change:

- continue to shift the housing system
- align to the Government's priorities
- meet the Government's fiscal sustainability expectations, (noting that around the time of Budget 2024, the Ministry confirmed it was working towards an affordable workforce of around 315-320).

The Ministry made changes to its structure, capability and capacity, focusing on management, principal advisor, and some specialist positions, which resulted in a smaller workforce. We are working through individual outcomes for Phase 3 of this change and aiming to confirm these before the end of 2024; the new structure will take effect early December, with some implementation activity continuing into early 2025.

Groups/Functions	# positions Disestablished	Types of positions reduced	# positions Established	Net reduction (positions)	# Redundancies (people)	Cost of Redundancies	
Phase 1 (Feb-Mar 2024)	Senior Leadership Team	3 positions	- Tier 2 leader (DCE/Director OCE (= 17% smaller cohort)	2	1 position	0	\$Nil
Phase 2 (May-Sept 2024)	- Organisational Performance (People & Community – Digital, HSW, Recruitment); Communications; Government Services - Strategy, Insight & Governance - Policy	49 positions (7 of which were vacant)	- Tier 3 leader (GM/Head): 5 positions = ~23% smaller cohort - Directors/Chiefs: 3 positions = ~33% smaller cohort - Tier 4 leader (Manager): 7 positions = ~19.4% smaller cohort - Principal Advisors: 14 positions = ~19% smaller cohort	16 positions	33 positions	23 total (incl 10 VR)	\$1,057,038 to date (+2 pending redundancies \$130K TBC)
Phase 3 (Oct – Dec 2024)	- System Delivery & Performance - Organisational Performance (Finance, Crown Entity Monitoring, Legal)	54 positions (8 of which were vacant)	- Other staff-level positions (specialists etc): 19 positions = ~8% smaller cohort	44 positions	10 positions	Still working though outcomes (potentially 22, incl 16 VR)	Cost TBC – approx. \$1.5M
Totals		104 positions (+ 45 vacancies*)		60 positions	44 positions		Up to \$2.75M

* Around Phase 2 change timing, the Ministry confirmed it had decided not to backfill an additional 45 vacant positions between 27 November 2023 and early May 2024, and removed these from its structure.

Overall reduction:

- 44 positions (change programme) + 45 positions (other vacancies removed) = **89 total positions removed/disestablished**
- Based on approximately 400 headcount in November 2023 = around ~22% reduction of workforce

Page 8 – how many of the 504 CHP places are redirects?

- None of the 504 places are redirects; there is a separate forecast for those.
- HUD will still accept redirects where it has provided a commitment to do so or where funding has been provided for redirects through a specific programme. This means that some separately funded services such as, Housing First and Rapid Rehousing, where immediate access to housing and client choice are key service elements are not included in the redirects approach.
- Redirects for Te Toi Mahana are also separately funded - so are not counted or have any implications for the 1500 places funded through Budget 2024.

Page 16 – CEH- which are the three motels exited, the three about to be, and the 7 we applied for?

- HUD previously applied and was granted resource consent for 13 motels to be used for Contracted Emergency Housing (CEH) in Rotorua until December 2024. HUD has recently applied for resource consent for seven motels (Apollo Hotel, Alpin Motel, Pohutu Lodge, Geneva Motel, Ascot on Fenton, Rotovegas and Rotorua Lake) to be used as CEH until December 2025.
- HUD has exited three motels to date (Ann's Volcanic, Union Victoria and Newcastle Motor Lodge) and prior to resource consent expiring in December 2024, we will exit Malones Motel, Midway Motel and Emerald Spa Motor Inn.
- HUD has stopped new referrals into three of the motels it has sought consent for (Apollo, Alpin and Pohutu Lodge) with Apollo being prioritised for exit due to community feedback. These are the next three we anticipate exiting from.
- HUD changed the requested consent period for Apollo from 15 December 2025 to 31 March 2025 post the resource consent hearing following public submissions and Council's withdrawal of its support for the consent.

Page 18 – HAP info – what specifically are we continuing inc. dollars and volumes, what did we cut/stop and overall was the plan more or less delivered or not?

- Over the forecast period (FY24/25-FY28/29) a total of \$152.217 million of funding was appropriated for five HAP initiatives. Of this, \$126.220 million was allocated for Youth Transitional Housing and Youth Supported Accommodation (150 places), Homelessness Outreach Services, Kaupapa Wraparound Support and the Local Innovations and Partnership Fund.
- Through Budget 2024, the unallocated \$26 million was returned from the HAP funding. These funds were available to be returned due to a combination of underspends and constraints on provider capacity to deliver services, and not being contractually committed. As such, the return did not result in a reduction to existing delivery of services.

- A breakdown of the returned funding is as follows:
 - \$20m from Youth Transitional Housing
 - \$4m from the Rangatahi Supported Accommodation
 - \$2m from the Local Innovations Partnership Fund
- A yet to be published evaluation of the HAP, undertaken by Litmus, shows that the HAP has delivered its intent against the agreed immediate actions and set targets, and has created a foundation and insights to continue to build on to prevent and reduce homelessness in Aotearoa. The evaluation is due to be published before Christmas.

Why cost of Rangatahi TH so high compared to others? (relates to table below)

- The weighted average costs for the various programmes based on Jun 24 data:

Programme	s 9(2)(b)(ii)
General TH	
Motels	
Youth TH	
Rangatahi Supported Accom	
EHSR	

- Youth TH is not markedly more expensive than general TH. Rangatahi supported accommodation is significantly more expensive than the other services primarily because the ratio of staff to people supported by the service is higher. The service is typically provided with a security component to the service given the need to manage safety considerations presented by some of the challenging clients.
- Additional service specifications also apply for providers of Youth Transitional Housing and Rangatahi Supported Accommodation:
 - a greater intensity of wraparound support and access to onsite 24/7 support
 - a longer period of support (for 6 to 12 months)
 - providers having specialised skills and experience appropriate for rangatahi/youth.

2-3 key messages on the Chch youth hub.

- The Christchurch Youth Hub aims to be the first of its kind in New Zealand. The Youth Hub aims to deliver wrap-around services including mental health, medical, education, employment & training, recreation, creativity, social entrepreneurship and housing support to transform the lives of Canterbury’s young people in a one-stop-shop model.
- The Youth Hub includes 22 Youth Transitional Housing places funded by HUD with the service provided by Christchurch Methodist Mission (CMM). The contract has a nominal HUD investment value of \$4.16 million over a three-year term.
- More than a dozen organisations have expressed interest in partnering with the Youth Hub and having offices on site. Youthline and Te Tahī Youth will be the main tenants with other organisations using spaces on an ad hoc basis.
- Government organisations including WINZ, Probation Services, OT, Kāinga Ora and Careers NZ have been invited to have an office on site for visiting staff.

	Christchurch City	Selwyn	Waimakariri	Comparison
Housing register per 10k of population Oct 2024	38/10k 30th/67	7/10k 64th/67	13/10k 60th/67	Rotorua is 1st/67 with 98/10k
Rental stress Households spending over 40% of income on rent, 2018	28% 30th/67	20% 58th/67	32% 13th/67	Dunedin is 1st with 37%, followed by Kapiti with 36%
Building consents per 10k population Sept 2024	96/10k 7th/67	155/10k 2nd/67	100/10k 5th/67	Queenstown is 1st with 257/10k Auckland is 11th with 77/10k



Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development

Construction – Key Indicators

Updated 2nd December 2024

Te Kāwanatanga o Aotearoa
New Zealand Government








Summary

- Consent issuance has stabilised over the past quarter with an increase in standalone homes balancing a continued decline in townhouses.
- Supporting indicators like concrete poured and levels of residential investment also support a decline in activity from the peak, although some indicators have also stabilised.
- Declining interest rates alongside an increased confidence in the housing market might be driving increased activity in some parts of the sector, but apartments and townhouse consents remain low and are unlikely to recover in the short term.

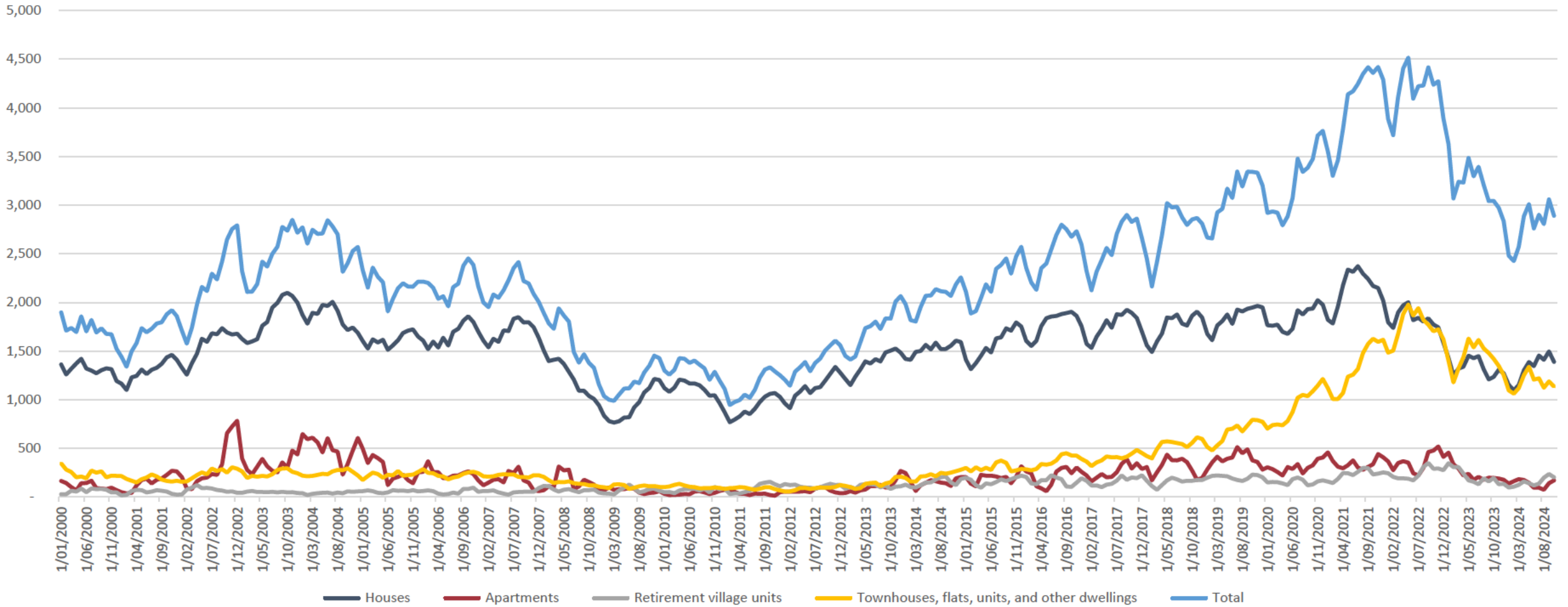


Key construction sector indicators

Stage of development	Indicator Name	What does it report?	What is the current trend?	Trend
Intent to build	Building Consents (Stats NZ) <i>MONTHLY</i>	Number of dwellings consented by type. National, Regional and TLA available.	Annual consent issuance is 16% down on this time last year at 33,467 for the 12 months to October 2024 vs 39,895 for the same 12 months in 2023, although has stabilised in recent months with a recovery in consents for houses. 2,850 consents for October 2024 is also 7% down compared to October 2023.	 -16%
Preparing to build	Business Loans for Residential Development (RBNZ) • Total Lending (HS31) • New Lending (HC70) <i>MONTHLY</i>	Value of lending for residential development. Typically, this is for construction stage rather than earlier land development. National total only.	<ul style="list-style-type: none"> • New lending for residential development has picked up a little, but remains 62.1% down from the August 2022 peak (\$122m v \$322m) • Total outstanding lending for residential development declining slightly, now standing at 24.6% down from October 2022 peak (\$2.6bn v \$3.5bn). <p>Indicates borrowing for new development has slowed and remains lower than the peak of activity in mid-2022.</p>	 -62.1%
Starting to build (2024 Q1 will be updated in June)	Value of building work put in place (Stats NZ) <i>QUARTERLY</i>	New residential construction work started by value (adjusted for inflation) National and some broad regions.	Nationwide decline of 15% in 2024 Q2 from the peak in Q3 2022 in actual cost terms <ul style="list-style-type: none"> • Auckland -12%, Wellington -34%, Waikato -27%, rest of North Island -18%, South Island excluding Canterbury -8% 	 -15%

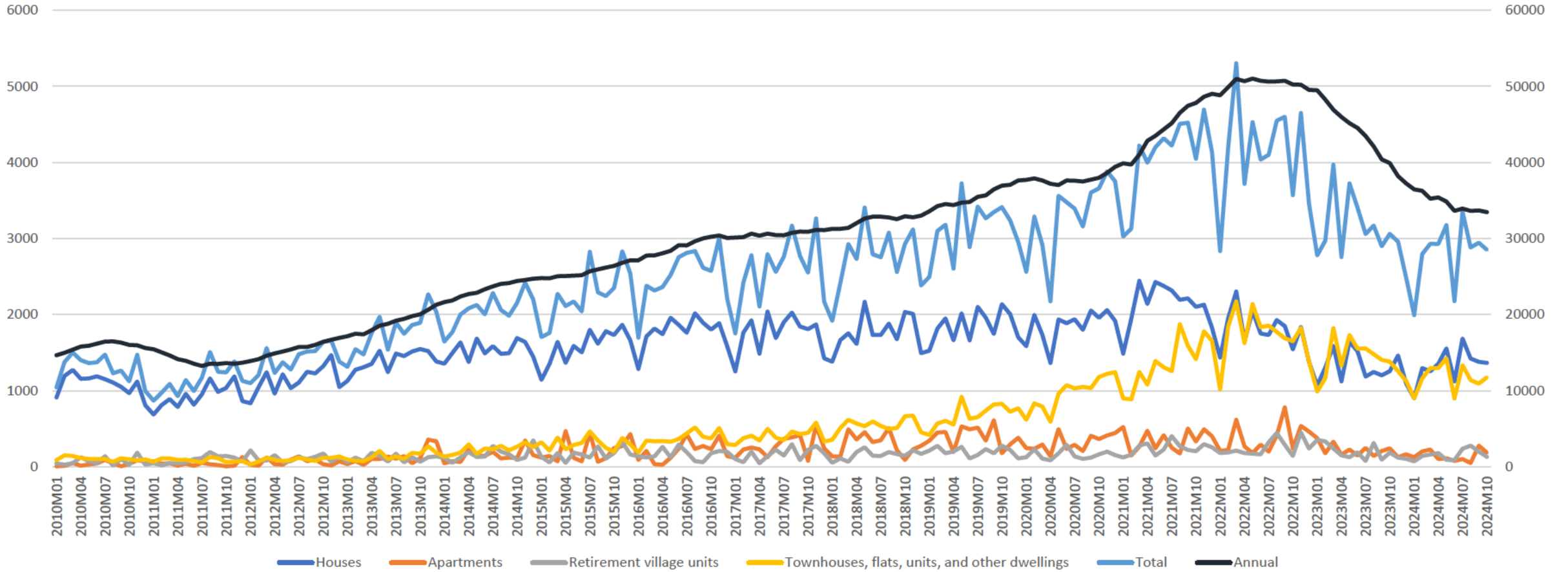


Building Consents Total And Type (3 month moving average)

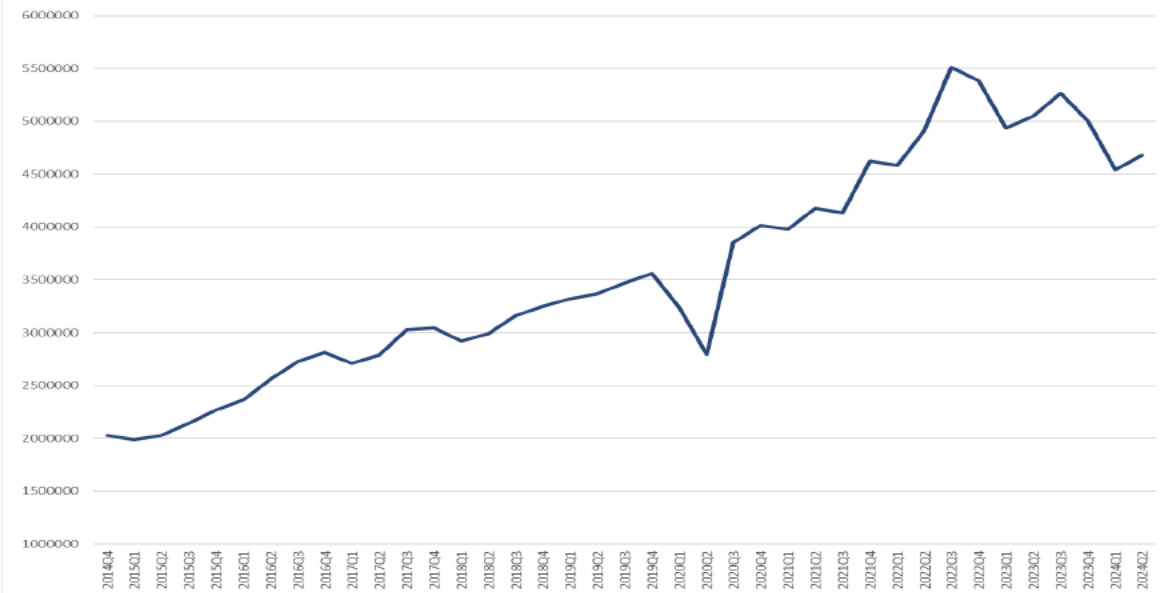




Monthly (LHS) and Annual (RHS) Consents Issued



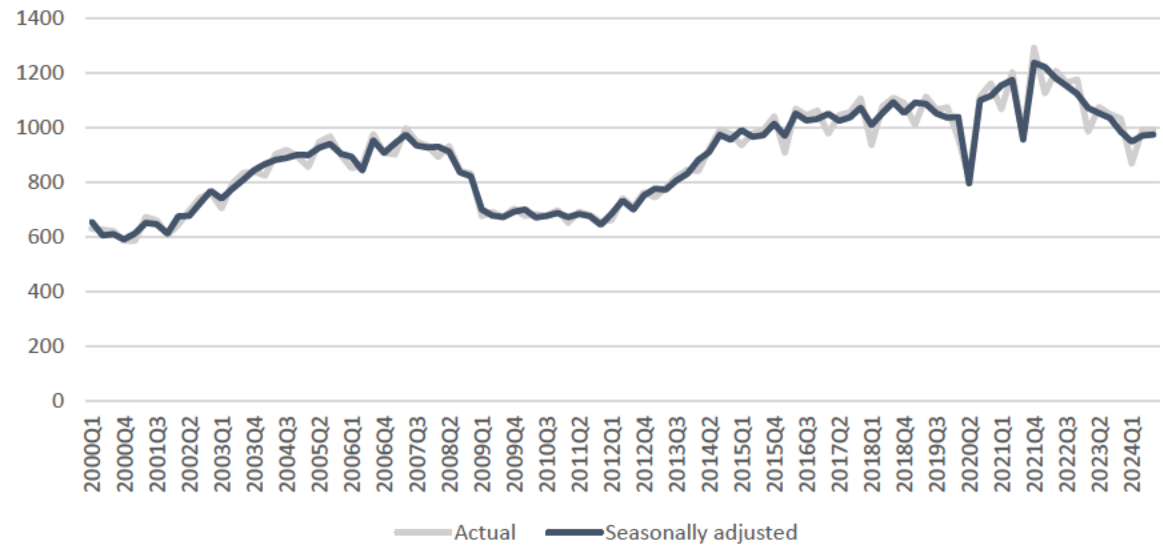
Residential Work Put In Place \$m



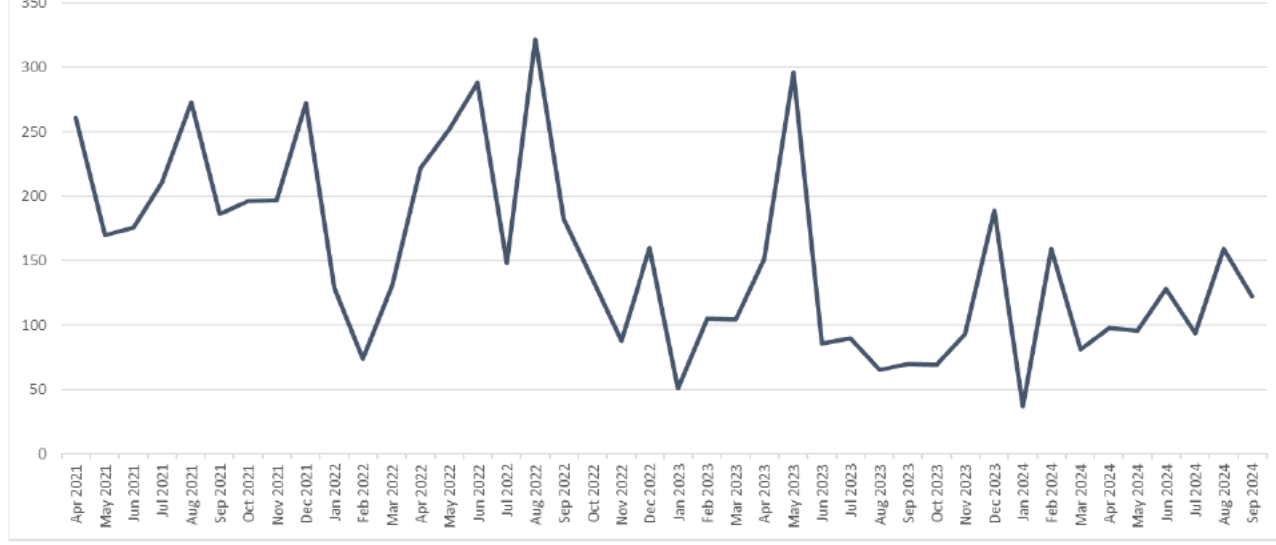
RBNZ Total Lending for Residential Development (\$m)- HS31



Stats NZ Readymix Concrete Production (1,000m2)



RBNZ New Lending for Residential Development (\$m) - HC70



Other indicators

There are several other indicators that can provide more context for the state and direction of the construction sector if required:

Indicator Name	What does it measure?	What can it tell us?	Current Trend	Last Updated
Concrete Poured (Stats NZ)	Volume of concrete poured for all sectors	Leading indicator of completions	-6% down year on year -20% down on activity peak of 2022 Q1	Q3 2024
Completions (Stats NZ)	Number of CCC*s issued	How many dwellings have been completed, and time to each inspection and CCC issuance.	Current revision estimates completions reached 43,160 new dwellings in 2023, up from 35,821 in 2022. *No nationwide updates*	Q4 2023
Liquidations (Centrix & others)	Number of business placed into liquidation	Monthly data but shows activity that might be 3-6 months old	Residential sector construction liquidations up 14% on same time last year. 546 companies put into liquidation in past 12 months.	Sept 2024
Construction Jobs Advertised	Change in the number of jobs advertised	Whether the sector is expanding, slowing or contracting	Jobs advertised has been declining since early 2022, signalling declining forward activity outlook.	Sept 2024
Construction Jobs Filled	Number of people employed in the whole sector	Whether the sector continues to hire or begins to shed workers.	Filled construction jobs has been relatively stable in 2023, but has started to fall slowly in 2024, currently 6% below the employment peak of November 2023	Sept 2024

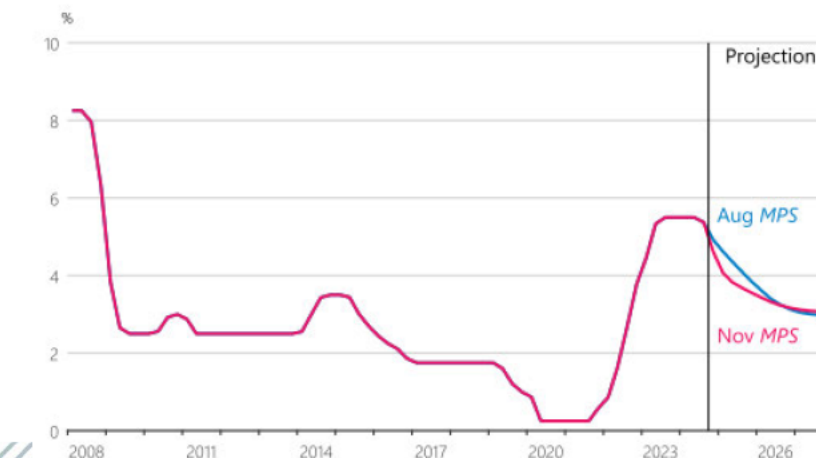
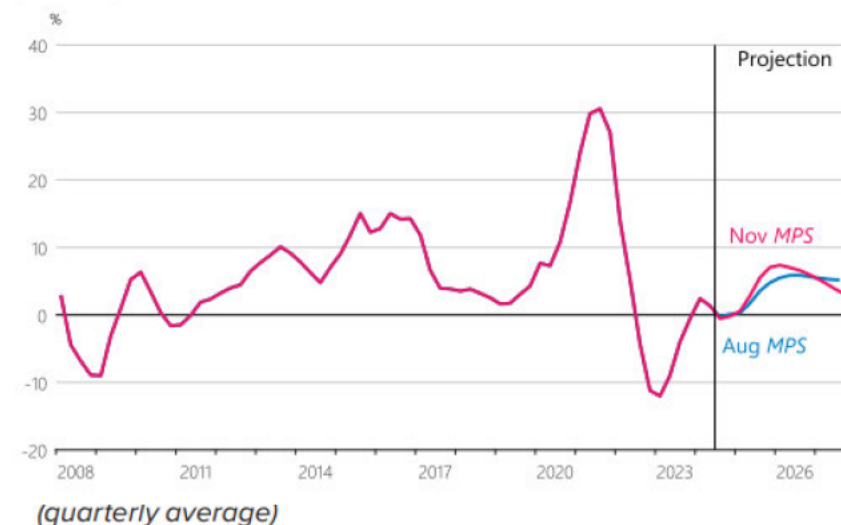
Other indicators

Demand for new construction is also very dependent on house price growth (current and future) and interest rates.

Whilst houses prices have fallen during the first half of 2023, they have stabilised and shown some slight increase in the past quarter. This is largely a response to the two OCR cuts and with further cuts anticipated in early 2025, we would expect to see house prices rise as demand returns and debt becomes more available and affordable. The RBNZ has increased its forecast for house price growth to 7% in 2025.

Absent any significant external shock to the economy, this should provide more confidence for the construction sector for 2025 and beyond.

Figure 6.4
House price growth
(annual)



	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27				
Redirects - CHPs	815	972	1,101	545	598	629	300	0	0	4,660	7,039	CHP	
KO New Build (gross)	1,461	1,229	1,866	1,273	2,646	4,746	TBC	TBC	TBC	13,221	9,750	KO	
CHP New Build (gross)	140	375	656	464	322	422	700	750	750	2,379			
New leases	105	6	11	8	10	2	TBC	TBC	TBC	142			
Buy-ins	402	326	277	188	463	123	TBC	TBC	TBC	1,779			
SLEDs and adjustments	- 745	- 834	- 857	- 745	- 888	- 1,323	TBC	TBC	TBC	- 5,392			
Total net	2,178	2,074	3,054	1,733	3,151	4,599	3,200	1,150	750				
Net (all new build less SLEDs)	856	770	1,665	992	2,080	3,845	3,200	1,150	750				
Multi year average net delivery	1,071				3,042			950					

Budget 2018 6,400 places over 4 years 2018/19 - 2022/23
 Budget 2020 6,000 places over 2 years 2022/23 - 2023/24
 Budget 2023 3,000 places over 1 year 2024/25
 Budget 2024 1,500 places over 2 years 2025/26 - 2026/27