



# Flexible fund - Questions and Answers

13 March 2026

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Please note (for either approach):

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

### **Option 1:** Long term contracts

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

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

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

### **Option 2:** Short term contracts

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

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

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

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

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

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

Examples include:

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

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

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

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