



# Cabinet Economic Development Committee

## Minute of Decision

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### Establishing the Urban Development Authority

**Portfolio**                      **Housing and Urban Development**

On 7 November 2018, the Cabinet Economic Development Committee (DEV):

#### Urban Development Authority

- 1        **noted** that in December 2017, the Cabinet Business Committee agreed in principle, subject to further policy decisions, to establish an urban development authority (UDA) to lead large-scale urban development and drive the delivery of KiwiBuild [CBC-17-MIN-0051];
- 2        **noted** that the UDA will be a public entity with four core urban development functions – initiating/commissioning projects, delivering development projects and being a developer, exercising statutory powers, and delivering programmes;
- 3        **noted** that the Ministry of Housing and Urban Development will monitor and provide advice on the UDA’s performance, and will establish and undertake the processes required to provide strategic direction to guide the UDA’s activities;
- 4        **invited** the Minister of Housing and Urban Development to report back to Cabinet in April 2019 on how the Ministry of Housing and Urban Development will provide strategic direction to the UDA;
- 5        **invited** the Minister of Housing and Urban Development to report back to DEV on:
  - 5.1      a framework ensuring projects meet public good outcomes, including requirements for public and KiwiBuild homes in developments;
  - 5.2      options to ensure that State housing is sufficiently prioritised and strengthened within the UDA entity;

#### Legislative implications

- 6        **noted** that the Housing Commission (Urban Development Powers) Amendment Bill (the Bill) has a category 6 priority on the 2018 Legislation Programme (drafting instructions to be issued to PCO in 2018);
- 7        **agreed** to include the policy decisions detailed in the paper under DEV-18-SUB-0255 in the Bill, together with any consequential changes to existing agencies;

- 8 **authorised** the Minister of Finance and the Minister of Housing and Urban Development (jointly) to make subsequent policy decisions on related details consistent with the policy proposals discussed in the paper under DEV-18-SUB-0265;
- 9 **invited** the Minister of Housing and Urban Development to issue drafting instructions as soon as possible to the Parliamentary Counsel Office (PCO) to give effect to the policy decisions in the paper under DEV-18-SUB-0265, and to give effect to any subsequent policy decisions made by the Minister of Finance and Minister of Housing and Urban Development on related details;

### Key design issues

- 10 **noted** that the UDA needs to be a powerful delivery organisation capable of driving real change and urban renewal through transformational urban development that provides a mix of public, affordable, rental and open market housing;
- 11 **noted** that the preferred option of the Minister of Housing and Urban Development (the Minister) is to establish a fully integrated new entity that consolidates all three essential centres of capability – Housing New Zealand and its subsidiary HLC, and the KiwiBuild Unit – into a new entity;
- 12 **noted** that the Minister considers that ensuring the government consolidates capability and maximises the benefits of scale outweighs any risks associated with a fully integrated approach, which can be mitigated through good design and process;
- 13 **noted** that the previously agreed social objectives for HNZ will still apply to the new entity [CAB-18-MIN-0243 and CAB-18-MIN-0399.01];
- 14 **agreed** to establish a fully integrated new entity that has both urban development and public housing roles by:
- 14.1 disestablishing Housing New Zealand;
  - 14.2 removing the KiwiBuild Unit from the Ministry of Housing and Urban Development;
  - 14.3 putting Housing New Zealand and the KiwiBuild Unit's functions into a new entity that will form the basis of the UDA;
- 15 **authorised** the Minister to determine a suitable name for the fully integrated new entity, with 'Housing and Urban Development Authority' (or 'HUDA') as the working title, as well as an appropriate name in te reo Māori;
- 16 **invited** the Minister to report back to Cabinet in April 2019 with a detailed transition plan, including the governance and makeup of the transition team, proposed timelines, the proposed legislative, governance and accountability arrangements for the new entity, preferred structural model, and a direction from Cabinet on the protection of Māori interests during the transition period;

### Establishing the new entity as a Crown Agent

- 17 **agreed** to establish the new entity as a Crown Agent;
- 18 **noted** that the Crown Entities Act 2004 will apply to the new entity;

- 19 **agreed** that the Bill will enable the new entity to adopt (and change) a different trading name from that used in the legislation;
- 20 **directed** the Ministry of Housing and Urban Development to retain sufficient capability and capacity to advise the Minister responsible for the UDA on issues relating to meeting Treaty and other legal obligations to Māori;
- 21 **directed** the Ministry of Housing and Urban Development to retain sufficient capability and capacity to discharge the Crown's obligations relating to the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Deed before involving the new entity;
- 22 **noted** that under the Crown Entities Act 2004, the new entity will be able to:
- 22.1 govern a project itself;
  - 22.2 create a committee that includes representatives from interested parties;
  - 22.3 create a wholly-owned subsidiary;
  - 22.4 create a majority-owned subsidiary with interested parties;
  - 22.5 hold a minority shareholding in a special purpose vehicle with interested parties;
  - 22.6 delegate functions and powers to another entity (e.g. private developer, iwi or Council Controlled Organisation) with approval by the Minister;
- 23 **noted** that under the Crown Entities Act 2004, the new entity will automatically be able to delegate powers and functions to a committee, Crown entity subsidiary or any other class of persons approved by the Minister responsible for the UDA;
- 24 **agreed** that the Bill will provide for the right for territorial authorities to appoint a minimum of one of the members of a committee or wholly-owned subsidiary for consideration for appointment, if they support the development project;
- 25 **agreed** that the Bill will signal the desirability of partnership, and the involvement of territorial authorities and Māori, in urban development projects;
- 26 **agreed** that the Bill will include provisions requiring the new entity to:
- 26.1 consider delegation to committees, subsidiaries or other entities;
  - 26.2 have a policy on delegation and monitoring and give effect to that;
  - 26.3 take into account the desirability of partnership, and the involvement of territorial authorities and Māori;
- 27 **agreed** that the Bill will set out what the new entity will need to consider when meeting the requirements referred to in paragraph 26 above:
- 27.1 the focus is on the manner in which the new entity's board decides whether, and to whom, to delegate or contract out the functions and powers in relation to an urban development project;

- 27.2 the objective is to achieve:
- 27.2.1 connection to the local community and territorial authority involvement;
  - 27.2.2 appropriate capability for effective delivery;
- 27.3 the legislative requirement is that new entity must consider the range of options available to involve territorial authorities and Māori identified in paragraph 22 above, and must consider appropriate delegation.

Janine Harvey  
Committee Secretary

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**Present:**

Rt Hon Winston Peters  
Hon Grant Robertson (Chair)  
Hon Phil Twyford  
Hon Dr Megan Woods  
Hon Chris Hipkins  
Hon David Parker  
Hon Stuart Nash  
Hon Iain Lees-Galloway  
Hon Jenny Salesa  
Hon Damien O'Connor  
Hon Shane Jones  
Hon Kris Faafoi  
Hon James Shaw  
Hon Eugenie Sage (part of item)

**Officials present from:**

Office of the Prime Minister  
Officials Committee for DEV

**Hard-copy distribution:**

Minister of Housing and Urban Development