

[In Confidence]

Office of the Minister of Finance

Office of the Minister of Housing

Chair Cabinet Economic Development Committee

Paper 2: Advancing the large-scale projects: Mt Roskill and Oranga Precincts

Proposal

- 1 This paper seeks:
 - 1.1 agreement to allocate funding for the Mt Roskill and Oranga precincts from the \$1.996 billion set aside for the Auckland Large Scale Projects (LSPs) from the Housing Acceleration Fund; and
 - 1.2 agreement to the key outcomes to be purchased from the funding allocation.
- 2 This is paper two of four Cabinet papers and should be read alongside the *Paper 1: Advancing Large Scale Projects: Portfolio Decisions*, which provides context and seeks agreement to the overarching settings for the portfolio of investments in the Kāinga Ora-led Large-Scale Projects.

Relation to government priorities

- 3 Our government has three overarching objectives: to keep New Zealanders safe from COVID-19, to accelerate our recovery, and lay the foundations for a better future through reducing inequality and addressing child poverty, reducing carbon emissions and improving housing affordability [CAB-20-MIN-0525].
- 4 The outcomes sought through Housing Acceleration Fund (HAF) investment in the LSPs align with the Government's priority to address wellbeing by ensuring that everyone can access healthy, secure and affordable housing within thriving, sustainable communities. Investment in the LSPs is investment in core infrastructure to enable significant housing development, further accelerating our recovery from the impacts of COVID-19.

Executive Summary

- 5 The Mt Roskill and Oranga precincts are two of five LSPs currently being delivered by Kāinga Ora – Homes and Communities in Auckland over 20 years. Through investments in infrastructure and land development, these LSPs unlock density and enable more public, affordable, and market homes.
- 6 Mt Roskill and Oranga are the right places for investment. These are areas of high socioeconomic deprivation constrained by insufficient infrastructure and increasingly

unsuitable public housing stock constraining growth. They also possess the key fundamentals for urban redevelopment, being centrally-located and encompassing large tranches of underutilised Kāinga Ora-owned land otherwise in need of investment.

- 7 The Mt Roskill and Oranga precincts also have significant interfaces with the Auckland Light Rail project, which seeks to facilitate significant change and urban development along its corridor, including the Wesley West neighbourhood.
- 8 As part of Budget 2021, Cabinet agreed to hold \$1.996 billion of the Housing Acceleration Fund for the Auckland LSPs. This paper seeks to confirm the allocation from that amount of \$639.4 million in HAF funding for the Mt Roskill and Oranga precincts.
- 9 This funding will significantly increase housing supply in the Mt Roskill and Oranga precincts by removing 1,543 public homes and replacing them with 7,550 homes (a 4.9x uplift) in areas close to town centres, jobs and schools. The funding will enable much needed affordable homes in an area that is becoming increasingly less affordable for first home buyers. Master-planning will provide for safe, integrated communities that support both active and public transport.
- 10 Investment in network infrastructure also support environmental outcomes and enables development on private (non-Kāinga Ora) land, thereby supporting enablement of further housing supply.
- 11 The funding allocation will enable five neighbourhoods to progress: Roskill South, Owairaka, Waikowhai, Wesley West and Oranga. Together, these will enable the following housing outcomes. Further detail is provided at Appendix A.

Type	Homes enabled (approximate)
Public	2,674
Affordable	2,438
Market	2,438
Total	7,550

Background to the large-scale projects

- 12 The Mt Roskill and Oranga precincts are two of five large-scale projects being delivered by Kāinga Ora – Homes and Communities in Auckland over 20 years.
- 13 The large-scale projects leverage large, strategically located Kāinga Ora landholdings to unlock density by replacing ageing, low-density public housing stock which is reaching the end of its useful life with a greater quantity of healthy, secure, and affordable homes in sustainable, master-planned communities.

- 14 The Mt Roskill and Oranga precincts require funding to address significant additional land development and infrastructure costs uncovered by two years of detailed technical assessments, which cannot be met by the existing Kāinga Ora funding streams.
- 15 Kāinga Ora – Homes and Communities has since produced the attached *Mt Roskill and Oranga Precincts Programme Business Case* (Appendix B), which has been endorsed by the Kāinga Ora Board and will be updated to reflect Cabinet decisions.
- 16 Mt Roskill and Oranga are different precincts but have been assessed within a single programme business case as they are both located in central Auckland, share a range of commonalities, and Oranga is a single neighbourhood that requires investment to complete its final stages.

Mt Roskill and Oranga are constrained by inadequate infrastructure and housing stock, but have significant potential for redevelopment

Mt Roskill and Oranga communities have housing and urban development needs...

- 17 Across Auckland there is a demand for more market, affordable, and public housing. For Mt Roskill and Oranga, housing affordability has become a critical issue, with the increase in house prices outstripping the wider Auckland region, made more acute by the relative income received by Mt Roskill residents (\$56,000 compared to the Auckland median of \$76,500).
- 18 Demand for public housing in the Mt Roskill and Oranga precincts has also grown significantly over the last five years, with the waitlist increasing by about 250 percent since 2016. Multiple neighbourhoods in Mt Roskill and Oranga meet the highest primary socioeconomic deprivation rating.
- 19 Neighbourhoods in the Mt Roskill and Oranga precincts have aging and insufficient infrastructure (particularly water infrastructure), which is constraining growth. Inadequate water infrastructure also has led to poor environmental outcomes, with frequent overflows leading to contamination in the harbour.

... but also the key fundamentals for urban redevelopment

- 20 There is significant potential for Crown investment to resolve inadequate housing and infrastructure in Mt Roskill and Oranga to achieve better urban development and wellbeing outcomes.
 - 20.1 Mt Roskill and Oranga are well-connected regionally, with frequent bus service linking to the Auckland Central CBD, and employment centres at the Auckland Airport.
 - 20.2 Kāinga Ora own large tranches of land in Mt Roskill that can be better utilised and, with enabling zoning, can provide for additional new housing supply close to shops, services and schools.

- 20.3 There are around 2,000 public homes in Mt Roskill and Oranga that are no longer fit for purpose and require significant investment to be brought up to modern standards and be configured to meet tenant needs.
- 20.4 Mt Roskill and Oranga have high concentrations of public housing, with potential for redevelopment and masterplanning.
- 20.5 Mt Roskill is along the proposed Auckland Light Rail corridor, providing opportunities to leverage outcomes across the two projects.

Investing in Mt Roskill and Oranga delivers on government housing and wellbeing priorities

- 21 The Mt Roskill and Oranga precincts (as two of five large-scale projects in Auckland) are strategic investments that will increase housing choices and accelerate housing supply in areas of need, supporting the Government's response to significant housing challenges.

Seeking allocation of HAF funding to the Mt Roskill and Oranga precincts

- 22 This paper seeks your agreement to allocate \$639.4 million of funding to the Mt Roskill and Oranga precincts from the \$1.996 billion Auckland LSP HAF allocation.
- 23 Investing in the Mt Roskill and Oranga precincts will:
 - 23.1 **enable more homes in the right place** – enable delivery of around 7,550 new homes (around 6,000 additional) on Kāinga Ora land (around 2,650 public, 2,450 affordable, and 2,450 market homes), in an area of high market demand with key transport links 6.5 kilometres from the Auckland CBD, close to the airport and other employment hubs in Southeast Auckland.
 - 23.2 **enable better public housing** – enable replacement of around 1,500 public houses reaching the end of their useful life with around 2,650 warm, dry, and fit for purpose public homes (an uplift of around 1,150 public homes).
 - 23.3 **provide better infrastructure** – unlocking additional capacity, improving wellbeing outcomes, and laying the necessary foundations that other neighbourhoods in the Mt Roskill and Oranga precincts will build on over the next 20 years.
 - 23.4 **provide integration and efficiency** – meeting costs that would otherwise be required to maintain or renew existing public homes and meet Auckland's infrastructure challenges.
- 24 The proposed allocation is based on the attached Kāinga Ora programme business case – *Mt Roskill and Oranga Precincts Programme Business Case* (Appendix B). The business case has been endorsed by the Kāinga Ora Board and will be updated to reflect Cabinet decisions.
- 25 We seek Cabinet approval of the programme business case, subject to any updates required following Cabinet decisions. We seek delegated authority to endorse the final programme business case.

- 26 The business case for the Mt Roskill and Oranga precincts covers a five-year funding period with build-out over eight years, enabling Kāinga Ora to plan and negotiate contracts for the long-term delivery of the Mt Roskill and Oranga precincts.
- 27 In total, five neighbourhoods are within the scope of this precinct business case (Roskill South, Ōwairaka, Waikōwhai, Wesley West, and Oranga) and twelve are not. Further funding solutions will need to be sought for investment in the remaining neighbourhoods that are not subject to HAF funding.
- 28 The total cost of delivery in the Mt Roskill and Oranga precincts contained in this precinct business case is \$1.925 billion. This is proposed to be met by \$1.24 billion in Kāinga Ora revenues and \$639.4 million from the HAF.
- 29 This leaves a shortfall of around \$45.6 million within the Kāinga Ora business case, which we seek in *Paper 1: Advancing the Auckland large scale projects: portfolio decisions* that the joint Ministers of Finance and Housing will consider, on a case-by-case basis, against \$280 million held to reduce the impact of emerging headwinds.
- 30 Of the \$639.4 million allocation sought from the HAF, \$133 million in Tranche One funding (to maintain the Kāinga Ora immediate programme of works) was approved by the Ministers of Housing and Finance in July 2021, following Cabinet delegation.

Implementing the allocation of HAF funding to the Mt Roskill and Oranga precincts

- 31 The Mt Roskill and Oranga precincts are large urban development projects including five large neighbourhoods with multiple stages of redevelopment.
- 32 We seek agreement to allocate \$639.4 million of funding to the Mt Roskill and Oranga precincts from the \$1.996 billion set aside for the Auckland LSPs from HAF. The Mt Roskill and Oranga funding envelope is based on both a build-up of costs for known infrastructure projects and assumptions for those infrastructure projects that would not be needed until later in the programme. Further technical analysis will ascertain the actual infrastructure and other works required to redevelop each neighbourhood.
- 33 Kāinga Ora will prepare two types of detailed business cases that seek drawdown through the stages of redevelopment: infrastructure business cases and neighbourhood business cases. In *Paper 1: Advancing the Auckland large-scale projects: portfolio decisions*, we seek approval for delegated authority to the joint Ministers of Finance and Housing to approve the infrastructure and neighbourhood business cases.

Kāinga Ora will prepare subsequent neighbourhood and infrastructure business cases to draw down funding

- 34 The neighbourhood business cases seek drawdown of funding to provide build-ready land, which includes local infrastructure, land development, and remediation.
- 35 Below is a breakdown of the subsequent neighbourhood business cases that Kāinga Ora will prepare, including the indicative value of each business case. These values are based on the assumptions (including affordability settings) set out in the neighbourhood business case.

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Neighbourhood Business Case	HAF allocation (\$m)
Roskill South	\$79
Owairaka	\$85
Waikowhai	\$107
Wesley West	\$52
Oranga	\$66
Total	\$389

Kāinga Ora will prepare infrastructure business cases that seek drawdown of funding

- 36 Below is a breakdown of the subsequent infrastructure business cases that Kāinga Ora will prepare, including the indicative value of each business case. Infrastructure business cases will seek drawdown of funding for the network infrastructure that enables housing across a number of neighbourhoods. These are indicative values based on the assumptions set out in the precinct business case.

Infrastructure Business Case	No. of projects	HAF allocation (\$m)	Neighbourhoods enabled
Waikōwhai utilities	1	\$102	Waikōwhai
Water supply	3	\$48	Waikōwhai, Wesley
Transport	6	\$44	Mt Roskill Schools, Roskill South, Wesley
Wastewater	4	\$25	Waikōwhai
Stormwater	2	\$22	Waikōwhai, Roskill South
Minor utilities	3	\$9	Waikōwhai, Wesley
Totals	19	\$250	

Managing programme decision-making

- 37 Draw down of funding to each neighbourhood will be subject to approval of the neighbourhood and infrastructure business cases in line with decisions made in *Paper 1: Advancing the Auckland large-scale projects: portfolio decisions*.
- 38 The Mt Roskill neighbourhoods of Wesley West and Waikōwhai, and the Waikowhai utilities infrastructure business case, are of strategic importance.

- 38.1 In Waikōwhai, five percent of development is complete, with four percent of homes enabled. The neighbourhood business case for stage two onwards is due in April 2022, with completion of works expected by late 2026. If the existing overhead Transpower lines are not removed, housing yield will decrease by 450 dwellings.
- 38.2 Part of the Wesley West neighbourhood is located within the proposed walkable catchment of the Auckland Light Rail. Wesley West is currently in its design and master-planning phase, with development expected to begin following approval of the neighbourhood business case. Completion of works is expected by July 2030.
- 39 The following three neighbourhoods are considered low risk as they are well-advanced, have limited optionality, and are consistent with the parameters of the precinct business case. Final drawdown is required to complete works.

Neighbourhood	Development complete (%)	Homes enabled (%)	Expected works completion date
Roskill South	80 %	57 %	By July 2023.
Owairaka	38 %	37 %	By July 2024.
Oranga	40 %	27 %	By FY 28/29.

- 40 Subject to Cabinet approval to the approach for subsequent decision-making in *Paper 1: Advancing the Auckland large-scale projects: portfolio decisions*, the Ministers of Finance and Housing will consider further delegation to the Kāinga Ora Board for these neighbourhood business cases.

Engagement with Auckland Council Group

- 41 Auckland Council is the local regulator and infrastructure operator and will play a significant role in delivery of the LSPs. Auckland Council has committed to fund \$288m of infrastructure across the LSPs. Auckland Council and its Council-controlled organisations (CCOs) have been extensively engaged on LSP infrastructure requirements and the resulting information has informed the Mt Roskill and Oranga business case. Auckland Council has not been directly consulted on the attached programme business case (Appendix B).
- 42 Auckland Council has a significant interest in the success of the LSPs and needs to be appropriately consulted to support their delivery. Following approval of the programme business cases, Kāinga Ora, Auckland Council, and its CCOs will need to work together to resolve the projects that will be funded. Kāinga Ora will enter funding agreements setting out roles, responsibilities, and principles for cost share.
- 43 Underlying technical understanding of infrastructure will continue to be developed through collaborative forums for each type of infrastructure. These fora will also coordinate across the infrastructure development programme to integrate delivery of infrastructure and input to infrastructure business cases.

- 44 In the companion *Paper 1: Advancing the Auckland large-scale projects: portfolio decisions*, we propose that a Strategic Partnership be established between Ministers, the Mayor of Auckland s 9(2)(j) as a way to provide oversight and align interests in the LSP areas.

Alignment with Auckland Light Rail

- 45 The Auckland Light Rail project (ALR) is of strategic significance to the broader Mt Roskill precinct. The ALR is intended to be a ‘city shaping’ project and facilitate significant change and urban development along its corridor. Within this LSP business case, the Wesley West neighbourhood is along the proposed ALR corridor and considered to be of strategic importance. Redevelopment of further neighbourhoods along the corridor is outside the area covered by this programme business case.
- 46 The ALR is in an earlier stage of planning and station locations have not been decided. This may have a material impact on the opportunities presented across both projects.
- 47 Consideration of the development programme for LSPs alongside the ALR project should provide further opportunities, including the leveraging of Kāinga Ora landholdings for integrated master-planning (commercial and residential) and delivery efficiencies.
- 48 The ALR will also bring further accessibility and mode-shift benefits to the community. This increased access is likely to result in a higher demand for housing, and may create potential for further increases in density, beyond the density provided for in this budget proposal and attached programme business case (Appendix B).
- 49 In the attached programme business case, Kāinga Ora proposes to stage the Mt Roskill precinct to balance the need to deliver new housing at pace while preserving flexibility to accommodate any ALR opportunities (including those in future neighbourhoods not covered by this programme business case) by:
- 49.1 delivering first in the stages that will not be impacted by ALR (further from station sites).
 - 49.2 assuming some surplus capacity in the precinct-level infrastructure in this business case.
- 50 Neighbourhood business cases within the walkable catchment of the ALR are of strategic importance and will require Ministerial approval for drawdown of funding. To enable strategic alignment across the project, these neighbourhood business cases must include scenarios and option analysis that provide choices in how the LSP investment aligns with ALR assumptions.
- 51 In the attached programme business case, Kāinga Ora proposes to stage the Mt Roskill and Oranga precincts to balance the need to deliver new housing at pace while preserving flexibility to accommodate any ALR opportunities (including those in future neighbourhoods not covered by this programme business case) by:

- 51.1 delivering first in the stages that will not be impacted by ALR (further from station sites)
 - 51.2 assuming some surplus capacity in the precinct-level infrastructure in this business case.
- 52 In *Paper 1: Advancing the Auckland large-scale projects: portfolio decisions*, we seek your agreement to officials engaged on the ALR and LSPs working together, in liaison with Kāinga Ora staff as appropriate, to align and create efficiencies between the two Ministerial fora s 9(2)(j), wherever practicable.

Financial Implications

- 53 As part of Budget 2021, Cabinet agreed to hold \$1.996 billion¹ of the HAF for Auckland LSPs. This paper seeks to confirm the allocation of \$639.4 million in HAF funding (inclusive of Tranche One) for the Mt Roskill and Oranga LSPs from the funding held for the Auckland LSPs.
- 54 The Kāinga Ora business cases have identified a \$685 million deficit for the Mt Roskill and Oranga precincts. This funding includes an operational contingency to bring the programme business case to a standard P50 (sufficient contingency to provide a fifty percent level of confidence in the outcome). Costs will be finalised through the neighbourhood and infrastructure business cases that seek drawdown of funding.
- 55 This paper seeks agreement to allocate \$639.4 million of funding to the Mt Roskill and Oranga precincts from the \$1.996 billion set aside for the LSPs from HAF. This is a shortfall of around \$45.6 million against the Kāinga Ora business case deficit of \$685 million and, as a result, Kāinga Ora will have a smaller operational contingency.
- 56 *Paper 1: Advancing the Auckland large-scale projects: portfolio decisions* seeks agreement:
- 56.1 to delegate authority to the joint Ministers of Finance and Housing to approve subsequent business cases and
 - 56.2 that \$280 million be held by the joint Ministers of Finance and Housing, who will decide how this funding will be allocated on a case-by-case basis, should neighbourhood and infrastructure business cases exceed expected costings.
- 57 This paper does not seek any changes to appropriated funding and is therefore not subject to budget moratorium restrictions.
- 58 Cabinet agreed that funding would not be spent on LSPs (excluding tranche one) until Cabinet is satisfied that there are appropriate business case processes in place, there is agreement on governance arrangements and how these will be put in place, and there is agreement on monitoring arrangements and progress reporting [CAB-21-MIN-0116.15 refers]. The overarching Cabinet paper *Paper 1: Advancing the Large Scale*

¹ CAB-21-MIN-0116.15 confirmed \$2.3 billion would be held for Auckland and Porirua Large Scale Projects (rounded from \$2,303 million). CAB-21-MIN-0190 confirmed \$307 million of this funding would be held of Porirua, leaving \$1,996 million for Auckland Large Scale Projects.

Projects: portfolio decisions provides an overview and seeks decisions on these matters.

Risks and mitigation

There is a significant risk of cost and revenue variability in large-scale brownfields urban development projects of this nature

- 59 The business cases approved by Kāinga Ora are unescalated (i.e., do not include inflationary allowances) as in normal circumstances, costs and revenue are likely to move in parallel, offsetting the need for significant changes. However, in the current environment where cost escalations are likely to be significant, with decreased land values, the risk of requiring additional funding or significant trade-offs is heightened.

Operational contingency

- 60 This Cabinet paper seeks \$639.4 million for the Mt Roskill and Oranga precincts, which includes an operational contingency of \$83.4 million. This is smaller than the operational contingency (of \$129 million) that Kāinga Ora sought through their programme business case attached (Appendix B).

Delivery risks

- 61 Kāinga Ora have identified a number of delivery risks to be managed by the Kāinga Ora Board. The top delivery risks are outlined below:
- 61.1 Existing infrastructure is in poorer condition leading to additional costs incurred to upgrade to current specification
 - 61.2 Delays or changes of key dependent infrastructure provided by other asset owners, e.g., Transpower do not proceed with the removal of overhead transmission pylons or there is a delay in central interceptor
 - 61.3 Delays in council consent processing, or decline of proposed plan change
 - 61.4 Inability to secure funding agreements with CCOs for hard and soft infrastructure, leading to additional costs to upgrade infrastructure, resulting in lower yield
 - 61.5 Not achieving a commercially viable project for Kāinga Ora (sales not achieving expected values/low market absorption impacting planned revenue)
 - 61.6 Rehousing capacity for Kāinga Ora tenants constraining Mt Roskill delivery programme.

Portfolio-level risk management

- 62 The portfolio-level approach to cost escalation, additional contingency and the monitoring framework sit within *Paper 1: Advancing the Auckland large-scale projects: portfolio decisions*.

Legislative Implications

63 This paper does not have any direct legislative implications.

Regulatory Impact Statement

64 The regulatory impact analysis requirements do not apply.

Climate Implications of Policy Assessment

65 The Climate Implications Policy Assessment falls within the overall assessment for the wider HAF and supports higher density housing and greater public and active transport use. Proposed investment in LSPs through the HAF will directly support transition to a net carbon neutral economy by:

- 65.1 creating higher density housing and improved amenity in and around town centres and public transport nodes
- 65.2 encouraging mode shift (away from cars) and ensuring connections between renewed housing areas and town centres and public transport nodes are safe, connected and attractive for walking, cycling and micro-mobility
- 65.3 increasing social connection and improving access to employment and recreation opportunities.

Population Implications

66 The LSPs are 20-year programmes intended to renew neglected suburbs and accelerate the pace and scale of housing delivery – with more public housing, more homes for first home buyers, and a greater supply of homes on the market to house a growing and changing population.

67 By increasing housing supply in areas of greatest need, these proposals are likely to positively impact groups that are currently renting or unable to buy a home. In particular, it should benefit:

- 67.1 Māori and Pacific peoples, who are less likely to own their own homes. In 2018, the proportions of Māori and Pacific people living in owner-occupied homes were 47.2 per cent and 35.1 per cent respectively, compared to the total population figure of 64.3 per cent. Government is also taking other measures to improve housing for Māori and Pacific peoples, including through Progressive Home Ownership, MAIHI partnerships and our public housing build programme
- 67.2 Younger people living where declining home ownership rates have been sharper
- 67.3 Disabled people, particularly those with accessibility needs, who often experience more difficulty finding a home. The actions should positively impact on disabled people through increasing the supply of affordable housing for ownership and rent.

Human Rights

- 68 This paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 69 Te Tūāpapa Kura Kāinga – the Ministry of Housing and Urban Development has worked closely with the Te Tai Ōhanga – the Treasury and Kāinga Ora – Homes and Communities on the development of this paper.
- 70 Te Manatū Waka – the Ministry of Transport and Te Tari Taiwhenua – the Department of Internal Affairs, and Waka Kotahi – New Zealand Transport Agency were consulted on this paper.
- 71 The Department of the Prime Minister and Cabinet were informed.

Communications

- 72 Following Cabinet decisions on the precinct business cases, the Minister of Housing intends to make further announcements of investment into the LSPs from the Housing Acceleration Fund.
- 73 The Auckland LSPs are a strategic spatial growth priority for Auckland and the LSP investment is of significant interest to Auckland Council. The Minister of Housing intends to liaise with the Mayor of Auckland on a potential joint announcement.

Proactive Release

- 74 It is our intention to proactively release this Cabinet paper, alongside announcements on the project.
- 75 Some content of the Mt Roskill programme business case is commercially sensitive and will be redacted.

Recommendations

The Minister of Finance and the Minister of Housing recommend that the Committee:

- 1 **Note** that in May 2021, Cabinet agreed to hold up to \$2.3 billion from the Housing Acceleration Fund (HAF) for LSPs, with \$307 million for Eastern Porirua, and remaining \$1.996 billion for the Auckland LSPs [CAB-21-MIN-0190 refers].
- 2 **Note** that the portfolio Cabinet paper (*Paper 1: Advancing the Auckland large-scale projects: portfolio decisions*) provides an overview of the LSP programme and seeks decisions to help manage the risk and delivery of the overall portfolio of LSPs.
- 3 **Note** that the attached programme business case for the Mt Roskill and Oranga precincts (Appendix B) seeks to enable around 7,500 homes across five neighbourhoods, with build-out of homes over eight years.

- 4 **Note** that this paper seeks to allocate funding to the Mt Roskill and Oranga precincts from the \$1.996 billion Auckland HAF allocation.
- 5 **Note** the attached programme business case for Mt Roskill and Oranga (Appendix B) forecasts total revenue (excluding Auckland Council contribution) of \$1.240 billion, and total costs of \$1.925 billion, resulting in a programme deficit of \$685 million, based on a contingency calculation using a P50 methodology.
- 6 **Agree** that the total funding allocated to the Mt Roskill and Oranga Large Scale Project from the HAF is \$639.4 million (inclusive of tranche one), which includes a project contingency of \$83.4 million.
- 7 **Note** that the companion Cabinet paper *Paper 1: Advancing the Auckland large-scale projects: portfolio decisions* seeks agreement for the Ministers of Finance and Housing to retain \$280 million and consider allocating business cases on a case-by-case basis.
- 8 **Agree** that the funding seeks to enable around 7,500 homes, and around 40 percent public, 30 percent market, and 30 percent affordable tenure mix across the precincts.
- 9 **Approve** the Mt Roskill and Oranga programme business case, subject to any changes as a result of Cabinet decisions.
- 10 **Delegate** authority to the joint Ministers of Finance and Housing for endorsement of the final programme business cases, once satisfied that changes reflect Cabinet decisions.
- 11 **Note** that, subject to decisions in *Paper 1: Advancing the Auckland large-scale projects: portfolio decisions*, the joint Ministers of Finance and Housing will be delegated the authority to approve drawdown subject to their satisfaction with neighbourhood and infrastructure business cases.
- 12 **Note** the indicative net cost breakdown of neighbourhood business cases below:
 - 12.1 \$79 million in Roskill South to enable around 974 homes, with completion expected by July 2023
 - 12.2 \$85 million in Owairaka to enable around 1,160 homes, with completion expected by July 2024
 - 12.3 \$107 million in Waikowhai to enable around 1,128 homes, with completion expected by late 2026
 - 12.4 \$52 million in Wesley West to enable around 2,988 homes, with completion expected by July 2030
 - 12.5 \$66 million in Oranga to deliver enable around 1,300 homes, with completion expected by FY 28/29.
- 13 **Note** the indicative breakdown of infrastructure business cases below:
 - 13.1 Waikōwhai utilities (one project to enable Waikōwhai): \$102 million

IN C O N F I D E N C E

- 13.2 Water supply (three projects to enable Waikōwhai, Wesley): \$48 million
- 13.3 Transport (six projects to enable Mt Roskill Schools, Roskill South, Wesley): \$44 million
- 13.4 Wastewater (four projects to enable Waikōwhai): \$25 million
- 13.5 Stormwater (two projects to enable Waikōwhai, Roskill South): \$22 million
- 13.6 Minor utilities (three projects to enable Waikōwhai, Wesley): \$9 million
- 14 **Agree** that Cabinet expects Kāinga Ora will work with the Auckland Light Rail project team to assess options to ensure alignment in Wesley West, and across the wider Auckland Light Rail programme.

Authorised for lodgement

Hon Grant Robertson

Minister of Finance

Hon Dr Megan Woods

Minister of Housing

Appendices

Appendix A: Key outputs enabled for Mt Roskill/Oranga

Homes enabled by neighbourhood business case				
	Public	Market	Affordable	Total
Roskill South	320	327	327	974
Owairaka	276	442	442	1,160
Waikōwhai	449	340	339	1,128
Wesley West	1,196	896	896	2,988
Oranga	433	433	434	1,300
Total	2,674	2,438	2,438	7,550
Land remediation				
Dwellings removed			1,543	
Area of land enabled for housing			895,529m ²	
Area decontaminated and remediated			1,000,025m ²	

Appendix B: Mt Roskill & Oranga Precincts Programme Business Case