



Aide-memoire

Talking points for Cabinet Oral Item on HAF (17 May 2021)			
Date:	14 May 2021	Security level:	Budget - Sensitive
Priority:	Urgent	Report number:	AMI20/21050531

Information for Minister(s)	
Dr Megan Woods Minister of Housing	

Contact for discussion				
Name	Position	Telephone		1 st contact
Hilary Eade	Kaiaki	[Direct dial]	[Mobile]	✓
Joey Shannon	Lead, Infrastructure Fund Policy	[Direct dial]	[Mobile]	

Other agencies consulted
[Names]

Minister's office to complete

- Noted
 - Seen
 - See Minister's notes
 - Needs change
 - Overtaken by events
 - Declined
 - Referred to (specify)
-

Comments

Date returned to MHUD:

Aide-memoire

Talking points for Cabinet Oral Item on HAF (17 May 2021)

For: Dr Megan Woods, Minister of Housing

Date: 4 May 2021

Security level: Budget - Sensitive

Priority: Urgent

Report number: AMI20/21050531

Purpose of

1. You are taking an Oral Item on the Housing Acceleration Fund to Cabinet on 17 May 2021.
2. We understand that the primary purpose of the item is to seek Cabinet agreement to the proportion of the Infrastructure Fund that will be committed to the Maori Housing component of the Fund to align with other announcements.
3. You may also wish to provide a brief update on the other components of the Infrastructure Fund for any Ministers who have not yet reviewed the draft Cabinet paper you will have circulated for consultation.
4. There are three attachments to this aide memoire to support your item:
 - a. Annex 1: Talking points
 - b. Annex 2: Q&As related to funding to the Maori housing component
 - c. Annex 3: Recommendations to table at Cabinet

Annex 1: Talking points on Housing Acceleration Fund for Cabinet (17 May 2021)

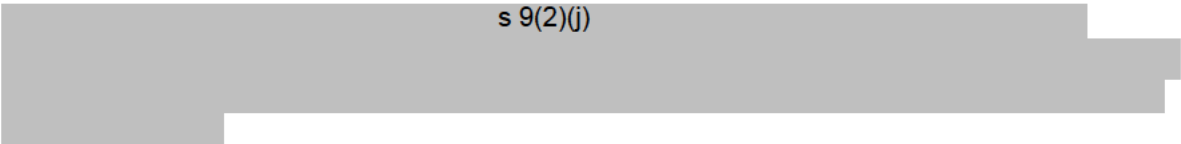
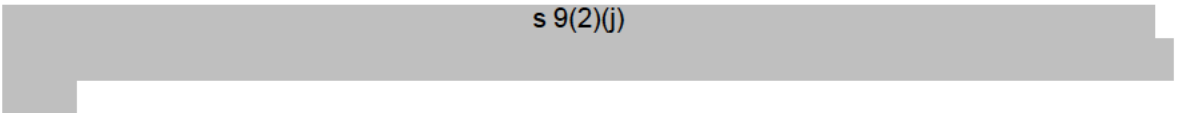
Background

- As you know, following Cabinet's agreement in March to establish an Infrastructure Fund as part of the Housing Acceleration Fund, I have been working on the structure and design of the Fund.
- I was invited to report back by the end of June, but intend to do so at the end of May. You should all have received my draft Cabinet Paper for consultation. I plan to take the paper to CBC on the 26th of May.
- Today, I want to provide a brief update on progress and the proposals in the Cabinet paper, as well as seek Cabinet's agreement to the portion of the \$3.73 billion Infrastructure Fund that will be held specifically for Maori-led housing infrastructure projects.
- The draft Cabinet paper proposes three components to the Infrastructure Fund, all of which will have regard to the same investment criteria, but be subject to different processes. I'll briefly discuss each.

Infrastructure for Maori housing

- I seek Cabinet's agreement to make \$350 million available through the Housing Acceleration Fund for a Māori Infrastructure Fund.
- I seek agreement for this allocation to the Māori Infrastructure Fund in advance of Cabinet's consideration of the Infrastructure Fund settings so that this ringfenced allocation can be announced on Budget day alongside Whai Kāinga Whai Oranga, the \$380 million 2021 Māori housing supply budget initiative.
- This \$350 million for Maori housing infrastructure will support the delivery of 1000 homes through Whai Kāinga Whai Oranga (which did not include infrastructure funding). It will unlock Māori housing opportunities where infrastructure is the primary constraint (i.e. non Whai Kāinga Whai Oranga projects where supply funding won't be necessary).
- It will also support new long term Māori housing delivery models being developed through Whai Kāinga Whai Oranga by creating a pipeline of infrastructure enabled sites for multi-year delivery programmes.

Kāinga Ora's large scale projects

-  s 9(2)(j)
- These projects are expected to provide build-ready land that will enable the delivery of 14,000 new additional homes and 4000 replacement public homes on Kāinga Ora land over the next five to ten years. The additional infrastructure capacity provided by the funding has the potential to unlock a further 11,000 homes on surrounding privately owned land.
- Large scale projects are the Government's best bet for delivering accelerated housing outcomes. No other agency or council in New Zealand is set up to manage the scale and pace of development proposed.
- The projects are underway and the key infrastructure projects needed for delivery in the early years are well understood and agreed by both councils and Kāinga Ora.
-  s 9(2)(j)

- The draft Cabinet paper discusses the process for approving funding for a first tranche, to continue current momentum, and a longer-term funding approach to accelerate delivery of housing.

Competitive fund

- 1 To support investment in a wider range of projects throughout New Zealand that can contribute to the objectives of the Infrastructure Fund, I propose that a competitive fund, be the final component s 9(2)(j). I propose to name the initiative the Infrastructure Acceleration Fund given it is a distinct public-facing initiative and will require distinct branding.
 - The proposed approach to the Infrastructure Acceleration Fund includes two paths, a ‘programme path’ oriented around our Urban Growth Partnerships where there is greater complexity and so more collaboration and negotiation will be required, and a more streamlined ‘project path’ for other parts of the country.
 - It is proposed that Kainga Ora administer the fund and its Board be responsible for making funding recommendations. A cross-agency reference group would inform their recommendations.
 - The Minister of Finance and I are proposed to be the final decision makers on investments, but I will also work closely with the Minister of Local Government and the Minister of Transport to ensure investments are aligned across the Government’s infrastructure spend.
 - The draft Cabinet paper provides detailed settings for the fund such as eligible projects, applicants, overall process, decision making and approach to alignment across other infrastructure investment.

Annex 2: Q&As relating to the Maori Housing Funding

What are the benefits of a Māori focused fund?

- Enabling direct access to infrastructure investment will support smaller Māori-led housing projects. This includes papakāinga developments or rural developments with onsite infrastructure that do not suit the Infrastructure Acceleration Fund, which will focus on larger projects.
- Māori can also apply to the competitive fund, and this may be attractive for larger Māori-led commercial developments.

What will this funding deliver?

- In total, I expect the \$350 million fund to enable at least 2,700 houses. This is based on an average cost of \$100,000 to \$130,000 per site. This costing is based on current projects delivered under the MAIHI framework in non-urban environments.

Is this good use of Government money?

- This investment focuses on infrastructure barriers that are contributing to a housing crisis that disproportionality impacts Māori. It will provide housing additionality by unlocking underutilised whenua Māori which has unique funding and financing barriers.

Are you comfortable this investment can be delivered?

- Early capability and supply funding delivered through MAIHI has showcased the aspirations of Māori housing providers and ability to provide housing solutions that work for their people.
- Officials currently have an enquiries pipeline from Māori providers for nearly 2000 homes. As with any development pipeline I do not expect all these to come to fruition, but I am confident that the existing pipeline paired with the work to establish new delivery models through Whai Kāinga Whai Oranga will mean demand will exceed the available funding and result in better housing outcomes for Māori.

Annex 3: Recommendation

The Minister of Housing recommends that Cabinet:

- 1 note Cabinet has agreed to provide \$380 million toward increasing Māori housing supply through Whai Kāinga Whai Oranga (Māori Housing Budget 2021 initiative). However, this funding is only sufficient for provision of houses, and not infrastructure which is also required in many cases. Additionally, there are further Māori housing opportunities where infrastructure is the primary constraint;
- 2 agree that \$350 million be made available through the Housing Acceleration Fund for a Māori Infrastructure Fund;
- 3 agree that the \$350 million Māori Infrastructure Fund be announced alongside the Whai Kāinga Whai Oranga Budget initiative on 20 May 2021;
- 4 agree Cabinet will consider the design details of the Māori Infrastructure Fund alongside the details of the Housing Acceleration Fund later in May 2021.