



Potential housing yield from the Government Housing Package

The Government Housing Package includes a number of measures that will increase the pace and scale of housing development. Together the measures in the package could enable and accelerate building of 80,000-130,000 homes over the next 20 years.

In developing this package Te Tūāpapa Kura Kāinga – the Ministry of Housing and Urban Development, in consultation with Kāinga Ora, provided advice on the potential housing yield from the Infrastructure Fund, which is the most significant component of the Housing Acceleration Fund, and the Kāinga Ora Land Programme. The estimate of 80,000 to 130,000 homes reflects the combined impact of these measures as set out further below.

Kāinga Ora Land Programme to support strategic land purchases

The **Kāinga Ora Land programme** could support Kāinga Ora to purchase land that would enable development of up to **27,000** homes over 20 years. The programme would support new borrowing by Kāinga Ora of up to \$2 billion for land purchase and development costs to facilitate delivery of affordable and market housing alongside its public housing programme.

Infrastructure Fund to unlock government led development through large scale projects

The **Infrastructure Fund** will support the Government's **Large Scale Projects** in Auckland and Eastern Porirua which are expected to provide build-ready sites for **18,000** homes on Kāinga Ora land over 10 years (with up to 14,000 additional homes and least 4000 replacement homes). The investment in infrastructure and amenity would enable **11000** additional homes to be delivered on privately owned adjacent land in Auckland.

The yield from developing the Kāinga Ora owned land is based on the development plans for the individual precincts. The additional homes enabled on private land is based on estimates of commercially feasible development capacity that would be enabled through investment in infrastructure (this is informed by the Auckland Council i11 Growth Model, which forecasts housing and population growth in Auckland to 2051).

Contestable infrastructure fund to unlock and accelerate private and other government led development

For the contestable part of the Infrastructure Fund, the actual projects that will be funded are yet to be determined at this point. The Ministry of Housing and Urban Development estimated the potential yield based on projects it was aware of through the Government's current and emerging Urban Growth Partnerships. These projects, if funded, could support up to 80,000 additional homes over the next 20 years. These projects were used to provide a sense of scale for housing development that could be enabled through the Infrastructure Fund.

In some cases, investment through the Infrastructure Fund and the Kāinga Ora Land Programme may support the same development with some potential for double counting within the estimate. This is why the overall estimate is provided as a range. The extent of any double counting is dependent on the final infrastructure projects that are funded and where Kāinga Ora makes its strategic land acquisitions.

Key caveats to potential housing yield

The Ministry of Housing and Urban Development has a greater degree of certainty about the yield from the Kāinga Ora Land Programme and those homes expected to be delivered through the Large Scale Projects on Kāinga Ora land, as the Government has greater control over these outcomes.

However, timing of delivery and final yield will remain dependent on a range of factors, for example construction sector capacity, market confidence and developer willingness to partner.

The greatest uncertainty around the potential housing yield relates to the contestable part of the Infrastructure Fund, with the actual homes enabled dependent on the specific projects that are funded. The final yield depends on the proposals received, the level of financial support required, and the supporting programme of actions that address other constraints to development such as plan changes and consenting.

The level of co-funding from councils and developers will strongly influence the potential yield and impact from government investment, as will investment already underway and planned through the NZ Upgrade Programme the Infrastructure Reference Group process. The Infrastructure Fund would seek to leverage this past and planned investment meaning it would be rare for the Infrastructure Fund to cover the full cost of infrastructure required to enable development.

In many cases the outcome from the Infrastructure Fund will be to bring forward investment and enable housing to be delivered earlier than it otherwise would. While homes might have been built at a later time, increasing the supply of build ready land helps to sustain the growth in housing supply at scale over time and put downward pressure on prices.