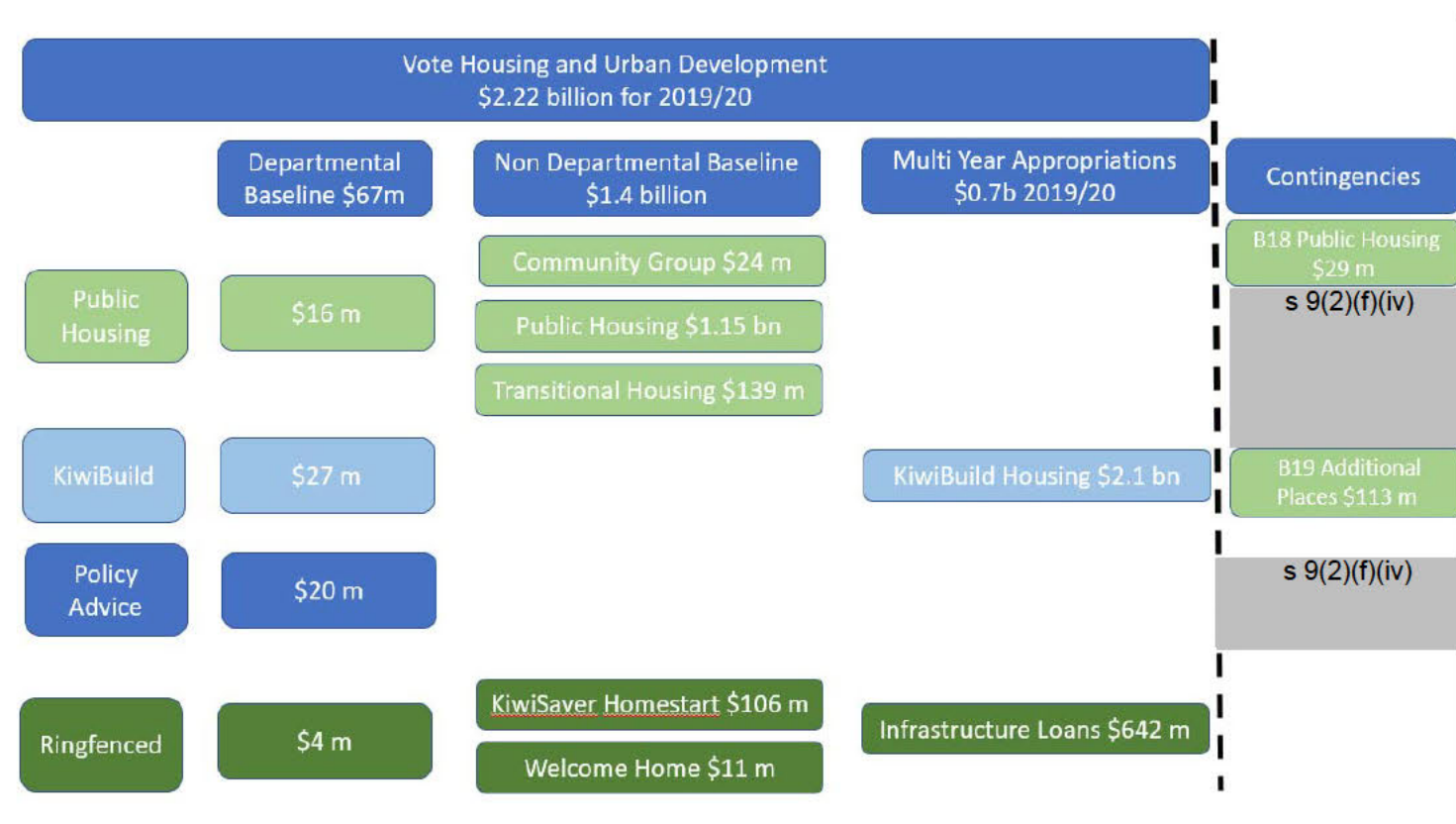


Initial view as at 2 July 2019 and subject to change

Financial Snapshot of Vote Housing and Urban Development:



Additional Notes on Appropriations:

Kiwibuild Appropriations:

Departmental Baseline

- KiwiBuild Unit – costs associated with negotiating deals and monitoring process of signed deals.

Non Departmental Baseline

- KiwiBuild Housing
 - KiwiBuild sales over time are expected to fully fund the purchases (currently through Buying off the plans, underwriting and Land for Housing Programme) covered by the \$2.1 billion appropriation to maintain debt neutrality. Any change in composition of spending which does not create a saleable asset will impact net debt and be counted against future Budget allowances (e.g. Affordable Housing Fund proposal or increases to Home Start grants).
 - As at 17 June 2019, KiwiBuild had
 - Purchases of \$274 million (mainly land) offset by sales of \$14 million impacting net debt in the short term by \$261 million which over time will be offset by future sales.
 - The maximum KiwiBuild Underwrite position exposure was \$725 million (if all existing deals required the underwrite to be undertaken).
- KiwiBuild Operations – costs associated with holding properties (rates, insurance) is also expected to be recouped through sales.

Infrastructure Loans:

This appropriation is for interest free loans from the Housing Infrastructure Fund which have signed loan agreements which have yet to be fully disbursed to the Councils. A further \$357 million is appropriated through Vote Transport bringing the total fund to \$1 billion.

Other Vote Appropriations for Minister of Housing:

Vote Finance:

Infrastructure Funding and Financing - \$3 million in 2019/20

Social Housing Reform MCA - \$2 million in 2019/20

Vote Building and Construction:

Residential Tenancy and Unit Title Services \$38m

Expected 2018/19 Out-turn

Departmental Baseline:

In principle expense transfers are in place from 2018/19 to 2019/20 for

- Policy Advice and Management of Housing Places (\$500k in total) due to timing delays in final establishment costs for HUD (accommodation, IT systems)
- KiwiBuild Unit - s 9(2)(f)(iv)

Non Departmental Baseline:

In principle expense transfers are in place from 2018/19 to 2019/20 reflected timing differences in contract negotiations falling across financial years) for

- Up to \$56 million for Public Housing Supply
- Up to \$48 million for Transitional Housing Supply
- Up to \$5.4 million for Social Housing Provider Development

An additional in principle expenditure transfer has been approved for the KiwiBuild operations appropriation (as a one off funding amount was given in 2018/19 in the expectation that Urban Development Authority (now Kainga Ora) was established by 1 July 2019 to cover the costs of holding properties (rates, insurance etc).

The ringfenced Departmental expenditure includes an appropriation to be utilised if necessary for Consenting in Special Housing Areas which has not occurred in 2018/19 and the KiwiSaver Homestart is a benefit appropriation which can not be utilised for reprioritisation under Fiscal Management rules.

Link to Draft Papers:

BRF18/19060316 – Preventing and Responding to Homelessness across New Zealand

- The four contingencies are covered in the following paragraphs
 - B 18 Public Housing \$29 million (paragraph 73)
 - B 19 Transitional Housing and Additional Places (paragraph 71-72)
 - s 9(2)(f)(iv)
- Annex 9 outlines the conditions on the contingencies as they currently stand

Affordable Housing Fund

- Through Budget 2019 Cabinet agreed to ringfence \$400m in operating funding for the “KiwiBuild Housing” Multi-Year appropriation to support the KiwiBuild – Expansion of delivery approaches which allows KiwiBuild to deliver affordable rental homes, progressive home ownership programmes and homes for first home buyers.
- Establishing an Affordable housing fund by reducing the expected KiwiBuild Housing appropriation will impact the operating balance and debt as the redirected expenditure is no longer expected to be funded by KB sales (i.e. it is no longer debt neutral). This impact was not reflected in Budget 2019. If the appropriation is established, it would need to be counted as a pre-commitment against the Budget 2020 allowance.

s 9(2)(f)(iv)