

From: [Nick McNabb](#)
To: [Jack Wellwood \[TSY\]](#); [Adam Brown](#); [^Parliament: Elinor Bendell](#); [^Parliament Marnya Jain](#); [^Parliament: Simon McLoughlin](#)
Cc: [Talosaga Talosaga \[TSY\] \(Guest\)](#); [Chris Chapman \[TSY\]](#); [Mark Hodge \[TSY\] \(Guest\)](#); [Tony De Gregorio](#); [Dax Dullabh](#); [Geraldine Treacher](#)
Subject: RE: Funds and Programmes in Vote Housing and Urban Development
Date: Friday, 16 February 2024 3:39:00 pm
Attachments: [Funds and Programmes in Vote Housing and Urban Development Final.xlsx](#)
[image002.png](#)
[image003.png](#)
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[image009.jpg](#)
[image010.png](#)

Kia ora koutou

Unfortunately the version Jack shared had some text cut out. I have resized the rows and columns in the attached and cut back on some text in a couple places (apparently there is a maximum height for a row).

You should be able to print this one without losing any text

Nga mihi

Nick

Nick McNabb ([he/him](#))

Chief Advisor | System Insights and Strategy
Intelligence and System Direction

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From: Jack Wellwood [TSY] <Jack.Wellwood@treasury.govt.nz>
Sent: Friday, February 16, 2024 3:09 PM
To: Adam Brown <adam.brown@parliament.govt.nz>; ^Parliament: Elinor Bendell <elinor.bendell@parliament.govt.nz>; ^Parliament Marnya Jain <Marnya.Jain@parliament.govt.nz>; ^Parliament: Simon McLoughlin <simon.mcloughlin@parliament.govt.nz>
Cc: Talosaga Talosaga [TSY] (Guest) <talosaga.talosaga@treasury.govt.nz>; Chris Chapman [TSY] <Chris.Chapman@treasury.govt.nz>; Mark Hodge [TSY] (Guest) <mark.hodge@treasury.govt.nz>; Nick McNabb <Nick.McNabb@hud.govt.nz>; Tony De Gregorio <Tony.DeGregorio@hud.govt.nz>; Dax Dullabh <Dax.Dullabh@hud.govt.nz>; Geraldine Treacher <Geraldine.Treacher@treasury.govt.nz>
Subject: Funds and Programmes in Vote Housing and Urban Development

[SEEMAIL][SENSITIVE]

Good Afternoon,

Please find attached information as requested on funds and programmes in Vote Housing and Urban Development. This has been prepared by MHUD and TSY. The MHUD tracking number is HUD2024-003805 CRM:0414892.

Our Team Assistant has formatted this so it should be printable on A3 sheets of paper.

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Covering Information as prepared jointly between MHUD and TSY:

This table responds to your request for further advice on funds and programmes in Vote Housing and Urban Development, including what is bought under each programme, the scope of appropriations, past and future spending, how much funding is left within programmes, and potential savings opportunities.

This table has been prepared by the Ministry of Housing and Urban Development and the Treasury. Further information will be coming to Ministers next week with a high-level assessment of the programmes. This will include a Red/Amber/Green rating of value for money of programmes and spending.

We would like to clearly signal the following considerations/caveats to the information in the table:

- The savings figures provided represent the savings possible if HUD were to stop contracting for any additional services and only delivered services currently committed. The focus is savings available in the short term and does not consider reduction to current levels of service, say by not rolling over contracts as these are renewed (which can be covered in subsequent VFM advice). Potential savings may not represent recommended savings, with the table signalling where HUD has already submitted Baseline Savings Initiatives. Where savings are not recommended, there may be unquantified negative fiscal impacts by increasing demand for other programmes (e.g. Emergency Housing Special Needs Grant). Achieving these savings may also have negative impact on housing and other social outcomes.
- In addition to immediately available and quantifiable savings, medium term savings are possible in many programmes, but not listed in the table. This will often require policy decisions to reduce service levels and eligibility.
- Only appropriations within Vote Housing and Urban Development are captured in detail in this spreadsheet (except for the EHSNG and the Accommodation Supplement). We can provide supplementary information next week on Housing related appropriations in other Votes if requested.
- The term 'programme' has been used in the spreadsheet to refer to broad areas of spend. Although there are discrete funds and programmes in Vote Housing, for example Build Ready Developments, some areas of spend are not tied to a specific programme, such as Community Group Housing.
- We have used forecast figures for the forward spending profile, rather than the appropriated amounts as stipulated in the estimates. This is to provide a clearer picture of anticipated expenses. In recent baseline updates HUD has revised down its forecast

spending for some appropriations including transitional and public housing.

- Accounting technicalities mean that the figures in forecast spend columns are not always equivalent to the fiscal effects of the spending. Where relevant, this has been articulated in the 'how it works' column. For example, in the Buying off the Plans Programme, revenue recognised when underwritten homes are on-sold partially offsets effects on OBEGAL and net-debt.
- Some discretion has been used in filling out the 'Programme Amount' and 'Historic Spend' columns to present an intuitive picture of spending for each programme. Where a programme is time limited and has a clearly defined funding amount, we have used total spend to date. If a programme is ongoing, we show the actual spend for the 2022/23 year.
- Some appropriations and/or categories of appropriations appear multiple times in the spreadsheet as they are utilised in multiple programmes. For example, the *Selling of land and dwelling costs category of the Housing programme Fair Value Impairment Loss and Inventory Disposal MCA* as this appropriation is required for accounting purposes across multiple programmes. In some cases, the appropriation is only grouped with the primary programme that the appropriation is associated with where its use in other programmes is comparatively small.

Kind regards,

Jack Wellwood.

Jack Wellwood | Graduate Analyst – Housing and Urban Growth | **Te Tai Ōhanga – The Treasury**
s 9(2)(a)



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Programme	Description - what government buys	How it works	Appropriations or Categories of Appropriations	Original Programme Amount (Where Applicable)	Historical Spend FY22/23 spend or spend to date (Where Applicable)	Forecast Spend (\$M)						Uncommitted/Savings	Comments
						23/24	24/25	25/26	26/27	27/28	Outyears		
Build Ready Developments	Programme administered by MHUD to support momentum in residential investment during downturns or where demand for new housing is uncertain.	Funding is required should an underwrite be triggered and the Crown is required to purchase the home, or required to purchase under pre-purchase arrangements.	Affordable Housing Fund (<i>Output MYA: 1 July 2022- 30 June 2027</i>)	\$234M is available for Build Ready Development.	0	11.12	62.08	84.41	76.39	0.00	0.00	Funding of \$111m for purchase of homes remains uncommitted along with \$35m for impairment losses. As homes purchased are onsold, there is no fiscal impact from returning funding to purchase homes. Funding for impairment losses would enable underwrites and prepurchahses to be used in regional locations where risk of loss is higher.	
	MHUD underwrites sales and agrees to pre-purchase homes to enable developers to access development finance with a focus in regional locations. 220 homes have been underwritten or prepurchased, unlocking 235 homes (i.e. as the developer builds more than the Crown underwrites). Homes that are pre-purchased may be subsequently sold to housing providers for social or affordable homes (with funding through other programmes).	Homes are expected to be on-sold at or above cost which generates offsetting revenue. If the homes are sold at a loss, a non-cash operating expense is recognised. Note that when the home is sold, an appropriation is also required to recognise the cost of goods sold, under accounting standards (this sits under the land for housing programme)	Fair Value Impairment Loss - Affordable Housing Fund (<i>Other Expense Category of Housing Programme Fair Value Impairment Loss and Inventory Disposal MCA</i>)	0	0	21.00	0.00	0.00	0.00	0.00	0.00		
Affordable Rental Pathway	Provides grant funding to not-for-profit organisations to deliver newly built affordable rental housing (rents typically set at 80% of market rent for 15-20 years). The upfront grant contributes around 50-60% of the development costs. Around 500 homes contracted or approved for delivery.	Grant payments are paid from the Crown to approved providers. These grant payments are paid as upfront capital expenditure with performance obligations. When the performance obligations are met, a non-cash operating appropriation is required to amortise over the lifetime of the contract.	Affordable Housing Fund - Prepayment of Grants (<i>Capital Category of Upfront Payments MCA</i>)	\$150M	0	64.24	57.91	27.85	0.00	0.00	0.00	Funding is now fully committed.	
			Amortisation of Upfront Payments - Affordable Housing Fund (<i>Other Expense Category of Amortisation of Upfront Payments MCA</i>)	0		3.33	3.33	3.33	3.33	3.33	3.33		
Innovation Pathway	This pathway is intended to support innovative approaches to the funding and financing of Affordable Rentals.	This pathway consisted of \$50m, \$40m capital and \$10m operating that has not yet been allocated.	Affordable Housing Fund - Capital Funding (<i>Capital MYA: 1 July 2022- 30 June 2027</i>)	\$50M	0	0.00	33.00	17.00	0.00	0.00	0.00	Budget savings initiative proposes to return funding for the Innovatoin Pathway	
	Work on the innovation pathway was deferred and then paused in 2023. A Budget Savings Initiative proposes to return funding.		Affordable Housing Fund (<i>Output MYA: 1 July 2022- 30 June 2027</i>)	\$10M	0	0.00	10.00	0.00	0.00	0.00	0.00		
Buying off the Plans Programme	Sales underwrite programme administered by Kāinga Ora to underwrite homes being built for first home buyers by developers. Funding expires 30 June 2027. The sales underwrite enables developers to access finance for development. Kāinga Ora will typically underwrite a proportion of homes in development so total homes enabled across a development will be higher.	Underwrites homes to enable developers to access development finance. Funding is required should an underwrite be triggered and the Crown is required to purchase the home. Homes are expected to be on-sold at or above cost, which generates offsetting revenue. If the homes are sold at a loss, a cash operating expense is recognised. Note that separate appropriations are utilised to recognise associated holding costs, selling costs and any loss incurred when on-selling of homes. An appropriation is also needed to recognise the cost of goods sold when the homes are sold, under accounting standards	Buying off the Plans Programme (<i>Output MYA: 1 July 2022- 30 June 2027</i>)	\$420M	\$148M (From 2018 onwards)	28.98	29.43	6.44	0.00	0.00	0.00	Funding of \$64m for purchase of homes remains uncommitted. As homes purchased are onsold for at least the underwrite price, there is no fiscal impact from returning funding to purchase homes.	
			Operating the Buying off the Plans Programme (<i>Output MYA: 1 July 2022 - 30 June 2027</i>)	\$10M		4.43	3.44	3.61	3.36	0.00	0.00		
Community Group Housing	Homes provided by Kāinga Ora to a range of organisations, including providers that deliver housing services for those that experience mental illness, people who have physical and intellectual disabilities, and people with substance abuse issues and addiction. Subsidised housing is provided by Kāinga Ora, with other agencies funding additional services.	Ordinary operating and capital appropriation. Paid in arrears to Kāinga Ora on a monthly basis.	Community Group Housing (<i>MCA: Output and Other</i>)	\$18M	\$18M in FY22/23	25.10	25.70	18.00	18.00	18.00	18.00		
			Community Group Housing (<i>MCA: Capital</i>)	\$5.8M	\$5.8m in FY22/23	5.80	5.80	5.80	5.80	5.80	5.80		
Emergency Housing Rotorua	As part of an agreement with the Rotorua Lakes Council and Te Arawa to improve the quality of Emergency Housing in Rotorua, MHUD contracted 13 motels as Contracted Emergency Housing for whānau with children. HUD also funds wrap-around support and on site security	Ordinary operating appropriation to purchase the service.	Contracted emergency housing accommodation and services (<i>Annual Output Expense</i>)	\$31.540M in 2022/23 increasing to \$33.480M in outyears	\$29.153m in FY22/23	32.18	32.82	33.48	33.48	33.48	33.48	Baseline Savings Initiative has been submitted of \$5m per annum relating to the two motels that have been exited.	
Emergency Housing Contingency	Established in Budget 2023 with \$355m to fund the reset of the emergency housing system. Most funding has now been allocated to programmes including Place Based initiatives in Wellington and Hamilton (Transitional Housing), Māori Housing Supply and across other agencies. Funding remaining in the contingency is to support cross-agency emergency housing prevention and support initiatives.	Funding held in a Tagged Contingency.	Contracted emergency housing accommodation and services (<i>Annual Output Expense</i>)	Contingency established in Budget 22 for \$355m to address Emergency Housing Reset		1.15	2.58	2.58	2.58	0.00	0.00	A Baseline Savings Initiative has been submitted to return the tagged contingency.	
Emergency Housing Special Needs Grant	This is a benefit expense used to cover the cost of emergency accommodation for those with no other options. This payment can be used to cover fees associated with motels or hostels.	Benefit paid from MSD to eligible recipients.	Accommodation Assistance (<i>Annual Benefit or Related Expenses</i>) NOTE this is not captured in Vote Housing and Urban Development, but Vote Social Development.		Actual spend \$345M in 2022/23								
Housing Infrastructure Fund	A time-limited \$1 billion fund that provided 10-year interest-free loans to councils for the development of infrastructure required for new housing. While all loans are under contract with councils funding will be advanced as required for projects.	A capital appropriation is required from which to provide the loan. As the loan is concessionary (i.e. interest free), a non-cash operating appropriation is also required to recognise the concessionary aspect of the loan.	Housing Infrastructure Fund Loans (<i>Capital MYA: 01 July 2023- 30 June 2028</i>)	Budget 16 \$1b programme split between HIF and the NLTF	\$296.869M	65.22	174.74	24.59	28.11	0.00	22.02		
			Fair Value Impairment Loss - Housing Infrastructure Fund (<i>Other Expense Category of Housing Programme Fair Value Impairment Loss and Inventory Disposal MCA</i>)	N/A technical	\$26.304M	9.06	0.00	0.00	0.00	0.00	0.00		
Infrastructure Acceleration Fund	The \$1 billion Infrastructure Acceleration Fund (IAF) established as part of the Housing Acceleration Fund. The IAF provides grant funding to councils to enable the development of new infrastructure to increase housing supply. (Note unlike the HIF, this is grant funding and not loan funding). Funding has been contracted with councils and will be paid out over time as required to deliver projects.	Grant funding is paid out of the operating appropriation in arrears when project milestones are met.	Investment in Infrastructure to Advance Development-Ready Land (<i>Other Expense Category of Housing Acceleration Fund MYMCA</i>)	Total IAF fund of \$1.08B was announced March 2021, and launched in June 2021	\$1.206M	23.53	163.81	200.52	223.98	55.05		A small amount of funding, approximately \$59m remains appropriated, but 'in contingency' intended for cost escalations. This funding sits outside the forecast period and can be returned.	
Large Scale Projects	Large Scale Projects are 20-year urban regeneration programmes to renew neglected suburbs (where Kāinga Ora has large landholdings) and speed up the delivery of new homes, including more public homes and homes for first home buyers. The programme intends to enable 40,000 homes. Land development and infrastructure costs are funded through land sales, \$2.3bn of government funding through the Housing Acceleration Fund, and contributions from Auckland Council. Public	Funding is appropriated through the Housing Acceleration Fund MYMCA. Funding is Capex where investment in land development and infrastructure increases the value of land held by Kāinga Ora (creating an asset for the Crown).	Investment in Infrastructure to Advance Development-Ready Land (<i>Other Expense Category of Housing Acceleration Fund MYMCA July 2021 - June 2026</i>)	\$2.303B across both capital and operating funding	0.00	505.99	223.65	381.49	338.89	0.00		A baseline savings initiative has been submitted to return \$30m per annum operating funding across the programme. The quantum of proposed savings are based on s 9(2)(f)(iv) and returning contingency for cost overruns. A value for money review of the	

Programme	Description - what government buys	How it works	Appropriations or Categories of Appropriations	Original Programme Amount (Where Applicable)	Historical Spend FY22/23 spend or spend to date (Where Applicable)	Forecast Spend (\$M)						Uncommitted/Savings	Comments
						23/24	24/25	25/26	26/27	27/28	Outyears		
	housing delivered through the LSPs is funded separately from IRRS.	Funding is Opex where it pays for infrastructure that is vested in councils and enables private land.	Investment in Crown-Owned Entities to Advance Development-Ready Land (<i>Capital Expenditure Category of Housing Acceleration Fund MYMCA July 2021 - June 2026</i>)		\$211M	559.80	60.10	485.60	259.10	0.00		programme will identify where savings should be made across the programme as a whole and the quantum of capital that can also be returned.	
Māori Housing (including Whai Kāinga Whai Oranga)	Targeted funding for the supply of Māori Housing was introduced in Budget 2019, with investment in subsequent Budgets including the Maori Infrastructure Fund (MIF) as part of the Housing Acceleration Fund and response to the North Island Weather Events. Given the different readiness of Māori and iwi, the programme has focused on progressing projects that are build-ready and developing a pipeline of projects through investment in land development (MIF) and to progress projects to an investment-ready state (capability and capacity funding).	Supply & Combined Supply/Infrastructure contracts Grant payments are paid from Crown to approved providers. There are three main appropriations, with each having corresponding upfront and amortisation appropriations. These grant payments are paid as upfront capital expenditure with performance obligations. When the performance obligations are met, a non-cash operating appropriation is required to amortise over the lifetime of the contract. Capability/Infrastructure only & Iwi Prototype contracts Grants are paid from Crown to approved providers. These grant payments are paid as operating expenditure in arrears. There are no performance obligations associated with these contracts.	He Kūku ki te Kāinga - Increasing Māori Housing Supply (<i>Output MYA: 1 July 2022 - 30 June 2025</i>)	Originally approved through Budget 2019 as part of the Homelessness Action Plan of \$19M. There have been subsequent Budget decisions thereafter	\$68.104M	120.95	15.27	66.85	66.85	66.85	66.85	Baseline Savings Initiative has been submitted to reduce spending by \$10m per annum from 2024/25.	
			Investment in Infrastructure to Advance Development Ready Land (<i>Output MYA 1 July 2022 - 30 June 2025</i>)	Budget 21 Whai Kāinga Whai Oranga Programme \$350M	\$50.335M	56.71	132.15	41.83	0.00	0.00	0.00	Across the forecast period around \$490m remains uncommitted to projects.	
			Progressing the Pipeline of Māori Housing 2022 - 2025 (<i>Output MYA: 1 July 2022-30 June 2025</i>)	Originally approved through Budget 2019 as part of the Homelessness Action Plan \$5m There have been subsequent Budget decisions thereafter.	\$11.123M	2.47	8.00	8.00	8.00	8.00	8.00		
			He Kūku ki te Kāinga - Increasing Māori Housing Supply - Prepayment of Upfront Funds (<i>Capital Category of Upfront Payments MCA</i>)	See above He Kūku ki te Kāinga - Increasing Māori Housing Supply (Output MYA 1 July 2022 - 30 June 2025) for explanation	\$35.167M	198.80	84.98	37.50	37.50	37.50	37.50		
			Māori Infrastructure Projects - Prepayment of Upfront Funds (<i>Capital Category of Upfront Payments MCA</i>)	See above Investment in Infrastructure to Advance Development Ready Land (Output MYA 1 July 2022 - 30 June 2025) for explanation	\$33.826M	35.15	0.00	0.00	0.00	0.00	0.00		
			Progressing the Pipeline of Māori Housing - Prepayment of Upfront Funds (<i>Capital Category of Upfront Payments MCA</i>)	See above Progressing the Pipeline of Māori Housing 2022 - 2025 (Output MYA 1 July 2022-30 June 2025) for explanation	\$7.272M	16.67	9.00	0.00	0.00	0.00	0.00		
			Amortisation of Upfront Payments - He Kūku ki te Kāinga (<i>Other Expense Category of Amortisation of Upfront Payments MCA</i>)	N/A technical	\$5.399M	11.50	0.00	0.00	0.00	0.00	0.00		
			Amortisation of Upfront Payments - Māori Infrastructure Fund (<i>Other Expense Category of Amortisation of Upfront Payments MCA</i>)	N/A technical	\$0.198M	10.36	0.00	0.00	0.00	0.00	0.00		
			Amortisation of Upfront Payments - Progressing the Pipeline of Māori Housing (<i>Other Expense Category of Amortisation of Upfront Payments MCA</i>)	N/A technical	\$1.445M	10.72	0.00	0.00	0.00	0.00	0.00		
Land for Housing	The Land for Housing Programme is administered by MHUD. MHUD acquires vacant or under-utilised Crown and private land that is suitable for residential development. MHUD uses the purchase of land to influence development outcomes through mixed tenure developments with iwi and the private sector. In addition to acquiring land, MHUD may offer loans for land development costs. Homes are built by development partners. 20% of the homes across the programme are required to be made available for public housing, and a further 30% obtainable to first home buyers. To date around 1,357 homes have been completed over 11 sites, with development underway on 10 sites for a further 2,138 homes. A further 12 sites have been acquired that could deliver over 3,000 homes.	Several appropriations are required to operate the Land for Housing Programme Land is purchased and held by MHUD as inventory (the purchase of which is recorded through the cashflow statement). This requires an operating appropriation as per the Public Finance Act (PFA). Provided the land is on-sold at or above the purchase price, a revenue line offsets the initial cost (Land for Housing (MYA)). Prior to selling the land, holding costs are incurred. This requires an operating appropriation (Operating the Land for Housing programme MYA). If the land (inventory) is sold at less than the purchase or holding price, a non-cash expense is recognised. This requires a separate operating appropriation (Land for Housing Operations MYA). The land is also annually revaluated. If the value of the land is downwardly adjusted, a non-cash expense is also recorded against this appropriation. At the time of sale, a technical appropriation is also required to recognise the cost of goods sold, under accounting standards. Administration of the programme is captured through the Managing the Housing and Urban Development Portfolio MCA - Facilitating the Purchase and Redevelopment of Land for Housing Purposes category. Concessionary loans are also made to developers as part of the programme. A capital appropriation is required to make the loan, and non-cash operating appropriation to recognise the concessionary aspect of the loan. A non-cash capital appropriation is also required to recognise the non-cash expense associated with deferred settlements in the scheme.	Land for Housing Programme (<i>Output MYA: 1 July 2022- 30 June 2027</i>)	This programme was originally the Crown Land Development Programme in 2015 with a funding allocation of \$252.2M. Subsequently this programme was changed into the Land for Housing Programme in 2017/18 as part of the KiwiBuild programme with a further \$220M of funding allocated.	\$417.461M (from 2018 onwards)	34.16	319.46	35.26	0.00	0.00	0.00	Capital funding of \$342m funding remains uncommitted within the programme. This funding would enable future land acquisition and development of land already acquired.	
			Operating the Land for Housing Programme (<i>Ouput MYA: 1 July 2022 - 30 June 2027</i>)	\$10M	\$3.906M (from July 2022)	4.43	3.44	3.61	3.36	0.00	0.00		
			Land for Housing Operations (<i>Other MYA: 01 July 2021 - 30 June 2026</i>)	\$50M	\$57.358M	2.00	19.74	0.00	0.00	0.00	0.00		
			Land for Housing Programme - Developers Loans - Fair Value Write Down (<i>Other MYA: 01 September 2021 - 30 June 2025</i>)	\$11.7M	\$8.458M	0.00	0.00	0.00	0.00	0.00	0.00		
			Land for Housing Programme - Developers Loan Payments (<i>Capital MYA: 01 September 2021 - 30 June 2025</i>)	\$42.5M	\$37.673M	4.89	0.00	0.00	0.00	0.00	0.00		
			Land for Housing - Deferred Settlements (<i>Capital Category of Housing programme Fair Value Impairment Loss and Inventory Disposal MCA</i>)	N/A technical	\$16.586M in FY22/23	\$0.00	\$26.73	\$66.84	\$83.67	\$127.93	\$55.82		
			Sale of Land and Dwellings - Costs (<i>Other Expense Category of Housing Programme Fair Value Impairment Loss and Inventory Disposal MCA</i>)	N/A technical	\$28.771M in FY2022/23	44.61	56.16	73.29	83.67	127.93	116.00		
Kāinga Ora Land Programme	To enable Kāinga Ora to perform its urban development role, borrowing of \$2bn over 20 years is available for acquisition of land and development costs (see Kāinga Ora Lending programme line), with separate operating funding to cover debt servicing costs. Programme objectives are to increase the supply of build-ready land, increase the pace, scale, density and geographic spread of urban development, and increase the proportion and range of homes that are affordable for low-to-moderate income households.	Operating funding is used to pay interest and holding costs for purchased land, allowing for development risk and for the expensing of land value write-offs.	Kāinga Ora Land Programme (<i>Other MYA: 1 July 2021- 30 June 2026</i>)	In April 2021 Cabinet agreed to provide \$46M per annum of operating funding for the life of the programme (20 years) (Budget 21)	\$1.88M	5.90	10.16	11.91	14.76	17.50	46.00	Around \$400m of forecast borrowing under the programme is yet to be drawn down for developemnt of land previously aquired and for future aquisitions.	Borrowing under the programme is incorporated within overall Kāinga Ora Lending shown separately.
	s 9(2)(f)(iv)												

Programme	Description - what government buys	How it works	Appropriations or Categories of Appropriations	Original Programme Amount (Where Applicable)	Historical Spend FY22/23 spend or spend to date (Where Applicable)	Forecast Spend (\$M)						Uncommitted/Savings	Comments
						23/24	24/25	25/26	26/27	27/28	Outyears		
Kāinga Ora Lending	Debt Management Office credit facility to meet Kāinga Ora's cash flow requirements for planned investment in new social housing supply, retrofits, and the Kāinga Ora Land Programme (noted above).	Capital/Debt funding enables Kāinga Ora to purchase land and to finance development.	Kāinga Ora - Homes and Communities Private Debt Refinancing Facility (<i>Capital MYA: 01 October 2022 - 30 June 2027</i>)	\$450M	\$450M	0.00	0.00	0.00	0.00	0.00	0.00		
			Kāinga Ora - Homes and Communities Crown Lending Facility (<i>Capital MYA: 1 October 2022 - 30 June 2027</i>)	\$12,724M	\$2,150M	4,737.71	4,118.38	1,717.91	0.00	0.00	0.00		
Progressive Home Ownership	<p>The Progressive Home Ownership (PHO) Fund was established with \$400m of time-limited capital funding in 2020. The fund provides interest free loans to finance the delivery of PHO schemes through Kāinga Ora (First Home Partner) and PHO providers (Provider and Te Au Taketake pathways). With Provider and Te Au TakeTake pathways the loans help to finance construction of new homes and to finance Providers shared equity scheme such as rent-to-buy shared equity and leasehold arrangements.</p> <p>The objective of the programme is to help lower to median income households into home ownership through alternative arrangements. There is only residual capital funding remaining in the fund as most of the PHO fund has been committed. There is a small amount of ongoing operating funding attached for support services to PHO providers. The First Home Partner delivered by Kāinga Ora is fully subscribed with no new applications being taken.</p> <p>At the end of December 2023 the programmed had contracted 1678 homes, of which 1119 households had moved in.</p>	<p>A capital appropriation is required from which to provide the loan to providers. An operating appropriation is required to recognise the concession aspect of the loan.</p> <p>A separate operating appropriation is used to provide funding for support services for applicants to the scheme.</p>	Support Services to Increase Home Ownership (<i>Annual Output Expense</i>)	\$1.5M in FY2019/20 when it was a pilot programme increasing to \$7M from FY2023/24 and outyears	\$0.889M	13.11	7.00	7.00	7.00	7.00	7.00	<p>\$60m remains uncommitted from the fund and could be returned if no further projects were approved.</p> <p>A Baseline Savings Initiative has been submitted for operating funding that is not required.</p>	
			Progressive Home Ownership - Prepayment of Grants (<i>Capital Category of Upfront Payments MCA</i>)	0	\$0.517M	1.98	0.00	0.00	0.00	0.00	0.00		
			Progressive Home Ownership Fund (<i>Capital MYA: 01 February 2020 - 30 June 2024</i>)	\$45M for lending as a pilot programme approved in December 2019 increasing to a total of \$400M as part of Budget 20	\$88.848M	227.37	94.83	28.98	0.00	0.00	0.00		
			Fair Value Impairment Loss - Progressive Home Ownership Loans (<i>Other Expense Category of Housing Programme Fair Value Impairment Loss and Inventory Disposal MCA</i>)	0	\$107.057M	178.76	0.00	0.00	0.00	0.00	0.00		
Public Housing Accomodation	<p>The Crown purchases the provision of public housing from 78 registered community housing providers (CHP) and Kāinga Ora. Crown transfers funding to these entities through the Income Related Rent Subsidy (IRRS) and Operating Subsidy (OS).</p> <p>At the end of December 2023 there were 80,605 public homes. An additional 3000 public homes are funded for delivery in 2023/24 and 2024/25.</p>	<p>Public Housing Accomodation</p> <p>1) Income Related Rent Subsidy (IRRS) and Operating Supplement (OS) Paid in arrears typically on a monthly basis to Kāinga Ora and CHP providers.</p> <p>2) Upfront Capital or Early Stage OS In exceptional circumstances, the Crown may contract with CHP providers payments upfront to help support the development costs of bringing on new supply. In these instances the upfront payment is recognised in a separate appropriation and when the performance obligations are met, an accounting recognition is accounted as an amortisation expenditure.</p>	Public Housing (<i>MCA Output Expense Categories: Purchase of Public Housing Provision Category</i>)		\$1,391.486M in FY2022/23	1,494.16	1,742.04	1,817.80	1,842.29	1,841.96	1,841.96	Kāinga Ora has identified significant reductions to expenditure which will be submitted through Budget 2024. These savings will improve Kāinga Ora's financial sustainability and OBEGAL.	
			Amortisation of Upfront Payments - Public Housing Upfront Capital Payments (<i>Other Expense Category of Amortisation of Upfront Payments MCA</i>)		\$4.039M in FY2022/23	4.12	4.12	4.12	4.12	4.12	4.12		
			Community Housing Providers - Early Stage Operating Supplement (<i>Capital Category of Upfront Payments MCA</i>)		\$4.461M in FY2022/23	36.39	25.00	0.00	0.00	0.00			
			Amortisation of Upfront Payments - Community Housing Providers - Early Stage Operating Supplement (<i>Other Expense Category of Amortisation of Upfront Payments MCA</i>)		\$0.016M in FY2022/23	1.22	2.22	2.22	2.22	2.22			
Public Housing Services	<p>Several support services are also contracted by the Crown for those in need of, or at risk of entering, public housing</p> <p><u>Housing First</u> The programme provides housing and ongoing support for those who have been experiencing homelessness for at least one year. At present, HUD contract 2750 places at any one time, across 17 providers in 11 locations.</p> <p><u>Rapid Rehousing</u> The programme offers support to move people back into permanent housing and ongoing support to maintain tenancies (targeting those who have been homeless for less than 12 months with lower needs). Rapid Rehousing is delivered through 12 housing providers over 9 locations.</p> <p><u>Creating Positive Pathways</u> This is a trial programme to support high-need individuals leaving prison, at risk of reoffending, into stable housing and to reintegrate into the community. The programme supports up to 250 people.</p> <p><u>Sustaining Tenancies</u> Sustaining Tenancies aims to prevent homelessness by funding community-based services to help those at risk of losing their tenancy for up to 12 months. MHUD contract 2,400 places across 37 providers and the services are available in most parts of the country.</p>	<p>Forecast spending relates to the cost of services that are contracted from providers.</p> <p>Accommodation costs are funded separately including through public housing. For example those in the Housing First Programme have their accommodation costs subsidised either through Public Housing or the Accommodation Supplement.</p>	Public Housing (<i>MCA Output Expense Categories: Services for People in Need of or at risk of Needing Public Housing Category</i>)		\$75.99 in FY2022/23	101.09	93.86	90.71	86.63	85.59	85.59		
Kāinga Ora Urban Development and other Functions (i.e. Crown funding for non-social housing activities)	<p>Funding for Kāinga Ora to perform functions that are not related to provision of social housing. Includes its Urban Development role and obligations around Māori engagement and climate change required under legislation. Also includes costs of delivering other Crown funded programmes such as the Infrastructure Acceleration Fund, Buying off the Plans, First Home Products (Loans + Grants) and First Home Partner (PHO scheme).</p> <p>Appart from First Home Products there is no funding for other functions from 1 July 2024. A new spending initiative was invited and has been submitted for this spending.</p>	Ordinary operating appropriation to purchase the provision of services from Kāinga Ora.	Kāinga Ora - Homes and Communities (<i>Annual Output Expense</i>)	\$21M in 2019/20 in its first Financial Year to support the administration of First Home Grants and First Home Loans. Statutory functions and funding to support Crown funded activities increased its funding in subsequent years increasing to be between \$70-\$80M per annum	\$77M in FY22/23	82.39	21.47	21.47	21.47	21.47	0.00	A new spending initiative has been submitted for funding to continue non-social housing functions from 1 July 2024. There are choices around the roles and level of service the government wishes to purchase.	
Shovel Ready Projects	<p>Funding provided for projects determined as 'shovel ready' as part of a stimulus package in 2020.</p> <p>Funding within Vote Housing and Urban Development relates to infrastructure being put in, on, or near Large Scale Project (LSP) sites as well as 2 MHUD sites. Most of this infrastructure will be vested in local councils but enables residential development to occur and be serviced.</p>	For land currently held by MHUD, the cost is capitalised against land held in inventory until such time it is completed and vested in Councils. At this point an operating appropriation is required to capture the removal of this cost from the Crown assets. For all Kāinga Ora administered projects this is paid as an operating grant.	Infrastructure investment to Progress Urban Development (<i>Output MYA: 1 August 2020 - 30 June 2024</i>)	\$238.670M for Kāinga Ora and the Ministry of Housing and Urban Development commencing FY2020/21 Additional funding was provided as further projects were approved	\$119.363M	97.57	56.48	3.45	0.00	0.00	0.00		
Transitional Housing	<p>Provides temporary accommodation to those who dont have any where to live and urgently need a place to stay. Support services are provided to help individuals and whānau into long term stable accommodation. Delivered through a range of contracted providers, such as Wellington City Mission or the Salvation Army.</p> <p>Programme also includes targeted accommodation and services for youth. The Emergency Housing Review Place Based Initiatives for Wellington and Hamilton are funded through the Transitional Housing programme.</p>	Predominantly operates as ordinary operating payments. A small amount of funding is paid out upfront (treated as capital expenditure and then subsequently amortised).	Transitional Housing (<i>MCA Output Expense Categories</i>)		\$319.734M	425.73	402.90	381.48	383.61	345.60	345.60	<p>A number of Transitional Housing places and services are still to be contracted including through the place based initiatives in Wellington and Hamilton (150-200 places), youth transitional housing (70-80 places) and the wider Transitional Housing programme (100-150 places). If contracting for these places and services were stopped additional savings would be available.</p> <p>A baseline savings initiative has been submitted</p>	
			Transitional Housing Providers - Prepayment of Upfront Funds (<i>Capital Category of Upfront Payments MCA</i>)		0	8.02	0.00	0.00	0.00	0.00	0.00		

Programme	Description - what government buys	How it works	Appropriations or Categories of Appropriations	Original Programme Amount (Where Applicable)	Historical Spend FY22/23 spend or spend to date (Where Applicable)	Forecast Spend (\$M)						Uncommitted/Savings	Comments
						23/24	24/25	25/26	26/27	27/28	Outyears		
			Amortisation of Upfront Payments - Transitional Housing Providers (<i>Other Expense Category of Amortisation of Upfront Payments MCA</i>)		0	0.40	0.40	0.40	0.40	0.40	0.40	relating to savings on contracted services and reduction to planned delivery due to capacity constraints. These savings arise from Homelessness Action Plan and Emergency Housing review initiatives.	
Tāmaki Regeneration Company	Funds from this appropriation are used to buy convertible preference shares in Tāmaki Regeneration Company Limited (TRC), providing capital that the company can use to fund its housing programmes. Funds in the appropriation are expected to provide 776 homes (427 public housing places, 274 shared home ownership places and 75 affordable housing places), allow the purchase of properties to develop including to connect already owned sections, upgrade existing homes, and provide retained equity for shared ownership properties.	Payments (share purchases) are made on receipt of valid Equity Subscription Request from TRC. Funds come from the <i>Tāmaki Regeneration Company Limited - Equity Injection</i> appropriation. The issue price must be used to fund the purchase of new public houses, meet significant asset management costs (such as healthy homes compliance), undertake strategic land purchases, fund other actions with the approval of the Crown and provided those actions are consistent with TRC's governing documents	Tāmaki Regeneration Company Limited - Equity Injection (<i>Capital MYA: 01 July 2023 - 30 June 2027</i>)	In Budget 23 Cabinet approved an equity injection of \$870m into TRCL to support redevelopment and regeneration activities.	0	63.90	156.00	288.00	364.00	0.00	0.00		
First Home Grants	First Home Grants are intended to help address deposit affordability by providing grants of up to \$10,000 towards eligible recipients to put towards their first home.	First home grants are appropriated through a benefit appropriation.	First Home Grants (<i>Annual Benefit or Related Expenses</i>)		\$61.970M in FY2022/23	70.00	70.00	70.00	70.00	70.00	70.00	Relative to the First Home Loan the First Home Grant reflects low value for money.	
First Home Loans	Enables first home buyers to purchase a property with 5% deposit with selected banks and lenders with loans underwritten by Kāinga Ora.	The government and borrower each pay half of the mortgage insurance premium to Kāinga Ora who insures the loan in the event of default. This covers the Government's portion.	Kāinga Ora - Homes and Communities (<i>Annual Output Expense</i>)		\$18.183M in FY2022/23	18.47	18.47	18.47	18.47	18.47	18.47		Note the forecasted amounts are also included above in the the Kāinga Ora Urban Development and other Functions (i.e. Crown funding for non-social housing activities) line above.
Accommodation Supplement	Weekly payment funded through Ministry of Social Development (MSD) to assist people with their rent, board or costs of owning a home	Benefit payment administered through MSD.	Accommodation Assistance (<i>Annual Benefit or Related Expenses</i>) NOTE this is not captured in Vote Housing and Urban Development, but Vote Social Development.		\$2,015M in FY2022/23.								
Homelessness Action Plan (HAP) Contingency	A contingency of \$25 million per year, ongoing, was established through Budget 2020 to address income-related rent subsidy (IIRS) cost pressures resulting from the Homelessness Action Plan. Since then a number of draw downs have been made from the contingency incuding single site supported housing (Auckland City Mission Home Ground), funding for Community Group Housing, and to support people from corrections and mental health system into permanent housing.	Funding held in a Tagged Contingency.	N/A	Approved in Budget 2020 \$25M per annum ongoing from FY25/26 onwards		67.60	0.93	13.09	19.00	19.00	19.00	Budget savings initiative has been proposed to close the contingency.	
MHUD Departmental	The single overarching purpose of the Ministry's Departmental appropriation is to improve the functioning of the housing sector by providing good quality advice to Ministers, and having effective departmental operations.	Ordinary operating payments out of the Ministry Departmental MCA.	Managing the Housing and Urban Development Portfolio (<i>Annual Output Expense</i>)	\$37.6M in 2018/19 - note this was to fund part of the year. Pro-rated to a full year the appropriation would be \$51.9M	\$78.171M in FY2022/23	79.13	73.25	62.71	62.74	62.91	62.91		
Authority for the Residential Property Management Regime	Funds are provided to the Real Estate Authority to establish its role as the Authority of the residential property management regime, and the Authority's initial operating costs of regulating the residential property management regime.	Invoiced and paid in arrears.	Authority for the Residential Property Management Regime (MYA 1 July 2023 to 30 June 2027)	\$7.51 from 1 July 2023 to 30 June 2027	0	0.76	1.07	1.30	3.78	0.00			
Management of Crown Properties held under the Housing Act 1955	Funding to carry out works authorised under Part 1 of the Housing Act 1955. The intent of this appropriation is to pay for minor repairs and maintenance as required (e.g., lawn mowing).	Invoiced and paid to Kāinga Ora on a monthly basis in arrears.	Management of Crown Properties held under the Housing Act 1955 (<i>Annual Output Expense</i>)	\$0.008M per annum	\$0.008 in FY2022/23	0.01	0.01	0.01	0.01	0.01			
Local Innovations and Partnerships	Contestable fund for local initiatives to respond and prevent homelessness. Three funding rounds have now been completed, with no further rounds planned and uncommitted funding to be returned.	Grants are paid from Crown to approved providers. These grant payments are paid as operating expenditure in arrears. There are no performance obligations associated with these contracts.	Local Innovations and Partnerships (<i>Annual Output Expense</i>)	\$17.100M over 4 years starting FY2019/20	10.074	11.68	6.12	0.05	0.05	0.05	0.05		
Housing Assistance	Payments to Kāinga Ora and other mortgage providers to make good on the loss of interest, and loan defaults (write-offs) for loans provided below market rate.	Paid in arrears on a monthly basis.	Housing Assistance (<i>Annual Other Expense</i>)	\$0.789M per annum	\$0.232 in FY2022/23	0.79	0.79	0.79	0.79	0.79	0.79		
Land Purchase within the Housing Agency Account	Appropriation was established in October 2023, with approval from Ministers with the power to act. s 9(2)(f)(iv)	Payments will be made for the purchase of the land to be developed by the developer upon contractually agreed milestones.	Land purchase within the Housing Agency Account (<i>Annual Other Expense</i>)	\$40M only	0	40.00	0.00	0.00	0.00	0.00	0.00		