



24 June 2024

HUD2024-004815

s 9(2)(a)

Tēnā koe s 9(2)(a)

Thank you for your email of 7 June 2024 to Kāinga Ora – Homes and Communities requesting the following information under the Official Information Act 1982 (the Act):

*...copies of all advice provided to the Minister of Housing on the difference of construction costs between Kāinga Ora new builds and Community Housing Provider new builds.*

On 18 June, this part of your request was transferred to Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) to respond.

The Spending, Funding and Financing Review undertaken by the Treasury and HUD with Kāinga Ora – Homes and Communities (Kāinga Ora) found that the total capitalised cost for Kāinga Ora redevelopments (and therefore associated borrowing) were broadly split 50/50 between build and non-build costs which include internal Kāinga Ora staff costs.

It found that the average cost of a Kāinga Ora build as part of a redevelopment was \$609,190 compared to \$574,060 for a new build acquisition (excluding land value) a difference of \$35,000 per home on average.

The 2023 review, which was mentioned in the independent review into Kāinga Ora, was unable to assess the reasonableness of the non-build costs compared to industry benchmarks and the independent review also commented on the opaque apportionment of costs and revenue within Kāinga Ora, making it difficult to identify the underlying drivers of financial results.

This also makes it difficult to compare Kāinga Ora \$/m<sup>2</sup> costs to accurately compare their costs to build with the private sector and Community Housing Providers (CHPs).

You can read the Spending Funding and Financing Reviews via the Ministry website at: [www.hud.govt.nz/documents?q=kainga+ora&sort=&from=2024-05-20&to=2024-05-20](http://www.hud.govt.nz/documents?q=kainga+ora&sort=&from=2024-05-20&to=2024-05-20). Your request is refused under section 18(d) of the Act, as it is publicly available.

You have the right to seek an investigation and review of my response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website at: [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz).

As part of our ongoing commitment to openness and transparency, the Ministry proactively releases information and documents that may be of interest to the public. As such, this response, with your personal details removed, may be published on our website.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'G Phillips'.

Glenn Phillips

**Head of Crown Entity Monitoring**

**Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development**