

## Annex 2: Budget 2024 Savings Template

### Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Progressive Home Ownership – Return of Operating Funding									
Lead Minister	Hon Chris Bishop Minister of Housing	Agency	Ministry of Housing and Urban Development							
Initiative description (max 800 characters)	This initiative returns \$17 million of operating funding for grants to Progressive Home Ownership providers to offer pre- and post-occupancy support for households in the scheme. Progressive Home Ownership schemes support people into home ownership through arrangements like rent-to-buy, shared ownership, or leasehold schemes. This funding is not required to meet expected commitments.									
Type of saving (PA objective in CFISnet)	<input checked="" type="checkbox"/> Baseline reduction	<input type="checkbox"/> Targeted policy savings	<input type="checkbox"/> Capital pipeline review							
Is this a cross-Vote initiative?	N	No.								
Is this a revenue initiative?	No.									
Agency contact	Name: Nick McNabb Phone: s 9(2)(a) Email: <a href="mailto:nick.mcnabb@hud.govt.nz">nick.mcnabb@hud.govt.nz</a>		Treasury contact (Vote Analyst)	Name: Jack Wellwood Phone: s 9(2)(a) Email: <a href="mailto:Jack.Wellwood@treasury.govt.nz">Jack.Wellwood@treasury.govt.nz</a>						
Section 1B: Summary of savings profile										
Operating funding available for return (\$m)										
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total					
0.000	2.000	5.000	5.000	5.000	17.000					
*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See the Guide to Submitting Initiatives on CFISnet for Budget 2024 for more information on entering outyears into CFISnet.										
Capital funding available for return (\$m)										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
0	0	0	0	0	0	0	0	0	0	0
*Extend the profile above if funding is needed beyond 2032/33.										

## Section 2: Alignment and options analysis

### Section 2A: Alignment

The answer to each question must not exceed 1-2 paragraphs

Does this savings initiative have consequences for the Budget priorities? (if there are implications for multiple Priorities, select the most relevant)	<input type="checkbox"/>	Addressing the rising cost of living	<input checked="" type="checkbox"/>	Delivering effective and fiscally sustainable public services
	<input type="checkbox"/>	Building for growth and enabling private enterprise	<input type="checkbox"/>	No consequences
	Returning funding that is not required to meet existing commitments supports delivering effective and fiscally sustainable public services.			

### Section 2B: Options analysis

The answer to each question must not exceed 1-2 paragraphs

What was the process used to select the preferred option?	<p>To meet the baseline savings target, HUD has sought to minimise the impact on housing supply and support for households to transition to permanent housing. This funding can be returned as it is not expected to be required to meet existing commitments.</p> <p>No engagement has occurred with current providers or potential Progressive Home Ownership (PHO) providers, as this has not been required to identify costs and risks.</p>
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## Section 3: Costs and benefits analysis

### Section 3A: Benefits and non-fiscal costs

The answer to each question must not exceed 1-2 paragraphs. The primary benefit of savings is fiscal. Therefore, the primary purpose of this section is to highlight any risks or impacts of the savings initiative.

The Risks and Impacts section below is required for all initiatives invited into the capital pipeline review, regardless of whether there are any changes are proposed to this initiative.

Where do the savings or revenue arise from?	The benefit of the proposed savings is fiscal as it is the return of grant funding that is not required to meet contractual commitments. These grants are used by PHO providers to offer support services, such as financial literacy support and home maintenance courses, to help ensure families accessing PHO housing have the skills to eventually purchase the home from the provider.					
Risks and impacts	Returning this funding does not impact delivery of existing PHO commitments as there is funding to meet contractual obligations to fund pre- and post-occupancy support contracted through the scheme to 30 June 2024.					
Impact on frontline services	<input type="checkbox"/>	High	<input type="checkbox"/>	Medium	<input checked="" type="checkbox"/>	Low
	There will be no impact on frontline services, or services contracted by HUD, given funding is not required for existing commitments.					
Climate impact	<input type="checkbox"/>	Yes - positive	<input type="checkbox"/>	Yes - negative	<input checked="" type="checkbox"/>	No impact
	No impact.					

## BUDGET SENSITIVE

### Section 3B: Status quo

The answer to each question must not exceed 1-2 paragraphs.

<b>Status quo</b>	<p>Through the PHO provider and Te Au Taketake (Iwi and Māori organisations) pathways, HUD provides interest free loans to finance delivery of shared equity schemes, as well as also contracting providers to provide pre- and post-occupancy support to households.</p> <p>This support can include the management of the provider's household selection process and provision of wrap-around support initiatives for households such as financial management courses, budgetary services, home maintenance courses, annual financial reviews, and periodic check in meetings with households. These services are intended to ensure that the household will be ready to take on full home ownership within the period of the loan.</p> <p>Remaining funding is sufficient to meet existing commitments with PHO providers to provide support to households.</p>
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#### Existing operating funding for programme/service (\$m)

2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
13.111	7.000	7.000	7.000	7.000	41.111

\*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.

### Section 3C: Savings profile and cost breakdown

The answer to each question must not exceed 1-2 paragraphs.

#### Formula and assumptions underlying costings

Savings are based on the funding available that is not required to meet commitments for pre- and post-occupancy grants to providers.

Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in Section 1B: Summary of funding profile. Insert additional rows as appropriate for additional expense categories.

#### Recommended operating savings (\$m)

Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
Non-Departmental Output Expenses: Support Services to increase home ownership	0.000	2.000	5.000	5.000	5.000	17.000
<b>Total (\$m)</b>	<b>0.000</b>	<b>2.000</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	<b>17.000</b>

\*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.

## Section 4: Delivery

### Implementation of savings

The answer to each question must not exceed 1-2 paragraphs

<b>Implementation of savings from this programme, activity or investment</b>	No policy, operational changes, or changes to contracts are required to implement these savings. Communication with PHO providers will be made immediately following any announcements.
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#### Transition costs associated with the savings initiative (\$m)

2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
0	0	0	0	0	0

<b>Was this activity funded from the Climate Emergency Response Fund?</b>	No	This was not an activity funded from the Climate Emergency Response Fund.
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## Section 5: Equity

The answer to each question must not exceed 1-2 paragraphs.

<b>Timing of costs and benefits</b>	The benefits of returning this funding are purely fiscal. There are no costs associated with returning this funding.
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<b>Specific implications regarding the Crown's obligations under the Treaty of Waitangi</b>	No	There are no implications from returning this funding.
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<b>Distributional Impacts</b>	There are no distributional impacts, as funding is not required to meet existing commitments.
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