

BUDGET SENSITIVE

Annex 4: Budget 2024 New Spending Template (invite only)

Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Social Housing Supply – Maintaining Delivery of New Social Houses									
Lead Minister	Hon Chris Bishop Minister of Housing			Agency	Ministry of Housing and Urban Development					
Initiative description (max 800 characters)	<p>This initiative is a place holder initiative for the additional operating and capital funding required for 4,000 new social houses for delivery from 1 July 2025 to 30 June 2027 (s 9(2)(f)(iv) places per annum) and 3,000 social houses to replace existing social houses from 1 July 2025 to 30 June 2027 (1,500 places per annum).</p> <p>This initiative seeks to secure funding for new social housing places which are not funded from June 2025. The final initiative will be informed by the independent review of Kāinga Ora, choices around the role Kāinga Ora and Community Housing Providers, offsetting savings from Kāinga Ora's forecast expenditure, and the extent that the debt management office borrowing programme already provides for some of the capital required.</p> <p>Funding could be held in contingency.</p>									
PA Objective	<input type="checkbox"/>	Capital Investment		<input checked="" type="checkbox"/>	Government Policy Commitment					
Is this a cross-Vote initiative?	No	If yes, indicate which other Votes are affected.								
Agency contact	Name: Tony De Gregorio Phone: s 9(2)(a) Email: tony.degregorio@hud.govt.nz			Treasury contact (Vote Analyst)	Name: Jack Wellwood Phone: s 9(2)(a) Email: Jack.Wellwood@treasury.govt.nz					
	Name: Dax Dullabh Phone: s 9(2)(a) Email: dax.dullabh@hud.govt.nz									
Section 1B: Summary of funding profile										
Operating costs associated with initiative (\$m)										
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total					
-	-	86.250	258.750	345.000	690.000					
*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 costs associated with initiative (\$m)										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
-	-	2,450	2,450	-	-	-	-	-	-	4,900
*Extend the profile above if funding is needed beyond 2032/33.										

Section 2: Alignment and options analysis

Section 2A: Problem definition

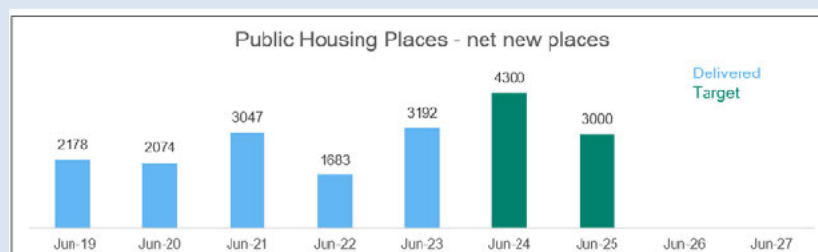
The answer to each question must not exceed 1-2 paragraphs

What is the problem that this initiative is trying to solve and why does it need to be solved now?

Describe the problem the initiative is trying to solve

In December 2023, there were 25,388 applicants on the Social Housing Register. Over 93% were assessed as at risk with a severe and persistent housing need that must be addressed immediately. Between June 2017 and the end of 2023, the number of social homes increased by 14,459, but significant unmet demand remains.

This initiative seeks funding for new social housing places that are not funded beyond June 2025. If funding is not secured through Budget 2024 for additional places, there is a risk that delivery will stall, providers will reduce their capacity, and it takes longer to scale-up delivery in the future, irrespective of whether delivery is through Kāinga Ora or Community Housing Providers.



In addition to funding required for new social housing places funding is also sought for renewal of Kāinga Ora's housing portfolio. Kāinga Ora's asset renewal programme has identified around 45,000 older homes requiring renewal and upgrade over the next 20 years equating to an average rate of 2,250 homes per annum.

As at 30 June 2023, there were approximately 12,000 properties that are over 70 years old. The renewal programme involves removing not fit for purpose social housing to densify by replacing the existing home and creating opportunities for new supply. To continue momentum in maintaining suitable social housing accommodations for existing tenants there is a need to provide ongoing operating and capital funding to replace older social housing.

Describe the existing arrangements for the asset or service

There are currently 80,605 existing social houses of which 67,747 are provided by Kāinga Ora and 12,858 are provided by Community Housing Providers (CHPs). The Budgeted cost for the Public Housing appropriation for the provision of social housing is \$1,660 million in 2023/24. Funding to social housing providers is in the form of Income-Related Rent Subsidy and the Operating Supplement.

Previous funding was secured in Budget 2018 to deliver 6,400 new social housing places through to 30 June 2022, and Budget 2020 funded the delivery of 6,000 new social housing places through to 30 June 2024. In Budget 2023 funding was secured for delivery of an additional 3,000 new places to 30 June 2025.

Outline specifically what needs to change or be improved (relative to existing arrangements) to address the problem.

Greater funding security and signal to the sector to maintain momentum to meet the demands on the social housing register. Without new funding security the sector will start scaling back delivery with the risk of additional time and resources being required to ramp up delivery in the future.

This reflects housing development timeframes, which typically requires 18-24 months to completion. As there is currently no funding for additional social housing beyond 30 June 2025, this means that government will have to cease contracting with Community Housing Providers

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	<p>in the imminent future. This initiative will provide certainty needed for the next two years, to ensure continued and uninterrupted delivery of social housing where it is most needed.</p> <p>Supporting delivery of new supply is an important part of ensuring New Zealand is resilient to the current market headwinds. Social housing delivery is one of the ways that Government can support the delivery of new supply and ensure that jobs are retained in the construction sector.</p> <p><i>How does the initiative/investment proposal fit with the Agency's mandate, and is the Agency the best one to deliver this intervention?</i></p> <p>This initiative builds on and strengthens existing relationships established across government organisations, including Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development, Kāinga Ora – Homes and Communities, Te Manatū Whakahiato Ora/Ministry of Social Development, and partnerships with iwi and Māori, local councils and community providers.</p> <p>Kāinga Ora provides around 84 percent of social housing. The independent review of Kāinga Ora will result in policy and operational changes which will influence Kāinga Ora's role in delivering social housing.</p> <p>Community Housing Providers provide the remaining 16 percent social housing and regularly engage with Te Tūāpapa Kura Kāinga when developing proposals for new social housing.</p> <p>s 9(2)(f)(iv)</p> <p><i>What key partners/stakeholders/customers (including other relevant Agencies, and iwi and Māori) have been engaged to understand the problem and develop the initiative?</i></p> <p>Prior to the commencement of the Kāinga Ora independent review, engagement was undertaken with them along with the Community Housing Providers, both of whom expressed the need for funding certainty to continue the momentum in providing social housing to those in need.</p>	
<p>Alignment to Budget Priorities (if alignment to multiple Priorities is possible, select the most relevant)</p>	<p><input checked="" type="checkbox"/> Addressing the rising cost of living</p> <p><input type="checkbox"/> Building for growth and enabling private enterprise</p>	<p><input checked="" type="checkbox"/> Delivering effective and fiscally sustainable public services</p> <p><input type="checkbox"/> Not Aligned</p>
	<p>This initiative contributes to the rising cost of living (through the provision of affordable, income-related social housing), and delivering effective and fiscally sustainable public services by sustaining a pipeline of social housing investment to reduce the risk of cost to the government of stopping and then restarting the development pipeline.</p>	
<p>Section 2B: Options analysis</p>		
<p>The answer to each question must not exceed 1-2 paragraphs</p>		
<p>What were the range of options considered?</p>	<p>There continues to be an urgent and ongoing need for social housing and for the government to maintain investment in the construction sector to provide counter-cyclical investment.</p> <p>Both Kāinga Ora and CHPs have significantly scaled up their pipeline of new supply based on prior funding decisions. In the financial year ending 30 June 2023 there were 3,192 addition social houses delivered. The initiative proposes that 2,000 new places per annum over two years as a minimum viable option, given the new supply target from 1 July 2024 to 30 June 2025 is to bring on 3,000 new places.</p> <p>Improving the operating model for better social housing outcomes requires sustainable funding to provide confidence for partners to invest over the medium to long term. However, given the current fiscal environment we propose funding new supply over a two year period. This enables enough certainty to the sector (given the lead time to build social housing ~18-24 months) while working through the Government's priorities to improve the social housing system. These include the findings the of Kāinga Ora independent review and growing the</p>	

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	<p>CHP sector. s 9(2)(f)(iv)</p> <p>Consideration was given to whether alternative types of housing, such as affordable housing, could replace the need for further social housing in the short to medium term. However, the alternative housing is needed in addition to social housing and there is insufficient evidence that it would be suitable as a replacement in the short to medium term. This is emphasised by the continued significant need for safe, secure and/or affordable housing beyond what is currently being delivered from the almost 25,388 applicants on the Housing Register, the roughly 300,000 Accommodation Supplement recipients, and the ~2,900 Emergency Housing Special Needs clients in December 2023.</p>
<p>What was the process used to select the preferred option?</p>	<p>Consultation with housing stakeholders over time has produced a consistent theme that both social housing and affordable rental supply needs to increase. Housing stakeholders have advised that funding/certainty of places beyond June 2025 is now required so that they have the confidence to investigate opportunities for social housing and invest in capability, particularly in regions.</p>
<p>Counterfactual</p>	<p>The impact on OBEGAL and debt from funding the new social housing places and renewals as proposed would be offset to some degree by reductions to Kāinga Ora's forecast expenditure and the anticipated borrowing factored into the Debt Management Office borrowing programme:</p> <ul style="list-style-type: none"> - Kāinga Ora have identified opportunities to reduce costs and improve efficiency. This builds off work in 2023 with Treasury and HUD through a review of Kāinga Ora's Funding and Financing. Kāinga Ora intends to reflect these reduced costs and efficiencies in revised expenditure track to be submitted to Treasury for Budget 2024. Savings of up to \$200m have been identified which will reduce Kāinga Ora's operating deficit and improve its financial sustainability. - The Treasury have already assumed around \$3.8 billion of additional debt management office borrowing and associated interest costs by June 2027 to finance social housing investment beyond June 2025. Combined with improvements to OBEGAL from improvements to Kāinga Ora's financial sustainability the impact on OBEGAL and debt from funding new social housing places may be lower than otherwise. <p>A key part of this initiative reflects the additional debt Kāinga Ora would be required to renew existing homes through redevelopment. A significant component of the IRRS funding for renewals relates to interest payments to the Debt Management Office. As noted above some of these interest costs are already incorporated within the forecasts.</p> <p>No additional social housing places</p> <p>Pausing delivery (or equally not continuing funding post 30 June 2024) will impact individuals and whānau for multiple years. The social housing pipeline takes around 18-24 months from contracting to delivery.</p> <p>Without a secure funding source, both Kāinga Ora and Community Housing Providers are unlikely to continue the momentum of construction for places delivered to date.</p> <p>The consequence of this could mean that the construction sector and Community Housing Providers exit delivery of new social housing. Kāinga Ora would look to pivot construction activity to retrofits, but this would not maximise the land yield through densification.</p> <p>Where Community Housing Providers stop their construction momentum, this would have significant impacts where they also provide more specialist services that better meet the needs of particular groups. For example, providing a more culturally appropriate and tailored service to Māori or providing housing specifically designed with disabled people in mind. This may especially effect Māori providers where many are only just building their capability to deliver and manage social housing (among other housing solutions) through Whai Kāinga Whai Oranga.</p>

Section 3: Benefits and costs of preferred options

Section 3A: Benefits and non-fiscal costs

The answer to each question must not exceed 1-2 paragraphs. If the initiative has more than one intended outcome, insert additional rows as appropriate.

<p>What outcome(s) would the initiative achieve?</p>	<p>This initiative is intended to ensure that people at risk with a severe and persistent housing need have a safe and secure place to call home. It will do this through funding for delivery of an additional 4,000 social houses, which will move people off the Housing Register and into a social house. The intended outcomes for delivery of social housing (both new and existing) include:</p> <ul style="list-style-type: none"> - Established foundations from which individuals and whānau can address wider physical and mental health needs and connections with others. - Fewer interruptions in education, work, healthcare, and social connections within the community resulting in improvements in wellbeing for individuals, whānau, and the wider community. - Intergenerational wellbeing through secure tenure and connection to place. <p>Given the current construction sector downturn investment in social housing can support continued residential investment and maintain construction sector capacity.</p>
<p>Evidence and assumptions</p>	<p>Evidence</p> <p>The NZ Productivity Commission noted that “insecure tenure has a detrimental impact on tenants, particularly older people and families with children.” Cutts, D et al (2011) “US Housing Insecurity and the Health of Very Young Children” found that stable housing reduces stress factors faced by all members of a whānau.</p> <p>Poor quality housing also affects educational outcomes, through frequent transitions to different schools, overcrowded homes (affecting the ability to focus on homework), increased sickness affecting attendance levels and behavioural disorders from increased stress in the home. Providing warm, dry, secure, and stable social housing is important for reducing child poverty and improving child health and overall wellbeing. Warm housing of an appropriate size will result in fewer hospitalisations from infectious diseases due to reduced overcrowding and few incidences of respiratory illness from damp or overcrowded homes. Paediatric studies of deprivation and overcrowding have been associated with bronchiolitis pneumonia and bronchiectasis, rheumatic fever, and tuberculosis.</p> <p>Social housing provides secure tenancies for the duration of a household’s need. In contrast private rentals frequently have high tenancy turnover which often fails lower-income families, particularly during school years:</p> <p>Multiple changes of address adversely affect children’s’ educational attainment and access to healthcare. Dixon, S (2018) “Student Mobility Across Schools and Links to Under-achievement” found that highly mobile students are more likely to have truancy, stand-downs and suspensions recorded, and the NCEA level 1 achievement rates of the most mobile children were substantially lower than those of children with more stable schooling histories.</p> <p>A US study found housing insecurity is associated with poor health, lower weight and developmental risk among young children.</p> <p>Participation in community is important for building social cohesion and encouraging civic duties, including enrolling in the right electorate to vote and playing a more active role in community development. Poor social outcomes equate to an increase in economic costs for government. For example, infrequent contact with health professionals means that health issues may remain undetected and untreated, leading to increased hospitalisation and the need for more extensive care.</p> <p>Assumptions</p> <p>There are a number of assumptions made regarding the benefits of social housing, including:</p>

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	<ul style="list-style-type: none"> - That children that no longer experience crowding and have stable tenure will have better health and in turn are more likely to complete school and obtain NCEA level 3 and earn a higher level of income. - An improvement in productivity and less workdays missed will have a positive impact on the individual's income. - An improvement in mental health for each individual that benefits from improved quality of housing and that security of tenure enables mental health issues to be addressed.
Climate Impacts	<input type="checkbox"/> Yes - positive <input checked="" type="checkbox"/> Yes - negative <input type="checkbox"/> No impact
	<p>While there is a carbon impact associated with building and construction, Kāinga Ora has developed a Sustainability Framework to address the impact of its construction and demolition activities on emissions. Additionally, under the Kāinga Ora Homes and Communities Act 2019, Kāinga Ora is required to “support good access to jobs, amenities, and services”, which means it looks to build housing close to jobs, schools and amenities, or close to social transport, which helps to reduce travel lowering carbon emissions.</p> <p>The independent review is analysing the additional costs associated with various sustainability measures that have been implemented by Kāinga Ora – although this is not significant compared to non-build costs currently been included in total capitalised amounts.</p>

Section 3B: Expenditure profile and cost breakdown

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

Formula and assumptions underlying costings	<p>Operating Costs</p> <p><u>Additional 4,000 places over two years</u></p> <p>s 9(2)(b)(ii)</p> <ul style="list-style-type: none"> █ [Redacted] █ [Redacted] █ [Redacted] █ [Redacted] █ [Redacted] █ [Redacted] <p>Note the capital cost of \$700,000 is a maximum, the independent review will provide both a view on reasonableness of this assumption as well as impacts on the fiscal indicators of alternative delivery approaches including levelling the playing field in terms of access and cost of finance for other providers and alternative purchasing approaches.</p> <p>Given the phasing of the expected delivery, the first-year operating cost is estimated at \$60 million increasing to \$240 million in out years.</p> <p><u>Renewals 3,000 places over two years</u></p> <p>s 9(2)(b)(ii)</p> <ul style="list-style-type: none"> █ [Redacted] █ [Redacted] █ [Redacted] <p>Given the phasing of the expected delivery, the first-year operating cost is estimated at \$26 million increasing to \$105 million in out years.</p> <p>The operating costs above are based on current known costs and represents the maximum amount we are seeking. Any recommendations taken from the independent Kāinga Ora review could potentially generate savings and reduce these costs.</p>
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Capital Costs

A total capital cost per place of \$700,000 has been assumed for the 4,000 additional social houses and the 3,000 renewals. This is based on the current average cost per place to deliver social houses by Kāinga Ora. To the extent delivery is through CHPs who raise their own finance, capital costs would be lower.

For Kāinga Ora, on average about s 9(2) of this relates to the physical build cost, with the balance relating to other capitalised non-build costs. Any recommendations taken from the independent Kāinga Ora review that could reduce non-build costs will reduce the overall capital requirement and reduce the operating requirement through lower interest costs and depreciation.

It has also been assumed that the full \$4,790 million capital requirement will be funded. This amount is a maximum and although alternative financing mechanisms are being considered as part of the independent review, it is unlikely these will be implemented in a material way for delivery by June 2027 (as these places need to be contracted or procured now).

The independent review will also examine the impact of alternative delivery mechanisms on the fiscal indicators which are likely to have differing impacts on the fiscal indicators.

s 9(2)(f)(iv)

There is approximately \$3.8 billion already incorporated into the Fiscal forecasts for Kāinga Ora debt over and above the amount appropriated for previous commitments which reduces the impact of this bid on the fiscal forecasts. This will need to be worked through with Treasury and Kāinga Ora to enable reprioritisation.

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.

Operating expenses (\$m)						
Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
Appropriation: Public Housing MCA: Non-Departmental Output Expenses – Purchase of Public Housing Provision	-	-	-	-	-	-
Additional 4,000 places to FY26/27	-	-	60.000	180.000	240.000	480.000
Renewal Programme – 3,000 places to FY 26/27	-	-	26.250	78.750	105.000	210.000
Total (\$m)	-	-	86.250	258.750	345.000	690.000

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

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Capital expenses (\$m)											
Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33 *	Total
Multi-Year Appropriation: Non-Departmental Capital Expenditure: Kāinga Ora – Homes and Communities Crown Lending Facility	-	-	-	-	-	-	-	-	-	-	-
Additional 4,000 places to FY26/27	-	-	1,400	1,400	-	-	-	-	-	-	2,800
Renewal Programme – 3,000 places to FY 26/27	-	-	1,050	1,050	-	-	-	-	-	-	2,100
Total (\$m)	-	-	2,450	2,450	-	-	-	-	-	-	4,900

*Extend the profile above if funding is needed beyond 2032/33.

Section 3C: Scaled option (not applicable for capital initiatives)

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

Scaling option overview	<p><i>Provide a concise overview of the scaled down option to fund this initiative (the funding level below which it would be better to defer the initiative than fund it).</i></p> <p>The scaled option set out would be to reduce the number of homes delivered to 3,000 new social houses (1,500 new places per annum), and 2,000 social houses to replace existing social houses (1,000 places per annum).</p> <p><i>Explain how the initiative's expected outputs and outcomes would differ if scaled down and any risks associated with scaling down.</i></p> <p>The option without scaling represents the bare minimum necessary to provide certainty to sector maintain the developed capacity within the industry when demand on the housing register was 25,388 applicants in December 2023.</p> <p>Kāinga Ora's portfolio includes approximately 45,000 social housing units that will need either replacement or major renovations over the next 20 years, averaging about 2,250 homes annually. Consequently, a reduced scope would fall short of fulfilling Kāinga Ora's asset management objectives.</p> <p>Kāinga Ora and Community Housing Providers (CHPs) have enhanced their capabilities in line with the Public Housing Plan's targets and the current funding provisions. Opting for a scalable approach would diminish operational capacity and momentum, leading to challenges in accelerating operations if future decisions require an increase in housing supply.</p> <p>The scaled option would also reduce the benefits sought as fewer individuals and whānau who are currently at risk with a severe and persistent housing need will receive a safe, secure place to call home. It would also likely mean a longer reliance on emergency housing due to reduced delivery of more long-term solutions.</p> <p><i>If the initiative cannot feasibly achieve its objectives without full funding (i.e. scaling option is not viable), succinctly explain why (e.g. if the initiative is to purchase a discrete asset at a set price).</i></p> <p>See above</p> <p><i>Explain the formula and assumptions for the scaled option if they are different from those for the preferred option.</i></p> <p>Same costing assumptions as section 3B with a lower number of places for new supply (4,000 to 3,000 over two years) and replacing existing social housing (3,000 to 2,000 over two years).</p>
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Provide a breakdown of what the scaled down option would purchase. Insert additional rows as appropriate for additional expense categories.

Operating expenses (\$m)						
Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
Additional 3,000 places to FY 26/27	-	-	45.000	135.000	180.000	360.000
Renewal Programme – 2,000 places to FY 26/27	-	-	17.500	52.500	70.000	140.000
Total (\$m)	-	-	62.500	187.500	250.000	500.000

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

Capital expenses (\$m)											
Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33 *	Total
Additional 3,000 places to FY 26/27	-	-	1,050	1,050	-	-	-	-	-	-	2,100
Renewal Programme – 2,000 places to FY 26/27	-	-	700	700	-	-	-	-	-	-	1,400
Total (\$m)	-	-	1,750	1,750	-	-	-	-	-	-	3,500

*Extend the profile above if funding is needed beyond 2032/33.

Section 4: Delivery

Section 4A: Procurement and workforce

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

What is the initiative purchasing/funding?	<p>Additional 4000 places This part of the initiative would fund 4,000 additional social housing places from Kāinga Ora and Community Housing Providers. It is funding the IRRS and OS for providing these homes at \$60k per annum, with this amount tied to market rent. There will be ongoing IRRS/OS commitments for the life of the asset or contract.</p> <p>Renewal Programme – replace 3,000 existing social houses This part of the bid is to fund the replacement of 3,000 existing social houses that are coming to the end of their useful life. Around 45,000 of Kainga Ora’s homes need to be replaced over the next 20 years with 12,000 properties being 70 years or older. Kainga Ora are currently capital funded to FY24/25 to renew old social houses and need to maintain momentum to replace existing stock. The funding required will be the net incremental IRRS and OS for providing these homes at \$35,000 per place. There will be ongoing IRRS/OS commitments for the life of the assets.</p>
Is there a market that can meet these needs?	<p><i>Describe the market you are looking to procure the above key resources from.</i> The market for delivery of social housing includes Kāinga Ora as the primary provider of social housing, as well as registered Community Housing Providers, who in turn partner with developers to bring on additional supply. Once delivered, they then manage tenancies as social housing tenancies and receive the Income-Related Rent Subsidy.</p> <p><i>For new FTEs and/or contractors, outline occupation and skills area and indicate the market capacity to fill these roles.</i> This initiative seeks to maintain the build momentum for social housing. Given this, we do not anticipate requiring additional FTEs or contractors over and above the existing resource.</p>

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	<p><i>What potential suppliers have been identified for the initiative, are they interested in participating in the procurement, and do they have the capacity and capability to meet these needs?</i></p> <p>CHPs and Kāinga Ora have indicated that they have a strong forward pipeline of places and want to continue providing social housing</p>
	<p><i>What other competitors are there for similar workforce, goods, and services around the same time as this initiative? Have opportunities to collaborate or strategies to deconflict competing timelines been explored?</i></p> <p>HUD is seeking a coordinated approach to addressing housing needs indicated by the Housing Register. Social housing alone will not be the best solution to meet individuals and whānau needs. This initiative, while requiring similar resources as for any development, has been considered alongside the wider set of interventions that the Government has underway, such as the Affordable Housing Fund and Whai Kāinga Whai Oranga, which all have slightly different focusses and will leverage different parts of the social and private sectors.</p>
Government Procurement Rules	Sourcing processes are consistent with the Government Procurement Rules, noting that social housing providers are additionally regulated as either Crown entities or via PaCHMA registration.

Section 4B: Risks, constraints, and dependencies

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

What are the main risks?	<p>The key risks are:</p> <ul style="list-style-type: none"> - Barriers to delivery in regional New Zealand due to a range of factors, such as lacking infrastructure, small local construction sectors, access to land, and the high costs of construction. - The sector's capacity to deliver newly built places. There is a possible risk that delivery of only new builds may take longer than anticipated. This would result in delivery pushed out beyond 30 June 2027 and funding being reallocated between financial years.
What are the key constraints?	<p>Construction sector constraints, primarily available labour, materials and construction management expertise in regional cities and towns. These constraints are thought to be easing across the funding period.</p> <p>Infrastructure and build-ready land in regional cities and towns. This constraint is likely to affect this initiative.</p>
What are the key dependencies?	<p>KO and CHP sector are dependent on the construction sector to deliver new build properties. Changes and constraints (such as supply issues) in this sector can impact the ability to build new houses.</p> <p>CHPs in most cases are dependent on financing through banks to be able to deliver their housing projects. Any significant changes to lending rules or further large increases in interest rates could affect the ability of CHPs to deliver.</p>

Section 4C: Governance and oversight

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

What are the governance arrangements for this initiative?	<p>This initiative will use the existing governance structure for social and transitional housing. The houses are delivered by Kāinga Ora or Community Housing providers who are governed under the crown entities Act 2004 or the Public and Community Housing Management Act 1992</p> <p>Input from key stakeholders, particularly Māori and Iwi groups is required on an individual building project level.</p>
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Timeframes and monitoring	<p>For Community Housing Providers, existing forms of monitoring would include:</p> <ul style="list-style-type: none"> - Contract monitoring: tracking deliverables in contracts with CHPs (e.g. the number of units delivered within the specified timeframes, etc.). - Regulatory oversight: community housing organisations that receive funding for social housing are registered and regulated by the Community Housing Regulatory Authority (CHRA). Minimum Performance Standards apply across all aspects of the organisation to ensure on-going financial and operational viability. Organisations are monitored against these standards annually, with additional monitoring as required. <p>Delivery by Kāinga Ora would be monitored against the SPEs and Letter of Expectations, which describe the number of social and transitional housing places to be delivered each year and how this delivery should align with the government’s strategic intentions for social and transitional housing.</p> <p>Given the independent review of Kāinga Ora is likely to lead to policy and operational changes funding could be held in contingency subject to the government decisions on the Review and changes to simplify and clarify the funding system.</p>
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Section 4D: Demonstrating performance

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

This initiative will be reported against in the same way as previous social housing building via the Government Housing Dashboard, as well as direct reporting to the Minister of Housing.

Section 5: Equity

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

Timing of costs and benefits	<p>Costs are financial, and occur across the life of social house and associated funding (e.g. income related rent subsidies).</p> <p>The benefits are long-term, and accrue from the time the new social house is occupied, until the end of the useful life of the asset.</p>
Specific implications regarding the Crown’s obligations under the Treaty of Waitangi	<p>Yes Providing certainty through funding of this initiative contributes to the Crown upholding its existing commitments to providers of housing, and the people that will inhabit them. Honouring our commitments is critical to an enduring and effective relationship:</p> <ul style="list-style-type: none"> - As Treaty partner, the Government has a role in ensuring Māori housing aspirations are achieved. While Social Housing is not something that can meet Māori housing aspirations by itself, it is a necessary form of housing to support Māori, particularly as Māori are significantly overrepresented on the housing register, accounting for 49% of applicants. - As a Treaty Partner, the Government also has a role in supporting Māori to develop and deliver Māori-led housing solutions. While around one third of Community Housing Providers identify as Kaupapa Māori organisations, they only manage 15% of the CHP IRRS places. - This initiative would also contribute to the current WAI 2750 inquiry underway, which is investigating the Crown’s actions relating to inadequate standards of housing for Māori and enabling Māori access to adequate housing. - Continued investment in this initiative would also contribute positively to the priorities in the National Māori Housing Strategy – MAIHI Ka Ora – which has a focus on the implications of secure housing on whanau wellbeing. <p>Articles 21 and 23 of the United Nations Declaration on the Rights of Indigenous Peoples specifically mention the right of indigenous peoples to improve their housing and be actively involved in housing strategies.</p>

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Distributional Impacts	<p>The following groups are disproportionately represented on the housing register and in social housing:</p> <ul style="list-style-type: none">- Māori (49% on the register; 38% tenanted)- Pacific Peoples (16% on the register; 26% tenanted) <p>Any reduction in social housing new supply will directly and disproportionately affect the above groups identified.</p>
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