



THE GROWTH BUDGET

Social Investment

BUDGET
2025

Hon Chris Bishop
Minister of Housing

Hon Tama Potaka
Associate Minister of Housing

22 May 2025

Delivering the right houses in the right place, for the right people

Budget 2025 introduces a new housing investment approach that will deliver the right houses, in the right places, for the right people, Housing Minister Chris Bishop and Associate Housing Minister Tama Potaka say.

“This Government believes in social housing. New funding of \$128 million over four years will deliver at least 550 more social homes in Auckland in the 2025/26 year. That’s on top of the 1,500 new social homes funded through Budget 2024, to be delivered from 1 July 2025.

“More than 600 of the houses funded through Budget 2024 have been allocated already through government relationships with community housing providers.

“We’re also making it easier for the community housing sector to plan and get on with the job of housing people in need. We’re committing \$82 million total for Upfront Operating Supplement payments for community housing providers in certain circumstances when contracts for new social housing are agreed. This upfront funding will help get new social homes built faster.

“The Government is also establishing Crown lending facilities of up to a total of \$150 million for the Community Housing Funding Agency, to help lower the cost of borrowing for community housing providers.

“Over the last year we have looked at the bigger picture of how we invest in social and affordable housing.

“At present the Government has a confusing and often duplicative tangle of housing funds, many of which are tightly limited in what they can fund. Successive governments have added new funds over time. The system is inflexible, with investment determined by programmes with available funding rather than what is needed in a region.

“To fix this, the Government is establishing a new contestable Flexible Fund, replacing previous housing programmes like the Affordable Housing Fund, the Progressive Home Ownership Fund, and remaining Whai Kāinga Whai Oranga funding.

“The fund consists of \$41 million operating funding over four years and \$250 million capital funding over the next ten years for additional houses from 1 July 2027. Subject to further design work on the fund, this will enable up to 650-900 social homes and affordable rentals.

“Our intention is that the new Flexible Fund will use a variety of providers to deliver different housing types, including social houses and affordable rentals built by community housing providers, Kāinga Ora and Māori providers.

“The new Flexible Fund is a key part of a new housing investment approach that will better target new and existing government investment to focus on particular needs in particular regions and be more effective at delivering the right types of houses. It will give us a much more granular understanding of the types of housing required – and who is best placed to deliver them.”

Associate Housing Minister Tama Potaka says the new Flexible Fund will also provide for government-subsidised affordable rentals as a permanent part of the housing system.

“Affordable rentals allow people to pay less than the market rent in a region. They are a missing link in the social housing system. There should be an intermediate option between traditional social housing, where people usually pay 25 per cent of their income, and market rentals.

“Māori housing providers have brilliantly demonstrated the benefits of these homes in places like Rotorua and Gisborne.

“We expect that credible Māori providers and community housing providers will be eligible for investment through the Flexible Fund, particularly given their recent success in delivering quality houses.”

Decisions about the design of affordable rentals, the parameters of the Flexible Fund and how the funding will be used will be made later in 2025.

The Budget also contains a range of savings initiatives to fund cost pressures in Vote Housing and Urban Development, including making the First Home Loan Scheme cost recoverable.

ENDS

Note to editor:

The programmes which have been consolidated into the flexible fund include:

- Funding for new supply of Income Related Rent Subsidy (IRRS) social housing
- Affordable Housing Fund
- Whai Kāinga Whai Oranga

The four-year operating funding for the Flexible Fund appears low, as the new places are only paid for once tenanted from 1 July 2027. This means costs are in the back end of the forecast period and in outyears.

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