

# The Treasury

## Budget 2021 Information Release

### August 2021

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#### Cabinet Document Details

Title: **Cabinet Minute: CAB-21-MIN-0116.15: 2021 Budget Package: Vote Housing and Urban Development**

Date: **16 April 2021**

Creator: Cabinet Office

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- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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# Cabinet

## Minute of Decision

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### 2021 Budget Package: Vote Housing and Urban Development

On 12 April 2021, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2021 Budget package, as listed in the summary below and detailed in the attached initiative documents:

#### Summary of initiatives included in the attached initiative documents:

##### Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
13302	Extension of Short-term Housing and Associated Programmes	-	54.655	44.900	49.200	49.930
13467	Housing Acceleration Fund	-	354.000	608.000	585.500	570.500*
13470	Investing in Māori Housing	-	56.850	54.850	64.850	64.850
13468	Kāinga Ora Land Acquisition Fund	-	46.000	46.000	46.000	46.000
13299	Kāinga Ora Sustainable Funding	-	62.540	70.590	-	-
13482	Land for Housing – Professional Services Costs	-	(12.000)	4.000	4.000	4.000
<b>Total Operating</b>		<b>-</b>	<b>562.045</b>	<b>828.340</b>	<b>749.550</b>	<b>735.280</b>

\*For 2024/2025 only

##### Capital Initiative (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 only
13467	Housing Acceleration Fund	-	721.000	346.000	335.000	280.000
<b>Total Capital</b>		<b>-</b>	<b>721.000</b>	<b>346.000</b>	<b>335.000</b>	<b>280.000</b>

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;

- 3 **approved** changes to appropriations to implement the initiatives, as set out in the attached initiative documents;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 5 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2020/21 Supplementary Estimates, the 2021/22 Estimates and the fiscal forecasts;
- 6 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 7 **noted** that all communications relating to the 2021 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;

Michael Webster  
Secretary of the Cabinet

## Initiative No: 13302

**Vote:** Housing and Urban Development

**Title:** Extension of Short-term Housing and Associated Programmes

**Description:** This initiative extends key programmes which support the chronically homeless and those at higher risk of becoming homeless including Housing First, Rapid Rehousing, and Sustaining Tenancies.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	54.655	44.900	49.200	49.930
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>54.655</b>	<b>44.900</b>	<b>49.200</b>	<b>49.930</b>

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Public Housing (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Services for People in Need of or at risk of Needing Public Housing	-	21.955	37.300	47.760	49.860
Total Multi-Category Expenses and Capital Expenditure: Public Housing (MCA)	-	21.955	37.300	47.760	49.860
Transitional Housing (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Provision of Transitional Housing Places	-	30.050	6.960	1.370	0.060
Transitional Housing Services	-	2.650	0.640	0.070	0.010
Total Multi-Category Expenses and Capital Expenditure: Transitional Housing (MCA)	-	32.700	7.600	1.440	0.070
<b>Total Operating</b>	<b>-</b>	<b>54.655</b>	<b>44.900</b>	<b>49.200</b>	<b>49.930</b>

## Initiative No: 13467

**Vote:** Housing and Urban Development

**Title:** Housing Acceleration Fund

**Description:** This funding package will be used to increase the pace and scale of overall housing supply, including ensuring that this housing is affordable for a range of households (whether for ownership or rental), and making sure it is in the right places, through securing access to land, supporting infrastructure provision, and supporting housing provision for those who cannot afford to pay a market rent or house price.

### New appropriation approvals

Name	Period	Type	Category Name	Scope
Land for Housing Operations	Multi-Year Appropriation Start: 1/07/2021 Finish: 30/06/2026 Amount (\$m): 50.000	Non-Departmental Other Expenses	N/A	This appropriation is limited to operating expenditure incurred in the facilitation, acquisition, and development of land and residential properties, through the Land for Housing Programme.
Housing Acceleration Fund	Multi-Year Appropriation Start: 1/07/2021 Finish: 30/06/2026 Amount (\$m): 3,729.000	Multi-Category Expenses and Capital Expenditure	N/A	The single overarching purpose of this appropriation is to achieve the outcome of advancing housing supply through the provision of infrastructure investment.
			Investment in Infrastructure to Advance Development-Ready Land	This category is limited to contributions for infrastructure projects to advance development-ready land.
			Investment in Crown-owned Entities to Advance Development-Ready Land	This category is limited to investments in Crown-owned entities to increase the amount of development-ready land.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 only
Operating Balance Impact	-	354.000	608.000	585.500	570.500
Debt Impact	-	721.000	346.000	335.000	280.000
No Impact	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,075.000</b>	<b>954.000</b>	<b>920.500</b>	<b>850.500</b>

## Initiative No: 13467

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 only
<b>Non-Departmental Other Expenses:</b>					
Land for Housing Operations (MYA)	-	5.000	15.000	15.000	15.000
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Managing the Housing and Urban Development Portfolio (MCA)					
<i>Departmental Output Expenses:</i>					
Policy Advice and Ministerial Servicing (funded by revenue Crown)	-	6.000	6.000	4.500	4.500
Total Multi-Category Expenses and Capital Expenditure: Managing the Housing and Urban Development Portfolio (MCA)	-	6.000	6.000	4.500	4.500
Housing Acceleration Fund (MCA MYA)					
<i>Non-Departmental Other Expenses:</i>					
Investment in Infrastructure to Advance Development-Ready Land	-	343.000	587.000	566.000	551.000
<i>Non-Departmental Capital Expenditure:</i>					
Investment in Crown-owned Entities to Advance Development-Ready Land	-	721.000	346.000	335.000	280.000
Total Multi-Category Expenses and Capital Expenditure: Housing Acceleration Fund (MCA MYA)	-	1,064.000	933.000	901.000	831.000
<b>Total Operating</b>	-	<b>354.000</b>	<b>608.000</b>	<b>585.500</b>	<b>570.500</b>
<b>Total Capital</b>	-	<b>721.000</b>	<b>346.000</b>	<b>335.000</b>	<b>280.000</b>

**Additional recommendations**

- 10 **agreed** that this initiative be charged against the COVID-19 Response and Recovery Fund;
- 11 **noted** that although the Housing Acceleration Fund and Land For Housing Operations MYAs are for the five financial years 2021/22 - 2025/26, their total funding is shown across the first four years, with a total of \$1.682 billion being capital and \$2.118 billion being operating;
- 12 **noted** that the Minister of Finance has approved, under section 7B of the Public Finance Act, the establishment as a multi-category appropriation of Housing Acceleration Fund MCA MYA but under its previous title 'Progressing Infrastructure for Housing';
- 13 [38]

14 [38]

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16 [33]

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19 **agreed** that the Multi Year Appropriation: "Land for Housing Operations" is established at \$50.000 million;

20 **agreed** that the Multi Year Appropriation: "Housing Acceleration Fund" is established at \$3,729.000 million;

21 **noted** that amounts shown in the appropriations changes table for the Multi Year Appropriations: "Housing Acceleration Fund" and "Land for Housing Operations" are the indicative annual spending profiles;



## Initiative No: 13470

**Vote:** Housing and Urban Development

**Title:** Investing in Māori Housing

**Description:** This is a joint initiative for Māori housing between the Ministry of Housing and Urban Development and Te Puni Kōkiri. This initiative will see the delivery of new housing and repairs to existing stock for regional Māori.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	56.850	54.850	64.850	64.850
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>56.850</b>	<b>54.850</b>	<b>64.850</b>	<b>64.850</b>

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Non-Departmental Output Expenses:</b>					
He Kūkū Ki Te Kāinga - Increasing Māori Housing Supply	-	47.850	47.850	57.850	57.850
He Taupae - Building Māori housing capability across the Māori housing continuum	-	4.000	3.000	3.000	3.000
He Taupua - Increasing Māori Housing Provider Capability	-	5.000	4.000	4.000	4.000
<b>Total Operating</b>	<b>-</b>	<b>56.850</b>	<b>54.850</b>	<b>64.850</b>	<b>64.850</b>

### Additional recommendations

- 22 **agreed** that before this funding can be spent from the relevant appropriations further work on detailed implementation and monitoring plans needs to be completed, submitted to, and approved jointly by, the Minister of Finance, the Minister of Housing, the Minister of Māori Development and the Associate Minister of Housing (Māori Housing), outlining key project milestones and timeframes, operating model(s), governance structure and decision-making rights, and a regular reporting regime;
- 23 **noted** that related funding for this initiative has also been provided through Vote Māori Development (Initiative 13562);

## Initiative No: 13468

**Vote:** Housing and Urban Development

**Title:** Kāinga Ora Land Acquisition Fund

**Description:** This funding package will be used to service debt to allow Kāinga Ora to borrow so as to buy land, meet holding costs, and allow for development risks. The total initiative is for \$46 million of government operating funding per annum over 20 years.

### New appropriation approval

Name	Period	Type	Scope
Kāinga Ora Land Programme	Multi-Year Appropriation Start: 1/07/2021 Finish: 30/06/2026 Amount (\$m): 230.000	Non-Departmental Other Expenses	This appropriation is limited to operating expenditure including write downs incurred in the facilitation, acquisition, and development of land and residential properties through Kāinga Ora.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	46.000	46.000	46.000	46.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>46.000</b>	<b>46.000</b>	<b>46.000</b>	<b>46.000</b>

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Non-Departmental Other Expenses:</b>					
Kāinga Ora Land Programme (MYA)	-	46.000	46.000	46.000	46.000
<b>Total Operating</b>	-	<b>46.000</b>	<b>46.000</b>	<b>46.000</b>	<b>46.000</b>

### Additional recommendations

- 26 **noted** that the total funding for this initiative is for \$46 million per annum over 20 years;
- 27 **agreed** that the Multi Year Appropriation: "Kāinga Ora Land Programme" is adjusted by \$184.000 million;
- 28 **noted** that amounts shown in the appropriations changes table for the Multi Year Appropriation: "Kāinga Ora Land Programme" is the change to the indicative annual spending profile;

## Initiative No: 13299

**Vote:** Housing and Urban Development

**Title:** Kāinga Ora Sustainable Funding

**Description:** This initiative will enable Kāinga Ora–Homes and Communities (Kāinga Ora) to carry out its core urban development functions under the Kāinga Ora–Homes and Communities Act 2019 and the Urban Development Act 2020. This will enable transformative urban development opportunities to be assessed and progressed, enabling much-needed housing and infrastructure to be delivered. It will also enable Kāinga Ora to act as a conduit for government expectations for housing and urban development when working with councils, iwi, developers and other partners.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	62.540	70.590	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>62.540</b>	<b>70.590</b>	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Kāinga Ora - Homes and Communities	-	62.540	64.490	-	-
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Public Housing (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Services for People in Need of or at risk of Needing Public Housing	-	-	6.100	-	-
<b>Total Operating</b>	-	<b>62.540</b>	<b>70.590</b>	-	-

### Additional recommendation

29 [33]

## Initiative No: 13482

**Vote:** Housing and Urban Development

**Title:** Land for Housing – Professional Services Costs

**Description:** This technical initiative covers the departmental professional services costs associated with the acquisition and development of land through the Land for Housing programme. As part of the Housing Acceleration Fund, a component of the initiative was ring fenced to expand the ability of the Land for Housing Programme to strategically acquire land for non-commercial outcomes.

The increase in activity for the programme requires specialist services to be procured in the lead up to acquisition of land. This includes professional fees associated with due diligence, feasibility and valuation reports, and other legal fees.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 only
Operating Balance Impact	-	(12.000)	4.000	4.000	4.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>(12.000)</b>	<b>4.000</b>	<b>4.000</b>	<b>4.000</b>

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 only
<b>Non-Departmental Output Expenses:</b>					
KiwiBuild Housing (MYA)	-	(16.000)	-	-	-
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Managing the Housing and Urban Development Portfolio (MCA)					
<i>Departmental Output Expenses:</i>					
Facilitating the Purchase and redevelopment of land for housing purposes (funded by revenue Crown)	-	4.000	4.000	4.000	4.000
<b>Total Operating</b>	<b>-</b>	<b>(12.000)</b>	<b>4.000</b>	<b>4.000</b>	<b>4.000</b>

### Additional recommendations

- 30 **agreed** that the Multi Year Appropriation: "KiwiBuild Housing" is adjusted by \$(16.000) million;
- 31 **noted** that amounts shown in the appropriations changes table for the Multi Year Appropriation: "KiwiBuild Housing" is the change to the indicative annual spending profile.