

The Treasury

Budget 2022 Information Release

August 2022

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- [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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- [36] 9(2)(h) - to maintain legal professional privilege
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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
- [40] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

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2022 Budget Package: Vote Housing and Urban Development

Appropriation Administrator: Ministry of Housing and Urban Development

It is recommended that the relevant Appropriation Minister and the Minister of Finance jointly:

- 1 **note** that Cabinet has approved the Budget initiatives for the above Vote for inclusion in the 2022 Budget package, as detailed in the summary tables below:

Summary of funded initiative(s) agreed by Cabinet:

Operating Initiative(s) (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
13578	Affordable Housing Fund	(228.000)	(13.000)	103.000	109.000	-
13570	Emergency Housing - Rotorua Response	-	31.540	32.180	32.820	33.480
13577	First Home Products	-	25.888	33.103	40.697	48.690
13575	Homelessness Action Plan	-	12.580	20.730	20.840	20.850
13569	Public and Transitional Housing – Maintaining and Increasing Public, Transitional and COVID-19 housing supply	34.700	183.300	262.140	455.448	105.006
Total Operating		(193.300)	240.308	451.153	658.805	208.026

Summary of contingency initiative(s) agreed by Cabinet:

Operating Contingency

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
14288	Emergency Housing - progressing work on system changes	-	155.000	200.000	-	-
Total Operating		-	155.000	200.000	-	-

- 2 **note** that Cabinet has:

- i. **authorised** the relevant Appropriation Minister and the Minister of Finance (Joint Ministers) jointly to agree to the changes to appropriations (including establishment of new appropriations if necessary) and/or capital injections and related recommendations necessary to give effect to the initiatives included in the 2022 Budget package for the above Vote, as detailed in the summary tables above;
- ii. **authorised** Joint Ministers jointly to agree that the proposed changes to appropriations and/or capital injections for 2021/22 approved by Joint Ministers as authorised above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

- iii. **agreed** that expenses or capital expenditure against appropriations and capital injection authorisations set out in the 2022/23 Estimates and being sought in the Appropriation (2022/23 Estimates) Bill may be met from Imprest Supply until that Bill is enacted and comes into force;
 - iv. **authorised** Joint Ministers, for each contingency initiative, jointly to agree:
 - a. the work that needs to be completed or other conditions that need to be satisfied before the contingency is drawn down into appropriations;
 - b. whether the draw down into appropriations requires Cabinet approval or the approval of Joint Ministers;
 - c. the expiry date of contingency funding;
 - d. any related recommendations necessary to give effect to the contingency initiative;
 - v. **authorised** Joint Ministers to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2021/22 Supplementary Estimates, the 2022/23 Estimates and the fiscal forecasts;
 - vi. **authorised** the chief executives of departments that monitor Crown entities directly affected by Budget decisions taken by Cabinet or taken by Joint Ministers as authorised by Cabinet 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 and/or Statement of Performance Expectations;
 - vii. **noted** that all communications relating to the 2022 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;
- 3 **agree** to establish new appropriations where required to implement the initiatives included in the summary tables above, as detailed in the attached initiative documents;
 - 4 **approve** changes to appropriations and/or the capital injections to the administering department (where applicable) to implement the initiatives included in the summary tables above, as set out in the attached initiative documents;
 - 5 **approve** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
 - 6 **agree** that the proposed changes to appropriations for 2021/22 detailed in the attached initiative documents be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

Vote: Housing and Urban Development

Appropriation Administrator: Ministry of Housing and Urban Development

Title: Affordable Housing Fund

Description: This initiative will support the development of the affordable housing sector through establishing the Affordable Housing Fund. The fund will focus on supporting the development of affordable homes for low-to-moderate income households in locations facing the biggest housing supply and affordability challenges.

New Appropriation Approvals

Name	Appropriation Minister	Period	Type	Category Name	Scope
Affordable Housing Fund	Minister of Housing	Multi-Year Appropriation Start: 1/07/2022 Finish: 30/06/2027 Amount (\$m): 294.000	Non-Departmental Output Expenses	N/A	This appropriation is limited to expenses incurred in increasing the provision of affordable housing, through supporting the development of new-build affordable housing for rent or home ownership.
Affordable Housing Fund - Capital Funding	Minister of Housing	Multi-Year Appropriation Start: 1/07/2022 Finish: 30/06/2027 Amount (\$m): 50.000	Non-Departmental Capital Expenditure	N/A	This appropriation is limited to loans and recyclable funding mechanisms from the Affordable Housing Fund for up to ten years for supporting the development of new-build affordable housing for rent or home ownership.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	(228.000)	(13.000)	103.000	109.000	-
Net Core Crown Debt Impact Only	-	16.000	17.000	17.000	-
No Impact	-	-	-	-	-
Total	(228.000)	3.000	120.000	126.000	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears

Non-Departmental Output Expenses:					
Affordable Housing Fund (MYA)	-	96.000	96.000	102.000	-
Residential Development Supply (MYA)	(228.000)	(116.000)	-	-	-
Non-Departmental Capital Expenditure:					
Affordable Housing Fund - Capital Funding (MYA)	-	16.000	17.000	17.000	-
Multi-Category Expenses and Capital Expenditure:					
Housing Programme Fair Value Impairment Loss and Inventory Disposal (MCA)					
<i>Non-Departmental Other Expenses:</i>					
Fair Value Impairment Loss – Affordable Housing Fund	-	7.000	7.000	7.000	-
Total Multi-Category Expenses and Capital Expenditure: Housing Programme Fair Value Impairment Loss and Inventory Disposal (MCA)	-	7.000	7.000	7.000	-
Total Operating	(228.000)	(13.000)	103.000	109.000	-
Total Capital	-	16.000	17.000	17.000	-

Additional Recommendations

- 7 **agree** to establish a new category, Fair Value Impairment Loss – Affordable Housing Fund, in the multi category appropriation "Housing Programme Fair Value Impairment Loss and Inventory Disposal, with the scope "This category is limited to the expense incurred in the fair value impairment loss and any consequent write off arising from loans from the Affordable Housing Fund;"
- 8 **note** that the operating balance impact of the initiative, as agreed by Cabinet, is \$221 million, and that the appropriation changes table above reflects only the appropriation changes, which total \$21 million net;
- 9 **note** that this is because:
- 9.1 appropriated funding is being repurposed from the Residential Development Response Fund (under the Residential Development Supply appropriation), which required \$250 million of funding to be recycled and returned to the Crown within ten years (CAB-20-MIN-0337 refers), and as such was treated as fiscally-neutral;
- 9.2 this initiative means that \$200 million of the previous Residential Development Response Fund is no longer required to be recycled and returned to the Crown within ten years, and will now impact the operating allowance and operating balance;
- 9.3 \$50 million of this funding (now allocated to the Affordable Housing Fund – Capital Funding appropriation) is still required to be recycled and returned to the Crown within ten years;
- 9.4 a further \$21 million of new funding has been allocated to the Fair Value Impairment Loss – Affordable Housing Fund category within the Housing Programme Fair Value Impairment Loss and Inventory Disposal multi category appropriation;

- 10 **note** that Fair Value Impairment Loss – Affordable Housing Fund is a technical non-cash appropriation providing for the concessionary impacts of interest free loans to be recognised;
- 11 **agree** that the Affordable Housing Fund MYA be established at \$294.000 million;
- 12 **note** that the amounts shown in the Appropriations Changes table for the Multi Year Appropriation: "Affordable Housing Fund" is the indicative annual spending profile;
- 13 **agree** that the Affordable Housing Fund – Capital Funding MYA be established at \$50.000 million;
- 14 **note** that the amounts shown in the Appropriations Changes table for the Multi Year Appropriation: "Affordable Housing Fund - Capital Funding" is the indicative annual spending profile;
- 15 **agree** the Multi Year Appropriation: "Residential Development Supply" is adjusted by \$(344.000) million;
- 16 **note** that the amounts shown in the appropriation changes table for the Multi Year Appropriation: "Residential Development Supply" reflect the change to the indicative annual spending profile;

Vote: Housing and Urban Development

Appropriation Administrator: Ministry of Housing and Urban Development

Title: Emergency Housing - progressing work on system changes

Description: This initiative will support a programme to reset and redesign the emergency housing system so that it enables by Māori, for Māori solutions to urgent housing need and delivers improved housing and wellbeing outcomes.

Tagged Contingency

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Contingency	-	155.000	200.000	-	-
Capital Contingency	-	-	-	-	-
Total	-	155.000	200.000	-	-

Additional Recommendations

17 **agree** the expiry date for this contingency is 30 June 2023 to allow for the completion of policy and implementation work;

18 [33]

19 **agree** to delegate the drawdown of the contingency to the Minister of Finance and the Minister of Housing, subject to the completion of policy and implementation design prior to 30 June 2023;

Vote: Housing and Urban Development

Appropriation Administrator: Ministry of Housing and Urban Development

Title: Emergency Housing - Rotorua Response

Description: This initiative will fund the continued contracting of motels as emergency housing with wraparound support services in Rotorua. It will also fund the continued operation of Te Pokapu – the Rotorua Housing Hub, and the provision of support services for whānau in non-contracted emergency housing motels. The initiative provides an immediate, placed-based response to urgent housing need in Rotorua, and complements implementation of initiatives under the Aotearoa New Zealand Homelessness Action Plan.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	31.540	32.180	32.820	33.480
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	31.540	32.180	32.820	33.480

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expenses:					
Contracted emergency housing accommodation and services	-	31.540	32.180	32.820	33.480
Total Operating	-	31.540	32.180	32.820	33.480

Additional Recommendations

- 20 **note** that part of this initiative is in Vote Social Development, initiative number 14519;
- 21 **note** that an evaluation of the Rotorua emergency housing response to date is planned to be completed in October 2022;

Vote: Housing and Urban Development

Appropriation Administrator: Ministry of Housing and Urban Development

Title: First Home Products

Description: This initiative adjusts the First Home Loan and First Home Grant settings to ensure the products:

- assist more first home buyers with the deposit barrier to owning a modest first home
- support first home buyers struggling to overcome the deposit barrier and need government assistance to do this, and
- work more effectively for groups who may face additional barriers to homeownership such as Māori, Pacific peoples and families with children.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	25.888	33.103	40.697	48.690
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	25.888	33.103	40.697	48.690

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expenses:					
Kāinga Ora - Homes and Communities	-	10.773	10.773	10.773	10.773
Benefits or Related Expenses:					
First Home Grants	-	15.115	22.330	29.924	37.917
Total Operating	-	25.888	33.103	40.697	48.690

Additional Recommendation

22 **note** Cabinet will be considering a separate paper on the associated policy settings on 16 May 2022;

Vote: Housing and Urban Development

Appropriation Administrator: Ministry of Housing and Urban Development

Title: Homelessness Action Plan

Description: This initiative will fund the provision of kaupapa Māori wraparound support services, the expansion of rangatahi/youth-focused transitional housing places, the design and delivery of a new supported accommodation service for rangatahi/young people with higher and more complex needs, and homelessness outreach services.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	12.580	20.730	20.840	20.850
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	12.580	20.730	20.840	20.850

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Public Housing (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Services for People in Need of or at risk of Needing Public Housing	-	7.790	15.620	15.710	15.720
Total Multi-Category Expenses and Capital Expenditure: Public Housing (MCA)	-	7.790	15.620	15.710	15.720
Transitional Housing (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Provision of Transitional Housing Places	-	4.790	5.110	5.130	5.130
Total Multi-Category Expenses and Capital Expenditure: Transitional Housing (MCA)	-	4.790	5.110	5.130	5.130
Total Operating	-	12.580	20.730	20.840	20.850

Vote: Housing and Urban Development

Appropriation Administrator: Ministry of Housing and Urban Development

Title: Public and Transitional Housing – Maintaining and Increasing Public, Transitional and COVID-19 housing supply

Description: This initiative will support the current delivery of public and transitional housing, including the delivery of new places committed to through the Public Housing Plan 2021-24. It will also enable the extension of existing contracted transitional housing motels and motel places contracted at the start of the COVID-19 outbreak.

Appropriation Changes

	Sm - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	34.700	183.300	262.140	455.448	105.006
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	34.700	183.300	262.140	455.448	105.006

* Unless non-cash, will also impact net core Crown debt.

	Sm - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Public Housing (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Purchase of Public Housing Provision	7.000	65.400	171.340	355.448	5.006*
Total Multi-Category Expenses and Capital Expenditure: Public Housing (MCA)	7.000	65.400	171.340	355.448	5.006*
Transitional Housing (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Provision of Transitional Housing Places	13.850	58.950	45.400	50.000	50.000
Transitional Housing Services	13.850	58.950	45.400	50.000	50.000
Total Multi-Category Expenses and Capital Expenditure: Transitional Housing (MCA)	27.700	117.900	90.800	100.000	100.000
Total Operating	34.700	183.300	262.140	455.448	105.006

*Does not apply to outyears. See recommendation 24.

Additional Recommendations

23 [33]

24 **note** that a corresponding decrease of \$1.694 million over three years from 2023/24 in the Accommodation Supplement as a result of this initiative is in Vote Social Development in initiative number 14549.