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[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[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

[35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

[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

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TE TAI ŌHANGA
THE TREASURY

Treasury Report: Vote Housing and Urban Development Budget Update and Next Steps

Date:	5 March 2024	**Report No:**	T2024/904
		File Number:	SH-18-5-11-5-2-2

Action sought

	Action sought	Deadline
Minister of Finance (Hon Nicola Willis)	**Note** the contents of this report **Agree** to the recommendations in this report	**8 April 2024**
Minister of Housing (Hon Chris Bishop)	**Note** the contents of this report	

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Mark Hodge	Team Leader, National Infrastructure Unit (NIU)	[39]	[35]	✓
Glen Thomson	Acting Manager, Housing and Urban Growth			

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report	

Enclosure: No

Treasury Report: Vote Housing and Urban Development Budget Update and Next Steps

Executive Summary

1. This paper provides you with an update on several Vote Housing and Urban Development items that we raised with you at Budget Matters on 28 March 2024, and seeks your agreement to:

   a [33]

   b <u>include</u> funding of $17.5m in 2025/26, $52.5m in 2026/27, and $70m p.a. from 2027/28 onwards in the Budget Ministers 4 package for 1,500 net new social housing places delivered by Community Housing Providers (CHPs), with costs offset from winding down First Home Grants;

   c <u>agree</u> reductions in Kāinga Ora's Personnel and Asset Maintenance expenditure will not be counted towards Budget 2024 allowances; but note these total ~$1,005m over the forecast period, with ~$837m of savings reflected in the preliminary BEFU forecasts, with the remaining $168m (additional savings from personnel and consultants) to be included in the final BEFU forecasts;

   d <u>include</u> amortisation fiscal implications over the forecast period of $30m operating savings and $204m of capital expenditure for uncommitted and committed projects in the Budget Ministers 4 package;

   e <u>include</u> additional operating savings of $80m over the forecast period that the Minister of Housing has identified from the Large Scale Projects in the Budget Ministers 4 package;

   f <u>include</u> $75m of new operating funding for Shovel Ready accounting write-off obligations in the Budget Ministers 4 package, offset largely from Large Scale Projects Savings above.

2. We have reflected the above changes in the Budget Ministers 4 Package. The table below summarises the Vote Housing and Urban Development Budget 2024 package.

Table 1: Vote Housing and Urban Development Budget 2024 Package summary

	Operating Impact ($m)	**Description**
Operating Savings Forecast Period in BM3 Budget Package	313.597	Includes: new spending related to Kāinga Ora Crown funded programmes and statutory obligations;[33] Assumed personnel savings from KO of ~$199m not included as these are reflected in forecast adjustments below.
Additional Operating Savings Forecast Period in BM4 Budget Package	345.000	Includes: additional $20m of savings from Rangatahi Youth Transitional Housing; additional $80m of savings from LSP's; $245m of savings from ending First Home Grants.
Additional New Spending Forecast Period in BM4 Budget Package	215.000	Includes: $140m of additional 1500 public housing places being delivered by CHP's; $75m of non-cash funding related to shovel-ready write downs. [33] .
Net Savings less New Spending at BM4	**443.597**	$443.597m savings, which is the impact of additional savings (excluding KO) less new spending.
Forecast adjustments **Kāinga Ora Savings** in preliminary BEFU	837.000	Includes: personnel savings of ~$199m and Asset Maintenance savings of $674m.
Forecast adjustments **Additional Kāinga Ora Savings**	168.000	Includes: additional personnel and consultant savings of $42m p.a. as identified in KO Board letter.
Net Kāinga Ora Savings to be reflected in BEFU forecasts	**1,005.000**	~$1 billion reduction in forecast expenditure to be reflected in forecasts.

Recommended Action

We recommend that you:

[33]

New Spending for additional and renewed social housing places from 1 July 2025

b **Note** that the Treasury does not currently support providing further funding to Kāinga Ora for additional new social housing builds beyond June 2025 as there is insufficient evidence that the lead times are required, [33]

c **Note** that HUD estimates that $70m p.a. of operating funding would support 1,500 net new social housing places by CHPs based on historical contracts, which is a $12.5m p.a. cheaper estimate than presented in HUD's previous advice because of an improvement to their costing methodology (HUD2024-00414 refers);

d **Note** that the Treasury considers the capacity of CHPs to provide 1,500 places over two years (750 in 2025/26, 750 in 2026/27) ambitious given historic build rates; but costings should account for some slippage and all 1,500 places should be operating by 2027/28;

e **Agree** to <u>include</u> operating funding as outlined in the table below for 1,500 new social housing places from CHPs in the Budget Ministers 4 Package, with the new funding proposed to be offset by the Targeted Savings from winding down the First Home Grant;

	$m – increase/(decrease)				
	2023/24	**2024/25**	**2025/26**	**2026/27**	**2027/28 & Outyears**
Targeted Savings from First Home Grants	-	35.000	70.000	70.000	70.000
New Operating Spending for Social Housing Place Delivered by Community Housing Providers	-	-	17.500	52.500	70.000
Net Savings less New Spending	**-**	**35.000**	**52.500**	**17.500**	-

Agree/disagree.

Savings from Kāinga Ora Personnel and Asset Maintenance

f **Note** that savings from Kāinga Ora will be reflected in forecasts (not the Budget Package), with Personnel savings of ~$199m and Asset Maintenance savings of ~$674m over the forecast period included in the preliminary BEFU figures, and ~$168m of further Personnel savings expected to be included in the final BEFU;

g **Note** that the Treasury considers that asset maintenance savings can be realised; however, the proposal represents 27% of the asset maintenance spend and we do not have evidence that Kāinga Ora Board has put in place sufficient measures to ensure these are realised at the level and phasing indicated;

h **Note** that if these savings do not materialise at the rate or level indicated by Kāinga Ora, actual expenses will exceed forecasts and OBEGAL will deteriorate over the forecast period relative to BEFU, and we recommend you seek assurances from the Kāinga Ora Board, including an implementation plan and regular reporting, to support realisation;

i **Agree** that Kāinga Ora savings will not be counted towards allowances;

Agree/disagree.

Kāinga Ora debt assumptions in the Treasury fiscal forecasts

j **Note** the Treasury provided you with advice on Kāinga Ora debt assumptions on 22 March 2024 (T2024/784 refers) and we have provided you with a letter to the Kāinga Ora Board outlining that it should not automatically assume that further Crown debt will be provided and that it should better streamline its delivery pipeline to manage within its approved funding in a reasonable manner;

k **Note** that depending on how the Kāinga Ora Board implements your expectations through the revised BEFU forecasts, relative to preliminary BEFU forecasts we estimate a reduction in net debt and improvement to OBEGAL over the forecast period, and we will provide you with further advice once the revised BEFU forecasts are received;

Amortisation for housing delivery projects managed by HUD

l **Note** that you agreed to address amortisation funding for committed projects through Budget 2024 Technical (T2024/157 and HUD2024-003697 refer) and that you indicatively agreed in early-February 2024 to authorise total amortisation required for all applicable projects (i.e. both committed and uncommitted projects) through Budget 2024;

m **Note** authorising amortisation for committed and uncommitted projects will increase net-debt requirements to $204.405m over the forecast period, and improve OBEGAL by $30.275m over the forecast period; however, beyond the forecast period there will decreased borrowing relative to projections of $16.6m p.a. and a deterioration to the OBEGAL position relative to projections of ~$65m p.a.

n **Agree** to include amortisation funding in the Budget Ministers 4 package;

Agree/disagree.

Shovel Ready projects [33] *accounting cost pressure*

o **Note** that the Minister of Housing has identified additional savings of $80m across the forecast period from stopping further infrastructure funding for the Large Scale Projects, which would result in a further reduction in homes enabled of approximately 500 across the projects, and proposes that these savings offset $75m of operating funding required to write down one Shovel Ready project [33] when this is divested to the council (T2024/796 refers);

p **Agree** that off the back of our discussion at Budget Matters on 28 March 2024 to invite cost pressures with the write-down of one Shovel Ready project [33] into the Budget 2024 process, and include $75m of non-cash operating funding in the Budget Ministers 4 package to cover this expense;

Agree/disagree.

q **Agree** to include additional savings that the Minister of Housing has identified from the Large Scale Projects of $80m operating over the forecast period in the Budget Ministers 4 package;

Agree/disagree.

Vote Social Development housing-related Budget decisions

r **Agree** to include one of the following options in the Budget Ministers 4 package:

Limit homeowners' access to Accommodation Supplement with a twelve-month limit on assistance, to apply from the first half of 2026, and for a two-year non-entitlement period to apply at the end of the twelve-month period, with recipients of NZ Superannuation, Veteran's Pension or Supported Living Payment excluded, with an estimated fiscal saving of $184.2m over the forecast period;

Agree/disagree.

OR:

Increase the entry threshold for Accommodation Supplement for homeowners from 30% to 40% of income from 1 April 2025, with recipients of NZ Superannuation, Veteran's Pension or Supported Living Payment excluded, with an estimated fiscal saving of $63m over the forecast period;

Agree/disagree.

OR:

Increase the entry threshold for Accommodation Supplement for homeowners from 30% to 45% of income from 1 April 2025, with recipients of NZ Superannuation, Veteran's Pension or Supported Living Payment excluded, with an estimated fiscal saving of $101.6m over the forecast period.

Agree/disagree.

Glen Thomson
Acting Manager
Housing and Urban Growth

Hon Nicola Willis
Minister of Finance

_____/_____/_______

Hon Chris Bishop
Minister of Housing

Purpose

1. This paper provides you with an update on several Vote Housing and Urban Development items that we raised with you at Budget Matters on 28 March 2024, as well as other related housing matters, to support you in making Budget 2024 decisions. For the purposes of the Budget Ministers 4 material circulated on 5 April, the decisions sought in this report are treated as outstanding decisions.

Background

2. On 21 December 2023, the Minister of Housing was invited into the Budget 2024 process with the expectation of finding $108.8m p.a. of enduring savings, as well as targeted savings from winding down First Home Grants. He was also invited to submit new spending initiatives for Going for Housing Growth and Kāinga Ora non-social housing activities cost pressures.

3. On 16 February 2024, the Minister of Housing wrote to you outlining the initial response to Budget 2024 submitting savings of $108.8m over the forecast period and $69m p.a. into outyears. These savings included the return of tagged contingencies (which were not eligible) and included only ~$30m p.a. of personnel savings from Kāinga Ora. The Minister of Housing also sought an invite for new (additional) social housing places from 1 July 2025 (reflecting $690m in operating funding and $4.8 billion in debt for Kāinga Ora).

4. Further savings have since been submitted to the Treasury, including through further reduced expenditure from Kāinga Ora, savings from uncontracted Transitional Housing, and targeted savings from winding down the First Home Grant scheme as signalled in the first Budget 2024 invitation letter.

5. In parallel to the Budget process, the following accounting issues were identified to be addressed at Budget 2024 relating to amortisation funding for projects (HUD2024-003697 refers) and the writing down of Shovel Ready assets capitalised onto HUD's balance sheet (T2024/796 refers).

6. [33]

New Spending Decisions for Budget 2024

7. Two new funding decisions related to funding for Going for Housing Growth and social housing are required now if you wish to reflect them in the Budget 2024 package.

[33]

10. [33]

11.

New Social Housing Places from July 2025

12. At a meeting with officials on 3 April 2024, you signalled your intention to reprioritise the $70m p.a. targeted savings from the wind down of the First Home Grants scheme (FHG) towards net new social housing places delivered by Community Housing Providers (CHPs). The Treasury supports funding for CHPs as a scaled option and recommends you include it in your Budget Ministers 4 Package.

13. HUD indicates that around 1,500 net new social housing places delivered by CHPs could be funded into outyears such that the cost ($70m p.a.) is offset by the FHG savings ($70m p.a.). Previous HUD advice indicated that 1,500 places from CHPs would cost $82.5m p.a., which assumed the cost for CHPs was similar to the cost for Kāinga Ora (HUD2024-00414 refers). This assumption has since been revised so that the current estimate is based on actual CHP contracts, which brings the estimated cost down by $12.5m p.a.

14. CHPs capacity to grow is limited – HUD indicated in a recent briefing that the sector could deliver at most around 600 new places each year. For context, over the last five years, CHPs built 2,023 new social housing places, averaging 405 new build social housing places each year. Over this period, CHPs also leased an additional 943 houses from Kāinga Ora and received 3,963 redirects. Based on this history, we consider that getting all new CHP places each year is optimistic, but that having all 1,500 new places by the end of 2027/28 is realistic even with some slippage.

15. To manage this optimism, the costings assume there will be potential slippage and that it may take time for new houses to be filled with tenants. For example, the full annual cost of 750 places is $35m, but in 2025/26 the 750 new places aimed for that year are estimated to cost $17.5m – ramping up to $35m in 2026/27. By 2027/28, the full cost of all 1,500 new places is assumed.

16. The table below sets out the aimed new places each year and the savings impact:

Table 2: New CHP Social Housing Places and Fiscal Impacts

	2023/24	**2024/25**	**2025/26**	**2026/27**	**2027/28 & outyears**	**Total**
New places from CHPs	-	-	750	750	-	1,500
Cost of new places from CHPs ($m)	-	-	17.500	52.500	70.000	140.000
FHG Savings ($m)	-	35.000	70.000	70.000	70.000	245.000
Net Savings less New Spending ($m)	-	35.000	52.500	17.500	-	105.000

17. Because of the mismatched timing of the social housing costs growing and the FHG savings realising, there are savings of $105m over the forecast period that will be returned to the centre. There are no ongoing savings.

18. We recommend not including funding for new Kāinga Ora places at this time as we have little confidence in the costings or deliverability of this initiative. Supporting information is severely lacking with no business case presented and limited information on value for money of previous Budget funding. We recommend deferring decisions to Budget 25, subject to the findings of the independent review.

19. [33]

Kāinga Ora Personnel and Asset Maintenance Savings

20. Kāinga Ora's Personnel savings of ~$199m and Asset Maintenance savings of ~$674m over the forecast period have already been included in the preliminary BEFU figures. A further ~$168m of Personnel savings from Kāinga Ora is expected to be included in the final BEFU forecasts reflecting the Kāinga Ora Board's letter that it can find a further ~$42m of annualised savings from personnel.

21. The Treasury supports these savings, but recommends that these are not counted towards allowances given the following matters:

    a **Savings from Kāinga Ora will be reflected in forecasts** so the fiscal impact from preliminary BEFU will already be recognised, and as these savings are not constrained by appropriations, there is a risk that any savings could unwind over time;

    b **Kāinga Ora savings are subject to fluctuations in its revenue assumptions**, as well as other changes to its balance sheet. While Kāinga Ora's methodology for calculating market rent is reasonably robust and broadly reflects the prevailing market conditions there is always a degree of uncertainty in modelling. If revenue forecasts at HYEFU 2024 is lower than at BEFU 2024, this could negatively impact on OBEGAL between forecast updates;

    c **There are risks with realising Kāinga Ora's Asset Maintenance savings.** These savings are based on reports undertaken in 2023 that show that efficiencies are available that would reduce the level of expenditure by Kāinga Ora. However, these savings do not currently have an implementation plan and based on discussions with Kāinga Ora, the Treasury is not convinced that they will materialise at the level signalled (27%) which could lead to Kāinga Ora expenditure being higher at future fiscal updates than would be forecast at BEFU 2024. As Kāinga Ora is a Crown Entity, you have limited levers to manage this risk.

22. To help mitigate these risks, we recommend that the Kāinga Ora Board be held accountable for implementing and realising these savings and that this is tracked and monitored with a granular savings plan and regular reporting on specific metrics. The draft letter we have provided for you to send to the Kāinga Ora Board outlines these expectations.

Kāinga Ora Debt Forecasts

23. At the Housing Budget Bilateral on 20 March 2024, you noted that the amount of debt to Kāinga Ora accounted for in the fiscal forecasts exceeded the approved amount of debt by around $3.8 billion. In the preliminary BEFU forecasts the excess is $1.8 billion. Our March 22 advice (T2024/784 refers) identifies that this is because the forecasts approved by the Kāinga Ora Board are based on an asset renewal strategy that requires either more debt than the Government has approved, or a greater rate of sales than Treasury considers to be realistic based on previous actual sales rates from Kāinga Ora.

24. Officials prepared a letter for you to send to the Kāinga Ora Board, outlining your expectations around realising proposed savings. The letter also directs that the Kāinga Ora Board should not assume that further Crown debt will be provided, and that it should better streamline its delivery pipeline to manage within approved funding. This letter is currently with the Minister of Housing for his consideration.

25. We expect that Kāinga Ora will revise its forecasts in line with the expectations outlined above when they submit its final forecasts to the Treasury as part of its final BEFU submission. The scale of the improvement to OBEGAL and net core Crown debt is heavily dependent on how Kāinga Ora implement your expectations.

26. Based on a model developed by the Treasury for the Kāinga Ora Independent Review, implementation of these changes could result in a reduction in net debt of around $2 billion, and an improvement to OBEGAL which may be in the order of $1 billion over the forecast period. However, it is highly likely that the impact reflected through the forecasts provided by Kāinga Ora will be significantly lower. We will provide you with advice regarding the revised forecasts once these are received from Kāinga Ora.

Budget Technical Accounting Costs

Amortisation Accounting Expenses

27. On Monday 29 January 2024, we provided you with advice that HUD had insufficient appropriated operating funding to meet non-cash amortisation expenses associated with programmes in the Housing portfolio (T2024/157 refers). HUD also provided advice on the issue (HUD2024-003697 refers).

28. You have formally agreed that HUD could seek authorisation for the amortisation of upfront payments for all committed programmes and Affordable Housing Fund proposals at part of the Budget Technical process. The aggregate effect of these changes across the forecast period is an increase in net-debt of $21m, and a $60m improvement to the OBEGAL position relative to forecasts.

29. In January 2024, HUD sought clarity from the Minister of Housing on his preferred option with respect to requirements for Accounting for Upfront Payments and Amortisation Expenses (HUD2024-003578 refers) which included uncommitted projects. We understand that you agreed notionally to authorise total amortisation required for all applicable programmes funded (i.e. including uncommitted funding as well). However, we note that no explicit agreement in writing has been sought from you to make all necessary appropriation changes, including the appropriation of additional non-cash funding for amortisation expenses for uncommitted contracts in the housing portfolio.

30. HUD has submitted a single Budget Technical initiative 16030, *Accounting for Upfront Payments and Amortisation Expenses* that aggregates appropriation changes required for both committed and uncommitted contracts. The fiscal implications of these changes are as follows:

    a Within the forecast period, an improvement to the OBEGAL position of $30.275m and an increase in net-debt of $204.405m;

    b Beyond the forecast period, a deterioration to the OBEGAL position relative to projections of ~$65m p.a. and decreased borrowing relative to projections of $16.6m p.a.

31. Given these fiscal implications, we are seeking formal agreement to include funding required to authorise total amortisation for all programmes (both committed and uncommitted), with the corresponding fiscal implications as outlined above.

Shovel Ready Accounting Expenses

32. We advised you on 26 March 2024 that two Shovel Ready projects do not have sufficient appropriated non-cash operating funding to write down the assets when these are vested in the Councils (T2024/796 refers).

33. We consider that there is limited discretion about whether to incur these costs [33] and so seek your decision to either manage the fiscal impacts of this within allowances, or to have them flow through to OBEGAL directly. HUD has signalled that it can meet $8.1m of write down costs for [33] from existing appropriated funding in this financial year.

34. At a meeting between the Minister of Housing and his officials on Thursday 28 March 2024, an additional $80m of operating savings was identified from the Large Scale Projects and it was signalled these savings would be used to offset the operating funding requirements for divesting the [33] project ($75m).

35. Returning the additional $80m of operating funding from the Large Scale Projects will stop further infrastructure investment stormwater and roading upgrades in these projects, and result in a reduction in homes enabled by approximately 500. Next steps for Large Scale Projects more broadly, and the role the Government should play in this sort of infrastructure investment, should be considered as part of your review of the broader housing funds and programmes work (outlined in more detail below).

36. On the back of Budget Matters on Thursday 28 March 2024, we are seeking your agreement that the Shovel Ready write down costs and additional savings from the Large Scale Projects to largely offset the cost, be included in the Budget 2024 Package.

March Baseline Update (MBU) Savings Submissions

37. As part of MBU, HUD updated its fiscal forecasts relative to HYEFU to reflect that it is expecting to incur lower expenses than the maximum appropriated amount in several appropriations. Some of these changes overlap with initiatives submitted through the Budget 2024 exercise. This is because HUD still anticipates reduced forecast expenditure in these appropriations regardless of Budget decisions, for example due to changing demand or market conditions. We still support these Vote Housing savings, and as they relate to appropriated funding, we have included these in the Budget Package even though they have also been reflected in the preliminary BEFU.

Contextual Housing Matters

[33]

Kāinga Ora Independent Review

41. The Kāinga Ora Independent Review, chaired by Sir Bill English, presented its findings to you on Wednesday 3 April 2024. The draft report makes recommendations on both Kāinga Ora and the wider social housing system, due to the performance of the former being intertwined with the latter.

42. The draft report has not identified quantifiable fiscal savings, but instead recommends setting an expectation that a refreshed Kāinga Ora Board make a credible plan to eliminate losses. However, implementing some of the recommendations would have significant fiscal implications that have not been worked through. We recommend these are considered at Budget 2025.

Housing Matters Considered Through Vote Social Development

43. The Treasury and the Ministry of Social Development (MSD) have previously provided an updated costing for initiative 15523 *Limiting homeowners' access to Accommodation Supplement,* which would now save $184.2m across the forecast period (T2024/624 refers). A summary of all savings initiatives in Vote Social Development that relate to housing is provided at **Annex A**.

44. MSD has also developed an alternative option, which would be easier to implement. After considering the Treasury and MSD's joint advice, you indicated that you wish to discuss this initiative with your colleagues, including Minister Upston. We recommend you take a decision on this initiative now and communicate it to Minister Upston, whose agreement will also be needed.

45. The original option would limit homeowners' access to Accommodation Supplement (AS) to a maximum of twelve months, after which, a two-year non-entitlement period would apply. Recipients of NZ Superannuation, a Veteran's Pension, or Supported Living Payment would be excluded from this change. Further policy decisions (for instance, relating to changes in household composition) will likely be required, but these are not expected to have a material impact on the costings.

46. An alternative option would be to raise the AS entry threshold for homeowners. Currently, homeowners must pay 30% or more of their household income towards housing costs to be eligible for AS. This proposal would raise the threshold to either 40% (saving $63m over the forecast period) or 45% (saving $101.6m over the forecast period). Given that $175m in savings from this initiative are currently included in the draft Budget 2024 package (based on an earlier costing), shifting to either alternative option would result in a smaller saving, but would be easier to implement.

47. We also note that housing costs greater than 30% of income are generally considered unaffordable, and the proposed thresholds are well above this level. Again, however, this change would exclude homeowners who receive NZ Superannuation, a Veteran's Pension, or a Supported Living Payment.

48. There will also be interaction between this proposal and the proposal to include the contributions from all boarders when calculating entitlement to housing subsidies, because some homeowners receiving AS will also have boarders. If Ministers agree to both proposals, the cumulative savings may be less than anticipated due to these interactive effects.

49. MSD's Independent Rapid Reviewer has also recommended changes to this initiative, which also may reduce the quantum of savings realised. Nonetheless, we still recommend a decision on proceeding with the change or not, to support the Budget process.

Annex A – Vote Social Development housing support savings initiatives at Budget 2024

The table below shows the initiatives currently included in the draft Budget package and the associated costings, with the exception of initiative 15523. The costings for initiative 15523 (Limiting homeowners' access to Accommodation Supplement) are currently acting as a placeholder. Alternative options for this initiative, ranging from $60m to $180m in savings over the forecast period, are set out in the Treasury and the Ministry of Social Development's joint advice, and a decision has yet to be finalised (T2024/624 refers).

ID#	Initiative title	Initiative description	2023/24	2024/25	2025/26	2026/27	2027/28	Total Forecast Period
15564	Including Boarders' Contributions in the Calculation of Subsidies for Private and Social Housing	This savings initiative returns funding by changing the way contributions paid by boarders are recognised when calculating entitlement to housing subsidies, including Accommodation Supplement, Temporary Additional Support and Income-Related Rent Subsidy. This saving is partly offset by a small capital implementation cost, which is not shown here.	-	2.017	(10.993)	(64.015)	(77.964)	**(150.955)**
15522	Tightening the gateway for emergency housing and continuing support services	This savings initiative returns funding from forecast reductions in demand for emergency housing, which results from continuing emergency housing support services for two years and tightening the emergency housing gateway settings. It also returns $6.5 million from ending the Housing Support Product pilot.	(6.489)	(19.403)	(53.700)	(126.352)	(144.602)	**(350.545)**
15523	Limiting homeowners' access to Accommodation Supplement	This savings initiative returns funding by restricting homeowners' access to Accommodation Supplement (AS) from early 2026. Homeowners will be able to claim AS for up to twelve months and will then be subject to a two-year stand-down period. This will not apply to homeowners receiving New Zealand Superannuation, a Veteran's Pension, or a Supported Living Payment.	-	3.190	3.148	(58.069)	(123.335)	**(175.066)**