

18 December 2023



Thank you for your request of 20 November 2023, to Kāinga Ora - Homes and Communities, requesting the following information under the Official Information Act 1982 (the Act).

- 1) *In an interview from 8 July 2023 with Newshub Nation([YouTube](#)), Kāinga Ora CEO Andrew Mackenzie confirmed that Kāinga Ora’s “average cost per square meter [...] was \$3,462 plus GST [...] for the last six months.”. Please provide the analysis used to calculate this figure, including a breakdown of constituent costs included (that is, the construction labour, professional fees, consenting fees and materials costs, but excluding land and infrastructure).*
- 2) *Kāinga Ora Annual Report 2022/23, page 25 [Annual Report 2022/23](#), states Kāinga Ora “invested \$2.6 billion building new homes” for the financial year. Please advise the total expenditure on different types of buildings/dwellings, the number of each completed and the total floor area (m²) of the dwellings built.*
- 3) *Kāinga Ora’s 2023 - 2024 Statement of Performance Expectations, on page 55 states Kāinga Ora is forecast to invest \$2.574 billion on redevelopment and acquisition of new builds for FY 2022/23. Please advise the total expenditure on different types of buildings/dwellings, the number of each completed and the total floor area (m²) of the dwellings built or planned to be built (excluding land and infrastructure costs).*
- 4) *We have compiled a list of developments Kāinga Ora has completed in 2023 from the Kāinga Ora website. An Excel file containing this list is **attached**. Please provide the following information in respect of this list:*
 - *The total floor area (m²) of these developments (a close approximation or estimate will also suffice)*
 - *The total construction, materials and labour expenditure attributed to these developments (for clarity, excluding infrastructure and land costs).*

It is important to note that an average comparison of our build costs with private sector developers is not an equal comparison. Our build programme spans across a wide range of diverse developments and housing types (free standing homes, duplexes, terraces and apartment buildings) throughout New Zealand, and often include components of wider urban development.

We also build to minimise environmental impacts (in construction as well as ongoing use of our homes) such as carbon emissions, minimise construction waste and ensure the preservation of natural heritage features.

Kāinga Ora design requirements differ from private developers to cater for the needs of public housing customers, and us as New Zealand's largest landlord. Our design requirements often exceed legislative controls, such as the Building Act, the New Zealand Building Code and Residential Tenancies (Healthy Homes Standards) Regulation. One example of this is our apartment dimensions often need to be larger than private developments given the mobility and universal design requirements of our customers. Our homes also need to be able to withstand accelerated wear and be cost-efficient to operate as a public home for over 70 years.

We have been delivering new developments to a minimum of 6 Homestar (V4.1), and a few innovative buildings have achieved 7 and 8 Homestar (V4.1). This delivers a range of environmental benefits and increases water and energy efficiency, delivering less expensive ongoing bills for Kāinga Ora customers. Private developers have no obligation to deliver developments achieving 6 Homestar or above.

In addition to this, Kāinga Ora has engagement and consultation obligations under the Kāinga Ora Homes and Communities Act 2019 - this all adds time and costs to our developments that are not required by private developers, and it is therefore difficult to directly compare Kāinga Ora build costs with the costs of private developers given these differences.

I will respond to your questions in order.

Question 1

The average \$/m² cost of Kāinga Ora construction varies widely depending on a range of complicated variables that include factors such as typology, size, build and durability standards, construction methodology, and region. Based on the current methodology utilised within Kāinga Ora the average contracted build cost across all operating regions and unit typologies, is \$3,462/m² plus GST (based on analysis from the six months to March 2023).

The calculation for Build Cost per square metre was a national average for recently contracted projects; the lowest contracted Build Cost (in the six months to March 23) is \$2,941/m² plus GST in North and West Auckland, and the highest contracted Build Cost is \$5,221/m² plus GST in Otago and Southland (it should be noted that these outliers will be skewed by extenuating circumstances and therefore should be treated carefully until the full context and final cost at completion is understood).

Calculation Considerations:

- Kāinga Ora Build Cost is defined as construction of a dwelling, from foundations/floor slab up. This excludes Civil & Site Works and non-construction costs (e.g. Consultants fees, consent costs, GST, etc.)
- Sample size: The headline data for the Kāinga Ora per/m² rates above is based on projects contracted over the six months in the lead up to March 2023. This represents 104 contracts delivering 364 units with a mix of unit typologies
- Kāinga Ora unit typologies are Houses (stand-alone, duplex, terrace), 3 Level Walk-Ups and Apartments
- If the Gross Floor Area (GFA) is not readily available at the point of data collection, the Kāinga Ora standard GFA for the typology is assumed
- If the breakdown of different cost categories within the contract amount is not specified (fixed contract sums) our benchmarks are used to pro-rata costs
- It should be noted that the information provided pertains to Kāinga Ora led development / redevelopment and not to other Kāinga Ora purchased developer-led or market acquisition projects.

The following tables show the data used to calculate the average build cost per square metre:

Price bands	Projects	Units	Bedrooms	Cost of build	Average \$/m ²	Gross floor area (m ²)
Up to \$2,500m ²	3	11	29	\$2,999,012	\$2,377	1,250
Up to \$3,000m ²	24	96	296	\$31,533,413	\$2,812	11,151
Up to \$3,500m ²	36	105	336	\$38,591,692	\$3,224	12,012
Up to \$4,000m ²	21	52	102	\$14,958,836	\$3,740	4,027
Up to \$4,500m ²	10	45	103	\$16,431,226	\$4,249	3,892
Up to \$5,000m ²	7	47	95	\$18,613,806	\$4,707	3,850
Up to \$5,500m ²	3	8	20	\$2,744,994	\$5,128	538
Total	104	364	981	\$125,872,980	\$3,462	36,720

Typology	Projects	Units	Bedrooms	Cost of build	Average \$/m ²	Gross floor area (m ²)
Duplex	38	148	373	\$45,180,410	\$3,364	14,288
House	58	156	489	\$59,585,225	\$3,458	17,525
Terrace	5	19	39	\$4,806,792	\$3,673	1,447
Walk-up	3	41	80	\$16,300,552	\$4,449	3,461
Total	104	364	981	\$125,872,980	\$3,462	36,720

Typology	Projects	Units	Bedrooms	Cost of build	Average \$/m ²	Gross floor area (m ²)
Northland	7	15	57	\$7,894,187	\$3,820	2,000
Central and East Auckland	7	44	121	\$18,738,174	\$3,571	4,500
Couties- Manukau	20	64	190	\$22,619,927	\$3,326	6,934
North and West Auckland	8	33	97	\$11,503,705	\$2,941	3,981
Taranaki, Manawatu, Whanganui	4	13	38	\$4,355,367	\$3,159	1,382
East North Island	6	13	34	\$4,959,882	\$3,912	1,261
Waikato	9	35	101	\$11,886,957	\$3,409	3,670
Wellington/Kapiti	2	3	7	\$1,154,781	\$4,408	259
Bay of Plenty	3	11	23	\$3,200,277	\$3,414	936
Canterbury	35	115	276	\$33,440,790	\$3,381	10,392
Rest of South Island	3	18	37	\$6,118,933	\$4,705	1,405
Total	104	364	981	\$125,872,980	\$3,462	36,720

Question 2

The figure of \$2.6 billion invested in building new homes in the FY2022/23 Annual Report relates to the capital invested in associated construction activities across the financial year.

Investment Programme	Invested cashflow (\$m)
Redevelopments (Kāinga Ora-led)	1,333
Acquire new (developer-led)	880
Acquire existing	227
Strategic land purchases	78
Capitalised overhead	55
Total	2,573

The number of homes completed and floor area have not been provided, as the above figures relate to cash flow (capital expenditure) for developments in progress for future years delivery, alongside deliveries in FY2022/23.

The detailed listing in response to question 4 will provide a better view of total cost to complete delivered homes irrespective of the financial year cash was invested.

Additional explanation for the stated investment programmes:

- Redevelopments – led by Kāinga Ora, new homes constructed on existing Kāinga Ora land. Stated amounts are the total development cost, inclusive of civils directly attributed to the development. The split of actual incurred development cost types varies due to contract types and development partners engaged for specific stages during a development, therefore the total capital expenditure is stated in the above table.
- Acquire new – new home and land purchased directly from a developer. This total relates to both land and buildings, consistent with contracts and payment terms between Kāinga Ora and the developer. Split out of construction only related financial amounts are not provided to Kāinga Ora due to commercial sensitivities for the external developer.
- Acquire existing – existing home and land purchased from the market for targeted Public or Supported housing requirements.
- Strategic land purchases – the purchase of vacant land to enable future Public or Supported housing opportunities through the Redevelopment programme.
- Capitalised overhead – allocation of Kāinga Ora personnel, and associated expenses, directly attributed to the development of Public and Supported housing. Costs are transferred to capital work in progress where the associated capitalisation policy is met.

Question 3

The figure of \$2.574 billion from the 2023-2024 Statement of Performance Expectations relates to the capital forecasted in associated construction activities across the 2022/23 financial year. This is the same basis as the response in question 2 relating to actual cash invested, therefore forecasts for unit delivery and floor area have not been provided. The investment programmes stated are also consistent with the response to question 2.

Investment Programme	Invested cashflow
Redevelopments (Kāinga Ora led)	\$1,385m
Acquire new (developer led)	\$988m
Strategic land purchases	\$120m
Capitalised overhead	\$81m
Total	\$2,574m

Question 4

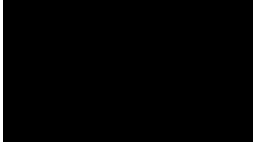
The Official Information Act 1982 requires that we advise you of our decision on your request no later than 20 working days after the day we received your request. Unfortunately it will not be possible to meet that time limit and we are therefore notifying you of an extension of the time to make our decision, to 23 February 2024.

This extension is necessary because meeting the original time limit would unreasonably interfere with the operations of the department. If we can respond sooner, we will do so.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that Kāinga Ora proactively releases our responses to official information requests where possible. Our response to your request may be published at <https://kaingaora.govt.nz/publications/official-information-requests> with your personal information removed.

Yours sincerely



Gareth Stiven
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