Quarterly Report

1 October – 31 December 2024

The Quarterly Report is the Kāinga Ora Board's report to the Ministers. The purpose of the report is to communicate our performance against our Statement of Performance Expectations measures, key areas of focus, and outline some of our achievements, challenges and risks, to demonstrate how we are delivering value to New Zealanders.

Financial performance continues to track better than expected. Our year-to-date net deficit after tax is now $73 million better than budget (up from $32 million in Quarter 1), driven by tight control of expenses.

Key **savings initiatives** for 2024/25, covering both capital and operational expenses are on track, with year-to-date savings of $143 million, **18 percent above target**.

There was a **slight increase in the number of current tenants in rental arrears**. However, the **value** of rental arrears **decreased by $1.2 million** over the quarter as our collection efforts continued.

Our **new Rent Debt Policy** came into effect on 11 February. The policy focuses on **preventing tenants from getting into debt** and early intervention to support tenants to repay their debt quickly when payments are missed.

The number of reported **disruptive behaviour** cases **increased by 8 percent** from last quarter, however people are now **waiting less time** for complaints about disruptive behaviour to be resolved – **averaging 11 days at end of quarter 2** in December 2024 compared to **14 days at the end of quarter 1** in September 2024.

Year-to-date we have delivered gross **1,446 social homes**. Another **2,185 homes** are either **contracted or in construction** for delivery for 2024/25. We are mitigating risk in our delivery targets by allowing a modest buffer in our 2024/25 pipeline.

Majority of our **SPE measures are on track** to meet 2024/25 SPE targets. Due to project delays and extended sales periods, we are at risk of not meeting four urban development SPEs (3.1, 3.3, 3.5, 3.8). We are working with development partners to mitigate these risks and focusing on good commercial outcomes across the multi-year programme. The original land sales target of $242million in FY2024/25 will not be met due to the timing of sales being later than anticipated; however, we forecast sales to recover next fiscal year, supported by the strengthening market.

Our finances

Income and expenses

Financial performance continues to track ahead of budget. Our year-to-date net deficit after tax is now $73 million better than budget (up from $32 million in Q1), driven by tight control of expenses.

	Year to date			Full year		
($ million)	Actual	Budget	Variance	Forecast	Budget	Variance
Rent	1,088	1,085	2	2,215	2,207	8
Appropriations & other Income	43	43	(0)	82	86	(4)
Total income	**1,131**	**1,129**	**2**	**2,297**	**2,293**	**4**
Repairs & maintenance	252	288	36	567	578	10
Council rates	138	143	5	287	287	-
All other property expenses	64	68	5	130	138	8
Demolitions	14	17	3	34	40	6
Total property expenses	**467**	**515**	**48**	**1,018**	**1,042**	**24**
People expenses	182	179	(2)	346	346	(0)
Consultants & contractors	21	30	9	52	57	5
Technology	25	28	3	55	55	(0)
Other non-property expenses	26	34	8	66	66	0
Total non-property expenses	**254**	**271**	**17**	**520**	**524**	**4**
Write offs	50	63	13	174	199	25
Net (gain)/loss on sales	8	(0)	(8)	(0)	0	0
Total expenses	**780**	**849**	**70**	**1,711**	**1,765**	**54**
Net contribution from income after offsetting expenses[1]	4	-	4	-	-	-
EBITDA	**354**	**279**	**75**	**586**	**528**	**58**
Net interest expense	300	316	17	646	658	12
Depreciation & amortisation	250	240	(9)	480	480	(0)
Tax	(32)	(41)	(10)	(75)	(77)	(2)
Net surplus/(deficit) after tax	**(163)**	**(236)**	**73**	**(466)**	**(534)**	**68**

[1]These include land sales and cost of sales, vested council infrastructure income and expenses and first home grants income and expenses.

Our **year-to-date income of $1,131 million** shows steady growth in rental revenue. We anticipate this to continue through to year-end with minimal risk to Budget expectations.

Expenses are being held consistently below budget. Our first two quarters have seen a total year-to-date benefit of **$70 million**:

- **Reduced repairs and maintenance costs** significantly contributed to this**,** due to improved practices and better procurement.
- **Demolition and associated write-off costs** are $16 million under budget reflecting fewer demolitions and the Government's decision to shift 400 social housing deliveries into the next financial year, reducing site clearance and improvement write-down costs.
- **Consultant and contractor costs** are also **$9 million below budget**, driven by Management's efforts to reduce dependency on contractors.

Full-year forecasts were updated in December 2024, incorporating changes since the Budget was set in June 2024. At that point in time, **repairs and maintenance costs** were projected to **end the year $10 million lower** than budget. However, more recent financial results indicate that this underspend is likely to be materially more than $10 million. We are currently working through a revised financial forecast and will have an updated view in the next few weeks. It is worth noting that these savings are not the result of deferred maintenance but rather a more strategic approach, ensuring the right work is done at the right time to a high standard. Tenant satisfaction with maintenance has remained high over the last three months, increasing from 82% to 83%, reinforcing the effectiveness of this approach.

While the year-to-date result includes lower write-offs than budgeted, we are in the process of updating forecasts anticipating the need to write-off costs related to cancelled developments once the ongoing review is completed. These write-offs could be significant, ranging between $80 million and $130 million, excluding additional write-offs expected from the Kāinga Ora Land Programme.

Other risks to the forecast include costs associated with a loss on sale of properties within the Kāinga Ora Land Programme noted above, redundancy expenses associated with further people changes later in the 2024/25 financial year, and investment in critical improvements to our information technology. Some of this expenditure should result in lower spend in future years for what will be a more streamlined and efficient organisation.

Capital investment update

Capital investment **is currently at $1,458 million** (47 percent) year-to-date against a budget of $3,074 million.

	Year to Date			Full year		
($ million)	Actual	Budget	Variance	Forecast	Budget	Variance
Home builds	1,161	1,551	391	2,214	2,187	(27)
Other home additions	12	-	(12)	12	22	10
Land purchases	2	46	44	15	93	78
Retrofit and maintenance programmes	172	200	28	411	411	-
Urban development	103	168	65	360	320	(40)
Infrastructure	8	21	12	41	41	-
Total capital investment	**1,458**	**1,986**	**528**	**3,054**	**3,074**	**21**

The full year capital investment forecast has been updated to align with Ministerial expectations on volume of deliveries, covering the construction programme and large-scale urban development projects, including land investments. Despite the significant underspend year to date, expenditure is forecast to largely close the gap to Budget by year end, as key projects progress, noting we are revisiting the timing of spend in detail in February

Capital home delivery programme at completion

Capital forecast for new homes in 2024/25 includes all costs incurred since the start of the projects, including prior financial years. Forecast home delivery is based on the Ministerial direction outlined in the August 2024 Letter of Expectations. This is a capital investment 'cost to complete' view and the total spend is across multi-years in line with construction delivery.

2024/25 Deliveries	Oct-24 Forecast*			Jan-25 Forecast		Variance
	Homes	At completion spend ($m)	Cost per unit ($m)	At completion spend ($m)	Cost per unit ($m)	At completion spend ($m)
Redevelopment	1,966	1,466	0.75	1,390	0.71	76
Market Delivery	1,461	1,223	0.84	1,164	0.81	59
Total	**3,427**	**2,689**	**0.78**	**2,553**	**0.75**	**135**

*Treasury half year economic and fiscal update (HYEFU)

In October we forecast a **total cost of $2.69 billion to complete 3,427 homes**, at an average cost of $780,000 per home. The forecast average cost on delivering the budgeted homes, is tracking below October forecast assumptions at $750,000 (around $30,000 less per home), resulting in a **forecast underspend at completion of $135 million.** The pipeline forecast is tracking higher than the budget due to our strategic decision to over-commit to reduce delivery risk. We are exploring options to shift some deliveries to 2025/26.

Our Transformation Savings Initiatives

In December, we launched our Transformation Office to support our Reset Plan and budget commitments. Key savings initiatives included in our 2024/25 budget are on track, with year-to-date savings of $143 million exceeding target by 18 percent (around $22 million).

- The **largest contributor to the total savings** comes from maintenance, which is on track **at $30 million better than budget year to date**. Year-to-date maintenance savings are materially better than budget. As noted previously, these savings result from a more strategic and efficient approach to our maintenance programme. However, cost pressures remain due to the reinstatement of homes previously earmarked for redevelopment back into the letting pool. While this requires upfront investment, it will drive improved revenue into future years.
- Relative to targets, the **retrofit initiative** (within asset management) accounts for **$19 million improvement** against expectations year to date. These savings are driven by design standard changes, better procurement processes and a more competitive market
- **Organisational savings** have been achieved by maintaining downward pressure on staffing levels. Additional savings efforts are underway to meet 2025/26 budget targets ahead of time ($3.7 million operating expenses and $8.7 million capital expenses).
- **Construction cost savings** are tracking better than the savings target by $2 million. We remain on track to achieve the savings target due to strong economics on projects forecast to deliver by the month of June 2025.
- With all but two initiatives expected to meet or exceed target, and the key maintenance initiative on track, **we anticipate $337 million savings by year end** – over **$63 million more than the full-year savings target**.

Our customers*

Strengthening our community engagement in connection with our development activities

Over the quarter, we have continued to see significant interest from key stakeholders and communities about build projects under assessment. Following updated guidance in October 2024, we are experiencing an improved reception from key stakeholders.

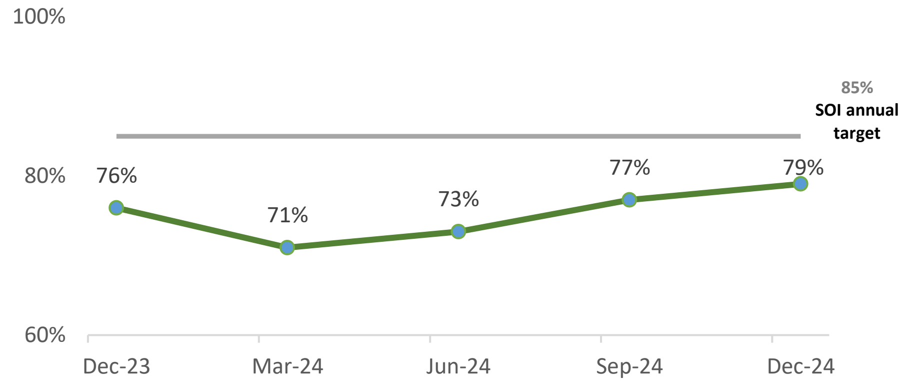
Continuing from Quarter 1, our largest volume of feedback comes from communities concerned about vacant property and land. Queries are generally about disrepair, the future of sites or frustration at decision-making timelines. We are mitigating this with proactive engagement and ensuring communication with our maintenance and development teams to resolve issues where appropriate.

Improvement in customer satisfaction results

Overall satisfaction with repairs and maintenance has continued to trend upwards in the financial year to date, **increasing from 78 percent at the end of 2023/24 to 83 percent at the end of Quarter 2**. Customer satisfaction with time taken for maintenance work to be completed has risen to 85 percent this quarter, the highest level in two years and despite a 4 percent drop from Quarter 1 satisfaction with quality of maintenance remains high at 77 percent in Quarter 2.

Customer **satisfaction with their home** continues to **trend upwards at 79 percent** compared to 77 percent last quarter. Only 8 percent of customers were dissatisfied with their home this quarter. This is the lowest dissatisfaction score we have seen over the last reporting year. While we are seeing improvements in satisfaction results, we are still slightly under our 2022-2026 SOI target of 85 percent.

Figure 1: Customer satisfaction with my Kāinga Ora home



Source: Customer Satisfaction survey results of 'my Kāinga Ora home' as at 31 December 2024.

Proactively managing rental arrears and disruptive customers in line with government expectations

Rental Debt

The number of current tenants in rental arrears rose slightly (by 463) to 7,578 in the last month of the quarter, an expected seasonal increase over the Christmas and holiday period.

However, the value of **rental arrears decreased by $1.2 million** over the quarter, highlighting a continued reduction in the median arrears amount. Half of tenants in rental arrears now owe less than $600, an improvement compared to $700 at the same time last year.

The reduction in value of rental arrears for current tenants has occurred through our stronger emphasis (since March 2024) on working with tenants in debt to ensure they are paying rent when they should, and that they have arrangements in place to address any arrears.

* Detailed reporting on these topics is provided to the Ministers on a monthly basis.

Table 1: Value of rental debt and number of tenants in rental arrears

	Q2 2022/23	Q2 2023/24	Q2 2024/25	Quarterly trend
Rental debt ($ million)				
Current tenants	17.8	21.1	16.5	
Former tenants	0.9	2.1	1.9	
Total	**18.7**	**23.1**	**18.4**	
Tenants in rental arrears				
Current tenants	9,052	9,471	7,578	
Former tenants	461	916	884	
Total	**9,513**	**10,387**	**8,462**	

This is reflected in our SPE 1.4 result which measures the percentage of customers who have decreased their rent arrears compared to the previous month, sitting at 81 percent compared to the 70 percent target.

Our SPE 1.3 result also reflects our increased proactive approach. The percentage of new debtors with a repayment arrangement in place within 21 days of rent overdue is at 91 percent against a target of 75 percent.

Implementation of Updated Rent Debt Policy

Our new Rent Debt policy took effect on 11 February 2025. It focuses on preventing tenants from falling into debt and ensuring we intervene early to help them repay missed payments quickly.

The policy also clearly outlines when we will take steps to end a tenancy. We will continue to support households facing hardship if they are making a genuine effort to get back on track with their rent. We will end tenancies for tenants who ignore their rent debt, repeatedly miss payments, and refuse to work with us. To prevent debt from escalating, we will begin the process of ending a tenancy sooner, ensuring tenancies do not accumulate more than 12 weeks of rent debt.

Partial Debt Forgiveness

A small number of our tenants have high rent debt. As part of our new approach, we are helping some of these tenants get on top of their rent debt faster by reducing the amount owed to a level that is more realistic for them to repay in full. We will only do this for tenants who are consistently paying their rent and making reasonable payments to reduce their debt. In return for this one-off help, tenants must continue reducing their debt.

Disruptive Behaviour

The focus on proactively managing disruptive customers and increasingly using the tools available to us under the Residential Tenancies Act has resulted in 486 s55A notices issued over the last quarter, up from 52 issued during the same period the previous year.

There have been 19 tenancy terminations for disruptive behaviour compared to 1 in the same quarter last year as shown by the table below. This indicates the new policy has increased enforcement actions to prioritise the wellbeing of other tenants and the wider community.

The number of reported cases of disruptive behaviour increased by 8 percent compared to the previous quarter. However, the time taken to resolve complaints about disruptive behaviour has improved from 14 days at the end of Quarter 1 in September to 11 days at end of Quarter 2 in December 2024.

While we have no clear evidence for what is driving the increased volumes in reported serious behaviour incidents, anecdotally we believe it is a reaction to Kāinga Ora being more proactive with the cases that are reported, which in turn is leading to more people reporting incidents. We will continue to monitor volumes over the coming months

Table 2: Disruptive behaviour incidents and tenancy terminations

	Q2 2023/24	Q2 2024/25
Disruptive behaviour incidents		
Total reported	875	1584
Total open at end of quarter	419	169
Total resolved	865	1608
Formal actions taken		
S55A notices issued	52	486
Tenancies ended due to serious disruptive behaviour		
Agreed relocation	62	28
Enforced relocation through s53B	2	2
Termination by order from Tenancy Tribunal	1	19

Our service delivery

Our Large-Scale Programmes (LSPs)

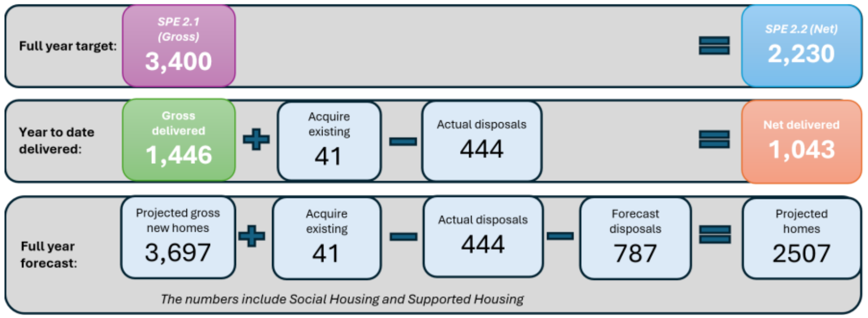
We continue to deliver the LSPs within the **revised programme funding of $1.867 billion**. Our target LSP milestones have improved, with the majority forecast to be near or on target, as outlined in Appendix 1*.

Land sales have been challenging over the past year, but we note significant recent improvement with good volumes of sales and improved pricing - build ready land is attractive to the developer and builder market. Over the course of calendar year 2024, 64 superlots were released for sale to the market; 52 of these superlots are now either contracted or in negotiation and Term Sheet stage. We continue to prioritise good commercial outcomes while enabling private sector investment. Real time data is being utilised to drive decision making and pursue opportunities with developers to improve our forecast out-turn for market sales.

Delivering our build programme

We remain focussed on delivering on our 2024/25 new housing commitments of **3,400[†] homes (gross)** and disposing of 1,231 homes, resulting in a **net total of 2,507** additional homes against **our 2,230 net target**.

Figure 2: Home delivery summary



[†] The SPE 2.1 target has been restated to reflect the 14 August 2024 regional purchasing intentions letter from the Minister.

We have delivered a gross 1,446 homes year-to-date and have completed 444 disposals, with a further 787 forecast. A total of 2,185 homes are either contracted or in construction for delivery for 2024/25.

Our forecast gross homes are 3,697 which is deliberately above the gross target so we can mitigate the risk of other projects not delivering on time. As the risk lowers, we will reschedule deliveries into 2025/26 to manage back to within target.

Mitigations for regions that are forecast to be below target

We have **high confidence** in meeting the net target in **9 of 11 regions**. We are managing a low to moderate degree of risk in 2 regions**:**

- **East Coast (under by 12)** – we are confident of contracting and delivering 12 additional homes, and (if needed) bringing forward the delivery of up to 16 homes from Quarter 1 of 2025/26 to deliver ahead of schedule.
- **Southern (under by 1)** – we are confident of rescheduling the remaining forecast 20 disposals to manage back within target

Tenanting vacant properties as quickly as possible

The number of total vacant homes **decreased to 1,101** by the end of the quarter as we focused on placing our customers into homes as quickly as possible. As a result, our SPE 2.8 measure of "Percentage of social homes in service that are let" (daily utilisation) is now on target, at **98 percent**.

Table 3: Utilisation of vacant homes

Vacant homes		% of Social homes	Monthly change	Quarterly change
Being made available to let				
Ready to let	572		*-87*	*-21*
Under repair	354		*-28*	*-60*
Coming into service	34		*26*	*-175*
Pending decision	141		*-3*	*13*
Total	**1,101**	**1.5%**	***-144***	***-243***
Homes in service	**70,026**			

We continue to exceed our SPE target of preparing homes for new tenants, with the time from **vacant to "ready-to-let**" dropping by 0.3 days from the last quarter to **18.8 days** for the year-to-date (target 23 days).

Our total time to let (from vacant until the home is let again) also decreased, reducing by half a day from the previous quarter to 29.2 days.

Our people‡

We continue to transform how we operate and deliver our services and have worked through several change proposals as we align to lower appropriated funding, our delivery operating model, and planned organisational efficiencies.

2024 Spatial Excellence Awards win

Our Sustainability and Development Planning teams won the **Environment and Sustainability Award** for their mahi on our Geographic Information System (GIS) **Amenity Access Tool**.

The tool helps Kāinga Ora assess whether a location of a development (or redevelopment) is in an area close to essential services such as employment, school, supermarkets or healthcare.

Optimising our operating model

A new structure for our housing delivery group has been finalised and implemented. This new operating model will ensure we can deliver housing the most cost-effective and efficient way possible.

Transformation to deliver on our outcomes

An Organisational Health Index Survey (OHI) was conducted in November 2024. The goal was to understand the strengths and areas for development as an organisation and in turn, to help us decide what areas to focus on to improve how our organisation operates and delivers. The results of the survey provide a strong case in support of the need for an organisational transformation.

We established a Transformation Office in December, which is now fully operational. The office will oversee our 'Transforming Kāinga Ora' programme which will shift how the entire organisation operates from our strategy, systems, processes, financial measurement and management to the organisation's capability, culture, and mindset.
This mahi will lead to:

- a greater ability to sustainably deliver our core mission for our tenants and the wider New Zealand community,
- improved organisational and financial performance,
- more efficient processes and systems to enable our people to successfully deliver,
- focused and accountable leaders,
- structured career progression,
- and targeted training and capability development.

The Reset Plan

The Reset Plan was released in early February with key focus areas around ensuring a disciplined approach to cost management, build and maintenance targets, and supporting our customers' needs.

The release of the Reset Plan enables us to fully align our organisation around the goal of serving our customers and communities in a way that creates a sustainable social housing legacy for future generations to enjoy. More information can be viewed on our website and future quarterly reporting is anticipated to reflect the direction set by that plan.

‡ Our internal delivery measures will be recorded in later reports as some are annual.

Our top organisational risks

Our organisational top risks and their mitigations are actively managed at Board, ELT and Group-levels. They reflect the current operating environment and ensure Kāinga Ora continues to focus on the Government's expectations.

Our focus this quarter has been on the following risks:

- **Tenancy management** – This addresses the risk that we do not get the balance right between being a firm but supportive landlord.

- **Cybersecurity** – This addresses the risk of a cyber incident compromising the confidentiality, availability or integrity of our information or systems, and impacting our ability to operate. We are continuing to strengthen our cyber-posture by actively managing our cyber-policy framework, policies and cybersecurity activities.

- **Cost discipline and longer term financial sustainability** – There is a risk that we do not adequately right-size the organisation to the level of work we are delivering, get value for money for every dollar spent and meet the Government's expectations in relation to our debt levels. Our Reset Plan sets out the future direction in this regard.

- **Delivery** – There is the risk that we do not achieve greater savings in how we build and optimise standards so that we can reduce costs whilst continuing to deliver new social housing that meets community needs.

- **Organisational health and resilience** – There is a risk that our workforce may not be sufficiently resilient to nimbly adapt to the significant shift in strategic direction and organisational transformation.

We continue to engage with Board, Finance, Risk and Assurance Committee (FRAC) and ELT to keep these risks current. Kāinga Ora is undergoing a Transformation Programme that is focused on addressing the above risks.

Appendices

Appendix 1: Statement of Performance Expectations Results

Key based on YE forecast results
- On track
- Off-track - mitigations in place to achieve year-end target
- Off-track – mitigations in place but achieving year-end target will be challenging

1
OUTPUT CLASS

Supporting our customers to live well with dignity, stability and connectedness

Scope of output class 1
Under this output class, Kāinga Ora establishes and manages public housing tenancies of individuals and households while supporting customers to be well connected to their communities.

How we performed

All measures in this output class are on track to meet the annual SPE 2024/25 targets.

	Performance measure	2024/25 target	Year to date result	Year end forecast
1.1	Percentage of new customers to receive *Support to Settle In* within the first 12 weeks of commencing their tenancy	*85%*	**97%**	On track
1.2	Tenant satisfaction with tenancy and Customer Support Centre interactions	*78%*	**81%**	On track
1.3	Percentage of new debtors with a repayment arrangement in place within 21 days	*75%*	**91%**	On track
1.4	Percentage of customers who have decreased their rent arrears compared to the previous month	*80%*	**81%**	On track
1.5	Percentage of tenants who are satisfied that their interactions with Kāinga Ora are culturally appropriate:	*75%*	**81%**	On track
	...and who identify as Māori	*75%*	**79%**	✓
	...and who identify as Pacific peoples	*75%*	**79%**	✓
1.6	Customer Support Centre average speed to answer telephone calls (seconds)	*≤3 minutes*	**0 minutes and 39 seconds**	On track
1.7	Percentage of reported incidents of disruptive behaviour incidents where a decision on appropriate action occurs within 15 working days	*90%*	**97%**	On track
1.8	Percentage of successful applications to the Tenancy Tribunal for tenancy termination due to disruptive behaviour	*85%*	**89%**	On track

2 OUTPUT CLASS

Growing, renewing and maintaining our homes

Scope of output class 2

Under this output class, we redevelop our current homes, build new homes, lease homes and purchase properties and land for building homes to meet the changing needs of our public housing and supported housing customer base.

How we performed

Home relocations (SPE 2.7) at risk of not meeting annual target

Despite the year-to-date result being ahead of target, we are at risk of not meeting full year target, due to a pause on redevelopments and site clearance. To mitigate the risk, we are actively working to identify homes in the redevelopment pipeline that are suitable for relocation but only where it is cost effective to do so. Meeting the year-end target will remain challenging.

Time taken to design and build a new public or supported home (SPE 2.5) The timeliness is impacted mainly due to the completion of several old legacy projects. We remain confident the target will be met and are closely monitoring this.

***SPE 2.3 The Board has directed that we no longer seek Homestar 6 certification from the NZ Green Building Council, however, most homes delivered in 2024/25 will be built to the Homestar 6 Standard.*

	Performance measure	2024/25 target	Year to date result	Year end forecast
2.1	Number of newly constructed Kainga Ora homes[4]:	*3,400*	**1,446**	
	...Social homes		**1,426**	
	...Supported homes		**20**	
2.2	Increase in the overall number of Kāinga Ora homes (net increase):	*2,230*	**1,043**	
	...Social homes		**1,054**	
	...Supported homes		**-11**	
2.3	New homes built to 6 Homestar standards**	*90%*	**100%**	-
2.4	Percentage of eligible newly constructed Kāinga Ora social homes meeting Full Universal Design Standards	*15%*	**10%**	
2.5	Time taken to design, consent and build a new Kāinga Ora social or supported home			
	... that are houses	*≤24 months*	**29**	
	... that are apartments	*≤49 months*	**48**	
2.6	New trainees in our construction apprenticeship or cadetship programme	*125*	**61**	
	...who identify as Māori	*25%*	**25%**	✓
	...who identify as Pacific peoples	*25%*	**10%**	✗
2.7	Existing social homes relocated to make way for new redevelopments	*10%*	**30%**	
2.8	Percentage of social homes in service that are let	*98.0%*	**98.0%**	
2.9	Average number of days from a social home becoming vacant to being ready to let	*≤23*	**19 days**	
2.10	Percentage of social housing customers satisfied with repairs and maintenance	*75%*	**83%**	
2.11	Timeliness of maintenance response	*90%*	**93%**	

[4] The original targets for SPE 2.1 (target 3,700) and SPE 2.2 (target 2,800) have been restated to reflect the 14 August 2024 regional purchasing intentions letter from the Minister.

3 OUTPUT CLASS

Delivering and facilitating urban planning and development

Scope of output class 3
Under this output class, we facilitate and deliver urban development projects.

How we performed
The full year forecast for **Hectares of land developed by Kāinga Ora (SPE 3.1)** has increased due to a state superlot being pulled forward from 2028/29 but remains just below target. We continue to collaborate with the Council to address and resolve known delays in issuing the required Engineering Approval Completion Certificates (EACCs) which are required to meet this measure.

Homes enabled (SPE 3.3) at risk of not meeting annual target. We are monitoring sales activities and working with developers to help them satisfy conditions and obtain possession. Of the remaining 935 homes forecast to be enabled by June 2025, we have categorised by risk the following:

- **High Risk** - 373 homes due to fallen sales agreements. Of this, 58 homes are forecast to sign an agreement by March and be enabled by June.
- **Medium Risk** - 109 homes which either have agreements signed or are close to signing.
- **Low Risk** - 453 homes. 244 of these are Kainga Ora owned land with an agreement in place.

The remaining 209 are Tamaki shared equity homes on track.

Projects milestones (SPE 3.5) unlikely to achieve the annual target due to delays in civil start for 2 Mount Roskill stages. Waikowhai Stage 3 has incurred a delay in design to combine with stage 4, leading to 15 months delay in civil works starting. Wesley West Stage 1 early works were delayed, and the programme revised to an 8 month delay.

Newly constructed homes (SPE 3.8) 24 of the 28 homes scheduled are on track to be completed this FY, though dependent on issue of Code Compliance Certificates by Council. We are working with TRC to confirm the ongoing programme and accelerate upcoming work.

	Performance measure	2024/25 target	Year to date result	Year end forecast
3.1	Hectares of land developed by Kāinga Ora	*13*	**6.6**	
3.2	Number of new homes that can be enabled on land developed by Kāinga Ora	*965*	**688**	
3.3	Number of new homes enabled on land developed and delivered by Kāinga Ora	*1,435*	**468**	
3.4	Affordable homes enabled as a percentage of total market and affordable homes enabled	*40%*	**56%**	
3.5	Percentage of project milestones met as per Large-Scale Project plans	*75%*	**33%**	
3.6	Housing developments that meet Urban and Landscape Design Quality expectations	*80%*	***Annual measure*[5]**	-
3.7	Projects assessed as potential Specified Development Projects	*Demand driven*	**0**	-
3.8	Number of newly constructed homes with delivery managed by Kāinga Ora on behalf of Tāmaki Redevelopment Company (TRC)	*28*	**0**	

[5] Given the reprioritisation of the Kāinga Ora – Homes and Communities Appropriation we will not be undertaking a quality urban and landscape design survey in 2024/25.

4

OUTPUT CLASS

Supporting Crown housing infrastructure and home-ownership initiatives

Scope of output class 4
Under this output class, we administer and monitor the Infrastructure Acceleration Fund (IAF) as agents for the Crown and support New Zealanders to purchase their first home by providing financial home-ownership products.

How we performed

All measures in this output class are on track.

	Performance measure	2024/25 target	Year to date result	Year end forecast
4.1	Number of new Buying off the Plans applications assessed for eligibility	*Demand driven up to 730*	72	-
4.2	Average number of days taken to assess a completed Buying off the Plans applications	*≤5*	2	
4.3	Number of First Home Loan mortgages underwritten	*Demand driven up to 3,600*	1,505	-
	...for applicants that are Māori		136	-
	...for applicants that are Pacific Peoples		34	-
4.4	The percentage of completed underwritten homes acquired by the Crown as part of the Buying off the Plans programme since its inception	*≤25%*	14%	
4.5	Percentage of Infrastructure milestones completed within the year	*80%*	35%	

Appendix 2: Financial Statements

2023/24 YTD Actual	Statement of financial performance ($ million)	Year to date Actual	Year to date Budget	Year to date Variance	Full year Forecast	Full year Budget	Full year Variance
917	Rent	1,088	1,085	2	2,215	2,207	8
48	Appropriations & other Income	43	43	(0)	82	86	(4)
964	**Total income**	**1,131**	**1,129**	**2**	**2,297**	**2,293**	**4**
343	Repairs & maintenance	252	288	36	567	578	10
131	Council rates	138	143	5	287	287	-
68	All other property expenses	64	68	5	130	138	8
32	Demolitions	14	17	3	34	40	6
573	**Total property expenses**	**467**	**515**	**48**	**1,018**	**1,042**	**24**
180	People expenses	182	179	(2)	346	346	(0)
31	Consultants & contractors	21	30	9	52	57	5
24	Technology	25	28	3	55	55	(0)
32	Other non-property expenses	26	34	8	66	66	0
267	**Total non-property expenses**	**254**	**271**	**17**	**520**	**524**	**4**
90	Write offs	50	63	13	174	199	25
(0)	Net (gain)/loss on sales	8	(0)	(8)	(0)	0	0
929	**Total expenses**	**780**	**849**	**70**	**1,711**	**1,765**	**54**
7	Net contribution from income after offsetting expenses	4	-	4	-	-	-
42	**EBITDA**	**354**	**279**	**75**	**586**	**528**	**58**
214	Net interest expense	300	316	17	646	658	12
206	Depreciation & amortisation	250	240	(9)	480	480	(0)
(70)	Tax	(32)	(41)	(10)	(75)	(77)	(2)
(307)	**Net surplus/(deficit) after tax**	**(163)**	**(236)**	**73**	**(466)**	**(534)**	**68**

Offsetting income and expenditure: below shows all the offsetting incomes and expenditures not visible in the income statement above.

40	Land sales	3	151	(147)	179	242	(63)
38	First home grants income	9	35	(26)	19	35	(16)
0	Vested council infrastructure income	-	56	(56)	74	67	7
78	**Total income**	**12**	**242**	**(229)**	**272**	**345**	**(72)**
33	Cost of sales - land	(0)	151	151	179	242	63
37	First home grants paid	9	35	26	19	35	16
0	Vested council infrastructure cost	-	56	56	74	67	(7)
71	**Total expenses**	**9**	**242**	**233**	**272**	**345**	**72**
7	Net impact to net surplus/(deficit)	4	-	4	-	-	-

Statement of financial position ($ million)	As at 31 December 2024 Actual	Budget	Variance	30 June 2025 Budget
Cash and financial investments	470	446	24	363
Prepayments & receivables	340	451	(110)	508
Properties held for sale	13	19	(5)	19
Properties under development	597	556	41	555
Mortgage advances	19	21	(3)	21
Interest rate derivatives	1	5	(5)	5
Income tax receivable	11	-	11	-
Intangible assets	25	-	25	-
Property, plant & equipment	47,905	50,326	(2,421)	52,861
Total assets	**49,380**	**51,824**	**(2,443)**	**54,331**
Accounts payable & other liabilities	522	489	(33)	490
Income tax payable	-	1	1	2
Provisions	45	64	19	64
Mortgage insurance scheme	67	74	7	84
Interest rate derivatives	29	24	(5)	24
Crown borrowings	9,669	10,053	384	12,912
Market borrowings	7,662	7,649	(13)	5,717
Deferred tax liability	1,517	1,815	298	1,881
Total liabilities	**19,510**	**20,167**	**658**	**21,174**
Equity attributable to the Crown	4,285	4,545	(260)	4,524
Retained earnings	91	(142)	234	(360)
Revaluation reserve	25,507	27,250	(1,742)	28,990
Hedging reserve	(13)	4	(17)	4
Total equity	**29,871**	**31,656**	**(1,785)**	**33,157**

Statement of cash flows ($ million)	Year to date Actual	Budget	Variance	Full year Budget
Cash flows from/(used in) operating activities				
Rent receipts – Crown income-related rent subsidy	706	722	(15)	1,469
Rent receipts – tenant	326	314	12	638
Crown appropriation revenue	66	87	(21)	139
Interest received	18	22	(4)	44
Income tax (paid)/received	-	48	(48)	46
Other receipts	36	50	(14)	99
Payments to suppliers and employees	(734)	(876)	142	(1,664)
Interest paid	(322)	(347)	26	(718)
Net cash flows from/(used in) core operating activities	**95**	**17**	**78**	**52**
Sales of developments	-	103	(103)	149
Land development costs	-	(168)	168	(320)
Net cash flows from/(used in) operating activities	**95**	**(47)**	**142**	**(119)**
Cash flows from/(used in) investing activities				
Net short-term investments (made)/realised	295	2	293	2
Sale of rental properties and other property plant and equipment	17	9	8	21
Mortgage and other lending repayments/(advances)	65	-	65	-
Purchase of rental property assets	(1,557)	(1,798)	241	(2,713)
Purchase of other property, plant and equipment	-	-	-	-
Purchase of intangible assets	(7)	(21)	14	(41)
Net cash flows from/(used in) investing activities	**(1,187)**	**(1,807)**	**621**	**(2,731)**
Cash flows from/(used in) financing activities				
Net capital contributions (to)/from the Crown	84	734	(650)	712
Crown debt drawndown/(repaid)	877	802	74	3,662
Market notes issued/(repaid)	-	-	-	(1,925)
Net cash flows from/(used in) financing activities	**961**	**1,537**	**(575)**	**2,449**
Net cash flows	**(130)**	**(318)**	**188**	**(401)**
Opening cash and cash equivalents	545	764	(219)	764
Closing cash and cash equivalents	**415**	**446**	**(31)**	**363**