



WEEKLY REPORT

Kāinga Ora – Homes and Communities

Practically release

For period ending 29 March 2024

11

Table of contents

1. Decisions or consultations sought this week	2
2. Updates for the Minister of Housing	2
3. Matters that fall under Minister Potaka's Delegations	7
4. Summary of papers sent	8
5. Upcoming advice to be delivered in the next month	8
6. Kāinga Ora OIA requests	10
7. Ministerial OIA requests	11

1. Decisions or consultations sought this week

There is one consultation sought this week on the future of the retrofit programme – Please refer Briefing Note (BN 24 012) on Retrofit Delivery FY25-FY26 in section 4 below.

For upcoming advice to be delivered in the next month please refer to section 5.

2. Updates for the Minister of Housing

Large Scale Projects (LSPs) overview

- Kāinga Ora is currently delivering the largest urban regeneration in New Zealand's history via six Large-Scale Projects (Northcote, Roskil, Māngere, Oranga, Tāmaki and Porirua). The Large Scale Projects portfolio comprises more than 20 years of land redevelopment and infrastructure activities that have the ability to enable the creation of up to 40,000 new homes to meet critical and growing housing shortages in some of our fastest growing areas.
- The Large Scale Projects involve the preparation of large tracts of landholdings owned by Kāinga Ora to enable new, healthy, warm, dry housing to be built, housing supply across different tenures to be increased, and landholdings in locations that have significant housing demand to be better utilised. These projects also create improved infrastructure, more connected neighbourhoods and better amenities as well as ensure a significant pipeline of work for construction companies.
- In addition to providing sites on which to build public homes, Kāinga Ora enables more affordable and market housing delivered by the private sector, where builder-ready superlots are sold to the market with outcomes and performance conditions attached (for example, a percentage of affordable housing or typologies like apartments and terraces).
- Since these developments were started the LSPs have enabled over 5,000 new homes which are developed by our private sector construction and development partners. 98 hectares of development ready land has been delivered and a further 27 is currently in progress. In addition, these projects have delivered numerous pieces of critical infrastructure such as Northcote's Te Ara Awataha greenway and Roskill's Freeland reserve - both stormwater solutions that enabled the neighbourhoods to survive the Auckland anniversary flood without damage. If floods of this magnitude had happened. In previous years, when these infrastructure elements were not in place, both locations would have seen significant damage done to property and beyond.

Next steps		Due
A briefing paper to the Minister on LSP options is being prepared by the Ministry of Housing and Urban Development (HUD) for discussion at the meeting on 2 April 2024 with the Minister and Kāinga Ora		28 March 2024
Contact person		
Mark Fraser	General Manager – Urban Development & Delivery	s 9(2)(a)

Arlington (Nga Kumikumi) – Community Engagement and Resource Consent Application		
<ul style="list-style-type: none"> The Resource Consent documentation for the Arlington (Nga Kumikumi) project is being completed and we are aiming to submit it at the end of April 2024. The Arlington project will deliver 301 homes and is our largest single development project to date. It is being undertaken on Wellington City Council land under long-term lease to Kāinga Ora. As part of the Kāinga Ora engagement process we plan to engage with the local community prior to the Resource Consent submission. As the project is a significant track Kāinga Ora project, Kāinga Ora must consult with the Minister prior to the Board approving the final business case, expected in May 2024. However, given the significance of the project we want to offer the Minister a briefing and opportunity to provide feedback prior to our next engagement with the community. 		
Next steps		Due
Confirmation by the Minister on the need for a briefing on the project is requested.		10 April 2024
Contact persons		
(First) Jonathan Scholes	Programme Director Delivery	s 9(2)(a)
Daniel Soughtton	Deputy Chief Executive - Te Puku Ikaroa - Central	s 9(2)(a)

LINZ Review of Survey and Title Fees

- Land and Information New Zealand (LINZ) is undertaking a review of LINZ survey and title fees.
- LINZ provides services required to maintain the land ownership register and cadastral survey records. These services are funded by fees charged to customers that access these services. The cost of survey title and administration is currently exceeding fee revenues. LINZ has attributed this deficit to a range of factors, including a combination of lower volumes of activity in the property market than previously forecast and the need for ongoing investment in modernising its platform Landonline.
- In February, Kāinga Ora was consulted on a draft Cabinet paper and discussion document, seeking approval for LINZ to publicly consult on its review of survey and title fees
- The public discussion document identifies three options for increasing fees to enable cost recovery. The preferred option sets out a model that will increase fees by varying proportions. For example, public land record searches will increase by 83 percent (from \$6-\$11), survey transactions will increase by 33 percent (from \$850 to \$1130) and title transactions by 23 percent (from \$90 - \$111). LINZ consider this option the most equitable means of apportioning fee increase across their services in line with administration costs and projected transaction volumes.

What this means for Kāinga Ora

- Our initial assessment indicates that the preferred option would increase costs to Kāinga Ora by approximately 49 percent. s 9(2)(f)(iv)
Note, these costs are likely to be much higher in practice, given that LINZ services are also completed indirectly for Kāinga Ora via consultants, developers and construction contractors.
- A review of a three month sample of invoices has highlighted that title transactions make up approximately 55 percent of our service use, followed by public land searches at 45 percent. These services are proposed to increase by 23 percent and 83 percent respectively.
- We have engaged with LINZ on their draft proposal, as we consider that our role as a social housing provider has not been reflected in the analysis or draft consultation document. Kāinga Ora is a high-volume user of LINZ services and unlike others in the property market, we are unable to pass increased costs onto an 'end-user'.
- We have suggested to LINZ that an alternative proposal is considered for Kāinga Ora, given that we are a high-volume user tasked with meeting urgent housing need. For example, through introducing a high-volume discount or weighting the proposed increases in a different way. The latter option would see proposed fee increases weighted more heavily towards document/title transactions, with a lesser increase applied to public land searches. This would reduce costs for Kāinga Ora given that searches make up much of our activity.
- LINZ have indicated that changes to legislation would be required to offer a fee discount. This sits outside the scope of their review, which is limited to updating existing regulations only. While we are unlikely to see a change to their proposal that reflects our concerns given the scope of their work, we expect the impacts we have identified will be raised in their advice to Ministers.

Next steps		Due
<p>Public consultation on the proposed fee changes is currently due to take place in April, followed by final Cabinet approval in July. New fees are expected to be in place by early 2025.</p> <p>We will work with relevant areas of the organisation to raise awareness of upcoming fee increases and continue to engage with LINZ to outline our concerns.</p>		N/A
Contact persons		
(First) Julian Silver	Director, Policy – Strategy, Finance and Policy	s 9(2)(a)
Gareth Stiven	General Manger - Strategy Finance and Policy	s 9(2)(a)

s 9(2)(f)(iv)		
<ul style="list-style-type: none"> █ [Redacted] █ [Redacted] █ [Redacted] █ [Redacted] 		
[Redacted]		Due
[Redacted]		N/A
Contact persons		
Patrick Dougherty	GM - Construction and Innovation	s 9(2)(a)
Caroline McDowall	GM - Commercial	s 9(2)(a)
Daniel Soughtton	DCE - Te Puku Ikaroa - Central	s 9(2)(a)

Transferring projects to the Housing Delivery System (HDS)

- The scale and pace of delivery through the HDS continues to increase.
- We're already reducing the design to consent phase of a project from 17 months to six weeks, helping councils process consents faster, and halving build times. This has been achieved by eliminating wasted time, and reducing errors and rework.
- We are also driving for transparency of pricing and evidenced value for money, looking to eliminate non-value added margins.
- We are aiming to reduce construction costs by 30 percent, through joint work with our labour and materials suppliers.
- The initial savings are included in our four-year construction budgets from 2024 for those homes built through the HDS. The budgeted savings for those financial years is approximately \$820 million, based on our current anticipated volumes.
- We are now at the stage of looking at how we can maximise these efficiencies with other projects in our pipeline.
- As part of this process, we have identified some existing projects in the pre-construction phase that will be transferred from our traditional build programme to this new delivery system.
- This means we are ending the existing contracts on these projects so those working in the HDS can pick up this work as part of the newly established processes.
- This follows an earlier transfer of projects in late 2023

Project summary

- The five projects are located in Whangarei, Papatoetoe, Mosgiel and Dunedin, with a combined estimated yield of 51 units. These units are scheduled for completion in FY 2024/25.
- There are approximately 20 external consultancy firms allocated to these projects. In some instances, work has already been completed and there is no business impact. Whereas some projects are still active, and the existing contracts will end.
- Some of these consultancies will continue working on other projects for us.
- Some consultancies also had contracts end in the previous tranche. Communications to this cohort will be tailored accordingly, to acknowledge the earlier project transfer.
- Impacted consultancies will be paid for work to date.

Next steps

We are now letting impacted consultancies know of this business decision. This is via advance phone calls and formal written communications clearly outlining the commercial rationale.

Due

Further updates at the Minister's request.

Contact person

Caroline McDowall

GM – Commercial

s 9(2)(a)

Public Service Pay Adjustment

- In 2023 Kāinga Ora opted into the Public Service Pay Adjustment (PSPA) in line with the 2023 Government Workforce Policy Statement. The PSPA is pay adjustment guidance for public service agencies:
 - Recognising the current environment and pressure on wages and the economy
 - Recognising the Government's ambitions to prioritise lower-paid roles in pay settlements.
 - Supporting the work to reduce Gender Pay Gaps in New Zealand.
- Kāinga Ora and the Public Services Association (PSA) agreed to implement PSPA increases for the Collective Agreement for 2023 and 2024.
- The two-part PSPA remuneration was agreed for a term of 27- months. The first adjustment was effective from 3 April 2023, the second adjustment takes effect on 1 April 2024.
- Prior to reaching a terms of settlement Kāinga Ora consulted and took guidance and advice from the Public Service Commission (PSC).
- Wage growth for 2023/24 in-line with Public Service Pay Adjustment is budgeted at 3.2% from April 2024 equating to approximately \$10m increase (\$7m of operating and \$3m of capital costs), resulting in a personal operating budget of \$364m, this is 0.7% up from the initial 2.5% budgeted earlier in May 2023.
- Kāinga Ora wage growth is funded by growth in rental revenue of 4.2% (for 2024/25, equating to \$83.6m gross increase – this excludes the impact of change in units and occupancy), the balance is used to fund other inflationary pressures in operating the portfolio, such as maintenance, insurance rates, etc.

Next steps		Due
For further information please contact management below		N/A
Contact persons		
(First) Rowan Macrae	General Manager, People Governance and Capability	s 9(2)(a)
Nita McFadzean	Director, People	s 9(2)(a)

3. Matters that fall under Minister Potaka's Delegations

N/A

§ 9(2)(j)(iv)	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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6. Kāinga Ora OIA requests

Reference number	Requestor	Topic	Date due to Minister's Office	Date due to requestor
OI 23 599	Member of the public	<i>Development</i> Request for information about an Ohakune development	n/a	29/03/2024 revised
OI 24 137	Ohakune Residents and Ratepayers Society	<i>Development</i> Request for information about an Ohakune development	n/a	02/04/2024
OI 24 138	Member of the public	<i>Information</i> Request for Kāinga Ora Remuneration Framework definitions	n/a	02/04/2024
OI 24 142	Member of the public	<i>Information</i> Request for Kāinga Ora briefings sent to the Minister	n/a	02/04/2024
OI 24 147	Bonair Action Group	<i>Development</i> Request for information about a Silverdale development	n/a	04/04/2024
OI 24 152	Bonair Action Group	<i>Development</i> Request for information about a Silverdale development	n/a	08/04/2024
OI 24 153	Bonair Action Group	<i>Development</i> Request for information about a Silverdale development	n/a	08/04/2024
OI 24 164	Ohakune Residents and Ratepayers Society	<i>Development</i> Request for information about an Ohakune development	n/a	12/04/2024
OI 24 165	Member of the public	<i>Information</i> Request for information about Kāinga Ora main and sub contractors	n/a	11/04/2024
OI 24 166	Member of the public	<i>Information</i> Request for information about an IAF project in Whangārei	n/a	15/04/2024
OI 24 169	Member of the public	<i>Statistics</i> Request for statistics relating to First Home Grants	n/a	09/04/2024
OI 24 170	Member of the public	<i>Developments</i> Request for information about an developments in Tairāwhiti/Gisborne for past ten years	n/a	16/04/2024

OI 24 171	Ohakune Residents and Ratepayers Society	<i>Development</i> Request for information about an Ohakune development	n/a	16/04/2024
OI 24 172	Member of the public	<i>Development</i> Request for information about an Ohakune development	n/a	17/04/2024
OI 24 173	Ohakune Residents and Ratepayers Society	<i>Development</i> Request for information about an Ohakune development	n/a	17/04/2024
OI 24 177	Louise Ternouth (RNZ)	<i>Statistics</i> Request for Healthy Homes statistics	10/04/2024 FYI	17/04/2024
OI 24 178	Member of the public	<i>Information</i> Request for advice provided to Ministers relating to the Sustaining Tenancies Framework since 2023	n/a	9/04/2024
OI 24 180	Member of the public	<i>Statistics</i> Request for information and statistics relating to Winton	12/04/2024	19/04/2024
OI 24 186	Eugene Bingham (freelance journalist)	<i>Statistics</i> Request for statistics relating to tenants and tenancies	11/04/2024 FYI	18/04/2024
OI 24 191	Member of the public	<i>Information</i> Request for information relating to complaints	n/a	09/04/2024

7. Ministerial OIA requests

Reference number	Requestor	Topic	Date due to Minister's Office	Date due to requestor
OI 24 188	Aam Pearce (NZME)	Request for the advice Minister Bishop referred to relating to the decision to end the Sustaining Tenancies Framework	10/04/2024	17/04/2024
OI 24 189	Member of the public	Request for information relating to the decision to end the Sustaining Tenancies Framework	10/04/2024	17/04/2024