



Kāinga Ora – Homes and Communities

Status Report

For period 7 December - 20 December 2024

GSR-24-18099

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1. Decisions or consultations sought for this Status Report

There are 0 decision(s) or consultation(s) sought for this report.

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

2. Updates for Hon Chris Bishop, Minister of Housing

Goldair Heater Update

Recently we advised we were looking into claims from some Kāinga Ora tenants that their Goldair 2.0kw Hi-wall heater unit was faulty, including heat distortion of the casing. We advised all tenants with this model not to use their heater until further notice, and we passed the matter to WorkSafe for further investigation.

On Friday, 6 December Kāinga Ora met with WorkSafe to discuss the outcome of their investigation. WorkSafe confirmed its initial findings that there was no evidence the heaters are failing in an unsafe way. This means that although a fault was experienced, the safety features built into the heater have worked as designed.

WorkSafe will provide a written review of its findings in the New Year. Once this has been received, we can make informed decisions about our next steps and communicate our approach to our tenants. 9(2)(b)(ii)

Once decisions are made, we will provide a substantive update.

Contact Person:

Nick Maling

Position:

General Manager - National Services

Phone:

9(2)(a)

Insolvency of Mountview Green development

The Mountview Green development in Rotorua is a private market development that was being delivered by Roto Whare Limited. Kāinga Ora has an existing underwrite agreement with Roto Whare Limited for the delivery of 35 homes in Mountview Green, contracted under the former KiwiBuild programme.

The majority of these underwritten homes have already been built and settled with buyers. Thirteen are still under construction, two of which are awaiting settlement and 11 are yet to be sold.

Kāinga Ora undertook extensive due diligence on the developer and their proposed development, as part of the standard KiwiBuild underwrite process. No risks were identified at the time. The developer's credentials, track record, credit status and financial capability were key factors taken into consideration during the due diligence process.

As the company has now gone into liquidation, it would be for the liquidators to provide any updates to individual buyers. Affected buyers are encouraged to seek advice from their lawyer about any actions they can take.

In the event of a developer defaulting, there is no financial risk to the Crown. The underwrite is accessible by the developer only when construction of the underwritten homes is complete and CCC and Title has been achieved. Therefore, if the contracted and underwritten homes are not completed in a specified timeframe, the underwrite will lapse and the Crown commitment ends.

Contact Person:

Mark Fraser

Position:

General Manager - Urban
Development and Delivery

Phone:

9(2)(a)

Future of non-commercial OSM programme

On 16 December, the Kainga Ora Board approved the non-commercial OSM programme. This will enable providers (schools, polytechs, correction facilities) to continue their academies and manufacturing units that will contribute to the FY26 Renewal Programme. This is a reduced programme from 60-80 units from 18 providers, to 36 from 14 suppliers and will be funded from within the existing approved budget.

Providers must meet updated financial metrics, including target rates 5-10 percent below construction costs, to participate in the programme. Kāinga Ora will negotiate with providers and pursue other cost-saving measures through procurement strategies and use of optimised plans where applicable. Units will be matched to demand in specific regions based on typology needs and transport feasibility. The programme will ensure sites are ready for units to be delivered to avoid storage costs and streamline logistics. Communications will go out to all providers this week signalling continuation of the reduced programme, with further instructions in the new year. The four providers currently not included in the programme will be engaged with and given the opportunity to meet the criteria above, and if so, a buffer of an additional five units will be allocated to the programme to allow for this.

Further work is being done on the existing OSM stock (58 commercial and 65 non-commercial units) with options to sell or integrate them into the FY26 Renewal Programme

Contact Person: Nick Howcroft	Position: General Manager - Construction and Innovation	Phone: 9(2)(a)
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Establishment of Transformation Office

Kāinga Ora has established a Transformation Office which will oversee the transformation of the organisation to deliver on the Reset Plan, including driving improved organisational health, culture and capabilities.

The next two years of the transformation process will be focused on delivering on the Reset Plan, to ensure that we take a disciplined approach to cost management, build and maintenance targets, and supporting our customers' needs.

In line with best practice, the Kāinga Ora transformation will include:

- Highly aspirational targets
- Leadership commitment and role modelling
- Focus on organisational health, culture and capabilities
- Clear transformational role accountabilities, and dedicated resourcing
- The right mindsets and behaviours
- Rigorous planning and execution.

The new Transformation Office will support nine interconnected workstreams, which are currently being established. We will provide you with additional detail on these workstreams in the new year, and regular monthly reporting.

As advised, we have also recently undertaken the Organisational Health Index (OHI) survey, which will assist with understanding leadership and cultural elements needed to build a high performing organisation. As shared with you this week, we are currently analysing the themes and results of the OHI survey and will provide more detailed information in the new year.

Contact Person: Matthew Hulett	Position: General Manager - Delivery Transformation	Phone: 9(2)(a)
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Potential engineer compliance issue – Christchurch City Council

The Christchurch City Council has recently advised some Christchurch homeowners of a potential issue with the engineering certification work of a Christchurch-based engineer.

The Council has advised us that a small number of Kāinga Ora homes (23) are included in the list of properties that could be affected by this. These homes were purchased from private developers and were all issued with their Code of Compliance when construction was completed.

We have now received copies of the relevant building files and we are in the process of reviewing them. Given what we now understand of the issue and noting that all of these properties are single story (on slab or piles), we assess that any potential risk to customers is low. Once we have completed the reviews of these properties and understand the scale of any issue, we will determine mitigations, which may include needing to inform impacted customers. We will also keep your office informed of any updates.

Contact Person:

Paul Commons

Position:

Deputy Chief Executive - South Island

Phone:

9(2)(a)

Divestment of Crown-owned homes

As a result of underwrites exercised throughout the year in the Buying off the Plans (formerly KiwiBuild) underwrite programme, the Crown currently owns 100 homes, located in six separate developments (four in Auckland and two in Greater Wellington).

Kāinga Ora, on behalf of the Crown, had appointed real estate agents on some of the development sites to market and sell the homes with no success. The predominant drivers behind this are market conditions such as credit-constrained buyers, previous buyer cohort restrictions (prior to policy changes in September 2024), and high levels of existing stock.

A number of investors approached Kāinga Ora for an off-market sale of the homes and, for probity reasons, this interest is now being managed through the appointment of a recognised national real estate agency. The portfolio of homes will be soft launched to the market for sale pre-Christmas, and a full marketing campaign completed post-Christmas. This may result in enquiries as to why the Crown is selling homes it owns – which is an anticipated outcome of an underwrite programme and the subsequent on-selling of the homes which is a business-as-usual activity. We will keep you informed as the sales process proceeds.

Contact Person:

Mark Fraser

Position:

General Manager – Urban Development and Delivery

Phone:

9(2)(a)

Close down of LEAD Alliance for infrastructure work across Auckland Large Scale Projects (LSPs)

Kāinga Ora has confirmed we will be closing down our Auckland civil and infrastructure delivery partner, LEAD Alliance.

The LEAD Alliance (formerly Piritahi Alliance) was established in 2018 to help with the coordination of the consent, design and delivery of the civil infrastructure required to enable additional housing for the Auckland LSPs, at the time known as the Auckland Housing Programme. The alliance partners are Dempsey Wood Holdings Limited, Harrison Grierson, Hick Bros Holdings Limited, Tonkin + Taylor and Woods.

The use of alliancing in programme delivery (rather than project-specific delivery) was an innovation for land development. The alliance also worked well for a fast start and a very high volume of work, which totalled more than \$600m and enabled 4,000 homes between 2018 – 2022. The Alliance was set up on the basis of an ongoing volume of work expected to be more than \$200m per year. This programme of work has since been reduced and neighbourhoods/stages have been pushed out due to funding decisions made to the original approved funding envelope. The remaining design and construction work within the funded LSP programme yet to be delivered is approximately \$950m.

Due to the programme of work reducing and project delivery moving out, there is a higher overhead cost to project delivery. Therefore, it has been determined that LEAD Alliance will not be able to deliver the flexibility and cost efficiencies we require in our current operating context. As it no longer suits our needs, it has been decided to close down the Alliance. There will be savings gained from changing the delivery model away from the Alliance and these details will be provided to you in a HUD briefing in the near future, along with further advice on next steps for the LSP programme.

The LEAD Alliance partners were advised of the decision on Wednesday 18 December, and a formal notice will be issued to them on 31 January 2025. Kāinga Ora expects to conclude the transition away from the alliance model by 30 June 2025, with up to two years to close out existing projects. This work will be carried out by the Urban Development and Delivery team, with limited support from the LEAD Alliance partners. Starting in the new year, we will first market test, then run a process to establish a replacement procurement and delivery methodology.

Contact Person: Mark Fraser	Position: General Manager – Urban Development and Delivery	Phone: 9(2)(a)
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3. Updates for Hon Tama Potaka, Associate Minister of Housing

No updates this week.

4. Summary of papers sent

Paper	Purpose
Ad Hoc - Meeting Event Minister Potaka visit of Wellington Offices GSR-24-18168	This paper provides you with information ahead of your visit to the Kāinga Ora Head Office in Wellington, which is located at 7 Waterloo Quay, on 16 December 2024.
Ad Hoc - Meeting Event Minister Bishop to visit Kāinga Ora Auckland office GSR-24-18161	This paper provides you with information ahead of your visit to the Kāinga Ora Head Office in Auckland, which is located at 107 Carlton Gore Road, Newmarket, on 20 December 2024

Paper	Purpose
Ad Hoc Vacant Properties and Social Housing Register GSR-24-18078	This briefing responds to your request for information from Kāinga Ora, with input from the Ministry of Social Development (MSD) and the Ministry of Housing and Urban Development (HUD) on the housing register and placement of people from the register into Kāinga Ora and /or Community Housing Provider (CHP) homes. You indicated an interest in the number of vacant homes, particularly those 'ready to let' and the interaction between vacancies and placement.
Ad Hoc November Monthly Report to Ministers GSR-24-18010	This paper provides a monthly update for November.

5. Upcoming advice to be delivered in the next month

Date due to Minister's Office	Title	Minister(s)	Contact Person
9(2)(f)(iv)	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

6. Kāinga Ora OIA requests

Reference number	Requestor	Type	Request summary	Minister(s)	To MO for	Response due
GSR-24-18049	Onekawa Residents Association	Interest Group	<i>Developments</i> Constable Crescent development - Community consultation information	Hon. Chris Bishop	Not being provided	24/12/2024
GSR-24-18095	Member of the Public	Public	<i>Building Innovation</i> HDS and Daum & Co	Hon. Chris Bishop	Not being provided	17/01/2025

Reference number	Requestor	Type	Request summary	Minister(s)	To MO for	Response due
GSR-24-18070	Riley Kennedy	Media	<i>Procurement</i> Cost analysis on wool carpets	Hon. Chris Bishop	Noting FYI	21/01/2025
GSR-24-18086	Denise Piper	Media	<i>Disruptive behaviour</i> NZME request about Northland Kāinga Ora tenants	Hon. Tama Potaka	Noting FYI	22/01/2025
GSR-24-18098	Member of the Public	Public	<i>Developments</i> Kāinga Ora Consultation Process	Hon. Chris Bishop	Not being provided	24/01/2025
GSR-24-18121	Member of the Public	Public	<i>Disruptive behaviour</i> Disruptive Behaviour policies and procedures	Hon. Tama Potaka	Not being provided	27/01/2025
GSR-24-18129	Campaign for Wool NZ	Interest Group	<i>Procurement</i> Kāinga Ora Wool Carpet RFP	Hon. Chris Bishop	Noting FYI	28/01/2025
GSR-24-17968	Member of the Public	Public	<i>Building Innovation</i> Cost of HDS and traditional models of construction	Hon. Chris Bishop	Noting FYI	31/01/2025 extended
GSR-24-18173	Meg Stewart Ward	Interest Group	<i>Disposals</i> Sales or transfers of social housing to CHPs	Hon. Chris Bishop	Noting FYI	03/02/2025
GSR-24-18198	Member of the Public	Public	<i>Urban Development</i> Communications with Flip Homes Ltd	Hon. Chris Bishop	Not being provided	04/02/2025
GSR-24-18204	Member of the Public	Public	<i>Urban Development</i> Reports on the Tauranga Western Corridor SDP	Hon. Chris Bishop	Noting FYI	04/02/2025

7. Ministerial OIA requests

Reference number	Requestor	Topic	Date due to Minister's Office	Date due to requestor
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No Ministerial OIA requests.

8. Upcoming completed homes opportunities

9(2)(f)(iv)				