

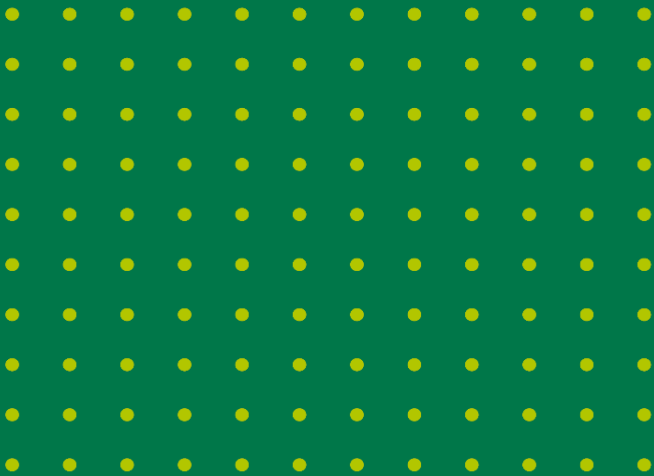
# Quarterly Report

For the three months ending 31 December 2022



s 9(2)(a)

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# Introduction

**We are Kāinga Ora – Homes and Communities. Our vision is: building better, brighter homes, communities and lives – He oranga Kāinga, he oranga hapori, he oranga tāngata.**

At Kāinga Ora – Homes and Communities, we understand that a house means more than a roof over someone’s head. We recognise that Kāinga represents the hopes and dreams of Whānau, an essential foundation for lives, families and thriving communities. That is why we see our success as an organisation reflected not merely in terms of bricks and mortar, but also in the choices, mana, stability, aspirations and rangatiratanga realised within the communities to which we contribute.

## The purpose of this report

This report is for the Minister of Housing, and provides an update for the quarter ended 31 December 2022. It reflects the Board’s view on our performance and activity, showing the progress towards delivering the commitments set out in our Statement of Performance Expectations 2022/23 (SPE) and our public housing commitments, and summarises our achievements, challenges, risks and upcoming milestones.

## Our outcomes – what we are trying to achieve



## Our output classes – how we group our activities, deliver our services and measure our performance

Our activities are grouped into the following output classes:

▶ **OUTPUT CLASS 1**

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

▶ **OUTPUT CLASS 2**

**Growing, renewing and maintaining our homes**

▶ **OUTPUT CLASS 3**

**Delivering and facilitating urban planning and development**

▶ **OUTPUT CLASS 4**

**Supporting Crown housing infrastructure and home ownership initiatives for New Zealanders**

## Our strategies

Te Rautaki Māori o Kāinga Ora: Kāinga Ora Māori Strategy lays a foundation for the expression and realisation of Māori aspirations for housing. Te Rautaki Māori o Kāinga Ora was designed alongside iwi and rōpū Māori.

The Kāinga Ora Strategy 2030 outlines how we plan to shape the housing and urban development system and deliver on our outcomes. It will sit alongside Te Rautaki Māori o Kāinga Ora using the concept of he waka hourua, the double-hulled waka.

## Overview

The flooding caused by the weather event on January 27 and now the massive damage to property and infrastructure wrought by ex-tropical cyclone Gabrielle will have a significant effect on our performance over the coming two quarters. Our top priority (at the time of writing) is ensuring the safety and wellbeing of our people and customers. Some of our people cannot be contacted at this time and on Saturday 18 February we began contacting our customers in the east North Island and Hawkes Bay.

Lives have been lost as well as large numbers of homes destroyed; the stress on individuals and communities is immense and this is shaping our response as we work to support all those affected.

There is extensive work under way to understand the effect of these weather events. We have a good understanding of the number of our homes damaged in Auckland and Northland but it is too early to determine that for the east North Island and Hawkes Bay. What we do know is that many thousands of New Zealanders are now without homes to live in and we will join with the rest of Government to provide housing solutions for these people.

Supply chain constraints, increased material, labour and finance costs continue to provide a complex and difficult operating environment in this quarter. An environment that is only going to become more difficult and complex for the next two quarters.

The beginning of state house construction was characterised by innovation and it is by innovating anew that is allowing us to meet the housing challenge of today. Chief among this drive to innovate is our new housing deliver system that is substantially reducing build times with the potential to transform the residential construction sector.

This will be our focus for the third quarter and beyond as all Government agencies work together to respond to the effects of these weather events. This report reflects our performance before these occurred. Assessing the effect of recent weather events and revising our forecasts and targets accordingly is a top priority. It will help us understand the extent of the disruption caused and enable us to make necessary adjustments to our plans, ensuring we remain on track to achieve our goals.

## The situation before the recent weather events

The forecast and outlook in this report provides a baseline state of our performance before the flooding and cyclone. This shows:

- Steady and solid performance, with no large swings in actual or expected results. We were already on track for around half of our SPE measures, with the majority of behind-target measures within a few percent, and measures due in particular months coming in on target as they appeared.
- We were clear on the few measures that were unlikely to reach year end targets. These have been signalled early in reporting, and work is ongoing to mitigate the causes.
- Our SPE measures of newly constructed homes (SPE 2.1) and net increase in homes (SPE 2.2) were on track. They were challenging targets, but as at 31 December we were confident of meeting them.
- The various COVID-19-related lockdowns and restrictions at different alert levels and the subsequent supply chain constraints created delays of at least six months to our supply programme. This resulted in homes scheduled for delivery in 2019/20 moving into 2020/21. The restrictions in 2021/22 again affected our ability to catch up, and created further delays to the 2022/23 pipeline, which as a result has more scheduled deliveries in May and June than is optimal.
- We are therefore working with our build partners to see if any projects can be brought forward.

## Operating context

The operating environment continues to be challenging, as it has for at least the previous year. The ongoing effects of the Russian invasion of Ukraine and COVID-19 are prolonging existing issues around trade capacity, supply of material, or access to our customers' homes. We are active in mitigating these risks, working to lift programme or trade capacity; minimising constraints in the supply of material; and refining lead times for more accurate and delay-resilient delivery. We continue to work on changes to our operational processes and support services, which helps us to prioritise activity and ensures our resilience in the situation we face.

Our new housing delivery system is substantially reducing build times with the potential to transform the residential construction sector. Project Velocity reduces costs by finding efficiencies in our construction programme, identifying savings in the end-to-end build process.

We have delivered 849 newly built public and supported homes for the year to date (480 for the quarter), with a net increase of 888 (614 for the quarter). At the end of the quarter we had 5,549 homes under construction or contracted, with another 3,512 homes in procurement for this year and beyond, and 8,844 moving through the planning and feasibility stages.

**Financial overview**

Total housing investment in the December quarter was \$681 million, up \$160 million on the quarter prior.

Urban development spend is 17% under forecast, with delays from scope changes or councils signing off infrastructure business cases, as well procurement and labour constraints. There is a risk we will not achieve our targeted year-end position, but we are investigating commercial and procurement models to expand our toolkit and improve delivery.

Slower-than-forecast demolition activity and lower consultant and contractor costs contributed to a slightly better EBITDA than expected: \$137 million versus the \$131 million forecast.

Recent inflation figures showed a slowing in December 2022, but uncertainty remains around how long it will take for inflation to normalise.

Full information on our financial position begins on [page 25](#).

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# Significant programmes



## Public Housing Plan (PHP) commitments

Six-year housing plan 2018/19 - 2023/24 (net volume)	Commitment 2018/19 - 2023/24	Total Delivered	Remaining Deliveries	% Deliveries Remaining	Delivered 2018/19 - 2021/22	Delivered Year to date 2022/23
Public Housing Plan 1: July 2018 to June 2022	4,480	4,136	344	8%	3,582	554
Public Housing Plan 2: July 2022 to June 2024	4,800	-	4,800	100%	-	-
Public Housing: Refugee	364	281	83	23%	247	34
Public Housing Tenanted Acquisition: Nelson	142	142	-	-	142	-
Transitional Housing: Budget 2020	1,400	1,184	216	15%	1,086	98
Transitional Housing: PERM 530-650	404	404	-	-	404	-
Corrections Department	64	31	33	52%	34	-3
Community Group Housing (1)	126	16			6	10
Supported Housing: Other (2)	-	9			12	-3
<b>Total Housing Delivery - Net</b>	<b>11,780</b>	<b>6,203</b>	<b>5,476</b>	<b>46%</b>	<b>5,513</b>	<b>690</b>
Public Housing Delivery Total - Net	9,786	4,559	5,227	53%	3,971	588
Supported Housing Delivery Total - Net	1,868	1,619	249	13%	1,524	95
<b>Reconciling Item (PHP Non-commitment)</b>						
Public Housing Tenanted Acquisition: Tauranga (3)	-	198			-	198
<b>Total Net Increase of Managed Stock</b>	<b>11,780</b>	<b>6,401</b>			<b>5,513</b>	<b>888</b>

1. Community Group Housing target of 126 - this was an internal target. This is not counted towards our housing commitments but counted towards our managed stock (SPE 2.2 measure).
2. Supported Housing: Other - includes other Transitional Housing programmes.
3. Tauranga Tenanted Acquisition – This is not counted towards our housing commitments but counted towards our managed stock (SPE 2.2 measure).

- The table above shows the net increase of our contribution to the PHP was 690 homes. We are on target for delivering on our PHP commitment.
- We have 8,030 homes in our pipeline for delivering in 2023/24. There are 5,290 homes already under construction or contracted, 2,206 homes are in procurement, with another 1,771 working through planning and feasibility.
- The reduction in Community Group Housing is mostly driven by groups having changes in their funding contracts such as groups funded by the Ministry of Housing and Urban Development (HUD) for Transitional Housing. These properties are now included in the deliveries for Transitional Housing rather than Community Group Housing.
- We have completed 1,184 Transitional homes, 98 in this financial year. In total, 1,115 homes have been made available to the Ministry of Social Development for referral, at which point they become part of the programme. We are on track to deliver on our commitment of 1,400 homes by June 2024.

## More than 48,000 homes meet Healthy Homes Standards

- We have increased the number of our homes complying with the Healthy Homes Standards from 63.8% at the end of September to 75.3% (48,969 homes) at the end of the December quarter. A further 9,176 homes have Healthy Homes maintenance in progress, and we are upgrading more than 600 homes per week.

- We are on track to have 100% of our homes complying with the Healthy Homes Standard by 1 July 2024, the new timeframe announced by the Government in November 2022, with 90% compliance by the end of this financial year, as expected by the Minister.

**Over 80% of \$1 billion Infrastructure Acceleration Fund (IAF) allocated**

- \$916.4 million of the \$1 billion Infrastructure Acceleration Fund (IAF) has been allocated to support 166 infrastructure projects that will enable up to 35,000 homes over the next 10 to 15 years.
- Twenty nine separate funding agreements were announced by the Minister of Housing in 2022 that will support 27 New Zealand cities and towns to increase infrastructure capacity for delivery of new homes.
- The IAF is now focusing on monitoring and reporting on the status of projects and developments, processing payments to councils as milestones are achieved, and supporting councils to keep on track for delivery.

**Large Scale Projects (LSP) are underway to enable more than 3,500 homes**

- The LSP programme continues to work on 13.2 hectares of land which will enable 1,207 homes to be built across Auckland and in Porirua. This year, 283 homes have been completed on our sites with market builders and developers continuing to build 1,075 more on land we have sold to them.

s 9(2)(f)(iv)

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# Our outcomes

## Customer wellbeing



*People in our homes live well, with dignity, stability and the greatest degree of independence possible*

### Good progress with repairs and maintenance

- We continue to make good progress with the delivery of our repairs and maintenance activity to improve our housing portfolio and make sure we provide our customers with warm, dry, healthy homes.

### Solar Panels Pilot with Ara Ake progressing well

- A Memorandum of Understanding was signed with Ara Ake to help achieve common goals on sector decarbonisation, improving the value of solar PV (panels) and reducing energy hardship for our customers.
- Our homes are fitted with solar panels as part of an energy sharing pilot, with excess energy generated from the solar panels shared with customers whose roofs are unsuitable for solar installations.

### Summer Safety booklet developed

- We developed a Summer Safety booklet for our customers, focused on keeping cool and safe this summer. It was a collaborative effort with Water Safety New Zealand, Fire and Emergency New Zealand, SPCA, Plunket, Te Whatu Ora - Health New Zealand and Auckland Council focusing on being sun smart, safe at the pool, being safe with fire and keeping pets cool.

### Cross Government Zero Rated Data Initiative

- A Memorandum of Understanding for cost allocation has been signed with Te Whatu Ora – Health New Zealand. This makes it easier for our customers to access our websites via mobile devices, as we cover the cost.

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### Constructed and sold KiwiBuild homes increase quarter on quarter

- 193 KiwiBuild homes were constructed this quarter, compared to 44 last quarter, bringing the total completed homes to 1,623.
- 27 KiwiBuild homes were sold during the quarter, compared to 64 last quarter, bringing the total homes sold to eligible purchasers to 2,062. Five new underwrite proposals were approved in the quarter which will deliver 172 KiwiBuild homes and enable a further 200 market homes.
- We received 54 new contacts from developers during the quarter. Since the settings changed in July 2022, there have been 153 new contracts, with 87 leads which could result in the enabling of 4,300 KiwiBuild homes and 5,000 market homes.

### New housing delivery system (Project Velocity)

- We established Project Velocity to develop a housing delivery system that will speed up all aspects of house construction processes, and be more consistent in our approach with greater control and visibility of the entire housing delivery system.
- Work is currently under way on methods to reduce the length of the typical construction period, from approximately nine months to four months. Early results suggest that it is possible to reduce the time to deliver a house by two years, from two and a half years to approximately six months, excluding resource consenting timeframes.
- In November 2022 we introduced three new teams to supplement the two teams already in operation. When operating at full capacity, we expect each team to deliver around 400 homes annually.

### Two projects are being formally assessed as potential Specified Development Projects

- These projects are in the Northern Growth Area in Porirua and in the Western Corridor in Tauranga and this assessment process will continue in 2023.
- We will continue to work with Let's Get Wellington Moving to determine when the proposal is ready to be considered for formal selection and assessment as a Specified Development Project.

### Kāinga Ora Land Programme

- The project brief setting out the development parameters for s 9(2)(f)(iv) was approved by the Board in December. The project brief for s 9(2)(f)(iv) will be submitted in mid-2023.
- Eleven projects are under active assessment in the Land Programme pipeline including s 9(2)(f)(iv) are moving towards an acquisition.
- The Strategic Land Acquisition Plan was approved by the Board in November. This will allow the Land Programme to achieve its objectives by considering purchases that align with the needs of the area, most often via off-market sales. This will support strategic alignment of our decisions and ensure we do not compete with the private sector.

### Māori aspirations



*Investment in housing solutions that build capability and support whānau wellbeing*

#### Te Hapū o Ngāti Wheke Capability Support to deliver housing and wellbeing hub

- We have confirmed our continued involvement with Rāpaki Rūnanga to support them in the planning phases of their 5,000sqm development to deliver housing and a health hub with three hui being held to date.

#### Te Rūnanga o Ngāi Tahu Placement

- Te Rūnanga o Ngāi Tahu and Te Kurutao Te Waipounamu have agreed to an 18-month placement, beginning mid-February 2023, where Waitaha will work with us to support the delivery of the Iwi Housing Strategy. This is the basis of a Memorandum of Understanding with Ngāi Tahu, who are one of our key iwi partners.

#### December MAIHI Whare Wānanga

- The fourth MAIHI Whare Wānanga was hosted by Toitū Tairāwhiti at Te Poho o Rawiri Marae in Gisborne in early December 2022. The theme was Maui Nukurau Tangata - Innovation in Iwi Housing and was attended by our Chief Executive and senior staff.

#### Public Housing Application Process

- s 9(2)(f)(iv)
- This was an opportunity to share information about how Whānau Ora Navigators can best support whānau they are working with, who looking to apply for public housing and those who are already on the waiting list.
- Future presentations are planned throughout the southern region in 2023 and where possible will include a presentation on the full scope of support we provide to our communities.

### Thriving communities



*Inclusive and sustainable communities with access to employment, education, social and cultural opportunities*

#### Interagency Pacific Housing Strategy – Fale mo Aiga

- In August 2022 Cabinet endorsed Fale mo Aiga as the Government's targeted response to Pacific housing needs and aspirations.
- Fale mo Aiga is a joint strategy, developed by Te Manatū mō ngā Iwi o Te Moana-nui-ā-Kiwa the Ministry for Pacific Peoples, HUD, and ourselves.
- Fale mo Aiga responds to the need for culturally responsive, joined up housing-system, including strong, capable Pacific housing sector. In November 2022 the three agencies formally launched the strategy with a community event in Papakura.

**Working collectively with WorkSafe**

- We have established a joint steering group with WorkSafe to oversee the development and delivery of improvements to health and safety in publicly funded construction.

**Implementation of the National Policy Statement on Urban Development**

- We continue to work with Councils, HUD, mana whenua and other stakeholders on the implementation of Council-led plan changes, whether Intensification Planning Instruments (IPIs) or normal plan changes, to enable more quality and affordable housing.
- The IPIs are moving towards the preparation of evidence for Council hearings over the quarter and later in the year. Christchurch City Council is forecast to initiate its IPI process and we will be closely involved in the review and decision-making.
- We are continuing to provide support and input into Council preparation of Future Development Strategies under the National Policy Statement on Urban Development, with these planning documents giving higher level direction for creating well-functioning urban environments, and ensuring intensification is in the right areas.

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## System transformation



*Land use, infrastructure and housing supply is integrated, efficient, effective and responsive to demand*

### Building Momentum

- A Building Momentum event was held in October as part of Auckland Climate Festival and featured our sustainability initiatives and low carbon buildings.
- We attended the Building Nations Conference in November and had a Building Momentum Exhibition stand showcasing several initiatives including the Bader Ventura passive house.

### 6 Homestar Version 5 (v5) Transition Standard

- Homestar is an independent rating system that evaluates the health, efficiency, and sustainability of homes in New Zealand. A 6 Homestar rating indicates that a home was built to exceed the current standards set by the New Zealand Building Code.
- Homestar v5 has a new energy and carbon modelling tool, with targets aligned to MBIE's Building for Climate Change framework. It requires a healthy, comfortable indoor environment and for the first time, accounts for embodied carbon.
- Work is under way to prepare us for a full adoption of 6 Homestar v5, and remains subject to funding. Until v5 can be fully adopted, we will implement a transitional solution for all new projects 'briefed' from 1 January 2023.

### Offsite Manufacturing

- The first delivery of 102 Offsite Manufacturing modules from China's Ecotech arrived in November. The units are being stored in Auckland while we complete acceptance checks and will be available for our projects from January 2023.

### New Design Requirements

- Our new design requirements "Ngā Paerewa Hoahoa Whare" were published in December and will take effect from 1 January 2023.
- Incorporating these requirements into the design and construction of our homes enables us to meet our responsibilities as a government agency and long-term asset owner, while ensuring our customers are able to live well in their homes.

### Building compliance services - Market Delivery pilot (Consentium)

- Consentium is a standalone and independent division of Kāinga Ora, focused on building compliance services, including consenting, inspecting, and certification.
- A six-month pilot began in October 2022 to provide consenting and inspection services for seven approved partners for houses to be retained by Kāinga Ora.
- Feedback from the partners has been very positive, noting considerable time and cost savings compared to that of Councils. Service quality was also noted as very good. Invoicing, finance and payment processes have been implemented and are working well. Efficiency improvements have resulted in lower fees and faster processing of subdivision consents.

## Environmental wellbeing



*Sustainable and resilient operations,  
assets and communities*

### Waste Minimisation - Procurement Excellence Award

- Our Waste Minimisation Programme took out the top spot at the 2022 New Zealand Procurement Excellence Awards, winning both the 'Social and Environmental Impact of the Year' Award and the overall Supreme Award. This is an outstanding achievement for our teams and is the first time we have won such an award.
- Additionally, we took out the Growing Movement Award at the Eco Matters Zero Waste Awards. This award celebrates local heroes (individuals or groups) raising awareness and inspiring change.
- Following the awards, we have been contacted by other central and local government groups to advise and exchange lessons learnt on the panel procurement process.

### Understanding and reporting on climate risk

- We are building internal capacity and process for understanding climate hazards and risk which leads to meaningful adaptation action. Contributing to external working groups will also support with increasing our country's capability and resilience.
- Scoping climate risk and resilience work programme includes making improvements to our local area risk assessment approaches and discussing how climate risks can be integrated into our broader organisational risk framework.

### Contributing to and supporting environmental wellbeing

- Our Environmental Strategy was refreshed over the last quarter and focuses on how we can accelerate positive environmental outcomes, while understanding the benefits and trade-offs this can deliver against other outcomes.

### Electric vehicle Fleet

- We now have 215 electric vehicles in our fleet, 20% of the total electric vehicles in All of Government fleets.
- \$2.65 million in funding has been claimed through the State Sector Decarbonisation Fund.

### Early Adoption of H1 5th Edition Energy Efficiency (Insulation)

- In November we adopted new energy efficiency requirements that will reduce the heat loss of homes by around 40% - making homes warmer, drier and healthier. This standard of insulation is better than 6 Homestar Version 4.1 which we were previously designing and constructing to.

### Internal Environment Monitoring Programme

- The Health Outcomes Project Evaluation (HOPE) has been launched to develop our capacity to assess customer health outcomes resulting from building interventions.
- The Internal Environment Monitoring Programme is now monitoring over 170 homes focused on overheating, reducing energy hardship and understanding how our homes are performing for our customers.

## Regional highlights

Building trusting, well-connected relationships with our customers, communities and stakeholders is critical to delivering high quality public housing and urban areas that enable thriving, cohesive and sustainable communities. How we engage, partner with and respond to our customers, communities and stakeholders is at the heart of what we do.

Here are some examples of our work across the country.

### Kāinga Ora and Queen Charlotte College Memorandum of Understanding

In October 2022, we signed a Memorandum of Understanding with Queen Charlotte College in Picton to formalise a partnership that will support the development of a new construction academy in the town.

The academy, which will be based at the college, will enable local students to gain valuable skills and experience under the guidance of college staff and registered builders. It is hoped that the work of the students will result in modern, warm and dry relocatable homes that can eventually house people in need in Marlborough.

This will also provide students with a viable pathway to starting a career in the construction industry and contributing to the supply of housing in the region.

We are supporting the academy as a principal partner, providing expertise, coordinating sponsorships for the project and connecting the college with key organisations in the region's construction industry.

The construction academy is scheduled to be up and running in 2023.

### Brockville community clean up event

Residents in Brockville, Dunedin attended the community's first clean up event in over two years in October. We have 200 homes in the Brockville community, with many our customers participating in the clean-up.

The event was a great opportunity for local people to connect with new Dunedin Mayor Jules Radich and Councillors Marie Laufiso and Steve Walker.

The clean-up was coordinated by Dunedin City Council, with support from other agencies including ourselves. We provided rubbish skips and some muscle power, with some of our people joining the Savemore Skips team on the truck.

The joint efforts cleared an incredible eight skips of general waste, two skips of organic waste and some whiteware and scrap metal.

The clean-up was a positive way to bring the community together and our customers expressed immense appreciation for the event. We intend to stay connected with Dunedin City Council on other potential opportunities to organise similar events across the city.



### Relocations Kaupapa - Main South Road, Christchurch

During this quarter all rōpū Māori who applied and were allocated units from the Main South Road development visited the site to determine what typology would suit their needs. [REDACTED]

s 9(2)(f)(iv) [REDACTED].

Rōpū are using the units for a variety of needs relating to whānau wellbeing. Rōpū plans include having whānau currently living in campgrounds to be placed in these dwellings while they search for temporary housing. The training and employment trust are looking to repurpose these for teaching rooms and some for accommodation for rangatahi who are homeless. Most groups are using them as accommodation for whānau to move closer to home and their marae.

### Brand new warm and dry homes for Mosgiel

In November we announced the redevelopment of three properties at 4, 6 and 8 Lorne Street in Mosgiel to increase the supply of public housing in the Otago region.

This project will see eight existing homes replaced with 18 brand new, warm and dry homes on a 5013m<sup>2</sup> parcel of land.

There is an urgent need for more public housing options in Mosgiel, and the 18 new homes will enable us to house more people in need, within an existing community close to a local school and nearby main transport routes.



### 139 Greys Avenue operationalisation

We continue to operationalise the Greys Avenue project, which is projected to be completed and occupied by June 2023.

We are working closely with our partner for the site, s 9(2)(f)(iv) (a not-for-profit provider of housing and mental health services contracted by HUD), who will be providing support services to our highest need customers. Recruitment and training of people who will be working with customers at the complex has begun.

s 9(2)(f)(iv) [REDACTED]



# Our construction delivery highlights

## Auckland

**Takapuna & Devonport**  
14 homes in our new housing complex at Belmont were completed.

Twelve homes were replaced by 48 homes in our biggest redevelopment in the Takapuna and Devonport area.

## Pukekohe

20 of 22 new public homes were completed at Windmill, Birdwood and Beatty Roads in Pukekohe – our biggest redevelopment to date.

## Whangārei

Te Putahi Projects began construction of three new homes in Fairway Drive, Kamo.

## Rotorua

19 offsite manufactured homes were completed in Ranolf Street.  
The first nine of 37 offsite manufactured homes from BuiltSmart were delivered to our Quartz Avenue development.

## Gisborne

A family of nine moved into a new five-bedroom home in Kaiti built by students at Unitec in Auckland under a trade academy partnership with us. The 143sqm home was transported to Gisborne earlier this year and completed in December 2022.

## Paraparaumu

We completed two homes at Kaitawa Crescent – the first public housing in the area in two years.

## Blenheim

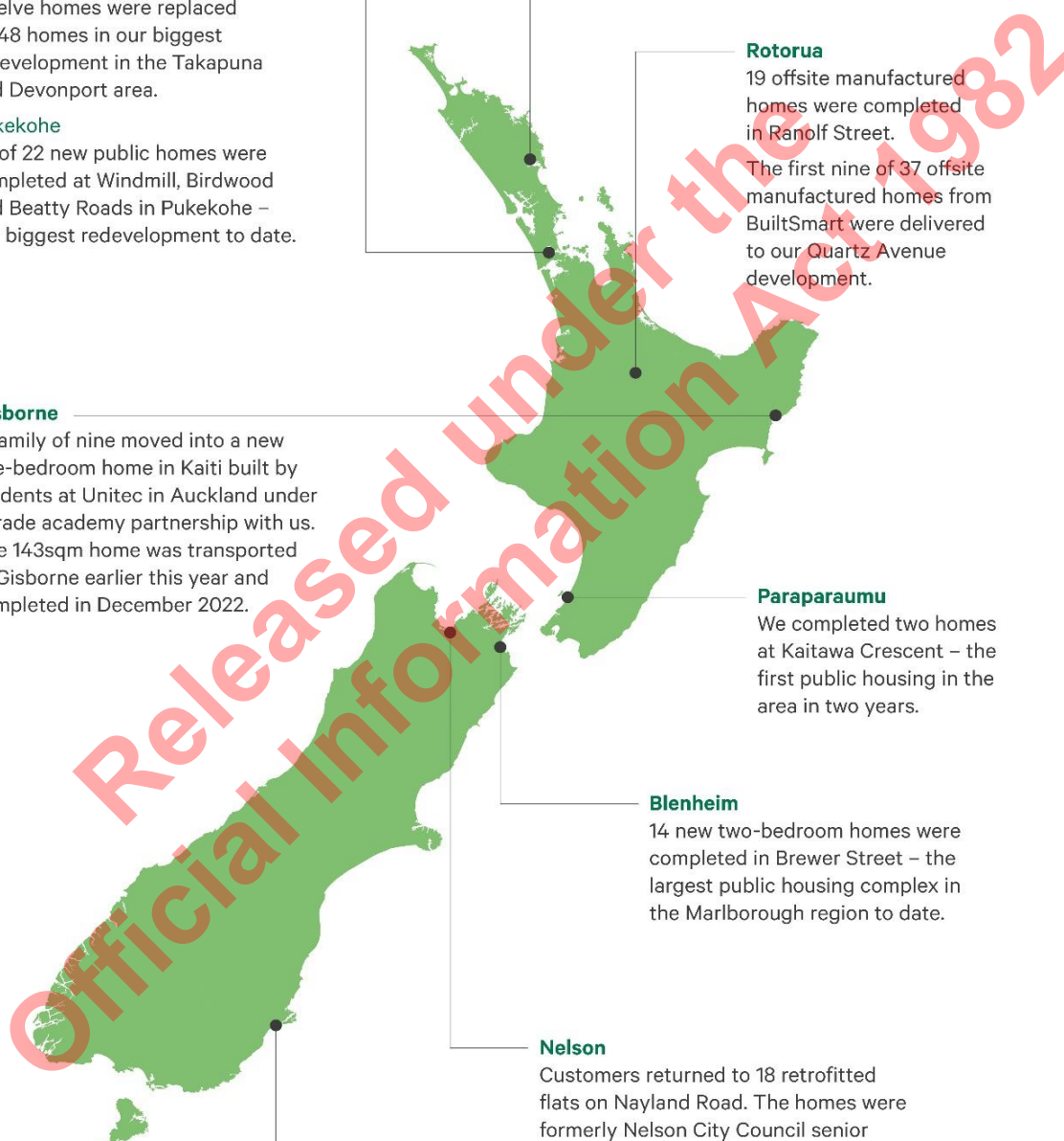
14 new two-bedroom homes were completed in Brewer Street – the largest public housing complex in the Marlborough region to date.

## Nelson

Customers returned to 18 retrofitted flats on Nayland Road. The homes were formerly Nelson City Council senior living flats, and the retrofit included accessibility upgrades such as ramps and wet room bathrooms. Grid enabled rooftop solar panels were also installed as part of our solar panel trial, which aims to reduce customers' power bills.

## Mosgiel

Seven more public homes were completed in Mosgiel.



# Statement of Performance Expectations results



Our Statement of Performance Expectations (SPE) measures are presented below, with each measure showing the full year target, our results after the December quarter, and a colour indicator of our progress to date.

**Green** indicators show that we are on target for the year to date.

**Amber** indicators show that we are behind target to date, but we expect these measures to be achieved by year end.

**Red** indicators show that we will not achieve a particular measure for the year.

Measures with no indicator are either demand driven; monitoring measures with no target; or are measures where the trigger for measuring success occurs later on in the year.

For SPE measures that are marked red, or amber measures that are behind target by more than approximately 2%, we provide brief commentary on the reasons, as well as the actions or mitigations we are taking.

## SPE table legend

- Measure is on target
- Measure is behind target
- Measure won't meet target
- ✓ Sub-measure is on target
- ✗ Sub-measure is behind target

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## Output Class 1 - Supporting our customers to live well with dignity, stability, and connectedness

Most amber indicators close to target in this output class

Three amber indicators are within 2% of target, and small improvements here will enable us to achieve these measures. We will not meet our target for the Customer Support Centre average speed to answer telephone calls, but as discussed below, we have taken action and the answer time has improved dramatically.

Supporting our customers to live well with dignity, stability, and connectedness		Full year target	YTD result	
1.1	New customers receiving <i>Support to Settle In</i> within first 12 weeks	85%	Available in Quarter 3 report	
1.2	Public housing customers satisfied with Customer Support Centre	85%	84%	●
1.3	Customer Support Centre average speed to answer telephone calls (seconds)	≤3 minutes	5 minutes 17s	●
1.4	Customers feel tenancy manager treats them with respect	85%	83%	●
1.5	New customers sustain tenancy for 12+ months	92%	96%	●
1.6	Customers in rent arrears with a working repayment arrangement	75%	72%	●
1.7	Customers feel tenancy manager takes into account individual circumstances	75%	69%	●
1.8	Customers satisfied that interactions with are culturally appropriate	75%	76%	●
	...and who identify as Māori	75%	79%	✓
	...and who identify as Pacific peoples	75%	69%	✗

### Customer Support Centre average speed to answer telephone calls (SPE 1.3)

This measure has continued to improve, averaging a reduction of 1 minute in wait time every month, with December having an average speed to answer of 2 minutes 30 seconds. During the first two months of the year we had increased secondments and higher than expected winter sick leave. We put in place a number of mitigations that noticeably reduced the number of repeat calls. In December we expected that we would continue to meet the target each month. The weather events in January and February will make it more difficult to achieve. The year-to-date average is above target at 5 minutes 46 seconds, and we are not likely to meet our 3 minute target for the year.

### Customers in rent arrears with a working repayment arrangement (SPE 1.6)

The percentage result for this measure improved to 72.4%, although it remains behind the 75% target.

The total number of customers in rent arrears reduced by more than 400 during the quarter, and is now at the lowest point since December 2021 (although note that January often shows a seasonal increase after the financial pressures our customers face over the Christmas and holiday breaks).

The improvement in our SPE result reflects the focus and effort of our Place-Based teams and their work to improve awareness, knowledge, and operational practices in establishing sustainable working arrangements.

#### Customers feel their tenancy manager takes into account individual circumstances (SPE 1.7)

At 69.7%, this survey measure showed minor improvement against the previous quarter (69.3%) and against the same time the previous financial year (66.9%) but remains short of the 75% target. We will carry out further analysis and comparisons on our survey-based results to better understand the trends and areas for improvement.

Revenue and Output Expenses				
Dec 2022/23 (\$ million)	Actual YTD	Budget YTD	Budget Full year	Comments
Revenue Crown	41.9	35.7	70.8	The revenue and expenses of this output class are in relation to the management of the public housing portfolio. The includes all rent revenue and administration and tenant serving expense for public housing.
Revenue Other	17.0	16.3	31.1	
Expenses	59.0	52.0	101.9	
Net surplus/(deficit)	0.0	0.0	0.0	
Capital Programme Expense	3.1	5.0	9.3	Share of infrastructure capex spend.

(Budget values represent those published in the 2022/23 Statement of Performance Expectations)

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## Output Class 2 - Growing, renewing and maintaining our homes

Most measures on track, or within 2% of target

The majority of measures in this output class are on target, with most amber measures within 2% of year-to-date targets. The exception is *Homes compliant with the healthy homes standards*, which is discussed on [page 6](#).

Growing, renewing, and maintaining our homes		Full year target	YTD result	
2.1	Newly constructed homes:	3,400	849	●
	...that are Public homes	3,155	780	✓
	...that are Supported homes	245	69	✓
2.2	Increase in the overall number of homes (net increase):	2,200	888	●
	...that are Public homes	1,930	784	✓
	...that are Supported homes	270	104	✓
2.3	New homes built to 6 Homestar standard	90%	100%	●
2.4	Newly constructed homes meeting full universal design standards	15%	13%	●
2.5	New homes adopting Offsite Manufacturing solutions (%)	Establish baseline	-	
2.6	Develop housing construction timeline metrics	By Dec 2022	Completed Dec 2022	●
2.7	Homes completed as part of home renewal programmes	700	330	●
2.8	Untaminated waste from redevelopment sites diverted from landfill			●
	...in Auckland	80%	85%	✓
	...in the rest of New Zealand	60%	80%	✓
2.9	New trainees in our construction apprenticeship or cadetship programme	100	58	●
2.10	...who identify as Māori or Pacific peoples	50%	55%	●
2.11	Construction partners satisfied or very satisfied with ongoing partnership	65%	72%	●
2.12	Existing homes relocated to make way for new redevelopments	Establish baseline	24	
2.13	Building consents granted by Consentium within 20 working days	98%	99.2%	●
2.14	Public homes that are let (occupied days)	97.5%	96.4%	●
2.15	Days from a public home becoming vacant to being ready to let	≤23	22.9	●
2.16	Public housing customers satisfied with repairs and maintenance	75%	70%	●
2.17	Time taken to respond to urgent health and safety maintenance queries	≤4	2.8	●
2.18	Public housing customer maintenance requests completed within agreed service level	80%	79%	●
2.19	Homes that receive one or more major planned interventions	13%	8.2%	●
2.20	Homes compliant with the healthy homes standards	100%	75%	●
2.21	Lettable properties that meet the asset condition scale baseline quality standard	93.5%	93.8%	●

### Public housing customers satisfied with repairs and maintenance (SPE 2.16)

Customer satisfaction with repairs and maintenance saw no significant change from the last quarter, with the year-to-date result staying at 70.2%. It is however behind the 75% target, and we are developing further data in order to more precisely identify the drivers for customer satisfaction (which are varied and seasonal).

### Homes compliant with the healthy homes standards (SPE 2.20)

We expect to finish the year at about 90-95% of the SPE 22/23 target. We are on track to achieve Minister expectations and [page 7](#) has further details on our Healthy Homes programme.

Revenue and Output				
Expenses				
Dec 2022/23	Actual	Budget	Budget	
(\$ million)	YTD	YTD	Full year	Comments
Revenue Crown	537.0	544.7	1,126.0	The expenses of this output class are in relation to the maintenance of the public housing portfolio. The includes all administration and maintenance expense for public housing and both revenue and expense for supported housing. It includes net interest expense.
Revenue Other	297.8	322.6	628.3	
Expenses	1,041.7	1,145.9	2,243.9	
Net surplus/(deficit)	(206.9)	(278.6)	(489.5)	
Capital Programme Expense	1,485.8	2,185.6	4,183.5	Share of infrastructure capex; all public housing capital spend.

(Budget values represent those published in the 2022/23 Statement of Performance Expectations)

## Output Class 3 - Delivering and facilitating urban planning and development

We are on track to deliver most SPE measures in this output class

Our Urban Development strategy and plan strengthens our urban development role and will drive system transformation, thriving communities and our ability to leverage other's expertise, capabilities and investments. Affordable and better homes measures are performing better than expected, as is most of this output class. There are two measures will not be achieved, and these are discussed below.

Delivering and facilitating urban planning and development		Full year target	YTD result	
3.1	New homes that will be built on land enabled through urban development activity	1,700	233	●
3.2	Affordable homes enabled as a percentage of total market and affordable homes enabled	40%	61%	●
3.3	Market and affordable enabled homes under construction by third parties within agreed timeframe	95%	100%	●
3.4	Deliverables met in large-scale projects monitoring framework	80%	Available in Quarter 3	
3.5	Newly constructed homes with delivery managed on behalf of TRC	324	26	●
3.6	New market, affordable and TRC public homes enabled to 6 Homestar standard	90%	100%	●
3.7	Jobs created and retained through the life of shovel-ready projects	Tracking progress	177	
3.8	Urban Development Strategy implementation plan adopted	By October 2022	Completed 28/10/2022	●
3.9	Strategic land acquisition plan adopted	By October 2022	Completed 28/10/2022	●
3.10	Projects formally considered for selection as a specified development project	3	2	●

"Homes enabled" are a class of homes under an unconditional development agreement where land is available to be built on and a third party is ready to build, either market (sold by developer at market price), affordable (sold by developer at affordable price agreed with us) or public homes<sup>1</sup>.

### New homes that will be built on land enabled through urban development activity (SPE 3.1)

The full year forecast has been reduced to 1,432 homes for the year, 268 homes fewer than the target of 1,700, with the current market conditions causing build partners to want to renegotiate, or be unwilling to execute development agreements. Options for changes in approach are being considered for discussion in the first quarter of 2023.

We are meeting regularly with build partners to mitigate the risk of delays, and although our forecast is below the end of year target, we are implementing mitigation actions to still achieve our target. A paper for discussion with the Minister in the first quarter of 2023 is now in progress, to explore commercial models that consider the trade-offs between revenue and homes enabled such as enabling more superlots at a lower cost to build partners, resulting in less revenue.

### Newly constructed homes with delivery managed on behalf of TRC (SPE 3.5)

We do not expect this measure to meet the target of 324 homes, as seven homes have been delayed until early in the next financial year, and it is unlikely that any homes can be brought forward to fill the gap. We expect to miss the target only by these seven homes.

Revenue and Output Expenses			
Dec 2022/23 (\$ million)	Actual YTD	Budget YTD	Budget Full year
Revenue Crown	15.3	20.1	53.3
Revenue Other	115.9	157.7	284.7
Expenses	156.9	196.1	416.9
Net surplus/(deficit)	(25.8)	(18.3)	(78.9)
Capital Programme Expense	161.6	478.1	986.9

(Budget values represent those published in the 2022/23 Statement of Performance Expectations)

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## Output Class 4 - Supporting Crown housing infrastructure and home ownership initiatives for New Zealanders

We are successfully meeting all targets in this output class.

These measures have remained consistently ahead of target all year. Our non-targeted measures are progressing at a similar rate to previous years.

Supporting Crown housing infrastructure & home ownership initiatives for New Zealanders		Full year target	YTD result
4.1	First Home Grant, KiwiBuild, and First Home Partner applications assessed	<i>Demand driven</i>	<b>14,667</b>
4.2	Days to assess completed First Home Grant, KiwiBuild, and First Home Partner applications	≤5.0	<b>1.9</b> ●
4.3	Applicants gaining full pre-approval for First Home Partner who are:		
	...Māori	<i>Monitor</i>	<b>11%</b>
	...Pacific Peoples		<b>7%</b>
	...families with children		<b>43%</b>
4.4	First Home Loan mortgages underwritten	<i>Demand driven up to 3,600</i>	<b>1,148</b>
4.5	Homes purchased by New Zealanders with one or more of our home ownership products	<i>Demand driven</i>	<b>4,903</b>
4.6	...and purchaser identifies as Māori	<i>Monitor</i>	<b>8%</b>
	...and purchaser identifies as Pacific Peoples		<b>4%</b>
4.7	Completed underwritten KiwiBuild homes acquired by the Crown	≤25%	<b>19%</b> ●
4.8	IAF funding agreements entered into	80%	<b>95%</b> ●

Revenue and Output Expenses				
Dec 2022/23 (\$ million)	Actual YTD	Budget YTD	Budget Full year	Comments
Revenue Crown	46.2	57.3	120.3	The revenue and expenses of this output class are in relation to products that are managed on the Crown's behalf and expenses associated with these home ownership products.
Revenue Other	0.7	0.9	1.7	
Expenses	44.4	57.8	114.2	
Net surplus/(deficit)	2.4	0.4	7.8	
Capital Programme Expense	0.4	0.7	1.2	Share of infrastructure capex spend

(Budget values represent those published in the 2022/23 Statement of Performance Expectations)

## Our organisational health

This reflects our key organisational health and capability areas.

### **A leadership programme designed for our people leaders**

365 People Leaders participated in the Waka Tangata leadership programme in 2022 which gives the participants an understanding of good leadership, along with practical tools.

### **We continue to support building cultural capability with the Te Whare Korero o Kāinga Ora and National Reo Programmes**

Te Whare Kōrero is a place based kaupapa Māori programme focused on developing cultural capability and competency. November 2022 saw the completion and graduation of Te Whare Kōrero Waikato. A total of 28 ākonga (students) with a 93% completion rate.

The National Reo Programme have had 135 registrants with a 96% completion rate.

Our people are continuing to take advantage of the National Reo Programme in building their cultural capability. Current completion results show ākonga engagement and uptake continues to grow be it ākonga starting their journey or continuing onto the next level of the programme.

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## Our financial performance



### Investment in housing supply up in the December quarter

Housing investment in the December quarter was \$681 million, up \$160 million on the quarter prior, reflecting the increase in committed projects to deliver the target homes for the current and future financial years. We expect to continue increasing spend in the March quarter, with the increase mainly in redevelopments and acquisition of new housing.

The upper North Island flooding is still being assessed, and this will affect activity over the coming months.

### Urban development spend is under forecast for the half year result, risk to year end position

Urban development spend is 17% under forecast at the half year point, from delays in scope changes due to rising prices, procurement challenges and labour constraints. There are also delays from councils in signing off infrastructure business cases and there is a risk we will not achieve our year-end position.

In mitigation, we have worked on increasing the quality of business cases for more efficient decision-making. We are also investigating commercial and procurement models closely to expand our toolkit, aiming to improve delivery in a deflated market.

Capital Expenditure						
	YTD Actual	YTD Budget Update	YTD Variance	Full-year Budget Update	Full-year Forecast	Full-year Variance
(\$ million)						
Redevelopments	585	583	(2)	1,889	1,666	223
Acquire new	317	329	12	665	794	(129)
New supported housing	55	53	(2)	170	171	(0)
<b>Home builds</b>	<b>957</b>	<b>965</b>	<b>8</b>	<b>2,725</b>	<b>2,631</b>	<b>94</b>
Acquire existing	141	141	(0)	315	295	20
Strategic land purchases	60	71	12	153	160	(7)
Other programmes	44	42	(2)	79	79	0
<b>Other home additions</b>	<b>245</b>	<b>255</b>	<b>10</b>	<b>547</b>	<b>534</b>	<b>14</b>
<b>Total housing supply spend</b>	<b>1,202</b>	<b>1,219</b>	<b>17</b>	<b>3,272</b>	<b>3,164</b>	<b>108</b>
National Retrofit	90	95	5	194	194	-
Other maintenance programmes	183	188	5	382	382	-
<b>Maintenance programmes</b>	<b>273</b>	<b>283</b>	<b>11</b>	<b>576</b>	<b>576</b>	<b>-</b>
<b>Infrastructure Assets &amp; Projects Total</b>	<b>16</b>	<b>14</b>	<b>(2)</b>	<b>35</b>	<b>35</b>	<b>(0)</b>
Urban development land (state and market)	129	156	27	421	425	(4)
Urban development Tamaki	18	22	4	67	71	(4)
Land purchase fund (\$2b over 10 years)	10	12	2	96	95	0
Kiwibuild (Construction & Innovation Group)	3	3	0	3	3	0
<b>Urban Development</b>	<b>160</b>	<b>193</b>	<b>33</b>	<b>586</b>	<b>594</b>	<b>(8)</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,651</b>	<b>1,709</b>	<b>58</b>	<b>4,468</b>	<b>4,368</b>	<b>100</b>

(Budget Update values represent those approved by the Board in October 2022)

### Slightly better earnings

Slower-than-forecast demolition activity and lower-than-expected consultant and contractor costs (owing to programme delays) contributed to a slightly better than expected EBITDA position in the first half of the year - \$137 million vs. \$131 million forecast.

Repairs and maintenance is an area of major expenditure. In the December quarter, the higher-than-forecast repairs and maintenance spend (\$10 million, 3%) was from an increase in responsive repairs activities and planned maintenance activities such as exterior paint and boundary fencing. Also contributing was higher average price on vacant properties and roof replacements.

We are not yet certain what the year-end EBITDA position will be, because of the repairs and maintenance costs that will come from the upper North Island adverse weather events.

Measure	Target	Q2 Estimate
Net operating cost of managing our housing portfolio per housing unit (excludes depreciation)	\$ 18,063	\$ 18,126
Adjusted earnings before interest, taxes, depreciation, and amortisation (EBITDA) as a percentage of total income*	18%	18%
Total debt to non-sales adjusted EBITDA ratio**	33.3	33.2
Non-sales adjusted EBITDA to interest costs**	1.1	1.1

\*For the purposes of this calculation, adjusted EBITDA excludes asset write-offs.

\*\*Non-sales adjusted EBITDA excludes asset write-offs and affordable products contribution.

These metrics have been updated to align with S&P Global Ratings' guidance for stand-alone credit profile rating (treatment of asset impairments and asset renewal programmes updated).

### Uncertainty around cost pressure and delivery risk remains

The latest inflation figures highlighted a slowing in quarterly inflation in December 2022, but uncertainty remains around how long it will take for inflation to normalise.

The upper North Island flooding and cyclone will affect costs and delivery for Auckland over the coming months.

## Statement of Financial Performance

	YTD Actual	YTD Budget Update	YTD Variance	Full-year Budget Update	Full-year Forecast	Full-year Variance
(\$ million)						
Rental revenue	834	838	(4)	1,717	1,717	0
Other income	37	39	(2)	73	73	0
Financial products contribution	32	35	(3)	76	76	0
Affordable homes contribution	(3)	(1)	(2)	(1)	(1)	0
<b>Total Income</b>	<b>900</b>	<b>910</b>	<b>(10)</b>	<b>1,865</b>	<b>1,865</b>	<b>0</b>
Repairs and maintenance	298	288	(10)	578	578	0
Other direct costs	186	188	2	381	381	0
People costs	170	172	2	342	342	(1)
Consultants/contractors	30	40	10	85	80	5
Other indirect expenses	52	47	(4)	99	103	(4)
Asset write offs & (gain) / loss on sale	27	43	16	171	171	0
<b>Total expenses</b>	<b>763</b>	<b>779</b>	<b>16</b>	<b>1,656</b>	<b>1,656</b>	<b>0</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION &amp; AMORTISATION (EBITDA)</b>	<b>137</b>	<b>131</b>	<b>6</b>	<b>209</b>	<b>209</b>	<b>0</b>
<b>EBITDA / revenue %*</b>	<b>16%</b>	<b>16%</b>		<b>17%</b>	<b>17%</b>	
<b>EBITDA/interest expense (gross)</b>	<b>92%</b>	<b>84%</b>		<b>57%</b>	<b>57%</b>	
Depreciation and amortisation (properties)	200	196	(3)	392	392	0
Depreciation (infrastructure)	14	11	(3)	19	19	0
<b>EARNINGS BEFORE INTEREST, TAX (EBIT)</b>	<b>(77)</b>	<b>(76)</b>	<b>(0)</b>	<b>(202)</b>	<b>(202)</b>	<b>0</b>
Net interest	130	136	6	317	317	0
Tax	(44)	(40)	5	(81)	(81)	0
<b>NET OPERATING PROFIT AFTER TAX</b>	<b>(162)</b>	<b>(172)</b>	<b>10</b>	<b>(438)</b>	<b>(438)</b>	<b>0</b>

Contributions are net income and expenses of the Financial Products and Affordable Homes programmes.

\* EBITDA % is normalised for asset write-off and net contribution for affordable housing.

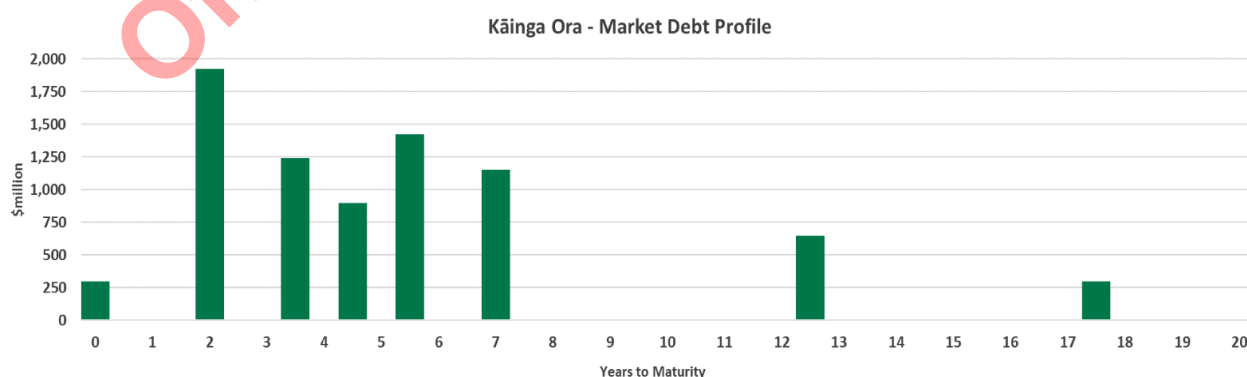
(Budget Update values represent those approved by the Board in October 2022)

## Debt Summary

On 11 November, the Government announced that our future debt requirements will no longer be raised through debt capital markets, but will instead be financed directly by the Crown.

Our final market debt position is \$7,890 million, following the last bond tender on 19 October. This excludes \$50 million of outstanding short-term bills that are set to mature over January 2023.

As our bonds mature, they will be refinanced using Crown loans.



A new \$2.75 billion Crown loan facility has been agreed, replicating the size of the previously intended annual bond programme.

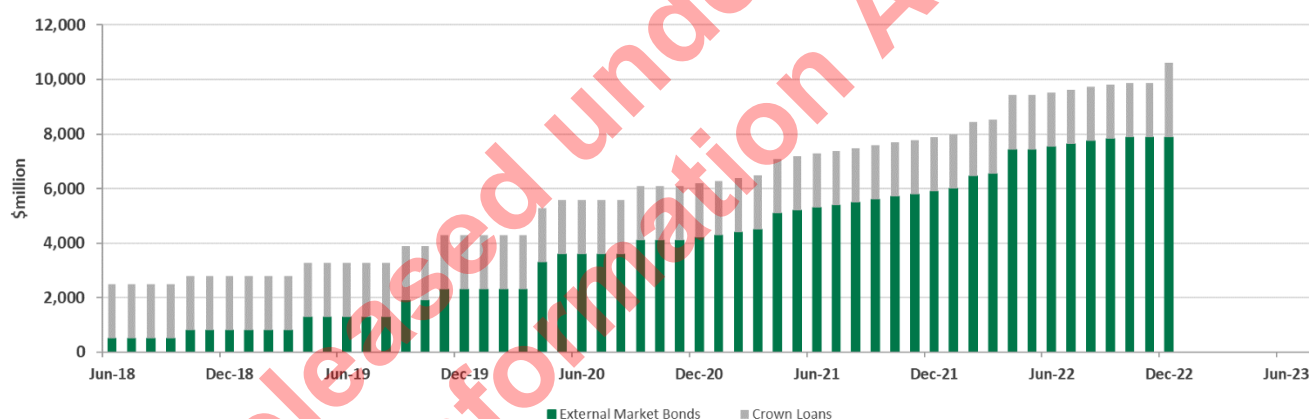
\$600 million of this facility had been accessed as at 31 December, to fund capital expenditure over the coming months.

In 2023, we expect to draw down on this facility steadily and consistently.

Any existing debt maturing before June 2023 is financed by a separate appropriation under the new facility. \$150 million was drawn down in early December for the repayment of short-term debt.

Debt summary (\$million)			
Debt Instrument	30/09/2022	Movement	31/12/2022
Crown Loans	1,986	750	2,736
Bills	150	-50	100
Bonds	7,840	50	7,890

Kāinga Ora Debt Position - Breakdown by Type



### Liquidity Position

As at 31 December, we had existing cash and liquid investments of \$1,021 million.

Total Investments Table (\$million)				
Term Deposit	Registered Certificate of	Bonds	Commercial Paper	Cash
0	520	235	0	266

Based off the latest forecast from November, the remaining capital expenditure for 2022/23 is \$2,940 million. We have sufficient access to liquidity of around \$3,021 million to fund this expenditure, with a residual of \$863 million.

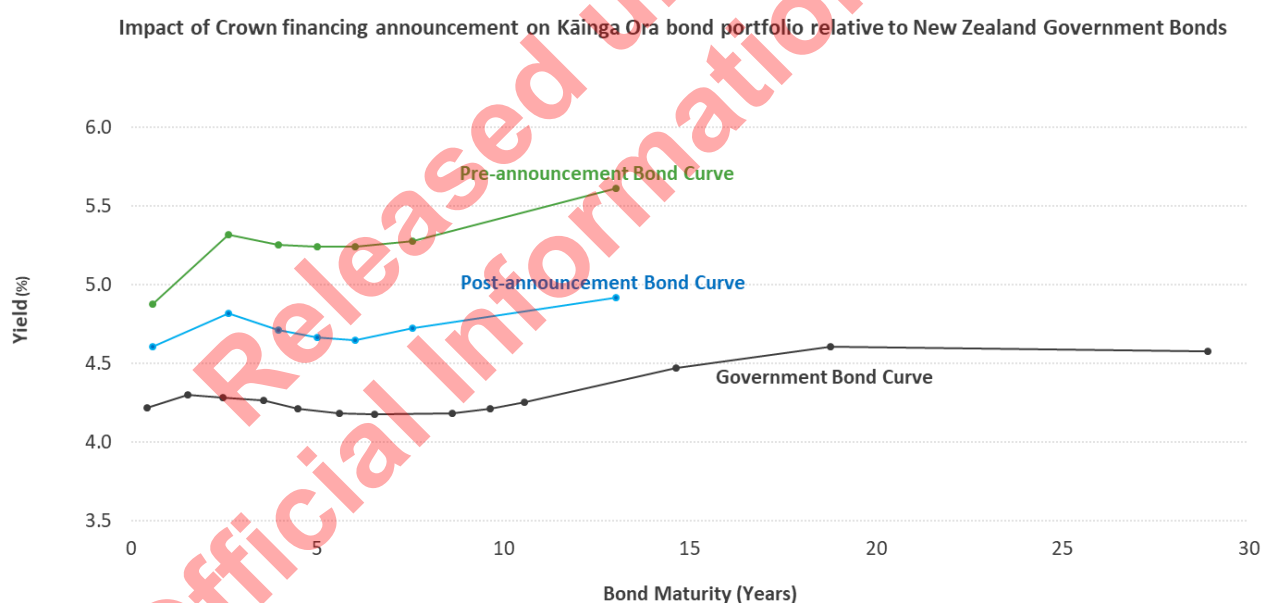
Any unused financing will roll forward into the following financial year.

Financing Available & Remaining Capital Expenditure	
- 2022/23 (November Forecast - \$million)	
Total remaining net capital expenditure	2,940
Less forecast Crown LSP appropriation (Tranche 2)	632
<b>Required net capital expenditure to be financed</b>	<b>2,308</b>
Available cash and liquid investments	1,021
Remaining FY23 Crown facility	2,150
<b>Residual finance remaining</b>	<b>863</b>

### Market Reaction and Borrowing costs

Following the announcement of change in financing approach from market debt to Crown loans, there was a noticeable positive reaction in the pricing of Kāinga Ora bonds. The graph below shows the yield curve before and after, with a marked shift lower in yield.

This reflected the market's interpretation of very strong implicit government support for outstanding bond issuances. A component of the difference between the Kāinga Ora and New Zealand Government Bond curves is the risk of default. With a closer relationship to the Crown, that perceived risk is less and results in a lower yield for that debt.



Access to these loans will also provide a marginally lower cost of funding. The bonds issued by us, under our subsidiary HNZL, have generally had a yield around +0.5% higher than the Crown equivalent, as shown in the graph below.

Outside of the default risk outlined above, the primary driver for this difference is less liquidity of those bonds relative to the Crown, making it harder for investors to buy and sell those bonds quickly.

For Crown lending, we are required to pay a margin of + 0.15% above the relevant New Zealand Government Bond. The average differential in financing in our own name relative to Crown lending is +0.35%. On \$2.75 billion, the annual interest cost saving for us is \$9.6 million.

Difference in yield between Kāinga Ora and New Zealand Government Bond Portfolios



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## Appendix

The topics included in the Letter of Expectations are shown below, as well as the section(s) where they are included in this report.

Letter of Expectations	Relevant section	Page reference
Board to provide stewardship of the balance sheet and financial leveraging of Kāinga Ora to ensure its long-term financial sustainability and continued ability to deliver core functions and operations.	<b>Overview</b>	Page 3-6
	<b>Our outcomes</b> <ul style="list-style-type: none"> <li>• Customer wellbeing</li> <li>• Housing access</li> <li>• Māori aspirations</li> <li>• Thriving communities</li> <li>• System transformation</li> </ul>	Page 7-12
	<b>Our financial performance</b>	Page 25-30
Board must ensure financial resources are deployed efficiently and that the intent of Government guidance on the prudent and responsible expenditure of public money has been followed.	<b>Overview</b>	Page 3-6
	<b>Our financial performance</b>	Page 25-30
Improve and embed an enduring culture of understanding of how Kāinga Ora is part of the broader public service and what that means for managerial oversight and staff employed within the organisation.	<b>Overview</b>	Page 3-6
	<b>Our organisational health</b>	Page 24
	<b>Our financial performance</b>	Page 25-30
Kāinga Ora needs to be focused on, and clear about, its core activities and functions as a public housing landlord, provider of new public and transitional housing, and enabler of much needed urban development.	<b>Our outcomes</b> <ul style="list-style-type: none"> <li>• Customer wellbeing</li> <li>• Housing access</li> <li>• Māori aspirations</li> <li>• Thriving communities</li> <li>• System transformation</li> </ul>	Page 7-12
	<b>Regional highlights</b>	Page 13-14
Continue to deliver on Kāinga Ora's objective and contribute to sustainable, inclusive, and thriving communities by:	<b>Our outcomes</b> <ul style="list-style-type: none"> <li>• Customer wellbeing</li> </ul>	Page 7-12

Letter of Expectations	Relevant section	Page reference
<p>Having the right capabilities in place, taking all reasonable steps to respond to tenant and community needs, supported by sound operational policies, procedures, and processes.</p>	<ul style="list-style-type: none"> <li>• Housing access</li> <li>• Māori aspirations</li> <li>• Thriving communities</li> <li>• System transformation</li> <li>• Environmental wellbeing</li> </ul>	
	<p><b>Regional highlights</b></p>	<p>Page 13-14</p>
	<p><b>Our organisation health</b></p>	<p>Page 24</p>
<p>Procedures and processes on sustaining tenancies are effective in supporting the quiet enjoyment of tenants and their neighbours affected by anti-social and problematic behaviour.</p>		
<p>Kāinga Ora is required to meet its build commitments, including in the regions.</p>	<p><b>Regional highlights</b></p>	<p>Page 13-14</p>
	<p><b>Our construction delivery highlights</b></p>	<p>Page 15</p>
<p>Kāinga Ora actively using partnerships, effectively using its land, and using technical innovations such as Off-Site-Manufacturing (OSM)</p>	<p><b>Significant programmes</b></p>	<p>Page 5-6</p>
	<p><b>Our outcomes</b></p> <ul style="list-style-type: none"> <li>• Customer wellbeing</li> <li>• Thriving communities</li> <li>• System transformation</li> </ul>	<p>Page 7-12</p>
	<p><b>Regional highlights</b></p>	<p>Page 13-14</p>
<p>Increase the capacity and capability of domestic OSM supply.</p>	<p><b>Our outcomes</b></p> <ul style="list-style-type: none"> <li>• System transformation</li> </ul>	<p>Page 11</p>
	<p><b>Regional highlights</b></p>	<p>Page 13-14</p>
	<p><b>Our construction delivery highlights</b></p>	<p>Page 15</p>
<p>Kāinga Ora is expected to consider whether a project could be delivered in partnership, on behalf of others, or on its own account.</p>	<p><b>Our outcomes</b></p> <ul style="list-style-type: none"> <li>• Customer wellbeing</li> <li>• Housing access</li> <li>• Māori aspirations</li> <li>• Thriving communities</li> </ul>	<p>Page 7-12</p>

Letter of Expectations	Relevant section	Page reference
	<ul style="list-style-type: none"> <li>• System transformation</li> <li>• Environmental wellbeing</li> </ul>	
	<b>Our organisational health</b>	Page 24
<p>The Board to demonstrate the following in its approach to urban development:  <b>Supports system transformation and system capability:</b> how well Kāinga Ora enables and complements, rather than competes with, the private market and development community will be a critical success factor to achieving high quality urban development outcomes.</p>		
<p>Integrates and coordinates cross-agency work programmes: including sharing insights, increasing linkages and interdependencies with other Government programmes (such as Auckland Light Rail and Three Waters Reform), and providing opportunities to optimise outcomes across agencies.</p>	<p><b>Our outcomes</b></p> <ul style="list-style-type: none"> <li>• Customer wellbeing</li> <li>• Housing access</li> <li>• Māori aspirations</li> <li>• Thriving communities</li> <li>• System transformation</li> </ul>	Page 7-12
<p>Kāinga Ora Urban Development Strategy needs to include practical pathways to enable more housing delivery (in particular more affordable housing options), progress Māori aspirations, guide the Kāinga Ora Land Programme, and mitigate and adapt to climate change.</p>	<p><b>Regional highlights</b></p>	Page 13-14
<p>Kāinga Ora has an important role to play in partnering with Māori, protecting Māori interests, and carrying out early and meaningful engagement.</p>	<p><b>Our outcomes</b></p> <ul style="list-style-type: none"> <li>• Māori aspirations</li> <li>• Thriving communities</li> <li>• System transformation</li> <li>• Environmental wellbeing</li> </ul>	Page 7-12
<p>Work collaboratively with the MAIHI partnerships programme in urban development.</p>	<p><b>Our organisational health</b></p>	Page 27
<p>Kāinga Ora has an important role to play in partnering with Māori, protecting Māori interests, and carrying out early and meaningful engagement.</p>	<p><b>Our outcomes</b></p> <ul style="list-style-type: none"> <li>• Customer wellbeing</li> <li>• Māori aspirations</li> </ul>	Page 7, 9-10
<p>Identify practical opportunities to support Māori-led housing solutions and Māori capacity and capability building through urban development projects.</p>	<p><b>Our organisational health</b></p>	Page 24
<p>Identify practical opportunities to support Māori-led housing solutions and Māori capacity and capability building through urban development projects.</p>	<p><b>Our outcomes</b></p> <ul style="list-style-type: none"> <li>• Māori aspirations</li> </ul>	Page 9-10
	<p><b>Our organisational health</b></p>	Page 24

Letter of Expectations	Relevant section	Page reference
Development of concrete measures and indicators to track long-term outcomes for Māori, including the nature and impact of partnership and engagement with Māori/iwi in relation to urban and housing outcomes.	<b>Our outcomes</b> <ul style="list-style-type: none"> <li>• Māori aspirations</li> </ul>	Page 9-10
	<b>Our organisational health</b>	Page 24
The Board’s oversight and decision-making is effective and proactive to achieve the HAF objectives and to increase the pace, scale, diversity, and affordability of new housing supply, including housing for low to moderate income households.		
Work with HUD on performance metrics for urban development activities, the quality and effectiveness of partnerships and engagement, innovation and productivity in construction, customer wellbeing, environmental sustainability, and supporting Māori interests and aspirations.	<b>Our outcomes</b> <ul style="list-style-type: none"> <li>• Customer wellbeing</li> <li>• Housing access</li> <li>• Māori aspirations</li> <li>• Thriving communities</li> <li>• Environmental wellbeing</li> <li>• System transformation</li> </ul>	Page 7-12
	<b>Our organisational health</b>	Page 24
Reporting should provide lead and lag indicators against delivery expectations and schedules, as well as identify cost, benefit, and delivery risks.	<b>Our outcomes</b> <ul style="list-style-type: none"> <li>• Customer wellbeing</li> <li>• Housing access</li> <li>• Māori aspirations</li> <li>• Thriving communities</li> <li>• Environmental wellbeing</li> <li>• System transformation</li> </ul>	Page 7-12
	<b>Our financial performance</b>	Page 25-30
Maintain a ‘no-surprises’ relationship with Minister Woods’ officials and office.		

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