

# Kāinga Ora – Homes and Communities Briefing to the Incoming Minister

November 2020



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## Summary

This briefing provides an overview of Kāinga Ora – Homes and Communities and its main functions and current priorities.

Kāinga Ora was established as a Crown Entity on 1 October 2019 under the Kāinga Ora – Homes and Communities Act 2019 (the Act). Our objective is to contribute to sustainable, inclusive, and thriving communities that provide people with good quality, affordable housing choices that meet diverse needs; support good access to jobs, amenities, and services; and otherwise sustain or enhance the overall economic, social, environmental, and cultural well-being of current and future generations.

Kāinga Ora is governed by a board currently consisting of eight members appointed by the Minister of Housing.

Our role as an organisation includes two core functions:

- being a world class public housing provider
- being a partner to deliver urban development projects of all sizes.

Our goal is to focus on both current and future wellbeing. A place to call home is fundamental to a person's and whānau wellbeing, and enhancing communities will give more New Zealanders the capabilities they require to enjoy a good level of wellbeing.

## Our Story and Direction

At Kāinga Ora, we understand that a home 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 tino rangatiratanga achieved within the communities to which we contribute.

With careful planning and purposeful action, we are transforming New Zealand's housing choices, outcomes and the entire housing sector by creating homes and communities that allow New Zealanders to thrive.

Kāinga Ora is at the beginning of its journey having been established on 1 October 2019, when Housing New Zealand and its subsidiary, HLC Ltd, and the KiwiBuild Unit from the Ministry of Housing and Urban Development (HUD) were brought together under the Kāinga Ora – Homes and Communities Act 2019 to form a new Crown Entity.

We are expected to have a much larger impact on New Zealand and the quality of New Zealanders' lives, beginning with a deeper understanding of communities and the challenges they face. Our establishment legislation and the Government's Letter of Expectation have outlined six key outcomes we are expected to achieve:

- **Housing Access** - Good quality, affordable housing choices meet diverse needs
- **Māori interest** - Partnering with Māori ensures Māori interests are protected and their needs and aspirations are met and allows Kāinga Ora to uphold Te Tiriti o Waitangi and its principles
- **Communities** - Sustainable, inclusive and thriving communities that support good access to jobs, amenities and services
- **Public Housing Customers** - Our public housing customers live well in their homes with dignity, stability, and the greatest degree of independence possible
- **Environment** - Environmental wellbeing is enhanced and preserved for future generations
- **Systems Transformation** - System transformation is catalysed and delivered.

These outcomes are driving us to change how we organise ourselves, as well as the way we work with each other, with Māori, our customers, partners, suppliers and communities so together we can better deliver on the breadth, complexity and newness of these outcomes.

Work is underway to embed our new operating principles across the organisation to reflect the more connected, engaged and partnership based approach we are taking to all aspects of our work.

Implementation of our Shaping Kāinga Ora Programme began in October 2020 and will ensure that Kāinga Ora has:

- the fundamental characteristics that reflect the environment we work in, our customers, the nature of our assets and the delivery models we work to
- our people are in the right place with the time and appropriate capabilities and permissions to deliver on these outcomes.

### Embedding wellbeing

We are developing a comprehensive approach to embedding wellbeing across our work. This includes continuing to grow our suite of relevant social, environmental and wellbeing indicators and adapting to the requirements of the Government and the Kāinga Ora Board.

Implementing our expanded role does not mean we lose sight of our role helping the most vulnerable New Zealanders into public housing. This role is vital. We are New Zealand's largest housing provider managing over 66,000 homes that accommodate over 189,000 people throughout the country.

### Customers at the centre

Our commitment to being a world-class public housing provider requires us to place customers and whānau at the centre of our work. It also means maintaining and renewing our existing public housing portfolio so that our homes are safe, warm, dry and healthy, and designed to support a diverse range of needs and choices.

There have been significant changes to tenancy management in recent years with a comprehensive work programme focussed on supporting our customers to have stability and live with dignity in our homes. This work programme includes the introduction of Te Waka Urungi (Intensive Tenancy Management), technology innovations (digital self-service or MyKāingaOra) community based support schemes and new policies centred on tenancy customer needs.

### Warm and dry homes

Kāinga Ora continues our work to maintain and repair an ageing public housing portfolio to ensure that our customers have warm, dry, safe homes to live in.

We are currently facing a significant asset renewal and realignment requirement. The changes to our settings and our tenant base over the years, combined with the average age of our homes (45 years), have two fundamental implications:

- there is a significant mismatch between supply and demand, with an over-supply of three-bedroom public housing units and an under-supply of the types of public housing our current tenants need
- many of our houses are nearing the end of their economic and/or functional life (approximately 40 percent of our current housing portfolio was built before 1966). We need to replace or renew 60 percent of our portfolio within the next 20 years.

Our redevelopment and retrofit investment programmes provide opportunities to right-size our housing portfolio and reduce the number of our assets at the end of their functional life.

In addition to our ambitious redevelopment programme to build more new homes, we are planning to invest \$500 million to retrofit over 1,500 homes in 30 towns across New Zealand over the next two years.

### Building more state homes

The Government's housing reforms have empowered Kāinga Ora to accelerate the pace and scale of new home building and large development projects. In the three financial years to 30 June 2020, we built over 3,500 new state homes to help meet the growing demand for public housing.

However, with demand for public housing continuing to grow, we have more to do and Kāinga Ora has an ambitious programme to build more state housing to address this need.

Our housing pipeline continues its upward trajectory to help meet demand. At 30 June 2020 we had 2,679 state houses under construction. And, we are once again ramping up to deliver even more state homes following the Government's Budget 2020 announcement to significantly increase the number of state and transitional homes.

Over the next four years, Kāinga Ora plans to invest \$11.2 billion in its housing stock, resulting in a net increase of approximately 8,250 additional state homes.

### Making housing more affordable

As an organisation, we are firmly focussed on increasing the scale and pace of our build programmes to deliver an unprecedented volume of new and replacement homes, particularly in Auckland where demand is greatest. We have spent the last four years building the necessary organisational capacity and capability, including developing productive relationships with our suppliers.

The Government's build programme goes beyond increasing the supply of public housing. Another key element is to deliver more affordable housing and to make affordable housing more widely available through additional support to households. It is important that people and whānau have access to homes they can afford and are supported to transition to greater housing independence.

We are focused on ensuring that where we build, what we build and how we build are the key consideration in our affordable housing delivery decisions. This involves a more regional approach, informed by underlying demand and need and a tailored development plan matched to specific need. For example, tailored mixes of transitional, public and affordable housing, and realising opportunities for iwi and Māori housing projects.

Home ownership opportunities have been extended through changes to the products that we administer, such as First Home grants and loans, which help more New Zealanders to purchase their own home.

The Urban Development Act 2020 establishes Kāinga Ora's role as a national urban development authority to support urban development that contributes to sustainable thriving communities by:

- facilitating projects that are delivered by other parties, by overcoming coordination failures, aligning goals, brokering funding and connections, and scoping projects
- catalysing projects by providing targeted support or by working in partnership with the sector
- delivering projects where the market is unable to provide the best outcomes for the community.

### Great urban design and build-ready land

As the Government's lead developer in the planning and delivery of urban development projects of all sizes, we are excited about our role in delivering more public, affordable and market homes.

However, our work is not just about the numbers of homes we deliver. We also deliver quality urban design that creates environments that contribute to thriving communities. Our work includes the delivery of improved infrastructure and amenities that strengthen and connect neighbourhoods and communities.

Our response includes accelerating the availability of build-ready land, and building a mix of housing including public housing, affordable housing, homes for first home buyers, and market housing of different types, sizes and tenures. We are making progress on our existing seven large-scale projects currently underway, which in total will produce more than 40,000 homes in Auckland and Porirua over the next 15-20 years.

### Supporting our communities

A key part of our approach to building homes and communities is to ensure that we support customers in their new homes to settle into, and become a part of their community. Great communities reflect what is special about a place and its people. We are taking a place-based approach to create local solutions that meet the diverse needs and aspirations of each local community we work with.

A great example of this approach is our Greys Avenue complex that is currently under construction in Auckland. This project will see an 87-unit apartment building, that was no longer fit for purpose, transformed into a 276 apartment, mixed tenure, apartment block.

The building will be a purpose built, single site supported housing complex providing 24/7 wrap around support services on site to improve outcomes for the people living within the building and for the local community.

Great communities are also sustainable communities and we are committed to environmental sustainability in all our activities. Kāinga Ora is focussing to operate in a manner that recognises environmental values and the need to mitigate and adapt to the effects of climate change.

### Minimising our environmental impact

Kāinga Ora has an opportunity to minimise our environmental impact and ensure that we leave a sustainable legacy. We are implementing sustainability initiatives that reduce or minimise household lifecycle emissions for homes we own or build, to positively influence, where we can, environmental performance in the residential construction sector. This includes reducing or minimising waste from our construction and demolition. We also help promote sustainable urban lifestyles. Across all of this work we focus on ensuring we meet our legislative requirements and stakeholder expectations.

### Supporting innovation

We are committed to innovation across our business and we encourage innovation and efficiency improvements in the wider housing and urban development sectors. Off-site manufacturing, an innovative construction method, is one area where we can have greater impact. The use of proven manufacturing techniques allows faster, safer and more predictable procurement, and saves time and delivery cost. By enhancing our off-site manufacturing capability and capacity, we can in turn positively influence growth in the construction sector and lower construction based carbon emissions. A more regional approach to our build programme helps contribute to regional economic development.

### Supporting Māori

One of our key functions is to understand, support and enable Māori housing and urban development aspirations. This requires us to operate in a way that provides for early and meaningful engagement with Māori when doing urban development and the active pursuit of opportunities for Māori to participate in urban development. We are committed to ensuring that we have the capability and capacity to uphold the Treaty and its principles, understand and apply Te Ture Whenua Māori Act 1993, and engage with Māori and understand Māori perspectives.

In 2019/20, we established Te Kurutao Group Māori which leads and facilitates our relationships with iwi / rōpū Māori and to build and maintain strong and trusted relationships across the country. Te Kurutao Group Māori is tasked with developing strategies to support iwi/rōpū Māori into secure and affordable homes. This group also provides avenues for Māori investment in housing including partnering and investing in housing innovation and meaningful participation in urban development activities.

### Responding to COVID-19

Events associated with COVID-19 required us to navigate a number of complex and unprecedented challenges. With challenges come opportunities, and we have looked across our current work programmes to consider how we can best support the Government with any changes in priorities.

As part of the national emergency response, we have and continue to prioritise the wellbeing of our people and our customers and provide support for our suppliers and build partners. We have been working alongside other agencies through a Whole-of-Government approach in this crisis.

Kāinga Ora responded quickly to the restrictions resulting from the COVID-19 pandemic ensuring that all of our people were able to shift to working from home quickly. This allowed us to continue to deliver a high level of service to our customers, within the limitations of the lockdown restrictions, and provide information and assistance to ministers and government agencies dealing with the effects of the pandemic. During the various Alert Levels, we contacted 42,000 of our tenancies through wellbeing calls to check-in on our customers and their families and to offer our support. We also moved quickly to support our contractors and build partners who were no longer able to work on building sites.

In terms of economic recovery, we:

- have been asked to act as Crown Agent for the \$350 million residential response fund, which is designed to provide developers and financiers with greater confidence and ability to progress stalled or at risk developments, through the Crown taking on a share of risks with the private sector
- are well underway with our planning to support the delivery of our share of the 8,000 additional public and supported housing places announced in Budget 2020 – the associated build programme is estimated to support at least 4,000 jobs
- continue to investigate options relating to our existing homes such as accelerating already planned spend, addressing known gaps in asset management service levels, and the pace of the rollout of interventions as part of compliance with the Healthy Homes Act.

We have emerged from the COVID-19 experience stronger and more connected to the needs of our customers and suppliers and in a better position to focus our efforts on assisting with New Zealand's economic recovery.

### Investment in New Zealand's future

We are at the beginning of what is likely to be the largest programme of investment in housing and urban infrastructure New Zealand has seen in generations, and we have a real opportunity to make a difference.

Our roles and responsibilities require us to maximise alignment and synergies across our multiple functions to support inclusive, integrated housing and urban development. To develop our role, we are continuing to build a strong working relationship with the Ministry of Housing and Urban Development (HUD) as our monitoring agency and the Government's strategy, policy and funding lead for housing and urban development. We are committed to developing our role by partnering with other government agencies, iwi and Māori, local communities, local councils, the private sector and others committed to improving housing and urban development outcomes for current and future generations of New Zealanders.

We continue to work in a partnership-focused way to help sustain and enhance the overall economic, social, environmental and cultural wellbeing of current and future generations.

## Our Statutory Function

The Crown Entities Act 2004 is the principal Act governing the relationship between Kāinga Ora and the Crown. Kāinga Ora is described in Schedule 1 of the Act as a 'Crown Agent'. Crown Agents are the least autonomous category of Crown Entities in that they must give effect to Government policies.

The role of Kāinga Ora as a Crown Entity balances government direction on the achievement of social objectives with operating in a business-like manner. It means we play a critical role in advising and supporting policy agencies with the practical realities of delivery against government policies.

The Ministry of Housing and Urban Development (HUD) is our monitoring agency and works with ministers to set our policy parameters and objectives and monitors our performance.

The roles and responsibilities of Kāinga Ora are derived from four sources:

- governing legislation, including the Kāinga Ora – Homes and Communities Act 2019 and the Crown Entities Act 2004
- enabling legislation, including the Urban Development Act 2020, which gives Kāinga Ora access to a broad toolkit of development powers
- the future Government Policy Statement
- expectations of shareholding Ministers, which inform both our strategic direction over a four-year period are set out in the Statement of Intent (SOI) and our priorities for the coming year are set out in the Statement of Performance Expectations (SPE).

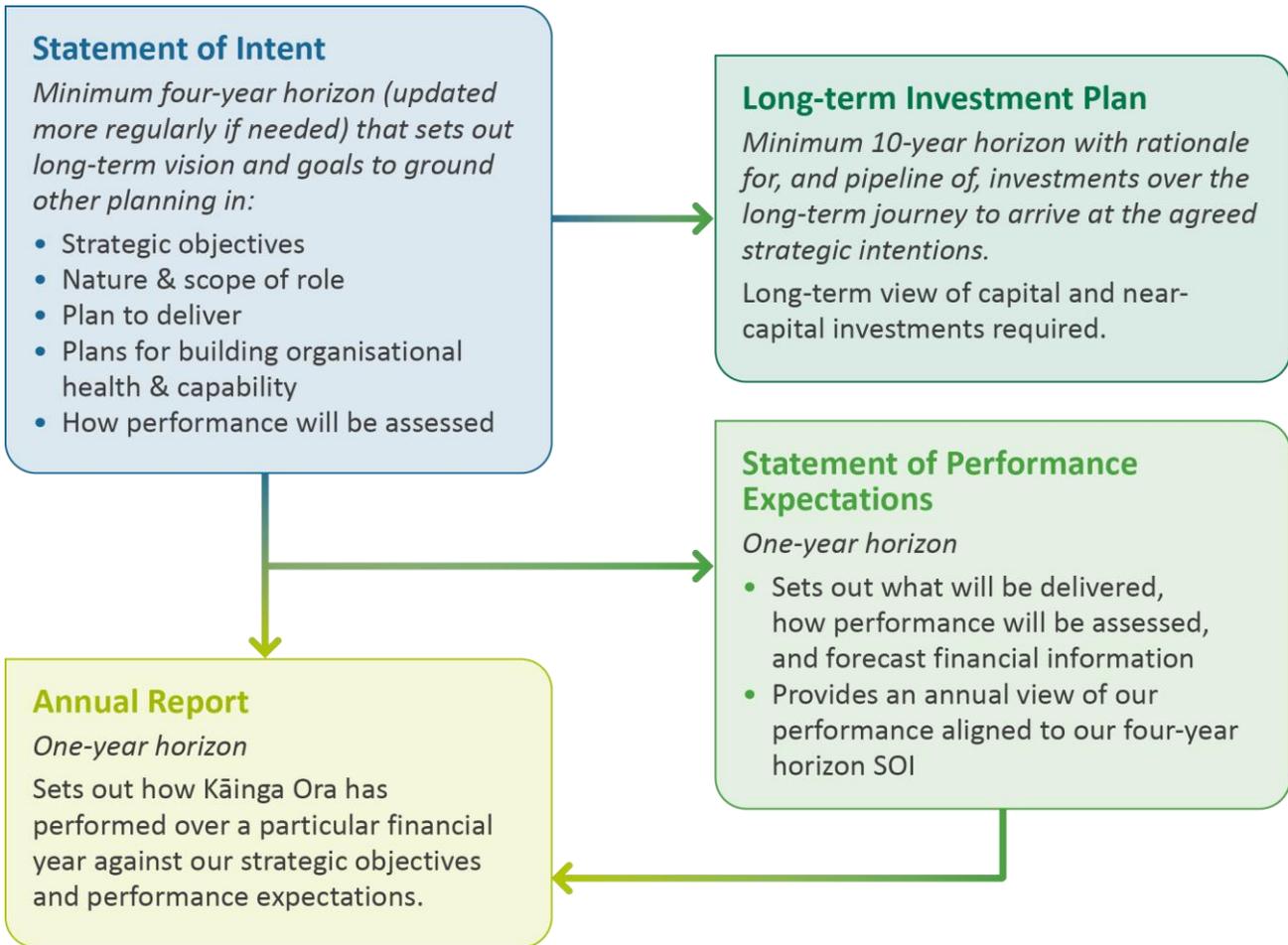
Kāinga Ora is governed by a Board, whose members are accountable to the responsible Minister. The role of the responsible Minister is to oversee and manage the Crown's interests in and relationship with Kāinga Ora. We report every quarter to the responsible Minister and the Minister of Finance to demonstrate performance against the objectives set out in our SOI. The Minister conveys the Government's expectations to Kāinga Ora and monitors performance. The SOI, SPE and Annual Report are tabled in Parliament.

# Strategic Overview

Kāinga Ora is a strategy-led organisation. Our Statement of Intent (SOI) sets out our strategic intentions that ground other strategies and planning.

The SOI influences our functional strategies and associated plans, and drives the formulation of our external accountability documents.

Figure 1: Relationship between our Statement of Intent and other accountability documents



Our functional strategies set our direction in response to specific challenges and opportunities. These ensure that activities across the different parts of our business are aligned to our strategic direction aimed at delivering outcomes in six key areas:

- Housing Access
- Māori interests
- Building Communities
- Public Housing Customers
- Protecting the Environment
- Systems Transformation

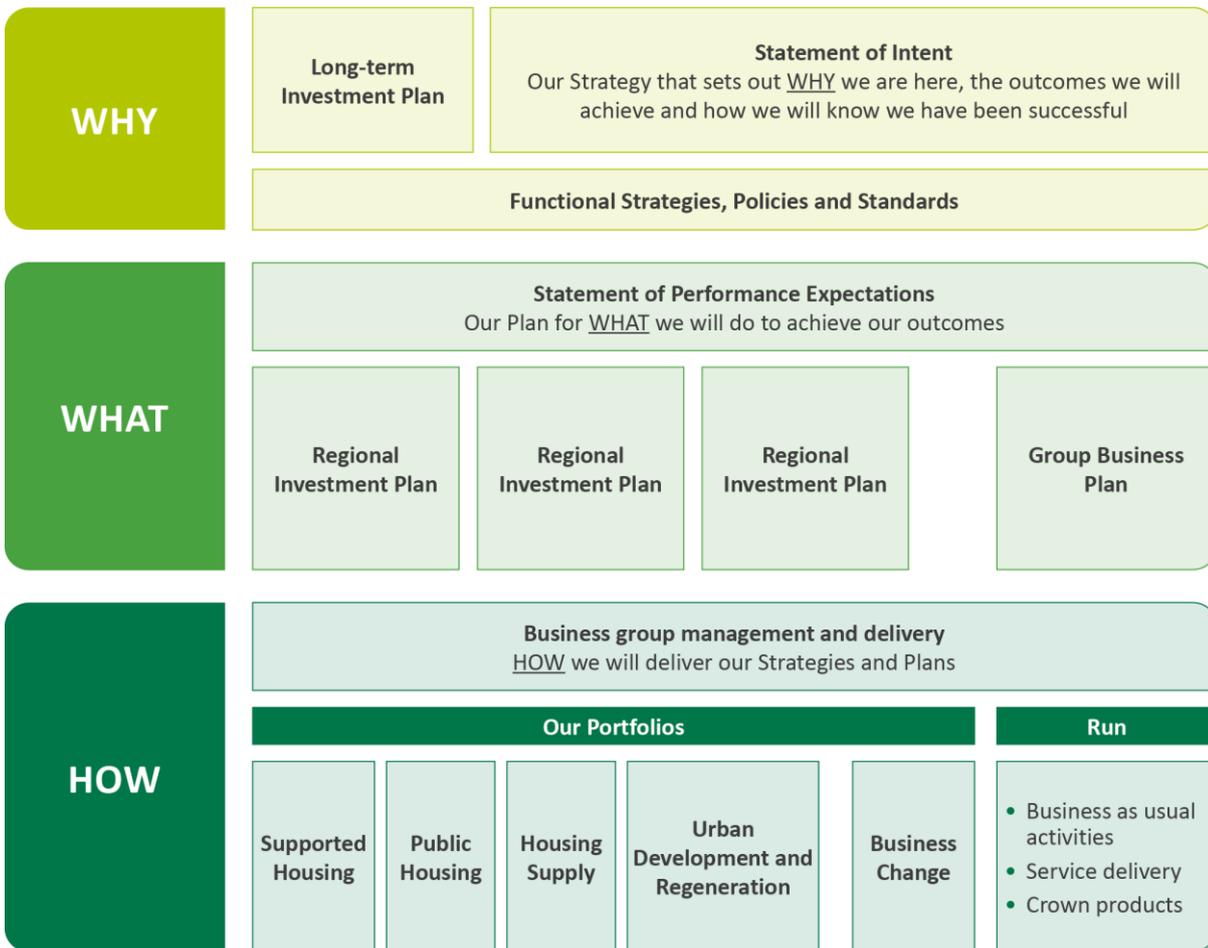
Currently we have a number of functional strategies developed or being developed and refreshed to support the achievement of these outcomes:

- Asset Management Strategy
- Māori Strategy
- Customer Strategy
- Environmental Strategy
- Community Strategy

The SPE is another key element in our annual planning cycle. While the SOI sets out a minimum four-year horizon, our SPE outlines our annual performance expectations against our output classes (groups of similar activities). The performance measures in our SPE form the basis of focus for annual scrutiny of the performance of Kāinga Ora by Parliament.

Together, the SOI and functional strategies inform other medium to long term documents, including our Long-term Investment Plan, various policies and standards. They also drive our organisational planning in terms of geographical regions, business groups and investment portfolios. Their relationship is shown here in Figure 2.

Figure 2: Our organisational strategy and planning documents



**Legislation Implementation**

Kāinga Ora continues to grow its capability and implement key legislation through a legislation implementation programme.

Under the Kāinga Ora – Homes and Communities Act a key focus is embedding the operating principles that we are required to act consistently with. Significant progress has been made in the development of a partnership and engagement framework (PEF).

Our success depends on how well we engage and partner with Māori, communities, organisations, business, and all the many interested and affected parties depending on us and our programme to effect positive change.

The PEF contains a set of principles to guide all our external engagement and partnering activity and includes specific principles for partnering and engaging with Māori. A draft PEF received external feedback in September 2020 and a final PEF will be considered by the Board in November 2020. An implementation programme will follow which will include the development of a range of tools and approaches for partnering and engaging with particular groups and for different activities like construction or customer services. We are not starting from a zero base – we already do a lot of very effective partnering and engaging, but the future programme needs to demonstrate that we are

doing this consistently well across all functions and that the wider community attests to this through their experience of working with us.

### Operating Principles Implementation Project

The Operating Principles Implementation Project is embedding our operating principles, set in our legislation, across Kāinga Ora to reflect the more connected, engaged and partnership-based approach we are taking to all aspects of our work.

While we currently reflect the operating principles across many of our activities, we are working to embed the principles consistently across all of our functions to deliver on our strategic outcomes required to fulfil our new role. This means ensuring that the operating principles are reflected across our strategies, frameworks, policies and procedures and that the Kāinga Ora Board's collective duty to act consistently with our operating principles is met.

Work to embed the operating principles will continue throughout 2021 to ensure alignment with other core programmes, such as Shaping Kāinga Ora, Te Mahere and the Customer Programme. The project is being progressed under the Legislation Implementation Programme, which is also dedicated to implementing the Urban Development Act.

### Long-term financial strategy

Kāinga Ora operates in a residential housing market characterised by high construction costs, variable land costs, and high levels of speculative investment predominantly driven by real or perceived capital gains (which are typically not accessible to Kāinga Ora as a long-term housing provider).

In this context, it is important to note the costs of supply, which includes the costs of land, buildings, property rates, water rates, insurance, tenancy services, repairs and maintenance, are covered not only by rents but also by the leveraging of our balance sheet. We are able to use targeted sales of assets that are no longer fit for purpose, sale of high value land, intensification of land use, particularly in Auckland, and free rental cash flows stemming from having low debt levels to help cover costs. Our balance sheet enables Kāinga Ora to finance its capital programme outside of the Government's core debt. The balance sheet also enables Kāinga Ora to manage value issues without affecting the Crown financial performance.

However, as our business changes and we look to both increase the supply of state housing across the country and renew our ageing portfolio, it is crucial that we understand the implications for long-term financial sustainability, through the development of a long-term (30-year) financial strategy. The challenge for the strategy is to balance trade-offs between generating internal funds, servicing external finance and the scale and pace of portfolio reconfiguration, growth and renewal.

From July 2020 to June 2024, Kāinga Ora plans to invest \$11.2 billion in our housing stock, resulting in a net increase of approximately 8,250 additional state homes across the four years, with the financing also being used for renewal programmes to significantly upgrade our older housing stock making them safer, warmer and dryer. We are also planning to invest up to another \$1.4 billion in land development regeneration including Tāmaki, Porirua East and other Auckland large scale build programmes.

### Wellbeing bond programme

Our Sustainability Financing Framework (Framework), developed in 2019, explicitly recognises the role Kāinga Ora plays in improving wellbeing outcomes for New Zealanders, and enables us to link our financing requirements accordingly.

The delivery of our renewal programme and the thousands of new and additional homes is financed by debt rather than through an appropriation from the Government. In mid-2018, the Government agreed to changes to our borrowing protocol, allowing us to seek financing from sources other than the Crown. The borrowing protocol is presently set at \$7.1 billion.

We established a domestic bond programme in 2018 and, to date, have raised \$4.1 billion in term debt from wholesale domestic and offshore investors.

Financing from the market means Kāinga Ora has the flexibility to access financing requirements (amount and timing) for renewal programme and development work as well as providing certainty to enter into long term supply contracts. The long life nature of Kāinga Ora assets are the same as other government-owned entities (e.g. Transpower), which regularly borrow under their own name, both here and offshore.

The Framework supports and outlines how we enter into Sustainability Financing Transactions (SFTs), with proceeds allocated to portfolios and projects that deliver positive environmental and social outcomes.

The net proceeds of each SFT will be dedicated to financing new or refinancing existing project expenditures, in part or in full, that fall under the eligible categories.

As at 30 June 2020, there were two eligible categories: Social and Green. The Social Category covers affordable housing and socio-economic advancement and empowerment. The Green Category covers green buildings and pollution prevention and control.

### Asset Management Strategy

Our Asset Management Strategy (AMS) articulates the strategic decisions our Board has made around where, and how, we deliver our asset programmes in a sustainable manner over the next 10 years for our customers.

It articulates how, as a long term asset owner, we manage the varying lifecycle requirements of our existing assets to provide warm, dry and safe homes for our customers so that they can operate within their means. It also sets out how we are realigning our portfolio to meet the needs of our existing and future customers. The AMS provides our business with a clear decision making framework for managing our assets, and a strategic framework for the delivery of our Investment Plans and Asset Management Plan.

## Housing Access

The 2019/20 Financial Year at a glance

**>10,600**

Provided over 10,600 families with home ownership assistance products for the purchase of their own home.

**\$78.3m**

Paid a total of \$78.3m in First Home Grants to more than **14,150** applicants.

**264**

Developed land for the enablement of 264 market and affordable homes.

**1,910**

Underwritten, since the scheme's inception, 1,910 KiwiBuild homes enabling the development of a total of **3,653** market and affordable homes.



Kāinga Ora has been charged with developing a range of programmes and products that deliver good quality, affordable housing choices to meet the diverse and changing needs of New Zealanders.

We are addressing this challenge in a number of different ways. Through our build programme we are building more public, affordable and market homes to address the current housing shortage. Through our KiwiBuild programme, Progressive Home Ownership (PHO) scheme and First Home Loans and Grants, we are helping people achieve the security of owning their own home, which is an important factor in a person's wellbeing.

We also support HUD's role in addressing homelessness through building and managing our Supported Housing portfolio which includes our transitional and Community Group Housing properties.

And, to help current home owners retain the security they already have in owning their own home, we are developing products like the Residential Earthquake-Prone Building Financial Assistance Scheme.

### Place Based Approach to addressing housing need

The place based partnerships approach is a new and innovative way to address housing need that will drive system change in communities through partnership. The programme is being led by HUD and seeks to identify and deliver localised interventions to meet community housing needs.

Kāinga Ora is playing an increasing role in the programme as a key delivery partner that can offer a range of potential responses in place.

The programme operates on place-based assessments, undertaken in partnership with stakeholders, including iwi, to understand local housing issues and responses. We are supporting in depth work in partnership with local authorities, iwi and local stakeholders to identify issues and agree on actions to respond in two priority areas, Hastings and Rotorua. These areas were identified as being in high need of support due to issues across their housing and urban development systems (e.g. rental stress, homelessness, affordability issues and/or limited urban growth capacity).

The programme is expected to extend into other regions, such as Tauranga, Hamilton, Northland and Wellington.

### Delivery of our Build Programme

Kāinga Ora's build programme is fundamental to delivery on the expectation that we will improve New Zealanders' access to good quality, affordable housing.

Our role in construction, and that of Housing New Zealand previously, has been transformed over the past four years and construction has become a much larger part of what we do. Before 2016, Housing New Zealand was a small-scale bespoke builder of houses for our customers. Today, Kāinga Ora is delivering a large and complex build programme that is changing communities across New Zealand. This has required new innovative building methods and new ways of working with our customers, builders, developers, local government and communities.

Over the past three years, we have been ramping up our build programme to deliver more safe, warm and dry homes at a faster pace. Between 1 July 2017 and 30 June 2020, we have built 3,528 new state homes.

We have undertaken an ambitious build programme to deliver the bulk of the net increase of 6,400 public housing places sought in the Government's 2018 Public Housing Plan. HUD allocates a percentage of these places to Kāinga Ora and other providers and we then decide where our allocation will be built.

Achieving the desired net increase requires us to build more homes than the target allocation, because when we build on land previously used for state housing, we need to demolish, deconstruct or relocate existing homes. To achieve the net increase we need to replace the homes demolished and build the additional homes set in the target.

In May of this year, the Government announced funding to build an additional 8,000 public homes throughout New Zealand. HUD is working on allocating these homes into the Public Housing Plan. While allocation decisions have not yet been finalised, Kāinga Ora is expected to build a large proportion of these additional homes as well.

We had a strong end to the financial year with 278 state homes completed in June 2020. The need to curtail construction during the COVID-19 alert level restrictions starting in late March 2020 meant we did not achieve our gross target. However, despite the disruption to building, 1,229 new state homes were completed against our gross target of 1,500 for Financial Year 2019/20.

Of the 1,229 homes built to 30 June 2020, 993 were state redevelopments, where older state homes are demolished or removed and new fit for purpose state homes built to replace them. The remaining 236 homes were new builds built on land that was previously not used for state housing.

During the 2019/20 year, a total of 13 weeks and five days were spent in any one Alert Level. The ramifications of this unprecedented situation resulted in all our construction sites coming to a complete halt for four weeks and four days and our teams being required to deal with new challenges arising from this action. As Alert Levels reduced and productivity slowly increased, the impact on our build partners and their ability to re-establish themselves on site, as well as to financially sustain themselves, became apparent and each individual project was assessed and delivery dates were updated.

June's result represented the work by all involved to deliver as much as possible by the end of the financial year. A total of 389 newly constructed state homes were delivered between the lowering of alert levels at the end of April 2020 and the end of the financial year, 301 state redevelopments and 88 new builds.

COVID-19 also impacted the state house demolitions programme with no houses physically demolished in the month of April 2020. Delays in clearing the land have the potential to delay the building of new homes on those properties. However, with effort across Kāinga Ora we saw the annual total of 702 demolitions realised paving the way for future new state home additions.

As at 30 June 2020, Kāinga Ora had more than 7,000 state homes in various stages of our pipeline for 2020/21 to 2022/23. Over 3,000 of those homes are committed for delivery over the next three years and 2,138 will be delivered in the current financial year.

### Residential Development Response Fund

Cabinet has agreed to set aside \$350 million for a Residential Development Response Fund (RDRF), with the primary objective being to support construction sector activity, capacity and capability. Maintaining capacity and capability is critical to ensuring that the residential construction sector continues to be a generator of employment and economic activity, and that it is well positioned during and after the recovery to support the Government's wider housing objectives.

The primary support mechanism offered through the Fund involves Government underwriting dwelling sales (or purchasing properties immediately where necessary) in at-risk or stalled developments.

Kāinga Ora has been asked to administer the Fund as agent of the Crown with Ministers as ultimate decision makers.

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## KiwiBuild

KiwiBuild was established to get first home buyers into homes, ensuring those homes are affordable for New Zealanders. KiwiBuild homes are delivered through three channels; Buying Off the Plans (BOTP), Kāinga Ora developments, and the Land for Housing Programme (administered by HUD with operational support from Kāinga Ora).

To be eligible to buy a KiwiBuild home buyers must:

- be at least 18 years old
- be a New Zealand citizen, permanent resident or a resident visa holder who is 'ordinarily resident in New Zealand'
- not currently own a home in New Zealand or overseas, or if they currently own a home, they must not own more than one by the time of settlement on a KiwiBuild home
- have a pre-tax income from the previous 12 months of \$120,000 or less for a single buyer; or \$180,000 or less combined for two (or more) buyers
- commit to living in the KiwiBuild home for a minimum of at least one year for a studio or one-bedroom home or at least three years for a home with two-bedrooms or larger.

The Buying off the Plans initiative (BOTP) is part of a broader initiative to facilitate the development of affordable dwellings in New Zealand. BOTP considers registrations from experienced residential developers who have access to development-ready land and who are willing to adapt an existing (or planned) development to deliver turnkey affordable KiwiBuild homes.

BOTP involves the Government underwriting or purchasing new homes off the plans to de-risk suitable developments led by the private sector or others in exchange for accelerating a greater number of affordable, KiwiBuild homes. The underwrite is utilised where the homes remain unsold following completion or where they are sold for less than an agreed price.

Simply building homes is not enough. There is recognition that we need to focus on where we build, what we build and how KiwiBuild homes are built to ensure the right homes are built in the right places.

KiwiBuild contracts with developers have been structured to strongly incentivise developers to market homes effectively to eligible buyers, through a better weighting of risk and reward sharing, including greater levels of discount from the market price where the Crown underwrite is triggered; underwriting smaller proportions of developments; ensuring that there is a greater level of differentiation between KiwiBuild product and market product in the same development; and focusing on building ongoing relationships with credible developers who can provide a long-term pipeline of developments.

It is recognised that there is likely to be strong demand from first home buyers for KiwiBuild homes in the main centres of Auckland, Tauranga, Hamilton, Wellington and Queenstown.

Flexibility has been introduced for Kāinga Ora to deliver some affordable homes above the regional price caps to meet market need. Rather than introduce new caps for larger homes, the Minister of

Housing and Minister of Finance are able to approve that up to 10 percent of the affordable homes in a development could be above the cap for homes that are four bedrooms or larger.

Cabinet decisions in July 2020 made adjustments to the KiwiBuild settings in response to COVID-19, reflecting a changed operating environment for KiwiBuild and the increased risk presented by a potential property market downturn. It was recognised that the Crown may have to hold more unsold KiwiBuild homes as a result.

While remaining focused on delivering value for money and managing risks to the Crown, greater operational flexibility was agreed for KiwiBuild BOTP developments to share more risks with the residential development sector where appropriate. These changes are to be reviewed after six months.

These decisions also introduced the following options for the sale of KiwiBuild homes after a developer makes reasonable attempts to sell to KiwiBuild eligible buyers:

- KiwiBuild homes can be offered for sale to Progressive Home Ownership providers, community housing providers, or Kāinga Ora
- up to 25 percent of KiwiBuild homes across a development may be offered to the open market without prior Cabinet or Ministerial approval; the Minister of Housing and Minister of Finance can approve open market KiwiBuild sales of more than 25 percent of the KiwiBuild homes across a development
- the definition of KiwiBuild eligible purchasers was also changed to include existing homeowners seeking to sell their home to purchase a KiwiBuild home, provided that at the end of the transaction they own only one home.

As at 30 June 2020:

- 589 KiwiBuild homes have sold
- 452 have been completed
- 1,051 are under construction
- 75 percent are in Auckland
- 33 percent of KiwiBuild homes are apartments
- 31 percent are terraced homes
- 205 homes have been acquired by the Crown through the BOTP programme of which 110 have subsequently been sold.

### First Home Loan

Kāinga Ora supports the First Home Loan (FHL) initiative by providing participating lenders with lender's mortgage insurance. FHL is designed for first home buyers who can afford to make regular payments on a home loan, but have trouble saving for a large deposit.

During 2019/20 Kāinga Ora has underwritten 832 with mortgage insurance arrangements, underwritten through the programme. This compares with 1,268 for the 2018/19 year.

Borrowers within the scheme have been provided with up-to-six month mortgage deferrals for COVID-19 related income loss, in line with the agreement reached between the Reserve Bank and the trading banks. Currently, of the 6,107 loans insured by Kāinga Ora in the programme, 743 loans (12 percent of the loans insured) are taking either a mortgage deferral, or a period of reduced repayment.

### First Home Grant

The First Home Grant is a tax-free grant available after three years of contributing to KiwiSaver. The grant is \$1,000 for each year of contribution, up to a maximum of \$5,000, when buying an existing property, or \$2,000 for each year of contribution, up to a maximum of \$10,000, when buying a new property.

During 2019/20 Kāinga Ora received 39,166 First Home Grant applications and approved 15,365, compared with 33,898 applications received and 16,550 approved during 2018/19.

Kāinga Ora paid out \$78.3 million in First Home Grant payments during 2019/20, compared with \$86.1 million 2018/19. The impact of COVID-19 is evident in the above figures.

### Progressive Home Ownership

The Progressive Home Ownership (PHO) Fund aims to increase home ownership opportunities for people who would not have otherwise been able to buy a home, with a priority to support:

- a range of places with severe housing affordability
- a range of households that are unable to otherwise buy
- the priority groups (including Māori, Pacific people and families with children).

The PHO Fund will be delivered through three pathways: the provider pathway (i.e., through Community Housing Providers), the iwi and Māori pathway and the direct-to-household pathway (to be established and delivered by Kāinga Ora). All three pathways will take a place-based approach and have broad criteria on the types of homes and eligible households.

On 24 July 2020, the Minister of Housing announced the launch of Phase One of the scheme through the provider pathway, where Queenstown Lakes Community Housing Trust and the New Zealand Housing Foundation had been signed up to deliver more of their existing PHO products.

The direct-to-household pathway, which is to take the form of shared ownership using a tenants in common approach, is expected to launch in the first quarter of calendar 2021, and planning and implementation works commenced immediately following the launch.

### Residential Earthquake-Prone Building Financial Assistance Scheme

Regulatory changes to make multi-unit homes safer during an earthquake have resulted in very high remediation costs for some home owners. These changes have made their current homes unaffordable to maintain.

Kāinga Ora is currently developing a deferred-payment loan scheme for owner-occupiers of residential units within earthquake prone buildings, who are facing financial hardship in meeting their share of the remediation costs. Buildings are defined as earthquake-prone if they are assessed as being at less than 34 percent of the current New Building Standard (NBS). Loans will be repayable

when the owner no longer occupies the property, sells the property, or is deceased. Loans will accrue interest (at below market rates).

s 9(2)(f)(iv) and s9(2)(g)(i)

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## Greys Avenue

### An innovative Approach to Housing

The Kāinga Ora redevelopment project at 139 Greys Avenue is a flagship supported housing project that combines public housing with services that help people live more stable, productive lives. The project provides an opportunity to create an innovative living space in Central Auckland that will deliver needed central city public housing and vital services for our customers who will live in the new complex and the surrounding community.

The project will see an 87-unit apartment block that was no longer fit for purpose, transformed into a 276 unit, mixed tenure, apartment block with at least 200 homes retained as state housing.

S 9(2)(f)(iv)

The residential units will be a mix of studios, one and two-bedroom apartments, and 60 percent of the apartments will be either fully accessible or universally designed.

The design also includes over 2,000 square metres of communal, commercial and retail space designed to ensure that the complex will provide support, development and learning opportunities for our customers and be a thriving hub within the community.

In addition, our local team in Morningside, will move to the Greys Avenue building to provide on the spot services for those people living in the building and a convenient, centrally located office for the many customers Kāinga Ora houses within the central city and outlying suburbs.

#### A New Way of Working

Kāinga Ora assembled a design team of core subject matter experts and their respective teams, as well as five designers from Ngāti Whātua, who are mana whenua, to develop innovative solutions that would benefit the local community. The result of this design process has given us a unique opportunity to demonstrate leadership in delivering a supported housing model for some of New Zealand's most vulnerable people.



While the Greys Avenue complex will help Kāinga Ora address the wider housing shortage, it will also have a special focus on directly reducing homelessness within Central Auckland with up to 80 of the apartments targeted at people with high social and health needs, many of which have long-term experiences with homelessness.

A key aspect of the building will be the provision of on-site 24/7 wrap around support services to improve outcomes for the people living in the building and for the local community. The delivery of single-site supported housing will benefit our customers that need an enhanced level of support services, promoting increased access and contact with support staff, and peer support among customers. The building’s design combined with the presence of onsite staff promotes an increased level of wellbeing while providing on site safety and security.

Overseas experience shows these services are critical to the wellbeing outcomes supported housing can deliver. *s 9(2)(f)(iv) and s 9(2)(g)(i)*

Overseas research has consistently shown cross-government saving through housing vulnerable people using this model. These saving are seen in areas such as reduced health, corrections and emergency care costs. The world’s largest trial of supported housing undertaken by the Mental Health Commission of Canada found that for every \$10 invested more than \$21 dollars in public costs was saved.

The Greys Avenue development will showcase a new way of working with tenants and the community





### Project Social and Economic Impacts

Demolition of the previous building was completed in January 2020 and civil works began in March 2020. On 21 July 2020, the Kāinga Ora Board endorsed entering into a \$92.4 million fixed-price contract with Icon Co Pty Limited (Icon) for construction of the main building. Icon will take possession of the site in early December 2020 once civil works are completed and the estimated completion date when tenants can move in is late 2022.

Kāinga Ora took the opportunity to approach the procurement process for Greys Avenue in a different, more transparent and collaborative way through developing new documentation, providing a draft project charter and including social procurement outcomes such as supplier diversity and employment outcomes.

From start to finish Kāinga Ora is investing \$92.4 million in the local economy as a result of our Greys Avenue project. This investment means jobs for the skilled people needed to complete the project and revenue to support the contractors and service providers involved in the construction.

The civil works phase, currently underway, has or will employ approximately 75 people, of which two are graduate engineers being given the opportunity to learn on the job.

Once construction work begins in December 2020, the number of workers on site will depend on the number of trades required at any one time, but at its peak there will be about 300 people working on site each day. It is expected that somewhere between 1,500 and 2,000 people will be inducted to work on site over the life of the building project.

Through the Greys Avenue contracting process, we included social procurement or broader outcomes as requirements for consideration. One of these outcomes was an expectation that there will be a minimum of 28 apprentices or trainees employed by subcontractors on the site with 50 percent of those coming from targeted groups such as Māori and Pasifika, women in construction, people who have experienced long term or cyclical unemployment and people from within the local community.

Supplier Diversity supports and enables targeted businesses and social enterprises to become part of the supply chain and gain access to greater business opportunities. We are targeting 4.0 and 7.5 percent of total spend for this contract to Māori and Pasifika businesses or social enterprises.

Kāinga Ora has a specific social outcomes team who will work alongside Icon throughout construction to ensure a collaborative approach that will deliver our project outcomes including the social procurement initiatives.

### A Model for New Zealand

Greys Avenue has long been recognised as an opportunity for Kāinga Ora to test new and innovative ways of working to get the best outcomes possible for the project, the people who will live there and the community. Kāinga Ora will continue to collaborate with Icon and with all of the support service providers who will help make Greys Avenue a model of supportive housing for New Zealand.

### Supported Housing

Supported Housing is the provision of publicly funded housing where the coordination of housing and other support services is essential to the wellbeing of the customer. It addresses the needs of some of the most vulnerable New Zealanders.

Kāinga Ora is a developer, owner and manager of Supported Housing. Our current Supported Housing portfolio includes Community Group Housing (CGH) and Transitional Housing.

### Community Group Housing provision

CGH provides housing solutions to a wide range of organisations, including groups that provide housing and support services for those with physical, intellectual and psychiatric disabilities, residential alcohol and drug services, people seeking refuge, youth at risk, and prisoner reintegration.

To be eligible for a CGH property, a provider must have a funding contract with the Crown to provide residential services for targeted groups. Once a provider's eligibility is confirmed, CGH source a suitable, fit-for-purpose housing solution that meets the needs of the provider, and their service provision.

CGH offers a rent support subsidy to eligible providers to assist them in meeting their rent charge. Most CGH tenancies operate under a residential tenancy agreement and fall under the legislation of the Residential Tenancies Act.

The current CGH portfolio consists of 1,530 homes, providing 5,245 bedrooms. During 2019/20, the programme added 42 homes to the portfolio through either new builds (14 homes) or buy-ins (28 homes). Buy-ins are homes that are newly purchased by Kāinga Ora but which have previously been occupied. These additional homes were provided to 10 different community groups across the country.

Our CGH portfolio is valued at around \$748 million. In 2019/20, \$3.7 million was appropriated for rent support subsidy to providers, and \$13.9 million for the market rent shortfall. A further \$5.8 million was appropriated for Kāinga Ora to acquire or to upgrade CGH properties.

### Responding to Homelessness - Transitional Housing

The Aotearoa New Zealand Homelessness Action Plan (2020-2023) was released in February 2020. This is the first time a comprehensive central government-led and cross-agency plan has been developed to prevent and reduce homelessness.

Kāinga Ora works closely with the Ministry of Housing and Urban Development (HUD), the Ministry of Social Development (MSD) and the cross-agency governance group to deliver on the work commissioned through Preventing and Reducing Homelessness Cabinet decisions.

We play an important supply role in the cross agency programmes led by HUD, which aim to increase transitional housing across New Zealand. Transitional housing provides a place for families to stay while their needs can be understood and addressed, and longer-term sustainable accommodation can be found.

Kāinga Ora owns and manages some of this housing, which is leased to transitional housing service providers. HUD contracts the transitional housing service providers to provide tenancy management and wrap around support services for the families in need.

Kāinga Ora sources transitional housing through a mix of supply options, including market purchases, converting existing facilities (such as former motels and retirement homes), redevelopments or placement of re-locatable homes on land that is available for a fixed term only (this land may be owned by Kāinga Ora or another agency).

s 9(2)(j)

Budget 2020 provides for 2,000 additional transitional houses. Kāinga Ora expects to provide a proportion of these over the next two financial years.

Work is also underway to prepare for out-year delivery, including the acquisition of land. A total of four land acquisition sites have been delivered since October 2019. s 9(2)(j)

### Contributing supply for Corrections Housing and Support Services Programme

The Department of Corrections Housing and Support Services Programme provides housing for people who would otherwise go to, or remain in, prison (because they have no suitable accommodation option). It also provides accommodation with intensive wraparound support for high risk and complex needs people managed by Corrections in the community on extended supervision orders. Kāinga Ora sources a portion of the properties needed for this programme and leases them to Corrections.

This is a four year programme and Kāinga Ora has delivered 60 beds (within 19 units) since the programme's inception in July 2018.

## Commitment to Māori and Treaty Obligations

Partnering with Māori ensures Māori interests are protected and their needs and aspirations are met and allows Kāinga Ora to support the Crown to fulfil its obligations in respect of Te Tiriti o Waitangi.

Kāinga Ora has legislative obligations to engage and partner with Māori. To fulfil this obligation, we have established Te Kurutao – Māori Operations Group. During the past year, people dedicated to delivering our responsibilities in this area have risen from a small team of two people to a team of over 20.

### Te Ringa Raupā/Te Kurutao

The Chief Advisor Māori role was established last year and was a direct response to Kāinga Ora recognising that as a new entity, we would require clear leadership and direction to better meet our expanded mandate. In particular, how the organisation could discharge its regulatory and statutory functions in meeting Māori needs and aspirations.

The name ‘Te Ringa Raupā’ is in reference to someone who has calloused hands. A commonly heard saying is “Whakamoea te tangata ringa raupā – Marry a person with calloused hands”. This was said by parents to their children to ensure any potential partner was able to contribute to the well-being of not only their partner and children, but also to the wider tribal grouping.

It is referenced in a contemporary setting to those who work in the kitchen, or, those who are comfortable to work and lead from wherever they need to be. It aligns with the service-based leadership approach and customer-centric focus.

Te Ringa Raupā leads Te Kurutao the Māori Operations Group, which is the centre of excellence within Kāinga Ora tasked with leading, supporting and growing the organisations cultural capacity and capability. The team encapsulates both a national and regional focus in order to support the place based approach. The national teams focus on relationships, strategy, policy, organisational programs, leadership, guidance and advice to senior leadership and to ensure the organisation is developing approaches and systems that enable and empower Māori/iwi to participate in a meaningful way as partners. The regional teams (to be established through Shaping Kāinga Ora) work alongside the Regional Deputy Chief Executives to provide regional and local level support to the organisation.

### WAI 2750: Kaupapa Inquiry into Housing Policy and Services

On 25 July 2019, Chief Judge Isaac formally initiated the Kaupapa Inquiry into Housing Policy and Services Inquiry. Kāinga Ora was identified by the tribunal as an agency that deals with housing services to be included in the inquiry. The role we play in the inquiry is supporting the lead agency, HUD, through the working and governance group.

Kāinga Ora fully supports the Crown in being transparent and proactive with information to claimants and continues to provide relevant information to HUD to be made available to claimants.

On 16 September 2020, Memorandum-Directions were issued by Judge Coxhead and his fellow panel members confirming the next steps for the Inquiry. The directions provide a comprehensive summary

of the procedural history of the inquiry examining calls for a prioritised inquiry into Māori homelessness. The first week of hearings have been proposed for March 2021.

### Kāinga Ora Māori Strategy

We are committed to the principle of full and meaningful engagement with iwi. A series of hui with iwi have been planned. Due to the impacts of COVID-19 a simplified engagement approach has been adopted. Six wānanga will be held through a mix of kanohi ki te kanohi (face to face) and Zoom. The purpose of these wānanga is to share information, identify collective needs and aspirations and discuss how we can support and enable better outcomes with Māori. HUD is joining Kāinga Ora through all the wānanga.

The Māori Strategy seeks to:

- embed a Te Ao Māori approach within Kāinga Ora and our core business
- implement an engagement process with iwi and rōpū Māori that recognises and practices tikanga, is respectful of iwi contexts and seeks to work with and alongside iwi and rōpū Māori
- benchmark the expectations of iwi and rōpū Māori and communities with regards to their needs, aspirations and futures in urban development
- give effect to Te Tiriti o Waitangi and its principles in everyday work
- encourage Kāinga Ora to think critically about the transformational outcomes of their work for Māori communities.

While the Māori Strategy is being developed an interim 12-month direction Te Anga Whakamua has been agreed by the Board. The purpose of Te Anga Whakamua is to ensure Kāinga Ora is prioritising relevant work to achieve the Crown's strategic direction for Māori Housing as outlined in HUD's Te MAIHI o te Whare – The Māori Housing and Innovation Framework for Action (MAIHI) and to help Kāinga Ora achieve our objectives under our Act.

### Te Mahere

Te Mahere is a framework created by Te Kurutao to detail the work streams needed for Kāinga Ora to achieve our goals and meet our obligations. Te Mahere is intended to be a live document and is to be refreshed once the Māori Strategy has been completed. Te Mahere has been the tool used to begin the embedding of the Māori operating principles and to kick start the Mātauranga Māori Programme and the National Māori Housing and Development Programme.

### Mātauranga Māori Programme

The Mātauranga Māori Programme is the cultural competency and capability programme established to ensure we have the capability to uphold the Te Tiriti o Waitangi and its principles and to consider and provide for Māori interests. The Programme will involve a learning programme to build the capability of Kāinga Ora to interact with their Māori customers and partners in a mana enhancing way internally and externally.

We aim to achieve a culturally safe space for everyone that is grounded in understanding. This learning programme will include workshops so people have at least a basic understanding of Te Tiriti

o Waitangi as well as providing advanced learning opportunities within Te Ao Māori for more advanced staff members.

### National Māori Housing and Development Programme

The National Māori Housing and Development Programme is currently being developed to enable Māori housing and urban development outcomes. The approach has two prongs, both of which are designed to enable Kāinga Ora to better understand, support, and enable the aspirations of Māori in relation to housing and urban development. This includes embedding practices across all Kāinga Ora portfolios and programmes to respond to Māori housing and urban development expectations, and targeted investment through a programme of Māori-focused housing projects. The National Māori Housing and Development Programme is intended to support and enable aspirations set out in HUD's MAIHI.

## Building Communities

Kāinga Ora is dedicated to building sustainable, inclusive and thriving communities that support good access to jobs, amenities and services

With the enactment of the Kāinga Ora – Homes and Communities Act 2019, and the Urban Development Act 2020, Kāinga Ora’s role in delivering urban development that contributes to sustainable, inclusive and thriving communities is made clear.

Kāinga Ora provides leadership and enables urban development in many communities. This includes, and is not limited to, developing our strategic guidance on when and how we collaborate with iwi, local government and the private sector to increase housing and land supply through our urban development portfolio.

We are enabling others to deliver outcomes through partnering, and leverage both private and public capital and capacity. Engaging and partnering with local government is also critical to achieving our objectives.

### The Urban Development Act

The Urban Development Act enables Kāinga Ora to transform our cities and towns by supporting the creation of thriving and inclusive communities that promote environmental, social, cultural and economic wellbeing. It provides Kāinga Ora with a new process for enabling complex urban development through specified development projects (SDP). It also provides a toolkit of development powers for use when undertaking SDPs and land acquisition powers that can be used at any time.

The Urban Development Act aims to reduce the complexity of undertaking urban development and provide a new way for Kāinga Ora to work with councils, iwi and private developers. It is not designed to address wider issues in the urban development and planning system, for example those issues covered by the comprehensive review of the resource management system.

SDPs will deliver improved urban development outcomes, including a mix of housing types, good transport connections, employment and business opportunities, key infrastructure, community facilities, and open spaces. New development powers provided to Kāinga Ora under the Act, include:

- coordinated planning processes, including designations and the ability to change zoning
- the ability to act as a resource consent authority and requiring authority under the RMA
- the ability to create, reconfigure and reclassify reserves
- the ability to build, change, and move infrastructure associated with an SDP
- tools to fund infrastructure and development activities, including the ability to levy targeted rates and set development contributions
- a set of land acquisition powers that can be used for all urban development projects, not just SDPs.

SDPs are designed to be flexible. They can be led by Kāinga Ora alone, in partnership with others, or by others such as councils, iwi and private developers. Kāinga Ora can be a project delivery agent, a catalyser or a facilitator of projects.

Over the next year, we are focussing on implementing the Urban Development Act into our organisational settings. This includes building the capabilities to perform our new functions and powers and enable a step change in the scope, pace and density of our urban development activities.

We have developed and are implementing a high-level partnership and engagement framework that defines what partnership and engagement mean for Kāinga Ora and sets out the principles and outcomes for why, how and when we partner and engage with Māori, stakeholders and customers.

### Large scale urban development projects

Urban development planning services include: master planning and urban design, place making, infrastructure strategy, town centre development and development of affordable and alternative housing tenure initiatives.

Kāinga Ora is working alongside mana whenua partners and key stakeholders, to progress seven large-scale projects, which will produce more than 40,000 homes over 15 to 20 years. This includes our partnership with Tāmaki Regeneration Company (TRC) to deliver build-ready land and more homes in Point England, Panmure and Glen Innes. Kāinga Ora is also assisting partners and consulting on other large-scale redevelopment projects, such as the Manukau Regeneration Project.

s 9(2)(f)(iv) and s9(2)(g)(i)

s 9(2)(f)(iv) and s9(2)(g)(i)

A total of more than \$188 million from the COVID-19 Response and Recovery Fund 'Shovel Ready' projects funding is being invested in seven infrastructure projects across the Northcote, Roskill, Māngere, and Tāmaki developments.

s 9(2)(f)(iv) and s9(2)(g)(i)

Current Kāinga Ora large-scale development programmes

Tāmaki Makaurau **Auckland**



Northcote



Mount Roskill



Hobsonville Point



Oranga



Māngere



Tāmaki

Whanganui-a-Tara  
**Wellington**



Porirua



The numbers

**7 Large-scale**  
development projects  
currently underway

**>600ha**   
of developable land

This year's progress

**>600**   
older houses removed

**40,000**   
homes to be built  
over the next 15-20 years

**>1,000**   
homes under construction  
or due to start soon

**>80%**   
diversion of materials  
from landfill

### Northcote

The Northcote Development replaces about 300 existing state houses with approximately 1,500 new homes, including approximately 470 new state houses, 580 KiwiBuild/affordable homes and the rest as market houses.

As part of the development, Northcote residents will also see better transport links to the North Shore and central city, improved infrastructure and new and rejuvenated public spaces. The project is also integrated with Panuku Development Auckland's redevelopment of the Northcote Town Centre.

### Mount Roskill

The Mount Roskill Development will deliver approximately 11,000 new high-quality, healthy homes over the next 20 years. The new development will be comprised of approximately 4,400 state homes, 3,300 KiwiBuild/affordable homes and 3,300 market homes. These replace 2,732 existing state houses that have an average age of 48 years.

The development consists of 16 neighbourhoods. Work is underway in the Ōwairaka and Roskill South neighbourhoods to deliver approximately 2,000 new homes in each of which 260 (Ōwairaka) and 406 (Roskill South) are public housing. We are aiming for a 50/50 split between market and KiwiBuild/affordable homes for the balance.

### Porirua

Announced in November 2018, the Porirua regeneration programme is being delivered in partnership with Porirua City Council and Ngāti Toa. The suburbs included in the project include Ascot Park, Waitangirua, Cannons Creek and Ranui.

In eastern Porirua approximately 2,000 existing state houses will be renewed or replaced with 2,300 warm and dry state houses. Around 1,500 affordable and market homes will also be delivered. The first 24 new state houses have recently been completed in Cannons Creek with a further 43 homes set for completion in early 2021.

### Hobsonville Point

The Hobsonville Point Project is a large-scale, integrated urban development project in northwest Auckland on the land formerly used by the New Zealand Defence Force. The vision for Hobsonville Point is to build a strong, vibrant community that sets new benchmarks for a quality and accessible urban development with an environmentally responsible focus.

Kāinga Ora now anticipates the delivery of approximately 4,000 homes at the Hobsonville Point development, of which approximately 800 are to be Axis Series homes, an affordable homes programme designed specifically for Hobsonville Point. More than 2,400 homes have been completed to date and the development is due to be completed in 2025.

### Māngere

The Māngere Development will deliver approximately 10,000 new warm, dry, healthy homes over 20 to 25 years, including around 5,000 state homes, 2,500 KiwiBuild/affordable homes and 2,500 market homes replacing 2,700 existing state houses.

Delivery is underway in the Māngere West neighbourhood where over 900 homes will be built, of which 342 will be state homes. Planning work is complete in the Aorere neighbourhood and high level planning work is also underway in the Middlemore Crescent neighbourhood.

### Tāmaki

In 2018, Kāinga Ora's Urban Development Delivery Team was contracted to be the master developer for the Tāmaki Regeneration Company (TRC). Kāinga Ora is responsible for neighbourhood planning, infrastructure delivery, superlot creation, contracting builders/developers to build the homes and selling the land. TRC is responsible for leading the regeneration activities, masterplanning, community engagement, iwi engagement, tenant rehousing, providing the state housing demand and specifications, place based marketing and managing the state housing stock.

The Tāmaki development will deliver around 10,500 new homes over the next 25 years. The development will be comprised of approximately 3,500 state homes, 3,500 affordable homes (including KiwiBuild) and 3,500 market homes replacing 2,800 existing state dwellings.

The Tāmaki development consists of seven neighbourhoods. Large scale neighbourhood planning is well underway on the first two neighbourhoods, Point England and Panmure North, that will deliver more than 3,100 homes. Planning for a third neighbourhood, North West Glen Innes will deliver more than 1,200 homes, has also commenced.

### Oranga

The Oranga Development replaces around 400 state houses with over 1,100 new homes, including 440 new state homes, over eight years.

Community and stakeholder engagement is well advanced. The first two stages deliver 200 state homes and construction of these is underway.

### Te Kauwhata

In June this year, we also entered into a land supply partnership agreement with Winton to deliver 1,300 homes over the next seven to eight years at its greenfield Lakeside development at Te Kauwhata, North Waikato. Kāinga Ora is engaging build partners to construct a wide range of housing choices in a fully consented master-planned community, located in a strategic Southern Corridor location.

### Future Developments

The Kāinga Ora urban development planning function also plays a role in identifying and proposing acquisition of land suitable for urban development, where the primary driver is not the delivery of public housing.

Looking ahead, we will continue to work with our partners and stakeholders to secure and plan for new opportunities for large-scale urban development projects across the country. This includes exploring regeneration opportunities for our existing concentrated landholdings and working in partnership with others, including councils, private developers and iwi, to enable quality urban development. The development of our role, through the Urban Development Act process, also guides our work.

## Stakeholder Engagement

Fundamental to our large-scale projects is maintaining the support and input of local communities. This means working collaboratively across the system with our partners and stakeholders including Māori, government agencies, local government, infrastructure providers, private builders and developers, and community housing providers. It also means working hard to achieve a genuinely joined-up, Whole-of-Government approach.

Many local people are highly engaged in shaping our large scale projects and invaluable input has been received from mana whenua, local students, local boards and other community groups. This input is helping us understand what locals value about their communities and want to protect and what they want to see changed and improved.

## Urban Growth Agenda and partnerships

The Urban Growth Agenda (UGA) is a shift in the approach to urban development and infrastructure and the mix of instruments and levers that are available.

It is designed to address the fundamentals of land supply, development capacity and infrastructure provision by removing undue constraints. The UGA has five interconnected focus areas:

- infrastructure funding and financing — enabling a more responsive supply of infrastructure and appropriate cost allocation
- urban planning — to allow for cities to make room for growth, support quality built environments and enable strategic integrated planning
- spatial planning (initially focused on Auckland and the Auckland-Hamilton corridor) — to build a stronger partnership with local government as a means of developing integrated spatial planning
- transport pricing — to ensure the price of transport infrastructure promotes efficient use of the network
- legislative reform — to ensure that regulatory, institutional and funding settings are collectively supporting UGA objectives.

Currently Kāinga Ora is involved in the UGA at joint officials steering group level in the two existing partnerships, Hamilton to Auckland and Auckland. Some discussion has taken place regarding Kāinga Ora's role in the Tauranga-Western Bay partnership, but no commitment has been made at this stage.

HUD has indicated that completing the joint spatial plans will ideally draw on our urban development capability and capacity and is looking for confirmation that Kāinga Ora is able to support the development of these plans.

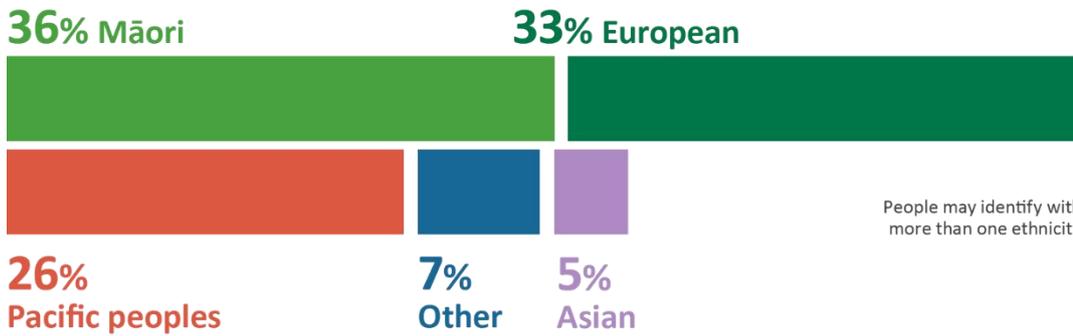
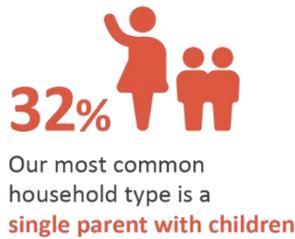
HUD has also asked for Kāinga Ora to consider whether it would seek to be involved in the evaluation of spatial plans and in the crafting of recommendations to Ministers for sign off, following Board endorsement.

## Public Housing

2,000 ▲ FY18/19

# 189,000

people live in our properties



While Kāinga Ora has been given expanded responsibilities beyond the roles that our legacy organisations preformed, we remain focussed on our role in providing good quality public housing and tenancy services to help the most vulnerable New Zealanders who depend on us for a roof over their heads.

We want to ensure our customers live well in their homes with dignity, stability, and the greatest degree of independence possible.

Kāinga Ora treats all our tenants fairly and with respect, integrity and honesty. As a public housing provider our overarching goal is to ensure we are doing all we can to help meet the diverse needs and aspirations, and improve the wellbeing, of our tenants and their whānau. This also means sustaining customers’ tenancies and helping them receive the services they need to live well in their homes.

Continuing our journey toward becoming a world-class public housing provider requires us to place customers and whānau at the centre of our work. It also means maintaining and renewing our

existing public housing portfolio so that our homes are safe, warm, dry and healthy, and designed to support a diverse range of needs and choices.

Demand for public housing has increased significantly, while at the same time fewer people are leaving state housing, partly as a response to supply constraints in the housing market.

The changing demographics of Kāinga Ora's customer base also drive changes to our housing and service requirements. For example, 30 percent of our households are a single person living alone and 32 percent are a single parent with children, with over 35,000 of our occupants under the age of 10.

Kāinga Ora also has an ethnically diverse customer base and this continues to grow. Currently 36 percent of Kāinga Ora tenants identify as Māori, and 26 percent as Pacific Peoples. We have also seen growing numbers of customers from Middle Eastern countries including Syrian, Iraqi, and Afghani customers.

Through our Customer Programme, we have developed a service delivery model on the range of services we need to offer our customers in order to achieve the outcomes set in our Customer Strategy. Commencing in 2020/21, we are implementing and operationalising the service delivery model, with a particular emphasis on:

- the organisation of our people
- the location of our people and our services
- the capability of our people
- channels for communicating with our customers
- information and technology.

These areas of work enable us to interact more effectively with our customers and support their wellbeing, and tailor our services to their needs and aspirations. It also enhances our capability and capacity to assist neighbourhoods and communities to flourish as cohesive, safe and prosperous places to live.

Our Customer Strategy seeks to enable our public housing customers and their whānau to live well, in connected communities. To help realise this vision, the Customer Programme was established to introduce new and enhanced services that better support Kāinga Ora public housing customers.

The Customer Programme aims to achieve five key outcomes for customers:

- **A suitable house match** – ensuring we have the right information to make good placement decisions, and when offering the property both Kāinga Ora and the customer or whānau are satisfied that the property meets their needs and support a sustainable tenancy.
- **Help to settle in** - we help our customers and whānau through the process of preparing to move, the move itself and settling into their new home and community.
- **Provide fit-for-purpose homes** - we deliver quality services to customers and whānau particularly focused on maintenance, inspections, account and issue management, and we meet our legislative obligations.

- **Provide and coordinate support to live well** - we build our relationships with customers and whānau to understand their circumstances and goals, and jointly agree how we can support them and/or connect them with those who can.
- **Facilitate and invest to develop communities** - we support the development of the communities our customers and whānau live in, drawing on and building the capability of our customers and whānau or partnering with community providers including rōpū Māori.

### Sustaining Tenancies

An important aspect of our work is helping customers to sustain their tenancies for the duration of their need, and helping them receive the services they need to live well in their homes.

Unlike many private landlords, Kāinga Ora provides more than just a roof over someone's head. From pre-placement assessments to debt management to helping customers access assistance for addiction and mental health support, Kāinga Ora plays a role in helping customers to live well in their homes.

For our tenancy managers currently this can range from helping a tenant work their way out of debt, to contacting a tenant's local GP when they are unwell or providing a tenant with information and guidance on support services in their area.

To support our tenants and help them to be well connected to their communities, we engage with local communities to understand what is special about every area where we work and how we can link customers into the services they require. Kāinga Ora is currently developing a community strategy to guide our building of stronger more connected communities.

For some of our tenants, the challenges are far greater, more complex and often the biggest hurdle is getting them to trust us and talk to us when they are struggling. To support these customers, we established an intensive tenancy management team, Te Waka Urungi, who work closely with these customers to understand their needs and link them to the appropriate community services.

### Healthy Homes Guarantee Act compliance

We are committed to ensuring our homes are safe, warm and dry. Our Healthy Homes programme is a large scale programme designed to ensure that all of our homes are compliant with the Residential Tenancies (Healthy Homes Standards) Regulations 2019 by our 1 July 2023 deadline.

As at 30 June 2020, we had completed 2,736 public housing units to meet the Healthy Homes Standard at a cost of \$23.4 million. This represents four percent of our entire public housing portfolio of over 66,000 homes. In 2020/21, we will complete work on over 14,000 more of our homes as part of this programme.

We are also working closely with other agencies on how fuel hardship could be alleviated for our customers so that they can heat their home and stay healthy.

### COVID-19 and the need to adapt

The COVID-19 pandemic and the resulting restrictions presented an unprecedented challenge for Kāinga Ora customer services this year. We had to quickly adapt from a model where we regularly

interacted with customers in person to one where we had to work remotely. This meant that our whole customer facing workforce had to quickly be re-orientated to provide remote customer support to the over 189,000 people living in Kāinga Ora homes across New Zealand.

By mid-June 2020, 60,000 calls had been made and more than 42,000 individual customers had been contacted through Kāinga Ora wellbeing calls during the COVID-19 alert level restrictions.

Customers have reacted positively to our wellbeing calls resulting in Kāinga Ora adapting the ongoing way in which we work with customers. In particular, customers have clearly signalled the importance of working with someone from Kāinga Ora who genuinely cares for and respects them. Our people have always looked out for our customers, but kindness, empathy and understanding are important to the way in which our customer facing teams approach their work.

For example, conversations about customers' rent payments have moved away from a transactional approach to one focused on being compassionate and working to understand and help address the root causes of rent issues. Financial capability training packages for Kāinga Ora customer-facing roles are being developed, in order to better help them support our customers.

There were other benefits to keeping in touch with our customers more often as well. It meant that customers could let tenancy managers know of difficulties they may be having which under normal circumstances they may not have reported until their annual inspection. In many instances this allowed Kāinga Ora to provide more timely assistance than otherwise would be possible.

### Update on Accessibility

For Kāinga Ora, accessibility is about our customers continuing to live in our homes as their circumstances change; to have whānau and friends visit and to be part of the wider community they live in without barriers. It includes the features of our existing homes as well as the homes we are building now and in the future.

At present, we do not have a reliable count of the number of people living in our homes who are living with a disability, but estimates range from 17 to 30 percent. People can choose to provide this information when they start a tenancy, but they do not always update their circumstances. We generally become aware of a change in circumstances when modifications are required. Through our Customer Programme we are trying to gain a better understanding of our customers' disability needs.

Kāinga Ora has worked with our customers, a wide range of disability organisations, and other agencies including those from Ministry of Health and ACC, to design an Accessibility Policy, which sets out our commitments to:

- increase the number of our homes that meet universal design standards
- meet the individual needs of our customers
- improve information about the needs of our customers and the accessibility of our properties.

We developed our Accessibility Policy within the international context of New Zealand's commitments to the United Nations Convention on the Rights of Persons with Disabilities. The New Zealand Disability Strategy 2016-2026 sets out the high-level vision for New Zealand to be a non-

disabling society, with accessibility one of the eight key outcomes. Accessibility, including housing accessibility, has been identified as a key issue in the Disability Action Plan 2019-2023, which sits underneath the New Zealand Disability Strategy.

We have set ourselves the starting target of at least 15 percent of our public housing new builds meeting universal design standards in 2021/22.

Our policy distinguishes between our new builds, which offer a cost-effective way to address accessibility features from the start, and our existing homes, which may need more extensive modification to address accessibility needs. For some people, Kāinga Ora needs to provide homes that are modified to address a disability or specialised needs. For new homes and where possible in older homes, we aim to provide homes that meet universal design standards that allow a building to be adapted over time to meet customers' changing needs.

### Customer Support Centre

The Kāinga Ora Customer Support Centre (CSC) operates a 24/7/365 day service from two locations Porirua (89 people) and Manukau (79 people) to support our customers.

The CSC is both an inbound call centre as well as a processing unit doing administration work and making outbound calls and responding to service requests coming in through new technologies like MyKāingaOra, a digital app connecting customers with Kāinga Ora.

During COVID-19 Alert Level restrictions, we acted quickly to equip and support our CSC people to shift from their call centre work environment to working from home. Despite the disruption this caused, the CSC continued its high level of service receiving about 96,000 calls during this period and facilitating the more than 57,000 maintenance jobs that were completed across the country.

### Placing people in our homes

Kāinga Ora places people into our homes from two registers, the Public Housing Register managed by the Ministry of Social Development (MSD) and our own Business Initiated Transfer (BIT) Register. Applicants are matched to available properties through our placement function. We work property by property to undertake this matching and careful consideration is given to whether the property is appropriate and the tenancy sustainable. We generally place people off the BIT Register first to enable our redevelopment programmes and to ensure housing is of the right size and in the right location to meet existing customer needs.

Kāinga Ora currently engages with customers before placing them in a new home, to get an understanding of the type of home and services the individual needs and then we match them to a place that is right for them. Our Customer Strategy aims to further strengthen this process to ensure and support tenancy sustainability.

A total of 6,824 new tenancies were started in the 2019/20 financial year; compared with 6,977 in 2018/19; including both new applicants and transfers from other state housing. This figure excludes community group housing and transitional housing.

### The Public Housing Register

The Social Allocation System provides the criteria for acceptance onto the Public Housing Register. The policy for this system is developed by the Ministry of Housing and Urban Development (HUD) and the system is administered by the Ministry of Social Development (MSD).

The Public Housing Register is comprised of two different registers. The Housing Register is for new applicants, while current public housing customers who have applied to transfer to another property are on the Transfer Register. Current tenants who have a change of circumstances or are having difficulty with a location for reasons such as family harm can apply to be added to the Transfer Register.

In order to be eligible for public housing, the applicant or family must be on a low income, be permanently resident in New Zealand and have a housing need priority rating of either Priority 'A' (at risk) or Priority 'B' (serious housing need) as defined by the Ministry criteria.

When a property becomes available, MSD provides Kāinga Ora with a short list of 20 applicants whose requirements would be met by the property. These requirements include bedroom size, location and features such as accessibility modifications. Matching can also take into account requirements for special property features (e.g. level access or a wheelchair ramp), location requirements (e.g. close to certain schools) and factors such as gang affiliation.

In 2019/20, we provided housing to 5,091 Priority 'A' applicants and 88 Priority 'B' applicants from the Housing Register.

### The Business Initiated Transfer Register

Kāinga Ora maintains our own register of Business Initiated Transfers (BIT). These are customers who require a transfer to a different home for a number of reasons including their current home being redeveloped, undergoing major repair or the lease expiring on homes not owned by Kāinga Ora. Other reasons include a household underutilising or seriously overcrowding a property. Transfers for other reasons need to be made through MSD.

The differences between the two transfer registers administered by different organisations can be confusing, but we are working with MSD to make the system work better for our customers.

In the medium term, as we scale up the volume of development work, it is likely that an increasing proportion of our placements will be from the BIT register. This needs to be carefully managed and will depend on the extent to which demolitions are required to enable intensification and the delivery of more homes to meet growing demand.

In 2019/20, there were 1,645 placements from the BIT register compared to 1,888 in 2018/19.

Our Properties at a glance, 30 June 2020



997 ▲ FY18/19

66,253

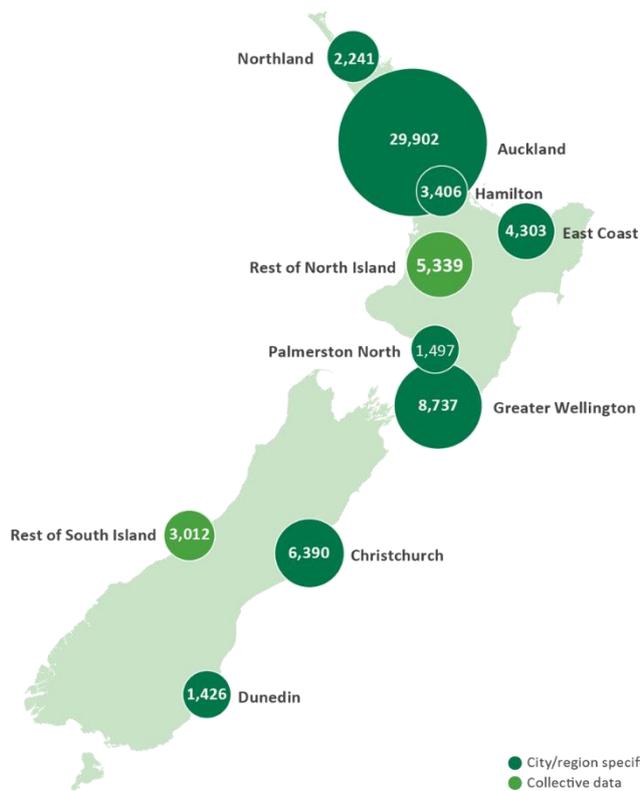
properties we own or manage

**\$30.8b**  
value of our portfolio  
2.2b ▲ FY18/19

**\$521m**  
spent maintaining and  
improving our homes  
\$24m ▲ FY18/19

**38%**   
of our homes have  
three bedrooms

**45%**   
of our homes are located  
in **Auckland**



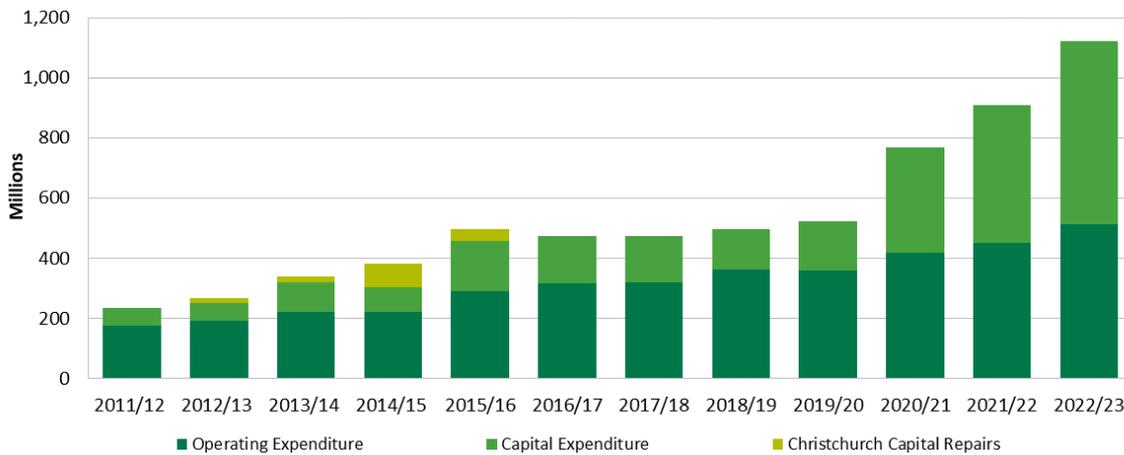
Maintenance and Renewal of our homes

The Maintenance and Renewal programme is one of the three programmes implemented through our Asset Management Strategy (AMS). The others are New Supply and Disposals.

Maintenance focuses on maintaining the condition of housing at agreed service levels, while renewal focuses on improving the performance of housing from either a lifecycle or a customer outcomes perspective. These are not mutually exclusive groups of activity and some programmes overlap. Activities undertaken include routine and planned maintenance, responsive and vacancy repairs, upgrades, retrofit and complex remediation.

In 2019/20, Kāinga Ora spent \$521 million of operating and capital funding on maintaining, upgrading, and retrofitting the portfolio. As demonstrated in the figure below this is an increase over previous years and reflects the growing effect of our ageing portfolio.

**Figure 3: Expenditure (actual) and forecasted in millions of dollars for each financial year**



Note: The capital repairs for Christchurch were funded separately.

On 1 July 2020, Kāinga Ora implemented new Maintenance Partner Contracts and National Supply Agreements across New Zealand. These new contracts and agreements represent a new way of working in how we deliver an estimated \$4 billion of responsive repairs, routine and planned works expenditure for the Kāinga Ora housing portfolio. The Maintenance Partner contracts are for a five plus two plus three-year term.

There are 11 separate regionally-based Maintenance Partner contracts in place throughout New Zealand, with five Maintenance Partners responsible for delivering these contracts.

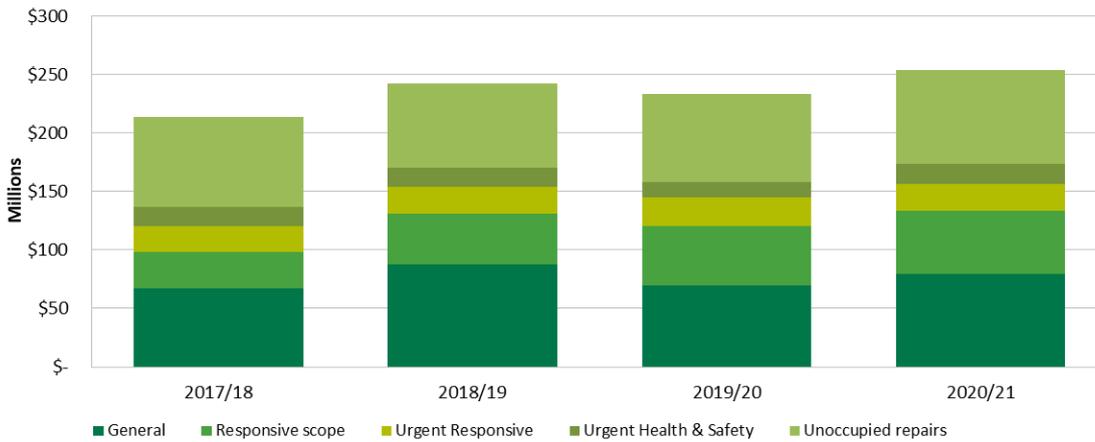
Maintenance Partners manage the execution of maintenance activity via a network of sub-trades and co-ordination with national supply partners. They are responsible for the efficiency, safety, quality and the compliant delivery of maintenance and are measured against a comprehensive set of Key Performance Indicators which cover all areas of performance including customer satisfaction.

### Responsive repairs and maintenance

Responsive repairs are those needed as a result of component failure, damage, natural causes, or wear and tear. These repairs are commonly phoned through to the Customer Services Centre by tenants, identified by tenancy managers and logged via our mobility application, identified by our contractors or requested by a growing number of MyKāingaOra digital portal customers.

Responsive repairs are prioritised and then completed by our maintenance contractors across contract regions nationwide. Responsive repairs are prioritised according to the urgency of the work required. The number of work orders completed for responsive repairs during 2019/20 was 421,000 at a total spend of \$151 million (\$233 million including unoccupied repairs). These figures were down on the previous year due to the restrictions we operated under during COVID-19 Alert Levels 3 and 4.

**Figure 4: Breakdown of responsive spend – 2017/18 (actual) – 2020/21 (forecast)**



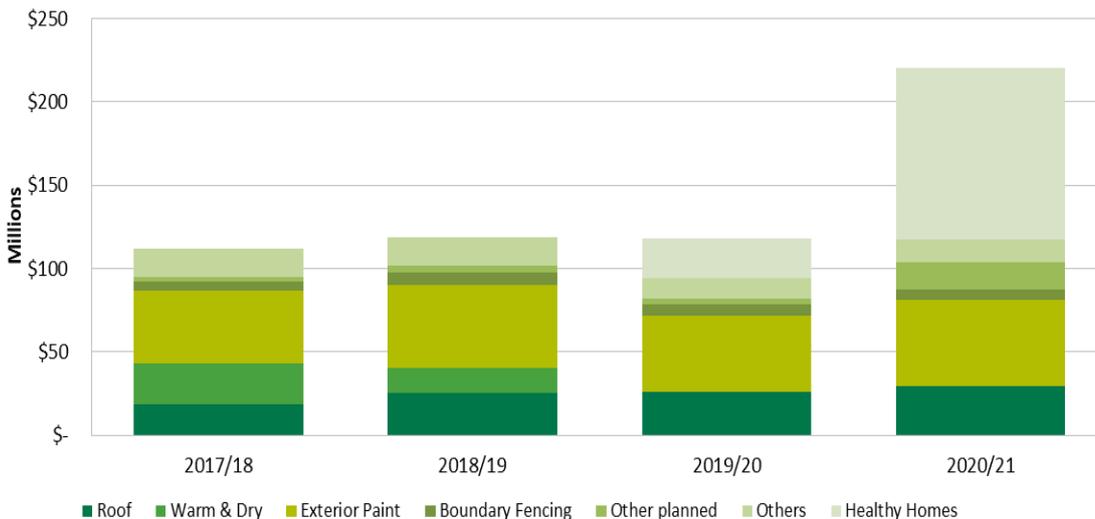
Our target is to respond to all urgent health and safety requests within four hours. The response time for 2019/20 was 2.5 hours, and compares with 2.1 hours achieved in 2018/19. Our consistently good response times in this area reflect the efforts of our contractors to ensure response times are well managed.

### Planned maintenance

Every year, Kāinga Ora carries out a suite of specific, targeted planned maintenance programmes.

During 2019/20 we completed a total number of 13,145 planned maintenance jobs and have invested significant resource into refreshing and maintaining our homes for our tenants. We spent \$59 million in operating expenditure on planned maintenance of our homes and a further \$59 million in capital expenditure maintenance, upgrades and improvements to our properties; a combined expenditure of \$118 million.

**Figure 5: Breakdown of planned maintenance spend – 2017/18 (actual) – 2020/21 (forecast)**



### Complex Remediation Programme

The Complex Remediation Programme was set up to address deferred maintenance and progressive failures of building elements (typically due to age), within Kāinga Ora complexes. However, this has

evolved to consider a whole of building approach, including how to address thermal performance issues and other key considerations such as efficient maintenance and amenities.

Previous years have focused on works to several complexes in Auckland while undertaking design works on some of the more complex buildings nationally.

The programme is set to continue in the coming years with over 40 complexes in the pipeline across the country, which are in various stages including review and confirmation of scope for remediation, design, procurement and construction or redevelopment if remediation has been uneconomic.

During 2019/20 we spent \$18.5 million on our Complex Remediation Programme and are forecasting to spend a further \$21.4 million in 2020/21.

### Retrofit Programme

Our housing Retrofit Programme allows us to sustainably retrofit our homes, resetting their lifecycle at a lower initial cost than a complete rebuild. Many of our older homes were built well in the 1950s and 1960s, but have outdated floor plans and designs and can be made warmer and dryer.

Through our Retrofit Programme we are upgrading and improving our older homes to extend their useable life by another 50 years and improve the wellbeing of our customers. The programme also allows us to improve the accessibility of these homes, which will make them more suitable for people with disabilities. Investing in these changes now reduces the need for costly modifications in the future and thereby, lessens demand on future ACC and Ministry of Health budgets.

During 2019/20, we completed 133 retrofits and spent a total of \$47.0 million on the programme at an average cost of \$353,251 per retrofit. The programme has been significantly ramped up in 2020/21, with a total of \$158.2 million forecast to be spent on the retrofitting of more than 500 homes.

As we expand the programme nationwide, we will be doing work on houses in Lower Hutt, Napier, Bay of Plenty and Christchurch this year. In total, we are planning to invest \$500 million to retrofit over 1,500 homes in 30 towns across New Zealand continuing over the next two years. This investment not only provides warm, dry, healthy homes for our customers, but also provides significant investment and jobs for the regional economies where these homes are located.

## Environment

### Zero

Committed to sustainability through the Carbon Zero and Kāinga Ora–Homes and Communities Acts, setting in legislation our commitment to achieve **carbon neutrality by 2050**.

### \$2.3b

Expanded our Sustainability Financing Framework by \$2.3 billion to deliver positive environmental and wellbeing outcomes for New Zealanders.

### 210

Completed 210 new public homes to the 6 Homestar building standard, and a further **2,413** public homes were registered with the New Zealand Green Building Council in 2019/20 and will be completed to the 6 Homestar build standard.

Kāinga Ora is making a once in a generation investment into residential infrastructure. We recognise that this investment presents a significant opportunity to invest in homes that are sustainable and communities that allow people to live sustainably. We want to use our size and scale to support and enable the transition towards sustainable practices within the building sector. In doing so we reduce the impact of our homes and contribute to the development of sustainable, inclusive and thriving communities, ensuring the mana and mauri of the land is preserved for current and future generations.

We are committed to achieving this through:

- transitioning our construction programme to deliver carbon neutral homes
- leading by example and putting the pathway in place for the construction sector to do the same
- minimising environmental impacts of development (pollution, waste, water runoff)
- delivering urban environments where:
  - walking can be the main transport form for local trips
  - at least 20 percent tree canopy coverage and good access for people to quality green space
  - homes are high performing from carbon perspective
- the climate change impact of infrastructure is minimised
- ensuring climate change risks are adequately considered in investment decisions

Over the next four years, Kāinga Ora is investing at least \$11 billion in housing and urban development projects. The scale of our build programme gives us the perfect platform to develop the market for productive construction methods, low carbon materials, waste efficient development practises and high performing and resilient homes. These practices provide warm, dry, healthy and comfortable homes that require minimal energy to heat and contribute to low carbon, sustainable communities. Achieving this requires partnership with iwi, the construction sector and other government and local government organisations, as well as bringing the wider community along with us.

## Environment initiatives

### Carbon neutral housing programme – improving building performance

We have begun a study investigating the impact that different structural systems have on the carbon performance of a home. Buildings account for 20 percent of New Zealand’s carbon emissions<sup>1</sup> and have a long operational lifespan. Reducing the footprint of our construction activity and designing for energy efficiency, is critical in achieving the national net zero carbon target by 2050.

For us this is a significant and long term transition in the way we build, the materials we use and the performance of the homes once complete.

Our first steps are to begin a cultural shift within Kāinga Ora and the sector. We have started this journey with the adoption of 6 Homestar which is a requirement for all of our one and two storey dwellings. Case studies indicate this has also resulted in recycling of 2.5 tonnes of material per unit which would otherwise have been taken to landfill.

We are also beginning an intelligence gathering phase with a number of case studies. The most significant of these is focusing on a low rise apartment (three level walk up) typology. These are likely to be the biggest carbon emitter per square metre out of our portfolio and form a significant part of our pipeline.

### Demolition Deconstruction Relocation Programme – reducing waste

In July 2020, we introduced an 80 percent waste diversion target for all demolition projects in the Auckland region. Targets are also being developed for Waikato, Wellington and Christchurch with options for smaller regions requiring further investigation. We are also planning to relocate seven percent of homes that would otherwise have been demolished in 2020/21.

The programme aims to reduce the contribution of Kāinga Ora to construction and demolition waste disposal in landfills.

### Resilient homes and communities – increasing resilience to future climate shocks

We engaged NIWA to review our portfolio and planned investment activities against current and future flood risk. The assessment will better equip us to make investment decisions to improve the resilience of our homes and communities. We also recognise that some of our communities are particularly vulnerable to heatwaves.

### Distributed Energy – reducing our operational emissions

Kāinga Ora, together with a number of other agencies such as Ministry of Housing and Urban Development, Te Puni Kōkiri and the Ministry of Business, Innovation and Employment has received a \$28 million appropriation to pilot renewable energy at the household and community level. We expect the findings of this study to enable us to improve access, affordability and sustainability of energy provided to our homes.

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<sup>1</sup> Thinkstep, *Under Construction: Hidden emissions and untapped potential of buildings for New Zealand’s 2050 zero carbon goal*, 2019

## Systems Transformation

### 09

Completed 9 **Construction Partnering Agreements** with suppliers to deliver homes in Auckland and Christchurch by June 2020, with four of these being completed in 2019/20.

### 620-630

Contracted 620-630 new homes per annum from these multi-year contracts.

### Building

Continued building our capability in the use of **off-site manufacturing** to provide faster, safer, more cost effective and more predictable procurement.

We are committed to innovation across our business. The scale of our land holdings, property portfolio, financial resources, and investment programme provides a significant opportunity to encourage innovation and to improve efficiency in the wider housing and urban development sectors.

#### Building better homes through technology and innovation

Our Innovate, Partner, Build programme has been very successful and has delivered key advancements such as standardised designs in new home development, particularly as part of our construction volume contracts to support more efficient delivery at scale. We also undertake research and development to continue building better homes through the use of technology and innovation.

We are building our capability in the use of off-site manufacturing, where parts of the building are made away from the final construction site. An example is our pilot project testing the performance of bathrooms and laundries that are manufactured off-site and then installed in some of our homes.

Over the last year we have constructed houses using the following off-site manufacturing building systems: cross laminated timber, volumetric, manufactured wall panels, modular and precast concrete building systems.

Off-site manufacturing enables us to undertake faster, safer and more predictable procurement, and save on the time and cost of delivering new homes.

Moving forward, we are also undertaking research and development to continue building better homes through the use of technology and innovation. Innovation activity right across the build programme is being scaled up through an innovation test-bed programme. We are using the findings and successes from this to improve our delivery programme as part of a coordinated and sustainable innovation programme.

#### Standardised Design

As part of our efforts to build more homes faster and more cost-effectively, Kāinga Ora has developed standardised designs for our homes. Use of standardised and repeatable designs for different typologies and build types significantly reduces the complexity, duration and cost across the build process, and offers increased opportunities for modern methods of construction including off-site manufacturing.

Standard typology designs also enable more efficient material costing for each new home and reduce our maintenance and ongoing operational costs as we continually improve the way we work with contractors, build partners and the professional design community to ensure greater consistency in delivery.

As we gain greater understanding of our customers and their needs through the Customer Programme, our standard designs will evolve and be adapted as necessary to ensure we address those needs, including in respect of universal access and accessibility needs.

### Construction Partnering Agreements

In 2019, Kāinga Ora introduced a long-term contracting model called Construction Partnering Agreements which is part of our Innovate, Partner, Build programme, a new way of working smarter with the construction industry.

These multi-year agreements are designed to encourage greater collaboration between Kāinga Ora and its build partners and are replacing most, but not all, project-by-project state housing contracts.

The longer-term nature of these contracts, in which both parties guarantee to complete a given number of homes, save time by reducing internal processes, and reduce the risks to build partners by guaranteeing a baseline minimum of building work.

For Kāinga Ora, this means having most developments in larger centres allocated to build partners in advance, leading to shorter construction timeframes and providing the ability to drive cost savings. For build partners, it enables them to plan ahead, secure investment, retain staff, innovate, and further develop the skills of their workforce. Those benefits also extend to their sub-contractors.

### Construction Partner Management team

Kāinga Ora depends on our approximately 130 build partners throughout New Zealand to deliver new warm dry homes for our customers. To build a stronger relationship with our partners, the Construction Partner Management (CPM) team was established within the Kāinga Ora Construction and Innovation Group in December 2019. Its aim is to strengthen relationships with state housing build partners and provide more proactive partner engagement.

Our CPM team was integral in helping to support our build partners when the country went into COVID-19 Alert Level 4 and as we began to transition through the Alert Levels. The response to this engagement from build partners at the time was extremely positive, with many partners commenting that the level of communication they received demonstrated that Kāinga Ora genuinely cared about them and their businesses.

### Apprenticeship Programme

Kāinga Ora is committed to playing a part in expanding the construction workforce and helping people into rewarding jobs. We work with training and pastoral care providers to help keen New Zealanders into trades apprenticeships. Since its launch in 2019, dozens of apprentices have been employed and trained by Kāinga Ora build partners and sub-contractors on state housing building sites.

Our apprenticeship programme partners include the Building and Construction Industry Training Organisation, Skills, the Ministry of Social Development, the Ministry of Business, Innovation and Employment and the New Zealand Institute of Skills and Technology.

The apprentices come from a range of backgrounds, including graduates from trades academies, casual work and labouring. The first cadet from our partnership with the Department of Corrections has also entered training.

### Construction Plan

The Construction and Innovation Group has developed a Construction Plan that is intended to demonstrate how our construction activity helps contribute towards the Kāinga Ora organisational outcomes. It focusses on innovation, building capability and using our scale in the construction sector to drive system transformation. The plan drives a partnering approach, both with Māori and industry participants, and helps grow capability across the housing and urban development sector.

It also provides clarity on how our business as usual activity has been tailored to reflect the organisations construction sector intentions and helps identify what more we can do to achieve our aims.

### Broader social outcomes

Kāinga Ora is working to ensure that broader social, environmental, cultural and economic outcomes are achieved through our contracts and we have a greater focus on providing long-term benefits for New Zealanders.

Through strategic and well-considered partnerships, Kāinga Ora can help upskill and grow the construction workforce, improve literacy, promote sustainability and waste minimisation, promote health and wellbeing, and foster a positive relationship with the community.

Through the Construction Partnering Agreements, at least five percent of skilled work must be undertaken by Kāinga Ora apprentices and trainees within the first six months of the term. This increases to over 15 percent of skilled work by the start of the second year of the agreement.

An example of our commitment to broader outcomes can be seen in our partnership with construction firm Icon, who have been awarded the building contract for the flagship Greys Avenue development in Auckland.

During this project, about 7.5 percent of the contract sum will be spent with priority suppliers, such as Māori and Pasifika-owned businesses. A minimum of 28 new or existing apprentices will also be engaged on the project – around half of which will come from these priority groups.

### Piritahi

The size and number of our large scale developments give us an opportunity to drive innovation in the delivery of civil works infrastructure. Established in 2018, Piritahi is the country's first land development alliance. The alliance was formed to bring together industry experts to deliver the civils works required for Kāinga Ora large scale urban development projects in Auckland.

Our urban development team is the owner-participant of Piritahi. Other members of the alliance are Dempsey Wood, Harrison Grierson, Hick Bros Group, Tonkin + Taylor and Woods.

Piritahi specialises in preparing government-owned land to build new homes on, and also designs, builds, or upgrades, infrastructure, parks and public spaces on behalf of Kāinga Ora.

There are now more than 200 people who work for Piritahi, a substantial increase from the handful who were part of the alliance when it was established.

### Consentium – Building Consenting Authority

Kāinga Ora established Consentium to improve efficiencies in the consenting process to help increase the scale and pace of our build programme. Over the last year and a half, Consentium has been developing an internal quality assurance function by improving consent applications and looking for efficiencies in the consenting process.

Under the Building Act 2004, Building Consenting Authorities (BCA) issue building consents, carry out inspections and issue Code Compliance Certificates. While all BCAs are currently local councils, the Act also enables entities that are not councils to apply to become BCAs.

Our foundation legislation broadly enables Kāinga Ora to operate as a BCA and Kāinga Ora is in the process of gaining accreditation to undertake consenting responsibility for some of the buildings that we build.

The piloting of the new approach to processing building consents and undertaking inspections has confirmed the substantial savings in timeframes to issue and approve buildings, compared to current processes.

Consentium's accreditation application is before International Accreditation New Zealand (IANZ) and is on track to be accredited as a private BCA in November 2020. Once Consentium is accredited, we will move to the next step of Registration with Ministry of Business, Innovation and Employment.

Consentium has made a significant investment in training and upskilling our building control people in order to support the growth of a constrained industry resource pool. Consentium is now fully established with operations in Auckland, Wellington and Christchurch. Auckland is the primary location for all consenting, administration, and quality control. Inspection teams are located in Auckland, Wellington and Christchurch to give national coverage.

Once registered, Consentium will be ready to provide nationwide regulatory building consent services to Kāinga Ora for new build state houses and retrofits up to and including four level apartments.

## Measuring our performance

Kāinga Ora assesses its performance in terms of both service delivery (i.e. activity and output classes), and outcomes (the difference we make through our activity).

### Monitoring and accountability

Figure 6 summarises key Kāinga Ora accountability documents and reports that you will receive regularly.

Figure 6: Key accountability documents

Title	Brief description of content
<b>Statement of Intent</b>	The Statement of Intent sets our strategic direction for the next four years and identifies how outcomes will be achieved and measured. It also outlines our contribution to the Crown's objectives.
<b>Statement of Performance Expectations</b>	The Statement of Performance Expectations sets out the organisation's annual performance measures, targets, and annual forecast financial statements.
<b>Annual Report</b>	The Annual Report provides an account of outcomes and output delivery, and financial and non-financial performance.
<b>Quarterly reporting</b>	Kāinga Ora's quarterly reporting provides you with a snapshot of performance to date against the work programme outlined in the current Statement of Intent and Statement of Performance Expectations.

### Our Statement of Intent and outcomes framework

Our Statement of Intent (SOI) sets out Kāinga Ora's strategic priorities and outlines how we will assess performance over a four-year period. The SOI 2019-23 includes our outcomes framework which was co-developed by legacy agencies (HNZ and HLC) of Kāinga Ora and HUD, drawing on extensive work to-date by the agencies and incorporating the new roles and expectations for Kāinga Ora as set out in the Kāinga Ora – Homes and Communities Act 2019.

Our outcomes can be linked to Government wellbeing frameworks and set out how our work improves wellbeing and how we support other agencies to improve the wellbeing of New Zealanders.

### Measuring service performance

Our Statement of Performance Expectations (SPE) sets out the organisation's output classes, annual performance measures, targets, and annual forecast financial statements. The performance measures in our SPE form the basis of focus for annual scrutiny of Kāinga Ora performance by Parliament.

In our 2020/21 Statement of Performance Expectations, we made a number of changes to our existing output class structure to reflect the expanded role of Kāinga Ora. We now measure our performance across six output classes. They are:

- OUTPUT CLASS 1 - sustaining tenancies and supporting communities
- OUTPUT CLASS 2 – managing, maintaining and renewing our homes
- OUTPUT CLASS 3 – new public and supported housing supply
- OUTPUT CLASS 4 – urban regeneration, development and general housing supply
- OUTPUT CLASS 5 – supporting first home ownership for New Zealanders
- OUTPUT CLASS 6 – Crown-owned land transactions (Housing Agency Account)

### Contributing to thriving and sustainable communities through increased housing supply and quality urban development

As the key delivery agency for the Government’s public housing commitment and the Government’s lead developer in the planning and delivery of urban development projects of all sizes, we have a significant role to play in delivering more homes and ensuring these homes are part of thriving communities.

Access to good quality, well-located land is becoming increasingly important for Kāinga Ora as we accelerate our build programme and diversify our role into urban development solutions. We are also enabling others to deliver outcomes through partnering, and leverage both private and public capital and capacity. Engaging and partnering with local government is also critical to achieving our objectives.

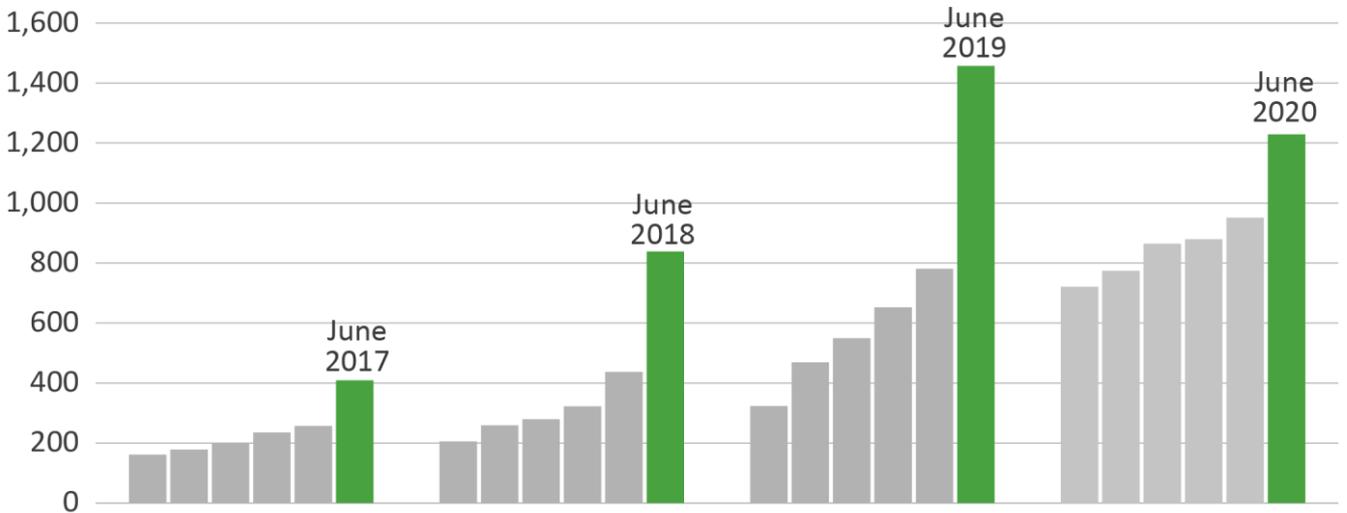
### Increasing the pace and scale of our public housing programme

Kāinga Ora committed to providing 1,100 net additional public homes every year from June 2018 to June 2022. These homes consist of new redevelopments on Kāinga Ora land and new builds on land not previously used for State housing combined with leasing and the purchase of existing homes.

Over the past few years we have scaled up our build activities in the main centres and the regions and we now have a number of significant developments underway to increase the supply of safe, warm and dry public homes across New Zealand. We are also working smarter and adopting more innovative, efficient and sustainable methods for delivering and financing our build activities. The graph below highlights the increase in the gross number of new redevelopments and new builds delivered over the last four financial years.

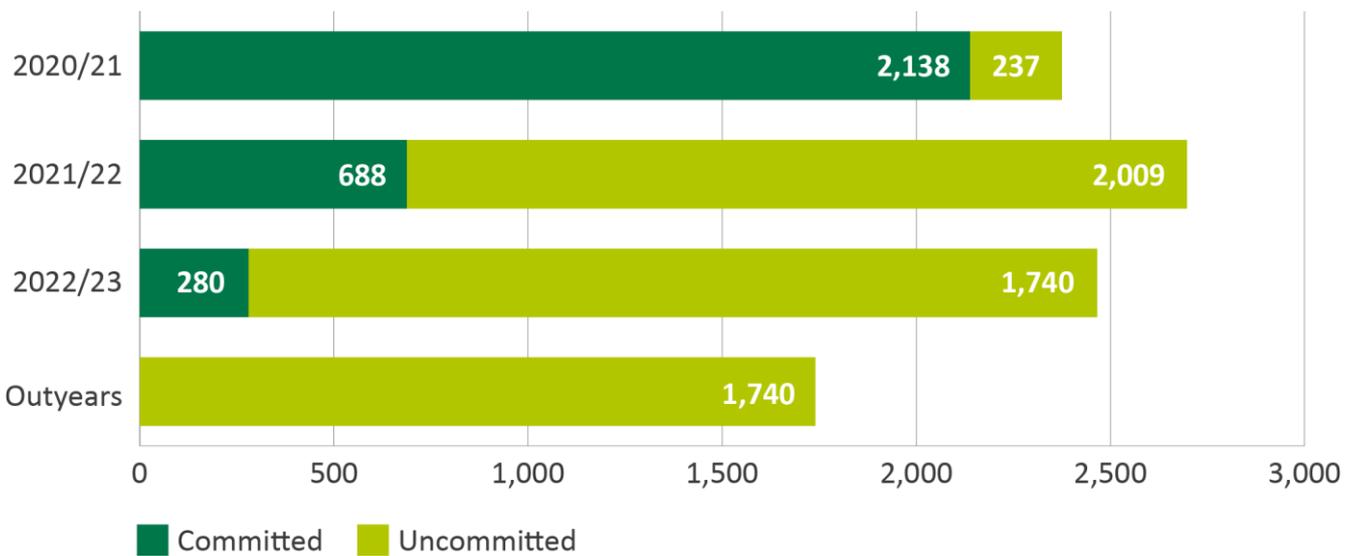
Until the impact of the COVID-19 lock-down in March and April 2020, Kāinga Ora was on track to deliver on our SPE targets of over 1,175 net additional public homes and more than 1,500 gross new public homes (new builds and redevelopments) during 2019/20. Despite the impacts of the COVID-19 lockdown we were able to deliver 1,229 new public homes and a net 727 additional public homes.

Figure 7: The delivery of our new build and redevelopment public housing programme



More than 2,000 newly constructed homes (redevelopments and new builds) will be completed in the 2020/21 year and more than 7,000 homes are in the pipeline from 2020/21 to 2022/23.

Figure 8: Forecast of newly constructed public homes in the Kāinga Ora pipeline



## Financial Information

### Our finances at a glance

In 2019/20, Kāinga Ora:

- owned housing portfolio was valued at \$30.8 billion, a \$2.2 billion increase from 2018/19 (\$28.6 billion)
- received over \$1.6 billion in income annually from rent, interest and Crown funding (\$1.400 billion from rent and rental subsidies)
- spent \$1.672 billion in annual operating expenses
- invested \$1.580 billion of capital expenditure on our housing portfolio – this included:
  - \$1.240 billion on additional homes / redevelopments
  - \$0.177 billion on our large scale programmes which deliver both state and market/affordable homes
  - \$0.163 billion on capital maintenance of existing homes
- invested a further \$359 million in on-going repairs and maintenance
- achieved earnings before interest, taxes, depreciation and amortisation (EBITDA) of \$378.2 million, with this adjusted to \$522.5 million (34 percent of revenue) after taking into account the effect of write offs. This compares to \$416.4 million achieved in 2018/19 (34 percent of revenue)
- provided for a net operating deficit after tax of \$58 million (compared to a net operating surplus after tax of in 2018/19 of \$60 million). This loss is attributable to the write down of land associated with our large scale programmes, which resulted in losses of approximately \$70 million. A surplus of \$12 million was achieved across all of our other activities.

Refer to Annual Report for 2019/20 for more information.

### Appropriations

Kāinga Ora receives appropriated funding from Vote Housing and Urban Development, Vote Building and Construction and Vote Social Development. The appropriation from Vote Social Development is for the Income-Related Rent Subsidy, and is administered by the Ministry of Social Development. The appropriation from Vote Building and Construction is for the Earthquake Prone Building Scheme, and is administered by the Ministry of Building, Innovation and Employment. All other appropriations are for Vote Housing and Urban Development, and are administered by HUD. The Crown uses these appropriations to fund HUD's activities, and contract with other providers.

The following tables detail the funding available to Kāinga Ora to deliver Crown programmes in 2020/21 and comparative figures for the two previous financial years. They include a number of non-core programmes, such as Community Group Housing, First Home Grants and Loans, legacy loan portfolios that require on-going administration, and the Earthquake-Prone Buildings Financial Assistance Scheme.

They exclude funding for the Housing Agency Account (HAA), which is accounted for separately from Kāinga Ora Group activities in a formalised agency arrangement with the Crown.

Figure 9 - Operating funding to deliver Crown programmes 2018/19 – 2020/21

Crown programme	Budget 2018/19 (\$m)	Budget 2019/20 (\$m)	Budget 2020/21 (\$m)
Purchase of Housing and related Services for Tenants paying income-related rent	863.827	939.694	1,011.391
KiwiBuild Unit Operating <sup>1</sup>	N/a	10.758	TBC
Community Group Housing – Rent Relief	4.104	4.104	4.104
Community Group Housing - Top-up Market Rents <sup>2</sup>	13.891	14.791	13.891
First Home Grant <sup>3</sup>	106.120	90.734	109.720
First Home Grant– Administration Costs	2.998	2.998	2.998
First Home Loan (Mortgage Insurance Scheme) including Administration costs	8.700	8.700	7.700
Interest Subsidies and Administration for Legacy Mortgages <sup>2</sup>	1.159	1.172	0.789
Earthquake-Prone Buildings <sup>4</sup>	N/a	N/a	3.000
<b>TOTAL OPERATING FUNDING</b>	<b>1,000.799</b>	<b>1,071.568</b>	<b>1,153.593</b>

**Notes:**

1. 2019/20 are from Kāinga Ora budgets, as only HUD would have recorded the original 2019/20 Crown appropriation budgets. The 2020/21 figure is yet to be approved by HUD. No budget was recorded in 2020/21 Vote Estimates document (base funding is understood to be set aside), as HUD want clarification of the basis and details. Kāinga Ora SPE is approx. \$18 million.
2. These 2020/21 figures represent final Crown Budget 2020 figures, which can be different to SPE values due to timing of estimate / forecast processes (budget bid for 2020/21 was not progressed).
3. The 2019/20 figures represent Kāinga Ora budgets, not original 2019/20 Crown appropriation budgets, as these were changed at OBU to reflect a change request from HUD. The 2020/21 figures represent final Crown Budget 2020 figures, which were revised by the Government Build Programme (KiwiBuild Re-set) paper. SPE values consistent with OBU modelling.
4. The 2020/21 figures represent final Crown Budget 2020 figures (from 2020/21 Vote Estimates document), and are different to Kāinga Ora SPE values that represented the base yearly funding.

Figure 10: Capital funding to deliver Crown programmes 2018/19 – 2020/21

Crown programme	Budget 2018/19 (\$m)	Budget 2019/20 (\$m)	Budget 2020/21 (\$m)
Acquisition and Improvement of Community Houses <sup>1</sup>	5.800	5.800	5.800
Earthquake-Prone Buildings – Capital	N/a	N/a	5.000
Refinancing of Kāinga Ora (previously Kāinga OraC) and Kāinga OraL debt <sup>2</sup>	127.185	251.683	143.010
<b>Total Capital funding</b>	<b>132.985</b>	<b>257.483</b>	<b>153.810</b>

**Notes:**

1. The Community Houses capital appropriation is split into equity (payment) and a debt (new DMO funds) portion.
2. The \$143 million in the figure above relates to existing loans issued by the Crown (through the Debt Management Office) to the then Kāinga Ora and will be rolled over with Kāinga Ora at maturity. This does not reflect additional capital available for Vote Housing.

**Housing Agency Account**

The Housing Agency Account (HAA) is administered jointly by HUD and by Kāinga Ora, as an agency of the Crown, under the Housing Act 1955 (Housing Act). Under the Housing Act, Kāinga Ora is empowered to act as an agent of the Crown in carrying out the Crown's decisions in relation to the acquisition, setting apart, and development of land, and the acquisition of assets for state housing purposes.

In Auckland, the Treaty settlement with Ngā Mana Whenua o Tāmaki Makaurau means that certain prerequisites apply before Kāinga Ora can develop most Crown-owned land. This includes, among other things, an obligation on the Crown to provide Ngā Mana Whenua o Tāmaki Makaurau's post settlement governance entity with the first opportunity to be the developer (subject to some exceptions).

HAA includes Hobsonville land and KiwiBuild Buy Off The Plan (BOTP) inventory.

HAA does not form part of Kāinga Ora Group Financial Statements. Kāinga Ora prepares the HAA financial statements and Ernst and Young undertake the audit. HAA is consolidated into the Ministry of Housing and Urban Development.

Currently the HAA contains 111 residential properties and two development sites, Hobsonville is the largest development site and is its own separate entity under HAA. Hobsonville Point consists of approximately 167 hectares that includes HAA land, Panuku Development Auckland land, and Ministry of Education land.

The project became self-funding from 1 July 2014 through funds received from land sales which are held in the Housing Agency Account. The build programme is due to be completed in 2024.

KiwiBuild also operates under HAA and has the responsibility of increasing the supply of affordable homes to New Zealanders. It achieves this through underwriting new houses in a development, making land available for developments and integrating affordable housing into major urban development projects.

Kāinga Ora manages the BOTP in line with the HAA and accountability agreement that sets out the crown's expectations as to how Kāinga Ora discharges its agency role under the Housing Act.

The balance of the BOTP inventory at 20 September 2019 was \$19.679 million which was transferred to HAA and \$4.556 million of sales receivables for sales that were completed but not receipted prior to 30 September 2019.

## Our People

### The Board

The Board is responsible for the overall governance of Kāinga Ora and for managing it according to its legal mandate. The Board provides leadership and sets strategic direction. It also selects, appoints, and monitors the performance of the Chief Executive.

The Board currently comprises eight non-executive members. Each appointment is for a fixed term with the possibility of further reappointment. The Board Chair and Chief Executive meet with the Minister monthly or as required.

Current Board members are:

- Vui Mark Gosche (Board Chair)
- Ngarimu Blair
- Dr Nicola Crauford
- John Duncan
- Robin Hapi CNZM
- Professor Philippa Howden-Chapman
- Penelope Hulse MNZM
- Victoria Kingi

Their biographies are included in the appendix.

### Executive Team

The Executive Team comprises the Chief Executive, Andrew McKenzie, and Deputy Chief Executives from the 11 business groups: People and Homes; Te Kurutao Māori Group Construction and Innovation; Urban Development – Delivery; Urban Development – Planning; Strategy and Investment; Finance; Governance; Partnerships and Community Engagement; Corporate; Business Innovation and Development; and Special Advisor to the Chief Executive.

### Chief Executive

Andrew McKenzie became Kāinga Ora's first chief executive when the new organisation was established on 1 October 2019.

Mr McKenzie had previously served as Housing New Zealand's Chief Executive since September 2016. In that time, the agency has seen major shifts in our strategic direction, significant strengthening of the support it provides to customers, and a large increase in its build programme.

Before joining Housing New Zealand, Mr McKenzie held senior finance roles in the public and private sectors, leading the finance function for the establishment of Auckland Council. In 2013, Mr McKenzie was recognised as Chief Financial Officer of the Year for New Zealand.

### Kāinga Ora structure

Kāinga Ora is in the process of changing its structure through the Shaping Kāinga Ora Programme. Our current structure has four main delivery arms: our People and Homes Group, brings together our tenancy, maintenance and property ownership functions; our Construction and Innovation Group, responsible for redeveloping, purchasing, leasing and divesting our homes; and our Urban Development Planning and Delivery Groups, responsible for the delivery of urban development projects of all sizes.

Our delivery arms are supported by our Te Kurutao Māori, Strategy and Investment; Finance; Corporate; Governance, Partnerships and Community Engagement; and Business Innovation and Development functions.

This initial structure was designed to bring together all components of our three legacy organisations to enable us to hit the ground running from 1 October 2019 when the new organisation was established.

This structure served a key purpose in maintaining the momentum of our work. However, as a new organisation, with a broad mandate and growing volume of work we need a structure that is fit for the future. During 2019/20, we undertook significant preparatory work to plan for how best to reshape our future structure. Through extensive participation of our people this reshaping work is progressing and is currently being deployed. A detailed briefing on the progress of the Shaping Kāinga Ora Programme and our new structure will be provided in coming weeks.

### Our workforce

Kāinga Ora aspires to be an employer of choice. At the heart of our people strategy is the organisation's vision for our people, our people objectives, and the commitments we make as an organisation.

The Kāinga Ora employment experience is guided by our values and good employment principles and we are committed to applying our values and principles to everything we do. This commitment includes being fair and reasonable with each other in our dealings, and accepting personal responsibility for our actions.

We are committed to developing a workforce that delivers what Government and our customers expect of us. This includes helping develop local skills and providing experience opportunities through our apprenticeship and graduate programmes.

Due to the new and specialist nature of our large scale developments, urban planning roles and our need to innovate to transform the wider housing and urban development sectors, we also recruit overseas talent when the skills we require are not available in New Zealand. **s 9(2)(f)(iv)**

[Redacted text block]

## Kāinga Ora Values

To support the direction of our new organisation, we have developed a set of values, grounded in what our people have told us is important through various engagement channels, such as the Shaping Our Culture survey, leadership forums, workshops, testing with networks and one on one feedback.

These values are:

- Manaakitanga – People at the Heart
- Mahi Tahi – Better Together
- Whanake – Be Bold

## Location and functionally

Kāinga Ora has over 1,900 full time equivalent (FTE) employees with teams located around the country, from the far north to the deep south and everywhere in between. This is an increase of 300 FTEs since 30 June 2019 with a further 300 positions proposed to be created to address the enormous scale of what Kāinga Ora needs to deliver over the next four years. We have sought to ensure that as a nationwide organisation, Kāinga Ora is fundamentally grounded in the regions of New Zealand with strong, positive, proactive community and customer relationships informing all that we do.

The majority of our people are located in the greater Auckland (50 percent) and the greater Wellington (35 percent) regions, in both regional and central offices. The remaining 15 percent of our people is distributed in small numbers across the smaller centres nationwide.

Our people are involved in a wide range of jobs. The geographical location of our people is closely related to the particular function or role they perform, and the location which best allows them to meet the needs of our customers. Staff turnover is low in comparison to most other Crown Owned Entities with over 50 percent of our advertised vacancies filled internally, demonstrating our strong commitment to developing our peoples' careers.

The People and Homes Team provide front-line tenancy management and maintenance services nationwide, primarily accounting for the small numbers of people distributed to regional offices across the country.

Our Customer Support Centres operate in both Porirua and Manukau. Similarly, our core internal support services such as Finance, Legal, Partnerships and Community Relationships have teams located in both Wellington and Auckland.

The majority of Corporate and Governance teams are Wellington based, while the Property Development, Modular Construction Commercial Partnering, Strategy, Investment, and Urban Development Delivery and Planning functions are predominantly Auckland based.

## Diversity & Inclusion

We are committed to growing diversity across the organisation and enabling a culture of inclusion in everything we do.

As a diverse and inclusive Kāinga Ora, we want our people to:

- experience fair and equitable employment opportunities and a workplace free from prejudice and discrimination
- feel valued and able to bring their whole selves to work
- connect, understand and reflect the communities we serve.

## Kanorau | Diversity

‘Diversity’ is everything that makes us different. It includes visible differences like nationality, ethnicity, sex, age, disability, and physical appearance as well as differences that are less visible such as thinking styles, neurological variation, personality, gender identity, sexual orientation, religious and spiritual beliefs, political beliefs or other ideologies, etc.

## Whakauru | Inclusion

‘Inclusion’ is the way we demonstrate the value of diversity in the workplace. In an inclusive organization, we feel valued and respected for the different perspectives, experiences, knowledge, thinking and communicating that we all bring to our work.

Working in an inclusive way means we make the most of and leverage our differences to grow our organisation and better meet our customers’ needs. In an inclusive workplace, we can be ourselves, we have a sense of belonging, we have equal rights and opportunities and are free from discrimination.

## Commitment to Māori and Te Tiriti O Waitangi supports diversity and inclusion

Te Tiriti principles of Partnership, Participation and Protection are woven through our wider approach, and we acknowledge them in principle and practice for all our people.

Considering and providing for iwi/rōpū Māori interests means that a Te Ao Māori perspective is at the forefront of everything we as an organisation do. Inclusion is inherently a Te Ao Māori attribute, and if that is our starting point then we at Kāinga Ora must ensure that our primary focus is to build strong lasting relationships with iwi/rōpū Māori.

Putting iwi/rōpū Māori at the forefront of everything we do strengthens our ability to build a culture of inclusion as it is a collective approach to inclusion. Our commitment to iwi/rōpū Māori is a commitment to providing a culture of inclusion for our people.

# Appendix 1

## Upcoming briefings and decisions

**Kāinga Ora briefings (some jointly with HUD)** likely to be provided in the near term

Shaping Kāinga Ora Programme and our new structure

Large Scale Developments updates including:

- Eastern Porirua Regeneration Programme
- Northcote development

■ s 9(2)(f)(iv) [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

September Quarterly Report to Minister

### Potential KiwiBuild pipeline for November / December 2020

s 9(2)(f)(iv), s 9(2)(b)(ii) [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

## Appendix 2

### Kāinga Ora Board Member Biographies



**Vui Mark Gosche** (Chair) was a Member of Parliament from 1996 to 2008 and held several Cabinet posts, including Minister of Housing. He is the Chairperson of Counties Manukau DHB and an elected member of the Mt Wellington Licensing Trust. He was the Chair of Housing New Zealand until 30 September 2019.



**John Duncan** (Deputy Chair) has extensive management experience and experience in global financial markets, including banking and risk management. He is a Deputy Chair of Public Trust and an advisor to Auckland City Council on funding, risk management, balance sheet and capital issues and the Executive Director for the Auckland Investment Office. He is a member of the DIA Governance Board overseeing the Three Waters Reform Programme, and a former Housing New Zealand Board member and Chair of HLC.



**Ngarimu Blair** has strong Māori governance experience including leading the restructuring of the Ngāti Whātua Ōrākei Group into a modern post-settlement governance entity in 2012. He is presently a director on Ngāti Whātua Ōrākei Whai Rawa Ltd, a large property company responsible for the protection and growth of the tribe's commercial assets. He is the Co-Chair of the Tamaki Makaurau Mana Whenua Forum, a Director on Manaaki Whenua and the Blake Trust.



**Dr Nicola (Nicki) Crauford** is a professional company director with extensive governance and senior management experience and a background in infrastructure and engineering. She chairs the Electricity Authority and GNS Science and is a director of Watercare Services and CentrePort.



**Robin Hapi CNZM** is Chair of the Māori Economic Development Advisory Board and Chair of Te Wānanga-o-Raukawa. He has significant governance experience across not-for-profit organisations, commercial and tertiary entities. Robin has expertise in management, financial management, dispute resolution, and strategic planning and maintains a wide national network of Māori and non-Māori individuals and organisations. He was also a Housing New Zealand Branch Manager for Porirua in the late 1980s.



**Professor Philippa Howden-Chapman** from Otago University Medical School, has a background in public health, with a focus on housing, energy, climate change and sustainable cities. She chaired the WHO Housing and Health Guidelines Group and was a member of the Independent Housing Stocktake Group. She joined the Housing New Zealand Board in July 2018.



**Penelope (Penny) Hulse MNZM** has significant experience in local government growth and planning including many years involved in developing the Auckland Unitary Plan. Penny has 27 years of governance experience, with much of her last nine years on Auckland Council including the role of Deputy Mayor from 2010 to 2016.



**Victoria Kingi (nee Carroll)** is the Managing Director of Papakainga Solutions Limited. She has a strong RMA legal background and strategic governance expertise with a good understanding of regulatory frameworks. She has served on several governance boards and provided strategic advice to local, regional and central government on their planning, policy and strategic documents.

