

Sensitive

Office of the Minister of Housing

Office of the Minister of Finance

Cabinet Business Committee

Initial Response to the Independent Review of Kāinga Ora

Proposal

- 1 Following the completion of independent review of Kāinga Ora, we are proposing an initial response to respond to and implement the recommendations of the review which includes:
 - 1.1 immediate actions to improve Kāinga Ora’s governance and financial sustainability, and
 - 1.2 a report back to Cabinet in August 2024 with proposed approaches and a staged programme to respond to the other recommendations.

Relation to government priorities

- 2 The independent review of Kāinga Ora was a priority under the Coalition Government’s 100 Day Plan [100-23-MIN-0011]. Responding to the independent review of Kāinga Ora is item six on the Coalition Government’s 2024 Quarter 2 Action Plan.
- 3 The proposed steps in this paper also contribute the Coalition Government’s drive to get better value for money from public services and make them fiscally sustainable.

Executive Summary

- 4 The performance of Kāinga Ora has a significant impact on the Government’s fiscal position. On 18 December 2023, we announced an independent review of Kāinga Ora, to be led by Sir Bill English, under section 132 of the Crown Entities Act 2004 to provide assurance over the approach and delivery of significant programmes by Kāinga Ora.
- 5 We received the final report from the Independent Review of Kāinga Ora on 19 April 2024. It made two broad findings. First, it found that Kāinga Ora is underperforming and not financially viable without significant savings and funding and financing settings that the Government has not yet agreed. Second, it found that the wider social housing system is not delivering the results we need, and is lacking in transparency and accountability, coupled with a poor understanding of tenant outcomes.
- 6 Specifically, the review finds:

- 6.1 New Zealand's social housing system is not socially or financially sustainable and it is not delivering the homes and support people need.
- 6.2 There is a lack of transparency and accountability in the social housing system, coupled with a poor understanding of tenant outcomes. This results in decision-making that is remote from affected individuals, households and communities.
- 6.3 Interventions and investments are not based on evidence of a long-term view, with current settings incentivising higher-cost support in urban areas and creating poverty traps for tenants.
- 6.4 Within this context, the performance of Kāinga Ora is deteriorating and its ability to maintain and renew its assets is at risk. Current institutional settings and remit do not support role clarity and strategic focus, and there is scope for improved governance.
- 6.5 Kāinga Ora is not financially viable under current settings, and this is further compounded by limited attention to value for money and opaque apportionment of costs and revenue within Kāinga Ora, making it difficult to identify the underlying drivers of financial results.
- 6.6 Asset procurement is not done transparently, and it is not providing value for money. Asset management costs are forecast to become unsustainable. Tenancy management costs are growing, but there is little evidence that this additional investment is improving service provision.
- 7 The final report puts forward seven recommendations that propose significant change for both Kāinga Ora and the social housing system.
- 8 At this stage, given the scale of Kāinga Ora financial losses, there is a need for immediate action to improve its governance and financial sustainability. Other recommendations relate to changes or reforms which have the potential for significant fiscal impacts, and therefore warrant further consideration.
- 9 In light of this, we are proposing taking a two-step approach to the response including:
 - 9.1 Accepting and taking immediate actions on four of the recommendations, including refreshing the Board, sending a new letter of expectations, and beginning work on a new delivery contract between HUD and Kāinga Ora.
 - 9.2 A report back to Cabinet in August 2024 by the Minister of Housing which includes consideration of whether to accept the remaining recommendations, and proposed approaches and a staged programme over the short and medium term.
- 10 The Minister of Housing also intends to report back to Cabinet in late 2024 on progress implementing actions agreed to in the August 2024 Cabinet paper.

Background

- 11 On 18 December 2023, the Government announced an independent review of Kāinga Ora as part of its 100-day plan [100-23-MIN-0011]. The objective of the review was to identify ways to improve Kainga Ora performance and value for money, and to manage the impacts of Kāinga Ora on debt and OBEGAL. Its scope was to cover, at a minimum, financial viability, asset procurement and management, tenancy management, remit and institutional arrangements.
- 12 The review was led by Sir Bill English supported by Simon Allen and Ceinwen McNeil (the panel), with the Ministry of Housing and Urban Development and the Treasury providing secretariat support.
- 13 Kāinga Ora is a large Crown entity with expenditure of \$2.5 billion in 2022/23 and total assets of \$45 billion at June 2023. It has a significant impact on the Government's financial statements, including on OBEGAL and net core Crown debt.
- 14 Kāinga Ora faces challenging financial sustainability issues, with an operating deficit forecast to grow from \$520 million in 2022/23 to over \$700 million in 2026/27, driven by interest on the debt-financed capital investment programme. There has also been a significant increase in staffing levels (over 2,000 additional staff since 2017/18) across various functions.
- 15 Given the scope and scale of Kāinga Ora activities in the housing and urban development system (including its critical role to deliver much needed social housing), it is essential that there is a high degree of confidence that it is operating efficiently and effectively and focusing on the Government's priorities.
- 16 The challenging conditions Kāinga Ora has had to face should not be ignored, with interest rates and construction prices rising.

Key findings of the Independent Review

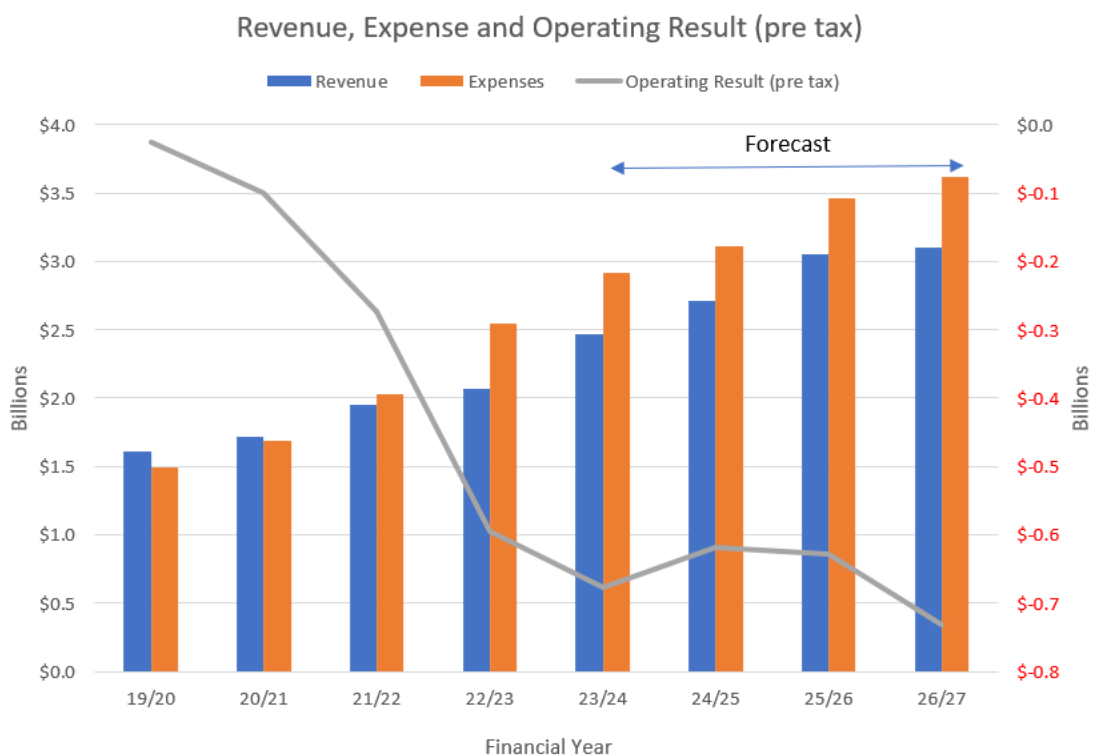
- 17 The review focuses on the financial sustainability of Kāinga Ora within the context of an underperforming social housing system. The reviewers say the system is not delivering the best results for tenants or quality housing for the funding it receives. Kāinga Ora has scaled up in recent years to respond to deteriorating housing affordability that is putting pressure on households and the government finances, but it has come at a considerable cost.
- 18 Kāinga Ora is both impacted by these issues and exacerbates them. The review found that Kāinga Ora has substantially increased its capacity to grow its housing stock and improved quality of its stock. However, the imperative to increase the number of houses rapidly has resulted in a high-cost structure and poor financial discipline. Its financial performance has deteriorated, and its ability to maintain and renew its assets is at risk.

Financial Performance and sustainability

- 19 A previous review commissioned in 2023, undertaken by the Treasury and HUD, found that Kāinga Ora was spending more to procure than private developers, and that property management and tenancy support costs and headcount have grown rapidly

since 2017. It also found that Kāinga Ora's forecasts were not underpinned by rigorous decision making or evidence, relying on assumptions and substantive year-to-year changes.

- 20 The reviewers say that it has become clear through the previous review and this review that the board is presented forecast financial information which is based off high level assumptions which do not have Ministerial approval or tangible plans to execute, effectively banking on future Government funding to bridge the gap.
- 21 Specifically, on Kainga Ora's finances, the review finds that:
- 21.1 Kāinga Ora has had the advantages of considerable autonomy underpinned by easy access to debt compared to other providers which funds all new builds and financial losses, and access to 83% of Income Related Rent Subsidies (IRRS). Despite this, insufficient focus on fiscal discipline, and low levels of accountability have led to growing annual losses by Kāinga Ora.
 - 21.2 Kāinga Ora has been reporting operating deficits before tax over the last 4 years. These deficits are forecast to grow to \$700 million 2026/27, with debt forecast to increase to \$23 billion.
 - 21.3 Kāinga Ora's forecast cash requirement from the Crown is \$21.4 billion over the next four years. This is equivalent to every New Zealander paying about \$4,000 for this activity.
 - 21.4 Kāinga Ora project that over a 60-year period that it is not able to maintain the condition, amenity and suitability of its stock at current levels of IRRS funding. The cost of replacing the ageing assets will be significant over the coming decades, which will require successive Governments to have confidence in the procurement and maintenance of housing assets is undertaken efficiently, effectively and represents value for money compared to other social investments.
 - 21.5 Somewhat perversely the ownership relationship of Kāinga Ora to the Crown plays a big part in hiding the real cost of delivering social housing and enabling the Crown to offer stock in poor condition to tenants.



Governance

- 22 On governance, the review notes that Kāinga Ora was established as a Crown Agent, a type of Crown entity. Crown Agents are required to give effect to Government policy directions and operate relatedly closely to Ministers. However, Public Service Commission guidance on Crown entities emphasises the importance of maintaining clear roles and responsibilities between responsible Ministers, the Monitor and the entity board.
- 23 The panel’s view is that that this arrangement has not delivered the expected benefits, in large part due to a breakdown of the different roles of Ministers, the Monitor, board and management.
- 24 The panel notes evidence that there has not been a clear separation between the board’s governance role and operational management. They say they saw evidence that the board has been acting more as an advisory function rather than governing.
- 25 The panel also notes that “similarly, the roles of responsible Ministers and the board have become blurred. Frequent contact between Kāinga Ora management and responsible Ministers has undermined the separation between the responsible Ministers’ role and operational management.”
- 26 The panel finds that that internal budget board packs were lacking in information and led to the board signing off on budgets that were not realistic. Budgets provided to the board are not sufficiently clear or detailed. For example, in the May 2023 board budget pack, there was no Statement of Financial Position, the budget assumes that new lending of several billion dollars from the Government will be approved, the build pipeline includes a line entitled “Zero Net Growth” describing disposals of an

indeterminate kind of over 3,000 homes per year, and does not provide a budget scenario where Kāinga Ora is limited to the funding agreed by the Government.

Asset Procurement and Management

- 27 The review finds that the breadth of Kāinga Ora activities, and challenges with opaque apportionment of costs and revenue within their internal systems, makes it difficult to identify the underlying drivers of financial results.
- 28 Despite the increase in developer-led acquisitions, Kāinga Ora is struggling to meet its delivery targets. In the absence of acquisitions, their build programme would not be meeting its annual targets. Over the last five years, it built on average 2,400 gross homes each year, growing the stock by on average 1,600 net homes each year. Kāinga Ora forecasts procuring on average 4,600 new build homes each year and are already not meeting this plan.
- 29 The review notes stakeholders provided anecdotal examples that Kāinga Ora has paid above market value for land. This is said to often result from uncertainty about the potential yield of those land purchases, which Kāinga Ora does not price in the same way as other participants. The consequence is that Kāinga Ora may own land parcels that are not financially viable to develop. The cost of holding this land is not adequately factored into decision-making by Kāinga Ora because the Kāinga Ora Land Programme provided operating funding to compensate Kāinga Ora for holding costs.
- 30 The review finds that asset management costs are forecast to become unsustainable. Kāinga Ora has an aged portfolio, and the review notes that with the current property assessment and past investment in these properties, it is reasonable to expect that over time the revenue stream (market rent) will not keep pace with the increased maintenance costs associated with older house. Further, inflation of build and maintenance costs has been significant over this period and various supply chain issues have been well documented. However, it also finds that the level of growth in maintenance and FTE costs seen over these two years is well above what could be reasonably expected to be driven by the factors above.
- 31 Kāinga Ora’s own independent review of maintenance activity highlighted limited whole of asset planning in assessing maintenance needs, limited management oversight of maintenance partner activity with delegations set too low, and incomplete data of asset condition and data mostly held by independent contractors.
- 32 The review notes that “based on our discussions with the board, we consider that there is also scope to reduce costs through more flexible management of stock and landholdings. We understand that the bar for divestment of property is currently prohibitively high. If it is not economically sensible for Kāinga Ora to develop due to the quality of the land or inability to fully utilise plan-enabled capacity, then consideration should be given to divesting it to enable private development to take place. A similar principle would apply to situations where the market value of individual properties outweighs the benefits of redeveloping them into new social housing. In both cases, the proceeds from any individual house sales can be reinvested into more cost-effective provision of social housing.”

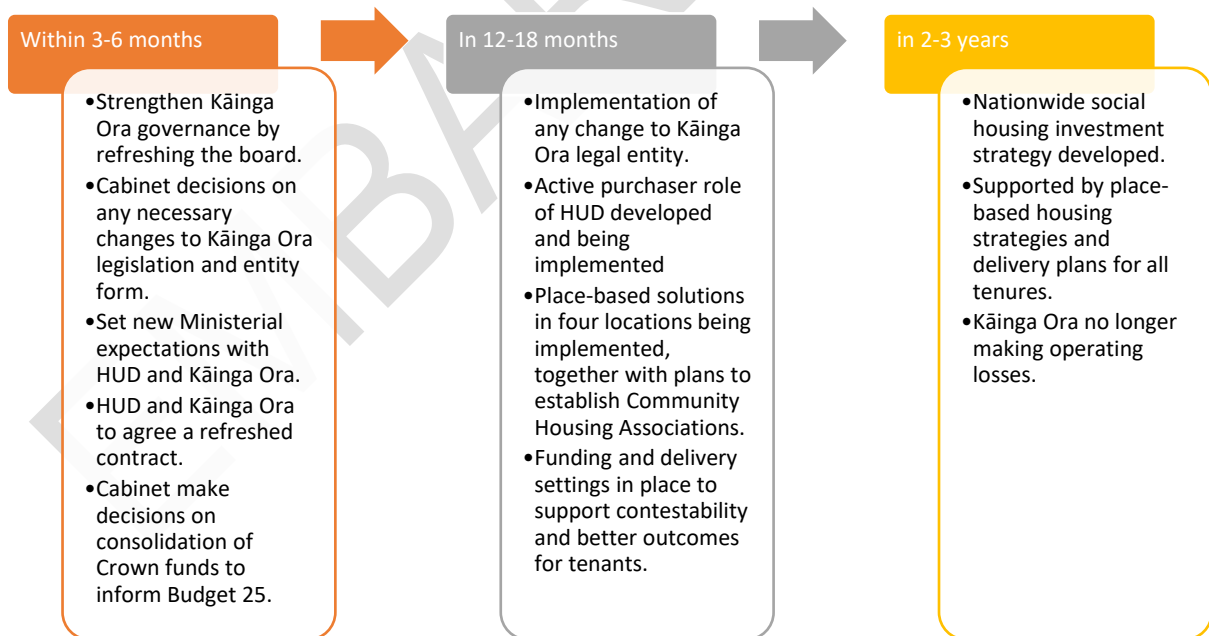
Institutional remit

- 33 The review finds that the remit of Kāinga Ora is broad and has increased since its establishment – often with large new funding streams attached, as with the Kāinga Ora Land Programme and Large-Scale Projects. Its legislation, Ministerial letters of expectation and Government Policy Statement on Housing and Urban Development make for a complex web of overlapping and possibly contradictory expectations. The review finds it does not appear that this expansion has not been accompanied by a focus on value for money, or on connections back to the organisation’s overall impact.

Recommendations

- 34 The panel makes seven recommendations that propose significant change to both Kāinga Ora and the social housing system:
- 34.1 **Recommendation 1:** To strengthen government accountability for social housing outcomes, Cabinet considers consolidating government funding for housing outcomes under the Minister of Housing, who will be supported by the Ministry of Housing and Urban Development (HUD) to administer that funding on behalf of the Crown, together with expectations of formal reporting of outcomes by a third party.
- 34.2 **Recommendation 2:** To prioritise tenant outcomes and cost-effective provision of housing support and supply, the Minister of Housing directs HUD to become an active purchaser that takes a social investment approach to cost-effectively improving housing outcomes.
- 34.3 **Recommendation 3:** To better enable tenants and local communities to meet their diverse housing needs and aspirations, government policy and investment builds on the advancements made in place based and specialised approaches to increase local decision making regarding the management and ownership of housing.
- 34.4 **Recommendation 4:** To increase choice, diversity, and innovation, Government enables more providers to participate in the provision of social housing by:
- a) the purchaser contracting with Kāinga Ora in a similar manner that it does with Community Housing Providers (CHPs)
 - b) addressing barriers in order to increase provision of social housing by CHPs, Iwi and Māori, and other providers
 - c) ensuring the funding model incentivises delivery where needed and is responsive to the different needs of tenants
 - d) implementing alternative delivery models based on local decision-making and specific tenant needs, with pathways for communities to manage Kāinga Ora housing stock.

- 34.5 **Recommendation 5:** To ensure that Kāinga Ora has the leadership and mandate to effectively implement the recommendations of this Review, responsible Ministers:
- a) refresh the Kāinga Ora board with a focus on the skills to implement the recommendations of this Review
 - b) issue simplified government expectations and direction to Kāinga Ora
 - c) report back to Cabinet with options to narrow the scope of Kāinga Ora activities to social housing and ensure it has the leadership and governance expertise to deliver effectively, including repealing the Kāinga Ora – Homes and Communities Act 2019 and designating Kāinga Ora as a Crown Company under Schedule 4A of the Public Finance Act 1989 with social and financial objectives.
- 34.6 **Recommendation 6:** Responsible Ministers set an expectation that the board will develop a credible and detailed plan to improve financial performance with the goal of eliminating losses. The board should be held accountable for implementing this plan through regular reporting to Ministers, supported by on-going engagement between the Kāinga Ora board, Kāinga Ora management and HUD.
- 34.7 **Recommendation 7:** To generate momentum toward the recommendations above, the Panel recommends the following timeframe for key milestones.



Approach to recommendations in the Report

- 35 The review makes recommendations about both Kāinga Ora and the wider social housing system because the review panel considered the performance of Kāinga Ora is significantly impacted by the performance of the wider system. Taken together, the

recommendations propose significant change to both Kāinga Ora and the social housing system.

- 36 The recommendations set a clear direction of travel for the social housing system, but many details around implementation are left for responsible Ministers and the Government to decide.
- 37 Given the scale of change recommended and the potential for significant fiscal impacts, we propose taking time to fully consider the recommended changes.
- 38 This will include considering alignment of, and sequencing with, broader Government priorities, including targets to reduce emergency housing use by 75%, implementation of the Going for Housing Growth plan, and reform of the Resource Management Act.
- 39 In addition, we will soon take a paper to Cabinet proposing a “first principles” review of current government housing funds, with a view to improving value for money, and establishing clarity about what the government is attempting to achieve with its large number of (expensive) housing programmes.
- 40 However, there is an immediate need to take action to address Kāinga Ora performance and its fiscal impact. We must make changes now to improve its governance and financial sustainability. We consider that the review makes strong recommendations in this area that we should accept and progress as soon as possible:
- 40.1 Recommendation 4(a): Aligning contractual arrangements across Kāinga Ora and CHPs
 - 40.2 Recommendation 5(a): Refreshing the Kāinga Ora Board
 - 40.3 Recommendation 5(b): Issue Simplified Direction to Kāinga Ora
 - 40.4 Recommendation 6: that Ministers set an expectation that the Kāinga Ora Board will develop a credible and detailed plan to improve financial performance with the goal of eliminating losses
- 41 We therefore propose responding to the report in two steps:
- 41.1 Immediate actions on the accepted recommendations, which includes refreshing the Board, sending a new letter of expectations, and beginning work in a new delivery contract with Kāinga Ora.
 - 41.2 A report back to Cabinet in August 2024 by the Minister of Housing which includes consideration of whether to accept the remaining recommendations, and proposed approach and a staged programme over the short and medium term.
- 42 The Minister of Housing also intends to report back to Cabinet in late 2024 on progress implementing actions agreed to in the August 2024 Cabinet paper.

Immediate actions

43 We propose to accept the recommendations outlined above in paragraph 24, and progress the corresponding actions immediately:

Action	Next step
<p>Establish a social housing contract with Kāinga Ora:</p> <p>Placing consistent contractual requirements on social housing providers will allow Kāinga Ora performance to be benchmarked against CHPs, enable Ministers to become more active purchasers, and provide additional levers with which to hold Kāinga Ora to account for delivery.</p>	<p>We have directed HUD to develop a contract and initiative negotiations with Kāinga Ora.</p>
<p>Appoint new directors to the Board:</p> <p>There is an immediate need to bring the Board to at least the minimum membership requirements by appointing two Directors including the Chair. Selecting high-quality candidates will be critical to the long-term performance of Kāinga Ora, particularly for the Board Chair, which will take time particularly given the significance of the Independent Reviews findings.</p>	<p>We are already in discussions with potential candidates for the roles.</p>
<p>Send a new letter of expectations to the Board:</p> <p>Over the past few years, Kāinga Ora has been issued numerous letters of expectations as new functions have been established and have in some instances left interpretation of the extent of activity to Kāinga Ora. Simplified directions will enable the Board to govern more effectively. Ministers can provide clarity and simplified direction about the scale and standard of the functions that Ministers expect Kāinga Ora to perform within the existing legislative expectations. This would support the refreshed Board to meet expectations.</p>	<p>We have directed HUD to draft a new letter.</p>
<p>Request a plan from the Board:</p> <p>We need a way out of the current financial position. The refreshed Board will be best placed to drive this, so we will request that they develop a credible and detailed plan by November 2024 to improve financial performance with the goal of eliminating losses as quickly as possible. The plan should cover investment scenarios, approach to Treasury and liquidity management practices, detailed implementation plans.</p>	<p>We will communicate this request to the Board in the new letter of expectations.</p>

Other immediate actions

- 44 We also recommend that Cabinet agree to bring Kāinga Ora back in line with Cabinet Office Circular 23(09), by reducing the delegation to the Board for individual investment decisions to \$35 million (from \$50 million, transferred over under the now defunct Investor Confidence Rating system).
- 45 We will also progress the following, related, actions that HUD and Treasury officials have recommended:
- 45.1 Ministers set revised purchasing intentions for delivery in 2024/25, strengthening regional delivery purchasing expectations and setting thresholds for Ministerial consultation on changes.
- 45.2 Implementing changes to the debt facility agreement between the Treasury and Kāinga Ora to enhance reporting obligations as agreed by Joint Ministers.
- 46 In addition, we have requested that HUD, in consultation with the Treasury, provide advice on additional measures required to ensure the November 2024 plan meets Ministers' expectations. This could include additional monitoring, a variation to the facility agreement between Kāinga Ora and the Treasury, and leveraging the new social housing contract with Kāinga Ora.

Approach to remaining recommendations

- 47 The panel indicated in recommendation 7 that the time horizon for their proposed changes is over a few years given the nature and size of the system change required to achieve the end state.
- 48 It is proposed that additional advice is brought to Cabinet in August 2024 before formally responding to the remaining recommendations.
- 49 At this stage, we expect that this will involve consideration of:
- 49.1 Principles to approach a consolidation of housing funding
- 49.2 Approaches for HUD to take a more active purchaser role
- 49.3 Approaches to taking increasing placed-based social housing delivery
- 49.4 Approaches to address barriers to greater delivery by CHPs, Iwi, Māori and other providers
- 49.5 A high level plan to undertake the policy work on funding settings and scope of Kāinga Ora.

Cost-of-living Implications

- 50 Reducing housing costs is critical to reducing the cost of living. Deteriorating housing affordability is putting pressure on household and government finances. The actions proposed in this paper intend to improve the performance of Kāinga Ora in providing services to kiwis struggling with the cost of living.

Financial Implications

51 There are no direct financial implications as a result of this paper. The immediate actions are expected to result in substantial improvements to the financial performance of Kāinga Ora and, in turn, the fiscal position over the coming years. We will consider the fiscal implications of the approach to the remaining recommendations when we report back in August 2024. Depending on the proposed approach, these could be significant.

Legislative Implications

52 There are no direct legislative implications as a result of this paper. However, there may be legislative implications of the response to the recommendations that we are still considering.

Population Implications

53 There are no direct population implications of this paper. However, housing is a critical element of a productive and inclusive society. It is an enabler of a range of other outcomes for tenants and communities, both socially and economically. This is evidenced through a broad range of longitudinal research and data. Kāinga Ora is a key part of delivering these outcomes. It manages over 72,000 properties providing homes to about 185,000 people.

Population group	How the proposal may affect this group
Māori (individuals and whanau)	Proposals in this paper aim to improve outcomes for social housing tenants. Social housing customers who identify as Māori make up 35% of the customer base. The disproportionate representation of Māori experiencing housing need and demand has increased, 52% of Housing Register applicants are Māori.
Children	Proposals in this paper aim to improve outcomes for social housing tenants. Approximately half of the population in Kāinga Ora public housing are children. Sole-parent families are the largest cohort. Helping parents and caregivers live well will have intergenerational benefits and reduce the cycle of disadvantage.
Disabled people	Proposals in this paper aim to improve outcomes for social housing tenants. Between March 2022 and April 2023 approximately 70% of Kāinga Ora customers were suffering, at one point in time or another, with a form of disability, and that mobility concerns were most prevalent.

Human Rights

54 There are no inconsistencies with International Human Rights law or the Bill of Rights Act 1990 from this paper.

Use of external resources

55 The report of the Independent Review of Kāinga Ora was the only external resource used in the preparation of this paper.

Consultation

- 56 The Kāinga Ora Board provided feedback on the interim report to the panel on 15 April 2024. Ministers received this feedback from the Acting Chair of Kāinga Ora on the same day. While the Board is broadly comfortable with the review recommendations, they did provide detailed feedback on the contents of the report.
- 57 The independent panel has assessed the Board’s feedback and made changes to the interim report in response to this feedback. HUD and Treasury, as secretariat to the Review, supported the Panel in making these changes.
- 58 The Department of Prime Minister and Cabinet and Public Service Commission have been informed.
- 59 The Housing Ministerial Group, made up of the Minister of Housing, Minister of Finance, Associate Minister of Housing, Minister for Social Development, Minister for Building and Construction, and the Parliamentary Under-Secretary for RMA Reform, met on 10 April to discuss the interim report’s findings, and the Government’s initial response.

Communications

- 60 We intend to announce the Government’s response on 20 May 2024.

Proactive Release

- 61 We intend to proactively release this Cabinet paper and the final report of the review in full on 20 May 2024, subject to Cabinet approval.
- 62 We also intend to proactively release a package of advice supporting documents related to Kāinga Ora and the review on 20 May 2024.

Recommendations

The Minister of Finance and the Minister for Housing recommend that the Committee:

- 1 **note** that in December 2023, as part of its 100-day plan, the Government announced an independent review of Kāinga Ora [100-23-MIN-0011 refers]
- 2 **note** that the final report of the Independent Review of Kāinga Ora has been delivered
- 3 **agree** that the Government’s response to the Independent Review occur in two steps:
 - 3.1 Immediate actions on four of the recommendations, including refreshing the Board, sending a new letter of expectations, and beginning work on a new delivery contract with Kāinga Ora.
 - 3.2 A report back to Cabinet in August 2024 by the Minister of housing which includes consideration of whether to accept the remaining recommendations, and proposed approaches and a staged programme over the short and medium term.

- 4 **note** that the Minister of Housing intends to report back to Cabinet in late 2024 on progress implementing actions agreed to in the August 2024 Cabinet paper.
- 5 **accept**, as part of the first phase of the response, the following Independent Review recommendations:
- 5.1 Recommendation 4(a) to change the Kainga Ora contract to align with expectations with Community Housing Providers
 - 5.2 Recommendation 5(a) to refresh the Kāinga Ora Board
 - 5.3 Recommendation 5(b) to issue simplified direction to Kāinga Ora
 - 5.4 Recommendation 6 that Ministers set an expectation that the Kāinga Ora Board will develop a credible and detailed plan to improve financial performance with the goal of eliminating losses
- 6 **note** that the Minister of Housing will direct the Ministry of Housing and Urban Development to progress work to align contractual arrangements between Kāinga Ora and CHPs;
- 7 **note** that the Minister of Finance and Minister of Housing will refresh the Board of Kāinga Ora by at least appointing a new Chair and two new directors;
- 8 **note** that the Minister of Finance and Minister of Housing will issue a new letter of expectations to the new Chair, simplifying direction and expectations, and requesting the Board deliver a credible and detailed plan to improve financial performance by November 2024;
- 9 **invite** the Minister of Housing to report back to Cabinet in August 2024 on the response to the remaining review recommendations, including consideration of:
- 9.1 Principles to approach a consolidation of housing funding with final recommendations in November 2024
 - 9.2 Approaches for HUD to take a more active purchaser role
 - 9.3 Approaches to taking placed based approaches to social housing delivery
 - 9.4 Approaches to address barriers to greater delivery by CHPs, Iwi, Māori and other providers
 - 9.5 A high level plan to undertake the policy work and factors to be considered for further advice in late 2024 on funding settings and scope of Kāinga Ora
 - 9.6 changes to the debt facility agreement between the Treasury and Kāinga Ora.
- 10 **agree** to reduce the delegation to the Board for individual investment decisions to \$35 million, in line with Cabinet Office Circular 23(09) (from \$50 million, transferred over under the now discontinued Investor Confidence Rating system), superseding any previous Cabinet decisions on the level of delegation to the Board

- 11 **approve** the release on 20 May 2024 of:
- 11.1 the Final Report of the Independent Review of Kāinga Ora
 - 11.2 this Cabinet paper.
- 12 **note** that we intend to proactively release a package of advice and supporting documents related to Kāinga Ora and the Independent Review of Kāinga Ora on 20 May 2024.

Hon Chris Bishop
Minister for Housing

Hon Nicola Willis
Minister of Finance

EMBARGOED