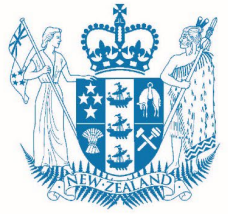


# Hon Chris Bishop

Minister of Housing  
Minister for Infrastructure  
Minister Responsible for RMA Reform  
Minister for Sport and Recreation  
Leader of the House  
Associate Minister of Finance



OIA24-CB309

**03/12/2024**

P Robins  
[fyi-request-28523-d1cc8871@requests.fyi.org.nz](mailto:fyi-request-28523-d1cc8871@requests.fyi.org.nz)

Dear P Robins,

Thank you for your email of 4 November 2024 requesting the following information under the Official Information Act 1982 (the Act):

*I request briefings: HUD2024-005273, REP 24-8-731, GSR-24-17724, "Market-led proposals for major projects," GSR-24-17673.*

I release to you five documents with some information withheld under the following sections of the Act:

Section of Act	Reason to withhold
9(2)(a)	To protect the privacy of natural persons.
9(2)(j)	To enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
9(2)(f)(iv)	To maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

The briefing GSR-24-17724 is withheld in full under section 9(2)(f)(iv) of the Act, to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and Officials.

The briefing T2024/2580 *Progress Update | Market-led proposals for major projects: guidelines for submission and assessment* is being withheld under section 18(d) as the final version is published on the Treasury website here: <https://tinyurl.com/nhd5t6fe>

In terms of section 9(1) of the Act, I am satisfied that, in the circumstances, the decision to withhold information under section 9 of the Act is not outweighed by other considerations that render it desirable to make the information available in the public interest.

You have the right to seek an investigation and review of my response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website at: <https://www.ombudsman.parliament.nz/>

Yours sincerely

A handwritten signature in blue ink, appearing to read "Chris Bishop". The signature is fluid and cursive, with the first name "Chris" and the last name "Bishop" clearly distinguishable.

Hon Chris Bishop  
**Minister of Housing**

**Annex 1: Document schedule**

<b>Documents released – OIA24-CB309</b>			
<b>Item</b>	<b>Date</b>	<b>Document</b>	<b>Section of the Act applied</b>
1.	4 October 2024	GSR-24-17673 – Hamilton City Council – Request for IAF Funding Agreement Variation	9(2)(a) 9(2)(j)
2.	7 October 2024	HUD2024-005273 - Tāmaki Redevelopment Company Limited: Resolution in Lieu of Annual Shareholders' Meeting	9(2)(a)
3.	9 October 2024	REP 24-8-731 – Providing Recoverable Financial Assistance for Pet Bonds and <i>TITLE WITHHELD</i>	9(2)(f)(iv)

## Hamilton City Council - Request for IAF Funding Agreement Variation

Reference number	GSR-24-17673
Date	4 October 2024
Priority	Normal
Security level	In confidence

### Action sought

Recipient	Action sought	Deadline
Hon Chris Bishop <b>Minister of Housing</b>	<b>Note</b> the recommendations listed below.	11 October 2024
Hon Nicola Willis <b>Minister of Finance</b>	<b>Approve</b> either option one (status quo) or option two (variation of the IAF Funding agreement with the Hamilton City Council).	

### Contact for discussion (if required)

Name	Position	DDI Mobile	Email	First contact
Kathleen Fafeita	Director - Infrastructure Acceleration Fund	9(2)(a)		✓
Caroline McDowall	General Manager – Commercial			

### Other Agencies Consulted

Ministry of Housing and Urban Development (HUD) - Te Tūāpapa Kura Kāinga  
 The Treasury - Te Tai Ōhanga

### For Minister's Office

Noted     
  Approved     
  Not approved     
  Other

Comments

GSR-24-17673

4 October 2024

Hon Chris Bishop, Minister of Housing  
Hon Nicola Willis, Minister of Finance

cc: Simon Moutter, Board Chair

## Hamilton City Council request for IAF Funding Agreement Variation

### Recommendations

It is recommended that you:

- a) **Note** Hamilton City Council has contracted Infrastructure Acceleration Fund (IAF) funding of \$150.6 million to deliver infrastructure to enable 4,140 dwellings. **Noted**
- b) **Note** that Council has formally requested a variation to its Funding Agreement, to remove the Active Mode River Crossing Bridge (the Bridge) and to reallocate the \$31.5 million of IAF funding to the around \$37 million Bulk Water Connections (BWC) project. **Noted**
- c) **Note** that Council resolved to defer construction on the IAF-funded Active Mode River Crossing Bridge (the Bridge) (\$31.5 million) in their Long-Term Plan (LTP) (pending approval of this variation request) in order to prioritise delivery of water assets and to keep rate increases below 25.5 percent. **Noted**
- d) **Note** that under terms of the IAF Funding Agreement, there is no option related to this request that allows for termination or partial-termination and/or a return of funds to the Crown at this time. **Noted**
- e) **Approve** one of the two options in relation to this variation request:
  - a. **Option 1: Status Quo** – do not approve the request for variation and leave the IAF Funding Agreement as is. This would result in the Council amending their LTP to reintroduce the walking and cycling Bridge into the capital works programme for delivery in advance of the BWC project. This option has potential for some of the \$31.5 million of IAF funding to be returned to the Crown sometime in the next three-five years if Council fails to deliver the Bridge as per the contracted milestones. **Approve / Not approved (Option 1)**

- |   |  |
|---|--|
| <p><b>b. Option 2: Approve the request for variation</b> – allowing \$31.5 million of IAF-funding to be reallocated from the Bridge to the BWC project. This option would enable the Council to commence delivery of critical water infrastructure immediately.</p> | <p><b>Approved /<br/>Not<br/>approved<br/>(Option 2)</b></p> |
| <p><b>f) Note</b> that, Kāinga Ora recommends Option 2 as it better aligns with government priorities to focus on delivery of the most critical infrastructure and the purpose of the IAF to support acceleration of enabling infrastructure and housing.</p>       | <p><b>Noted</b></p>  |
| <p><b>g) Note</b> that the Ministry for Housing and Urban Development recommends Option 2 as it better aligns with both the government's priorities and core purpose of the IAF to accelerate delivery of infrastructure and housing.</p>                           | <p><b>Noted</b></p>  |
| <p><b>h) Note</b> that the Treasury recommends Ministers select Option 1 (status quo), due to concern that a precedent that will be set and lead to future, similar requests from other IAF funding recipients.</p>   | <p><b>Noted</b></p>  |

---



Caroline McDowall  
**General Manager, Commercial**

---

**Noted/Approved/Not Approved/Other**

**Noted/Approved/Not Approved/Other**

Hon Chris Bishop  
**Minister of Housing**

Hon Nicola Willis  
**Minister of Finance**

**Date**

**Date**

---

## Purpose

1. This briefing seeks a decision on a request from Hamilton City Council (the Council) to reallocate IAF funding from an Active Mode River Crossing Bridge (the Bridge) to the Bulk Water Connections (BWC) project, currently recognised in the IAF funding agreement as being non-IAF funded.

## Executive Summary

2. The Council has made a formal request for variation to its IAF funding agreement to contractually remove the Bridge from the Agreement and reallocate \$31.5 million of IAF funding to the BWC project, which has been costed at around \$37 million.
3. Mayor Paula Southgate and Deputy Mayor Angela O’Leary wrote to Minister Bishop in May 2024 requesting “in principle” support for the reallocation of funding to seek assurance through development of their LTP. Minister Bishop responded to that letter stating that he could not provide a view at that time and that the process set out in the funding agreement needed to be followed. That process is now complete and recommendations to Ministers have been made in this briefing to support decision-making.
4. The Council has made this request “*in light of the challenging financial environment being experienced across the country, the need to focus on core infrastructure, and high rates rises for the council.*” Council has also indicated that this request is a demonstration of local government taking action to align with central government policy.
5. The Council considered other options to address funding the BWC project. However, requesting reallocation from the IAF-supported bridge project proved to be the most realistic and efficient solution.
6. The IAF Team has worked closely with Council to fully understand the request and drivers behind it. HUD and Treasury have been consulted on the request for variation throughout the assessment process and have also provided their recommendations to Ministers:
  - a. Kāinga Ora recommends Option 2. The assessment of the IAF Team is that reallocation of the funds to the BWC project is reasonable on the basis that it further accelerates the timeframe for enabling dwellings in central city Hamilton, the Bridge is no longer aligned with central Government policy (nor the desires of the community and housing developers) and will no longer create the anticipated connectivity (walking and cycling paths) if delivered.
  - b. HUD recommends Option 2, on the basis it supports the IAF's core purpose of accelerating infrastructure and housing delivery, while still aligning with key government objectives, including maximizing value from Crown investments, priorities identified in the 2024 Government Policy Statement on Land Transport GPS-LT, and supporting essential infrastructure over nice-to-haves.
  - c. Treasury recommends Option 1 and notes that a substantial amount of IAF funding has already been allocated in Hamilton to water infrastructure with \$117 million agreed towards “Three Waters IAF Funded Enabling Infrastructure

Project(s)” and due to concern that a precedent that will be set leading to future, similar requests from other IAF funding recipients.

## **Background**

7. The IAF is designed to ‘bridge’ the funding gap between what councils can afford and how much infrastructure costs, while also requiring developers to pay their fair share.
8. IAF funding supports councils to deliver the critical infrastructure projects necessary to enable housing developments that would otherwise not proceed at all, or would be progressed many years into the future, delaying housing growth and development.
9. IAF Funding Agreements include all of the infrastructure projects necessary to enable the agreed housing outcomes. For the IAF-funded projects, the agreement sets out the specific deliverables and milestones to be achieved throughout the planning, design, consenting and construction of the infrastructure projects. Funding amounts are attributed to various milestones and are paid in arrears as milestones are achieved.
10. IAF Funding is capped at a specific amount within each funding agreement with Councils bearing all cost risk related to co-funding and cost overruns. Councils are also responsible for recovering development contributions for all IAF-funded infrastructure projects.
11. An overview of the IAF was provided to joint Ministers in August by the Ministry for Housing and Urban Development (HUD) (*HUD2024-005138*).

## **Decision making related to the IAF**

12. Kāinga Ora administers the IAF as an agent of the Crown<sup>1</sup>. In this role, Kāinga Ora is bound by both the IAF agency agreement (which was agreed between Kāinga Ora and the Crown in November 2022), and its usual obligations as a Crown Entity under the Kāinga Ora – Homes and Communities Act 2019. HUD is responsible for managing the IAF agency agreement on behalf of the Crown.
13. Under the terms of the agency agreement and as the Crown’s agent, Kāinga Ora is required to get written permission from the Crown (i.e. the Ministers of Housing and Finance) for any material variations to a funding agreement, and material variations to the scope of any IAF-funded infrastructure.
14. What constitutes a “material variation to the scope” of any IAF-funded infrastructure has not been defined. Work on a Change Control Framework (CCF) to clarify this point and clearly set out the delegations related to IAF agreements, is being led by HUD and has been underway for over a year. HUD is working toward end of November to have Ministers’ endorsement of the CCF.
15. Due to the time-sensitive nature of this request and urgency for the Council<sup>2</sup>, the IAF Team has elected to escalate this request to Joint Ministers while the CCF is finalised.

---

<sup>1</sup> This is different from when Kāinga Ora acts in its usual role as a Crown Entity.

<sup>2</sup> Hamilton City Council has stopped work on the Bridge and is not progressing work on the BWC project until a decision has been made on this variation. Council made a decision in principle to base their 2024-34 LTP on the Bridge being removed from the Funding Agreement and the BWC project being bought forward to Year 1 therefore, if this variation is not approved, Council need to urgently amend their LTP to include the Bridge and push the BWC project out to commence in Year 3 or possibly 4. The timing is also urgent as Council needs certainly so that they can commence physical works on the BWC this construction season.



## **P029 Central City – Hamilton**

*\$150.6 million IAF funding | 4,140 dwellings enabled*

16. Hamilton City Council has been contracted to receive \$150.6 million of IAF funding for several infrastructure projects to support intensification of Hamilton's central city, including \$31.5 million of IAF funding to progress the Bridge across the Waikato River for walking and cycling. The total cost of this project, including co-funding, is approximately \$41.8 million.
17. The Council originally applied for ~\$330 million of IAF funding to support the ~\$500 million capital works programme required to enable more than 4,000 dwellings over the next 10-15 years in central city Hamilton. However, through the multi-stage process and negotiations, the Council received roughly half of their original request.
18. The IAF-funded infrastructure projects included in the IAF funding agreement are reflective of Government policies and priorities at the time of signing. It is important to note that all infrastructure projects necessary to enable the housing outcomes (whether funded by the IAF or not) are included in the Agreement to acknowledge that all are required as a package, to enable the dwellings and to place the obligation on the Council to deliver the full infrastructure solution.
19. Additionally, seven developers have entered into housing outcomes agreements with the Council and Kāinga Ora, which includes commitments to use reasonable endeavours to deliver approximately 2,200 dwellings in the central city, once the enabling infrastructure is complete.

### *Council's Long-Term Plan*

20. Council's 30-Year Infrastructure Strategy includes \$4.4 billion of unfunded infrastructure within the first 10 years of the plan for projects that are needed but Council cannot afford within the current financial constraints and debt limits.
21. The Council concluded their 2024-2034 Long-Term Plan (LTP) deliberations on 6 June 2024. Significant community feedback was received and the final, adopted LTP included average rates increases of 16.5 percent (originally proposed to be 25.5 percent) in 2024/25, and an overall cumulative increase of 72 percent over years one to five. Major changes that were made to the final budget included:
  - a. Reductions of around \$282 million in years one to five of the capital programme including deferrals of \$172 million of projects into later years; and
  - b. Savings of \$33 million over 10 years through personnel reductions to back-office functions and cuts to consultant budgets. This is in addition to savings of \$94 million over 10 years made through the Chief Executive's Future Fit Programme.
  - c. A substantial increase / reallocation of LTP funding towards critical infrastructure to support growth in the central city from \$129 million to \$275 million, with the majority of this for critical waters infrastructure.
22. Council received strong feedback from the community, hapū and key developers (including all seven developers who have signed IAF housing outcomes agreements) regarding the Bridge project, with the majority opposed or seeking its delay, given the Council's constrained financial situation and the need to focus on more critical infrastructure.

23. Given the above, as well as the current Government direction relating to walking and cycling paths and water reform, the Council resolved to pursue a variation request to reprioritise \$31.5 million of IAF funding from the Bridge project into the more critical BWC project, allowing the BWC project to be delivered alongside the IAF-funded Ruakiwi Reservoir project. The variation request has been reflected in Council's adopted LTP (subject to ministerial decision).

## **Discussion**

### *Why was the Bridge funded?*

24. Inclusion of the Bridge as an IAF-funded project is reflective of the previous government's transport and urban development policy to provide increased transport choices for a growing population, amenity benefit, and influence market desirability within the area, providing direct access to greenspace at Parana Park for existing and newly intensified housing areas.
25. At the time of signing the IAF Agreements, the Council was planning for the previous Government's three waters reform programme, which involved handover of maintenance and delivery of their water assets to a new entity. As such, the Council opted to apply for IAF funding for the Bridge on the assumption that the BWC project would be funded and delivered by a separate entity.

### *What has changed?*

26. The main drivers for the variation request include the changes in Government policy regarding transport and waters, the challenging economic environment, high rates increases forecasted by the Council, and the subsequent need for the Council to reprioritise their capital programme to focus on critical infrastructure.
27. The recent National Land Transport Programme transport decisions have also validated the Council's approach in their LTP to seek reallocation of IAF funding, as no new walking or cycling infrastructure investment was approved to provide connectivity to the Bridge, should the project be delivered.
28. It has been acknowledged by the Council that the Bridge project is not critical to achieving housing outcomes in the short term but is critical to maximising housing outcomes in the long term. As such, the Council will reconsider inclusion of the Bridge through each new LTP.

### *Considering the Council's request*

29. The variation request from the Council aligns with the Government's direction to optimise public funds to deliver best value for money and focus on delivering the most critical infrastructure. Delivery of the Bridge project is no longer aligned with the Government Policy Statement on Transport, which the Council has recognised and is seeking this variation to align local government delivery with central Government policy.
30. Should the variation be approved, the IAF Team will immediately commence work with the Council to implement the variation, by way of an agreed delivery plan. This would allow work on the BWC project to commence immediately, be delivered alongside the \$90 million IAF-funded Ruakiwi Reservoir and result in housing outcomes being achieved two to three years earlier than originally planned.
31. The Council has been clear that should the request for variation not be approved, it will recommence work on the Bridge project under the existing terms of the IAF Funding Agreement. This will require amending the LTP and subsequent communications to the community and key stakeholders.

32. It is important to note that the request for variation does not provide an immediate option for termination, in full or in part, of the IAF funding agreement and/or returning funds to the Crown. The only instances in which funds can be returned to the Crown is if an IAF agreement is fully or partially terminated. The key ground for termination is the funding recipient being in material breach of their obligations and cannot remedy the breach to the satisfaction of Kāinga Ora. Otherwise, the return of funds would need to be negotiated with the funding recipient.
33. In circumstances where a material breach has occurred, the IAF team is obligated to act reasonably and would assess a remediation plan proposed by the Council. This variation request is, to an extent, seen by the IAF team as a mitigation to avoiding a future material breach by the funding recipient of its obligation to deliver the Bridge. The IAF team has assessed this as a reasonable solution under terms of the IAF agreement, to enable the housing outcomes to be achieved (and accelerated).
34. It should be noted that any and all requests for variations from Councils to the IAF team are reviewed and assessed on a case-by-case basis. Due to the complex nature of infrastructure delivery and individual nuances related to each of the projects and developments, we do not consider that the decision made in relation to this request will set a precedent in relation to other IAF Agreements. The circumstances, parties involved and the reasons for requesting variations will always be unique to the specific project, and the IAF team is obligated to work in good faith and act reasonably, when considering the request.
35. Should a decision to reallocate funding from the Bridge project to the BWC project be seen or perceived as setting a precedent, this would be consistent with government policy to support councils to redirect funding into the most critical infrastructure projects and consistent with the objectives of the IAF programme to unlock housing development.
36. Council's strategic analysis on the IAF variation request is included in Appendix B.

### **Material Variations - Options**

37. There are two possible options in response to the request from Hamilton City Council to vary their IAF Funding Agreement. A table setting out the options, the benefits and the risks associated with each is included below.
38. It is important to note that other options have been explored and considered and were ruled out including:
  - a. funding from Council balance sheet. This option was considered by Council however, given the financial constraints through the LTP process and the already substantial increase to the capital works programme within the central city (increasing from \$129 million to \$275 million), this could not be achieved.
  - b. utilising the Infrastructure Funding and Finance (IFF) Act to finance the BWC project. The Council and Crown Infrastructure Partners spent time working together on this option in 2022, however, it did not progress due to affordability considerations with a backdrop of un-precedented rates increases, and concern about increasing borrowing and the associated costs to do so.
  - c. how Local Water Done Well might be able to support resolution. Due to time for implementation and uncertainty of the programme of works, this is a sub-optimal option for ensuring the infrastructure is delivered as soon as possible.

**Option 1: Status Quo – Do not approve the variation request**

Council will deliver the IAF Enabling Infrastructure Projects as per the IAF Funding Agreement, including the Active Mode River Crossing (walking and cycling bridge). Council will go through the process to amend their LTP to fund the Bulk Water Connections project at a later date (likely to be year 3) once funding is available.

Benefits	Risks
<ul style="list-style-type: none"><li>• The walking and cycling bridge will be delivered sooner than if the variation is approved.</li><li>• There is potential that over time, should the Council be unable to deliver the Bridge (for any reason), this could ultimately result in funds (the amount not yet paid out) being returned to the Crown.</li></ul>	<ul style="list-style-type: none"><li>• Risk of increased water pipe network failure and related increased maintenance costs if the BWC projects are not brought forward to be sequenced in line with the Ruakiwi Reservoir completion.</li><li>• The Council will deliver a Bridge that faced a lack of community, hapū and developer support.</li><li>• The Council will deliver a Bridge that is not aligned with central government policy on transport.</li><li>• Negative public perception of local and central government funding infrastructure in direct opposition to the GPS-Land Transport.</li><li>• Reduced market confidence to develop in the central city, due to lack of bulk water mains appropriately connecting the reservoir to central city homes.</li><li>• Critical waters infrastructure will be delivered after the walking and cycling bridge.</li><li>• The Council process to undertake an LTP amendment can be timely and expensive and is highly likely to result in additional rates increases.</li></ul>

## Option 2: Agree to the variation request from Hamilton City Council

The IAF Funding Agreement would be varied to reallocate \$31.5 million of IAF funding from the Active Mode River Crossing (walking and cycling bridge) to the Bulk Waters Connections infrastructure project.

Benefits	Risks
<ul style="list-style-type: none"><li>• Alignment with Central Government policy and direction.</li><li>• Accelerates the delivery of the BWC project by three years and aligns sequencing with the Ruakiwi Reservoir, reducing the risk of water pipe network failure.</li><li>• Allows the recipient to deliver the more critical waters projects, ahead of the less critical walking and cycling bridge.</li><li>• Reduces the risk of cost escalation on the BWC project as the project will be delivered three years earlier.</li><li>• Will enable housing sooner, as the critical waters infrastructure will be completed earlier.</li><li>• Cost neutral to the Crown - no additional IAF funding has been requested.</li></ul>	<ul style="list-style-type: none"><li>• Delay to delivery of the Bridge.</li><li>• Delay to delivery of placemaking and safety benefits.</li><li>• Greater traffic impact over time on existing vehicle bridges due to lack of active mode alternative.</li></ul>

## Conclusion

### *Position of Kāinga Ora on the variation request*

39. Given the information provided by Hamilton City Council and the benefits outlined in Option 2 above, Kāinga Ora considers the variation request is reasonable. A summary of the Kāinga Ora assessment of reasonableness of the request is included in Appendix A.
40. The BWC was included in the funding agreement as a non-IAF funded infrastructure project that must also be delivered by the Council to enable the additional dwellings.
41. The BWC project is considered critical to achieving the housing outcomes in the immediate term, however, due to funding constraints, the BWC project will commence in year three of the LTP if this variation is not approved. Ideally, the BWC project works would align with completion of the \$90 million IAF-funded Ruakiwi Reservoir, with works commencing in year one, to mitigate the risk of network failure and enable housing construction to proceed sooner and housing outcomes to be achieved earlier.
42. Additionally, Kāinga Ora is also aware of the Government's priority for cost-savings and to return funds to the Crown where possible. While there is no immediate option to do so under this current request for variation without the agreement of Council, there is a possibility that over time, partial-termination of the IAF agreement could occur if the Council fails to deliver the Bridge in accordance with its obligations under the IAF funding agreement.

43. The IAF team recognises that the return of funds to the Crown and delivery of critical infrastructure to enable housing are both key priorities for the Government however, it is currently unclear which priority takes precedence in relation to IAF agreements.
44. Given the alignment of the variation request to the Government's direction to optimise public funds to deliver best value for money and focus on delivering critical infrastructure to support housing growth, combined with the purpose of the IAF to support councils to accelerate the delivery of critical infrastructure to enable housing, Kāinga Ora recommends Option 2, to approve the request for variation.
45. The IAF team does not recommend choosing Option 1 (status quo) as it does not support acceleration of infrastructure and housing delivery and the possibility of eventual return of funds to the Crown is uncertain.

*Position of the Ministry for Housing and Urban Development in relation to the variation request*

46. The Ministry for Housing and Urban Development (HUD) support Option 2 and have provided their reasoning below:
  - a. Council has committed to building the walking and cycling bridge if Ministers decline this variation request. Therefore, Ministers options are to either: (a) reconfirm Crown funds for a walking and cycling bridge that won't be connected to a wider network for some time (Option 1), or (b) reallocate those funds to critical water infrastructure improvements, which are currently unfunded but are critical to achieving agreed housing outcomes (Option 2).
  - b. As such, HUD recommends Option 2, on the basis it supports the IAF's core purpose of accelerating infrastructure and housing delivery, while still aligning with key government objectives, including:
    - i. Maximizing value from Crown investments.
    - ii. Priorities identified in the 2024 Government Policy Statement on Land Transport GPS-LT.
    - iii. Supporting essential infrastructure over nice-to-haves.
  - c. HUD acknowledges that the IAF is not well aligned with the government's Going for Housing Growth policy as it does not promote growth paying for growth. HUD will provide further advice on the role of the IAF in the future system as part of the advice that evaluates existing government funds and programmes, which is due to be provided to Ministers on 17 October 2024.

*Position of the Treasury in relation to the variation request*

47. The Treasury supports retaining the status quo (Option 1) and have provided their reasoning below:
  - a. The Treasury recommends that Joint Ministers should decline the request by Hamilton City Council to reallocate \$31.5m in Bridge funding to the Bulk Water Connections project (Option 2). Treasury notes that a substantial amount of IAF funding has already been allocated in Hamilton to water infrastructure with \$117m agreed towards "Three Waters IAF Funded Enabling Infrastructure Project(s)".
  - b. At present, there is no formal policy regarding the removal of an agreed IAF-funded project and the reallocation of funding to a non-IAF funded project. Treasury considers that the adoption of Option 2 could set a precedent,

opening the door to a greater number of Councils requesting modifications to their agreements.

- c. Treasury is concerned that future change requests may also include proposals to manage financial overruns in projects funded by the IAF. Council responsibility for cost overruns is a key control for the IAF and preserving this through taking a strong stance on modifications generally should be a priority. Should councils fail to meet obligations or contracts be terminated Treasury's first best advice is funding is returned to the centre to allow cross portfolio trade-offs.
- d. Treasury considers that the change control framework currently in development by HUD and Kāinga Ora is critical to ensuring a consistent approach to managing change requests going forward. We recommend that work to complete the change control framework is prioritised for approval by Joint Ministers.

### **Next Steps**

- 48. If you approve Council's request, Kāinga Ora will work with Council to progress the variation. If you do not approve the request, the IAF agreement will remain as status quo.

## Appendix A - Kāinga Ora Assessment of Reasonableness of Request

Consideration	Analysis
<p>1. What has changed since the Agreement was signed to lead to this?</p>	<p>Hamilton City Council (the Council) received strong feedback from the community, hapū and key developers regarding the Bridge with the majority opposed or seeking a delay given Council's constrained financial situation and the need to focus on more critical infrastructure, such as the Bulk Water Connections project in the IAF Funding Agreement.</p> <p>The drivers for the variation request include the changes in government policy regarding transport and waters, the challenging economic environment, high rates increases forecast by the Council and the subsequent need for the Council to reprioritise their capital programme to focus on critical infrastructure.</p> <p>The variation would allow the BWC project to be brought forward by three years, accelerating the enablement of housing and reducing the risk of network failure as the BWC project would align with the delivery of the Ruakiwi Reservoir.</p>
<p>2. Is the request due to an external factor, such as a weather event or change in legislation/ regulatory landscape?</p>	<p>Yes, there are many factors contributing to this request, however the move toward aligning local government delivery with central government policy and direction is a key driver.</p>
<p>3. Is the request due to Council no longer being able to fund a non-IAF funded EIP<sup>3</sup>? If so, what has lead to this circumstance?</p>	<p>N/A.</p>
<p>4. Is Council able to fund the current non-IAF funded EIP but only if it is delayed and if so, how long is the delay?</p>	<p>Yes, given the Council was unable to secure IFF funding to deliver the BWC project, they have included the project within years three to six of their LTP, which is a delay of three years.</p> <p>The preference is for the Council to deliver this project in tandem with the Ruakiwi Reservoir so the upgraded pipe network aligns with the commissioning of the reservoir which will reduce the likelihood of older pipes failing, once the reservoir is operational.</p>
<p>5. What would the impact on rates and/or debt be if the EIP remained fully Council funded and stayed on track?</p>	<p>Hamilton City Council has been contracted to receive \$150.6 million of IAF funding for several infrastructure projects, which includes \$31.5 million of IAF funding to progress the Bridge project across the Waikato River for walking and cycling.</p> <p>The Council concluded their 2024-2034 Long-Term Plan (LTP) deliberations on 6 June 2024. Significant community feedback was received and the final adopted LTP included average rates increases of 16.5 percent (originally proposed to be 25.5 percent) in 2024/25, and an overall cumulative increase of 72 percent over years one to five. Major changes that were made to the final budget included:</p> <ul style="list-style-type: none"> <li>• Further reductions of around \$282 million in years one to five of the capital programme including deferrals of \$172 million of projects into later years; and</li> </ul>

<sup>3</sup> EIP = Enabling Infrastructure Project. This is the terminology used in IAF Funding Agreements.



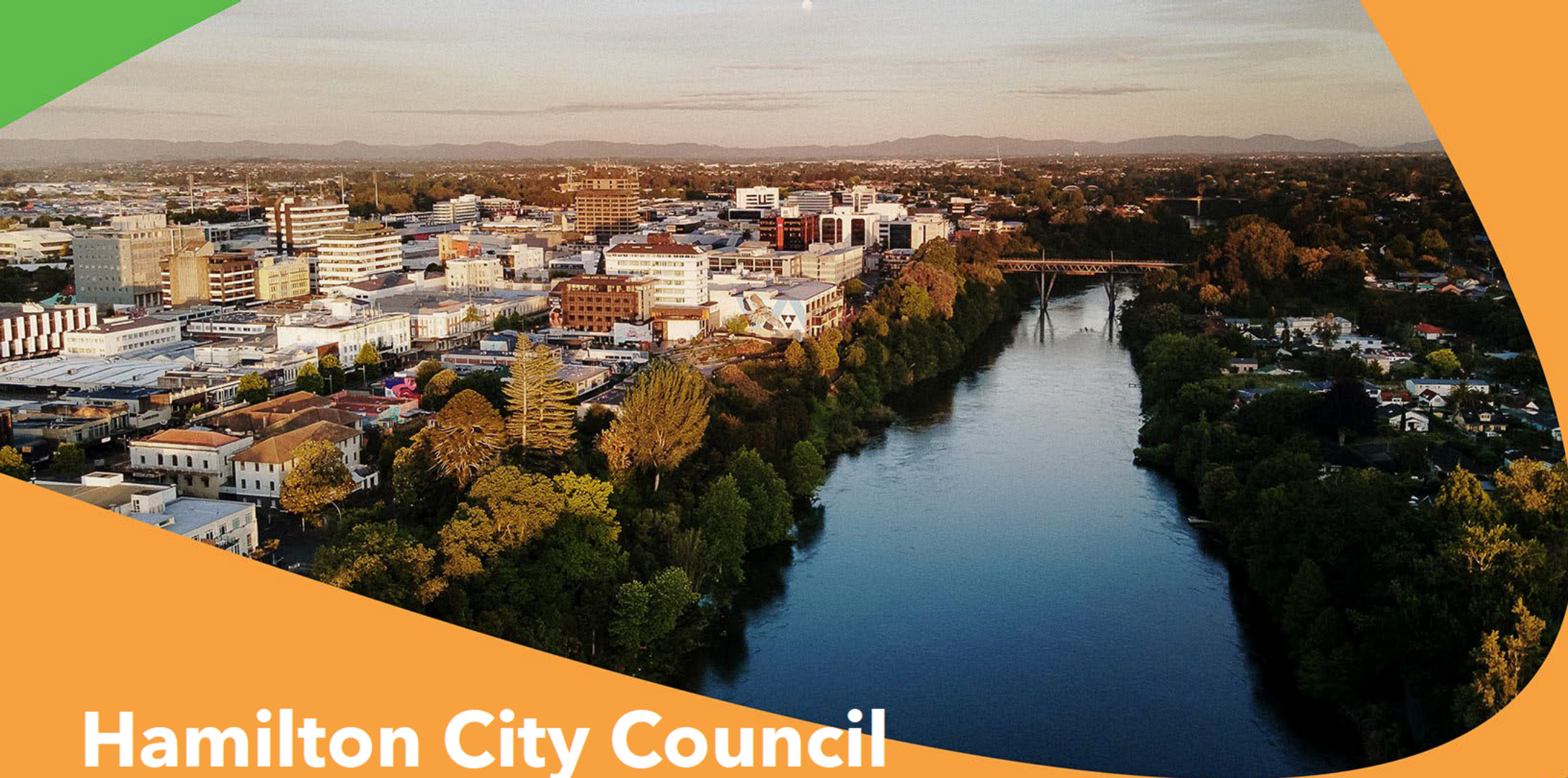
	<ul style="list-style-type: none"> <li>Savings of \$33 million over 10 years through personnel reductions to back-office functions and cuts to consultant budgets. This is in addition to savings of \$94 million over 10 years made through the Chief Executive's Future Fit Programme.</li> </ul> <p>The Council also received strong feedback from the community, hapū, and key developers regarding the Bridge with the majority opposed or seeking a delay in light of the Council's constrained financial situation and the need to focus on more critical infrastructure.</p> <p>Subsequently, Council resolved to pursue a variation request to reprioritise \$31.5 million of IAF funding from the walking and cycling Bridge into the more critical BWC project infrastructure, allowing the BWC project to be delivered in year one alongside the IAF-funded Ruakiwi Reservoir project. The variation request has been reflected in Council's adopted LTP (subject to ministerial decision).</p>
<b>6. Will housing outcomes be delayed if IAF funding is not made available to the current non-IAF funded EIP, and if so, by how long?</b>	Yes, housing outcomes could be delayed by approximately three years.
<b>7. Will dwellings be reduced if IAF funding is not made available, and if so, by how much?</b>	No.
<b>8. Why is the current IAF funded EIP no longer required/ required within the agreed timeframe to enable the dwellings?</b>	<p>The Bridge project is important infrastructure that will provide increased transport choices for a growing population, amenity benefit, and will influence market desirability within the area providing direct access to greenspace at Parana Park. The Bridge project is not critical to achieving the outcomes in the short term but is critical to maximising housing outcomes in the long term.</p> <p>At the time of signing the IAF Agreements, the Council was planning for the previous Government's reform programme, which involved handover of maintenance and delivery of their water assets to a new entity.</p>
<b>9. Can you confirm that Council funding is available to ensure the current IAF funded EIP will proceed without IAF funding?</b>	No. Due to the lack of community support for the Bridge project, Council made the decision to not fund it in their 2024-34 LTP and to request a formal variation to their IAF Agreement, to remove the Bridge project and replace it with the Bulk Water Connections (BWC) project. Therefore, if this variation is not approved, Council have indicated they will make an amendment to their LTP, to include funding for delivery of the Bridge to remain compliant with their delivery obligations.
<b>10. Will there be any impact on the Developer(s)/ Landowner(s) Funding as a result of the change that the Recipient is requesting?</b>	No.

<p><b>11. Can the Recipient still confirm that the Developer(s)/Landowner(s) will still be paying their fair share of the costs of the EIPs (as defined in the Funding Agreement)?</b></p>	<p>Yes, Council will continue to recover developers / landowners fair share of the cost of the EIPs via a combination of Development Contributions or Developer Agreements.</p>
<p><b>12. What other cost and timing implications would there be for other IAF and non-IAF funded EIPs?</b></p>	<p>The other EIPs are on track for delivery. The Council have advised they are looking to accelerate the delivery of the Ruakiwi Reservoir project from their original programme and are in the process of confirming the updated delivery programme.</p>
<p><b>13. What other risks might emerge if the funding is not reallocated and how could these be mitigated?</b></p>	<p>If Ministers decline the request for a variation to reallocate funding, the Council will remain obligated to deliver the Bridge. To progress the Bridge project, the Council would need to complete an LTP amendment in 2025 to see the Bridge included in the LTP capital programme and remove other projects in the capital programme to address the funding shortfall for the critical BWC project. Given the Council's constrained debt position, funding would likely come from further rates increases and would impact the Council's ability to fund critical renewals projects and other critical infrastructure needed to support growth.</p> <p>Due to community and iwi opposition to the Bridge project during the LTP consultation, it is likely that the Council will face difficulty and time delays in delivering the Bridge, which could result in an elongated process and ultimately, a breach of the Funding Agreement. This route is the only likely way that the Crown would ultimately see the funding being returned to the centre which would be circa mid- 2026.</p>

---

**Appendix B: Hamilton City Council Central City IAF Variation**

*See attached document as provided by Hamilton City Council*



# Hamilton City Council Central City IAF Variation

Background strategic drivers - Sep 2024



**Hamilton  
City Council**  
Te kaunihera o Kirikiriroa

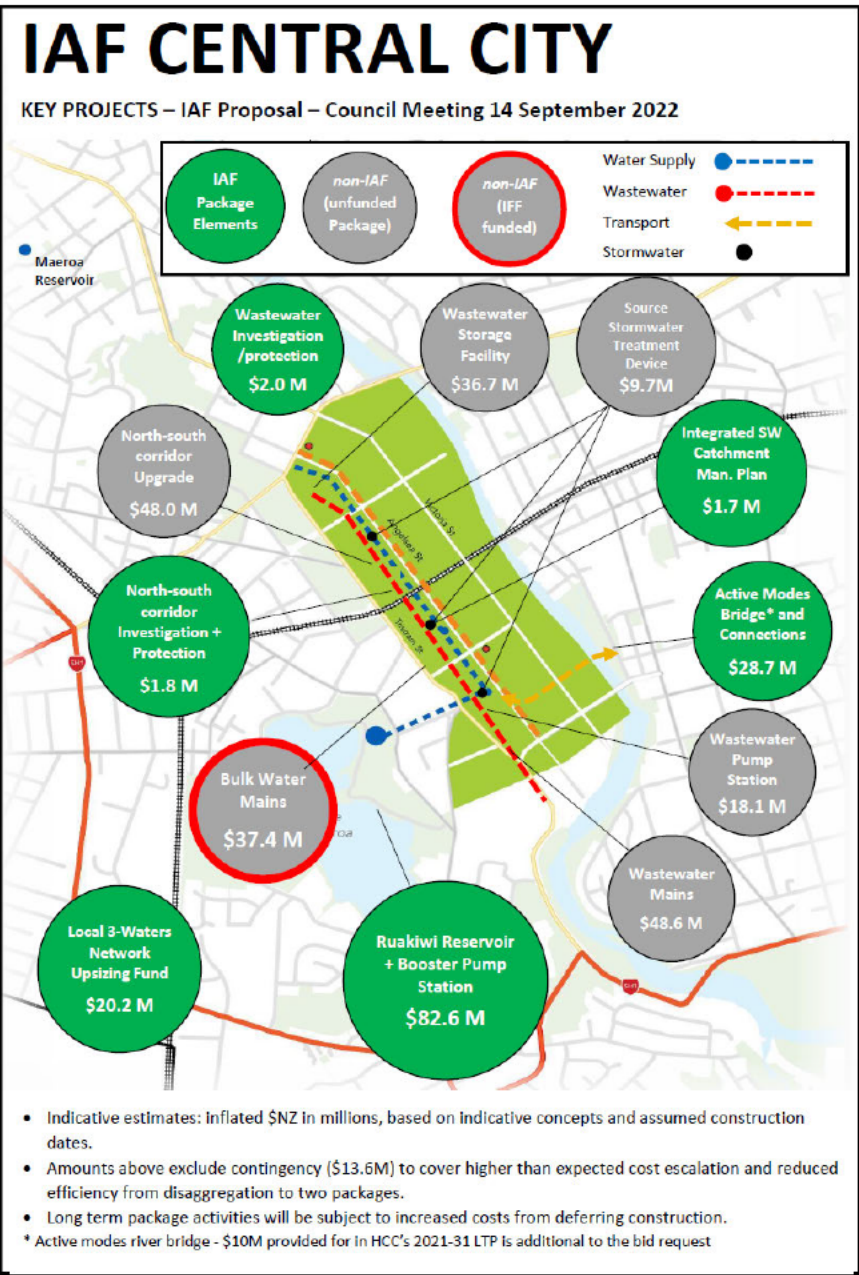
# Exec Summary

## Benefits of the variation

- The primary benefit of this variation is to provide better value for money for both Government and our community from the IAF Partnership
- The variation pivots investment into essential core infrastructure rather than investment into a *walking and cycling bridge* which is less critical right now
- If Council had signed an IAF Agreement under the new Government's policy environment, it would have looked like this variation
- Council remains committed to enabling development of 4,140 homes in the central city by 2035
- The IAF negotiations identified over \$500m of investment was needed to fully enable housing outcomes in the central city
- The variation will not cost Government any more than the \$150.6m already committed in the IAF Agreement - it transfers \$31.5m from the walking and cycling bridge to critical waters infrastructure
- Our developers, community and iwi agree with the variation
- The variation timing as proposed, allows Council to unlock the full benefits of the IAF reservoir much earlier than previously proposed
- These benefits include increased resilience and firefighting capability, leading to faster consenting which are significant matters to building developer confidence
- Approval of the variation preserving the full \$150.6m funding commitment, combined with Councils increased funding commitment focused on core waters infrastructure preserves the integrity of the partnership and will provide market confidence for development to reach the agreed housing outcome of over 4000 homes in the quickest possible manner
- All other aspects of the IAF Agreement are tracking well, but it is critical timing wise to get a formal answer to our request for the variation if we are to be ready with the infrastructure that is urgently required to keep growth moving forward.

# IAF draft funding summary:

(Note, some of the numbers in this diagram from 2022 changed through negotiations and Council approvals. Final IAF & IFF numbers are reflected in IAF Agreement)



# Final IAF Funding:

Over \$500m of strategic infrastructure investment is needed to fully enable central city. The IAF is currently funding part of this.

2022: Original IAF Bid ~\$330m

- Then reduced to \$200.6m
- Final IAF made up of \$150.6m IAF grant and \$50m IFF as well as \$10.3m local share (plus \$129m HCC 2021-31 LTP sub-projects\*)
- Plus Housing Outcome Agreements which needed HCC Incentive Agreements to get developers to sign up.

\*Subsequent 2024-34 LTP sub-project funding has increased to \$275.4m

Work on IAF projects under way from late 2022 at pace.



## Walking and Cycling Bridge Design and Construct Concepts:

Agreed to pause work May 2024 before contract was awarded, to pursue variation

9(2)(j)



# Exec Summary

## What is the variation and why propose it?

- The *walking and cycling bridge* was a good fit with the previous Governments transport policy when the agreement was signed in November 2022
- The *walking and cycling bridge* was to be part of a cycling network with connections to other new cycling infrastructure that relied on co-investment through the NLTP
- Very soon after signing the IAF Agreement, Government policy began to significantly change with the new coalition Governments increased focus on value for money
- The views of our community also changed in line with the Government policy shift, and they have expressed a preference for core rather than perceived 'nice to haves'
- The recent NLTP transport funding decisions have validated the variation approach to reconsider how to invest the \$150.6m given that no new cycling infrastructure investment was approved and the IAF bridge would become known as the 'biking bridge to nowhere'.
- Also, after signing the IAF Agreement the IFF proposal to provide \$50m for *bulk water connections and contingency* was abandoned making them unfunded
- Council has requested a variation to change the contract to include the *bulk water connections* instead of the *walking and cycling bridge*
- The IAF Agreement says that "*territorial authorities should not use the IAF funding to displace long-term plan funding and should be co-investing in the Enabling Infrastructure Projects*"
- In proposing the variation, Council has anticipated this by committing significantly more funding for core infrastructure in the long-term plan decisions (after the IAF Agreement was signed).



# Exec Summary

## What happens if the variation is not approved preserving the full \$150.6m?

- In deciding the 2024-34 Long-Term Plan, Council resolved to revert back to the status quo IAF contract position to proceed with constructing the *walking and cycling bridge* if the variation was not approved
- Council would need to work closely with Government on a communications plan as to why Council and Government are jointly progressing with the approx. \$40m *walking and cycling bridge* in this current economic and revised transport policy environment
- This communication would extend to local community, iwi and central city developers who did not support investment into the *walking and cycling bridge* at this time.

# Background

## Supporting info

# Options Summary

\*Showing inflated figures

	Option 1: Status Quo IAF Funding Agreement	Option 2: Variation
<b>Alignment to central Government priorities</b>	✘	✓
<b>Delivers walking &amp; cycling bridge</b>	✓	✘ delivered post 2034 through future LTP
<b>Delivers critical Bulk Water Connections</b>	✓ Starts from 2026 as no IFF Funding was secured	✓ Starts now utilising IAF Grant funding
<b>Delivers reservoir, reactive infrastructure and investigations projects</b>	✓	✓
<b>Housing outcomes</b>	✓	✓
<b>Economic outcomes</b>	✓	✓
<b>IAF Grant Funding</b>	\$150.6m	\$150.6m
<b>HCC Local Share*</b>	\$10.3m (bridge)	\$17.4m (contingency)
<b>Total LTP Sub-Projects* (includes Council, developer and other funding)</b>	\$129.3m (Transport \$91.4m Waters \$37.9m)	\$275.4m (Transport \$39.6m Waters \$235m)
<b>Contingency</b>	P95	P50
<b>Developer, community and iwi support</b>	✘	✓

# Options Summary continued

	Option 1: Status Quo IAF Funding Agreement	Option 2: Variation
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Delivery of walking and cycling bridge benefits (placemaking, safety, economic and increased transport choice)</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment to Government transport policy and Governments focus on core infrastructure</li> <li>• Increased market confidence, faster consenting and reduced costs for developers in the central city due to earlier delivery of reservoir benefits</li> <li>• More effective use of project funds in a constrained financial environment, better value for money</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Misalignment to central Government priorities</li> <li>• Negative media and public perception of spending on non-core infrastructure in partnership with Government</li> <li>• Reduced market confidence (and increased costs and consenting time) to develop in the central city as a result of no bulk water mains appropriately connecting the reservoir to central city homes.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced contingency within IAF fund (more risk on Council)</li> <li>• Delayed delivery of bridge benefits (placemaking, safety, economic and increased transport choice)</li> </ul>

# Community views

- 100% of IAF developers > don't do bridge now, waters needed
- Iwi partners > don't do bridge now, reprioritise funding
- 52% community opposed to bridge, 16% neutral/'not now', 24% supportive
- Other developers feedback through LTP hearings

# Recap - Timeline

- ✓ Late Jan/Feb 2024 Informal discussions with Kāinga Ora
- ✓ 20 Feb PX Council meeting > resolution to investigate variation
- ✓ Mar-Apr HCC and Kāinga Ora on options  
Engage with Iwi and IAF Developers
- ✓ 22 May Bridge design & construct tender paused, IAF claim for bridge expenses paused
- ✓ 4-6 June LTP deliberations meeting > PX decision on bridge option
- ✓ 10 June KO advised of Council decision > work commenced on Minister briefing info
- ✓ 4 July LTP Adopted reflecting bridge variation
- September 2024 **Work due to commence on bulk water mains under variation scenario**
- October 2024 **First draft for LTP Amendment prepared for final draft November**

**Minister decision and associated certainty is overdue and now critical to enable us to deliver**

## CENTRAL CITY

Excludes confidential developments in the pipeline

# Development Activity

Larger-scale developments planned and underway

August 2024

- 1 River Road Residential 30 apartments
- 2 Victoria Street Mixed use residential / commercial
- 3 Opoia Road Residential 23 apartments
- 4 Clarence Street Residential 9 apartments
- 5 Northern Green Mixed use 27 apartments / 1659 GFA
- 6 Tuapapa Mixed use residential / commercial
- 7 High Street Mixed use 98 apartments
- 8 Project Pooka Mixed use offices / retail
- 9 Hinemoa Apartments Residential / 42 homes
- 10 Clarence Street Mixed use 70 apartment
- 11 Rawhiti Village Stage 2 Mixed use 34 apartments
- 12 One Cook Street Mixed use 9 apartments
- 13 Union Square Commercial / retail 24,000 GFA
- 14 Waikato Regional Theatre Community facility
- 15 Waikato Regional Theatre Commercial / retail 2200 GFA
- 16 Hills Village Mixed use 42 apartments
- 17 Ward Street Hotel 191-key hotel
- 18 Puutikitiki Street Residential 23 apartments
- 19 Wellington Street Residential 21 homes
- 20 Nixon Street Residential 16 homes
- 21 Te Hiringa Residential 10 homes
- 22 Lake Road Residential 13 homes
- 23 Beale Street Residential / 6 apartments
- 24 Pembroke Motel 50 Unit motel
- 25 Hammond Street Residential / 11 homes
- 26 NZ Blood Development Commercial / retail
- 27 K'aute Pasifika Pan Pacific Community Hub Community Facility
- 28 Made of Hamilton East Mixed use retail / commercial
- 29 Collingwood Street Commercial / retail 1000 GFA
- 30 Amohia Ake Commercial 8,500 GFA
- 31 Rawhiti Village Stage 1 Mixed use 10 apartments
- 32 Tisdall Street Residential 7 homes
- 33 Firth Street Residential / 14 homes
- Commercial refurbishments

Central city area
  Area within 800m from the central city
  Consenting process
  In construction
  Complete
  Commercial refurbishments







# Hamilton Urban Growth Strategy

## OUR VISION:

**Hamilton Kirikiriroa is the best place to live and work with connected, vibrant and prosperous communities**

## OUTCOMES:

- 1** Grow up and out from the central city
- 2** Grow along transport corridors
- 3** Support the development of quality greenfield neighbourhoods



## KEY CONSIDERATIONS AS WE GROW:



People at the heart



Our environment



Improved travel choices



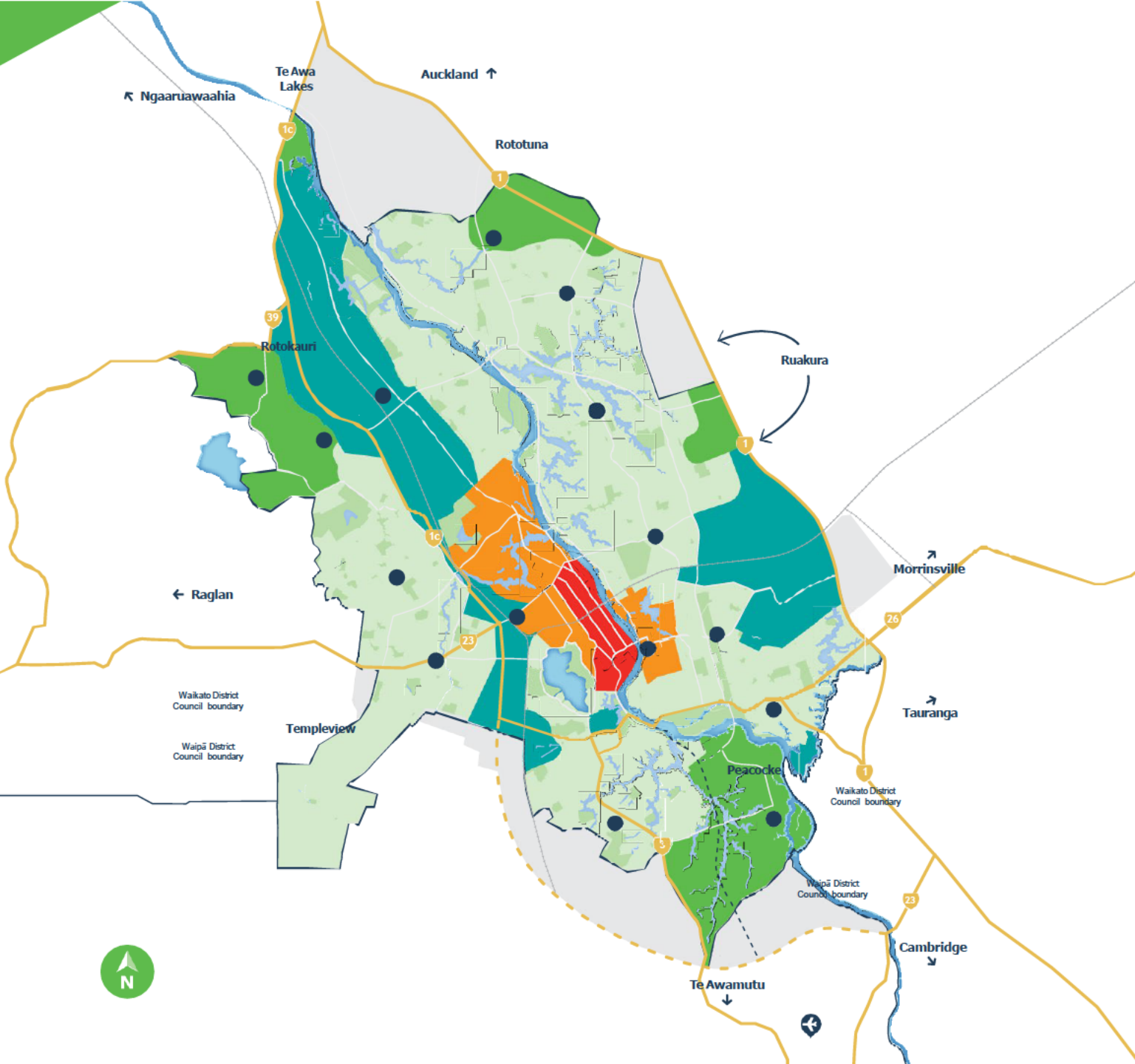
Climate change



Working with our neighbours



The health and wellbeing of the Waikato River



### Key

- Central city (residential & employment)
- Central city surrounding area
- Committed residential greenfield
- Out-of-boundary areas
- Employment
- Centres
- Rivers, lakes and streams
- Open spaces
- ✈ Hamilton Airport
- Open spaces

☎ 07 838 6699

🌐 [Hamilton City Council](http://hamiltoncitycouncil.govt.nz)

✉ [info@hcc.govt.nz](mailto:info@hcc.govt.nz)

@ [@hamilton\\_city\\_nz](https://twitter.com/hamilton_city_nz)

🌐 [hamilton.govt.nz](http://hamilton.govt.nz)



Te kaunihera o Kirikiriroa



## Briefing

<b>TĀMAKI REDEVELOPMENT COMPANY LIMITED: RESOLUTION IN LIEU OF ANNUAL SHAREHOLDERS' MEETING</b>			
<b>To Minister</b>	Hon Chris Bishop	<b>Portfolio</b>	Minister of Housing
	Hon Shane Jones		Associate Minister of Finance
<b>CC Minister</b>	Hon Nicola Willis	<b>Portfolio</b>	Minister of Finance
<b>Date</b>	7/10/2024	<b>Priority</b>	Medium
<b>Tracking number</b>	HUD2024-005273		
<b>ACTION SOUGHT</b>			
<b>Action sought</b>	Ministers are asked to sign a Shareholders' Resolution in lieu of an annual meeting for FY2023/24 for Tāmaki Redevelopment Company Ltd. Note Annual Report commentary and requirement to table in the House.		
<b>Deadline</b>	By 15 October 2024		
<b>CONTACT FOR DISCUSSION</b>			
<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st contact</b>
Carla Wellington	Manager, Crown Entity Monitoring and Appointments	s 9(2)(a)	
Sonia Johnson	Senior Advisor, Crown Entity Monitoring and Appointments	s 9(2)(a)	✓
<b>OTHER AGENCIES CONSULTED</b>			
The Treasury Auckland Council			



<b>RECOMMENDED ACTIONS</b>	
It is recommended that you:	
1. <b>Note</b> that Tāmaki Redevelopment Company Ltd provided its 2023/24 Annual Report to shareholding Ministers on 1 October 2024	<i>Noted</i>
2. <b>Note</b> that the Crown Entities Act 2004 requires shareholding Ministers to present the Annual Report to the House	<i>Noted</i>
3. <b>Note</b> that the 2023/24 Annual Report does not contain any matters HUD believes require discussion with Auckland Council, the other shareholder in Tāmaki Redevelopment Company Limited	<i>Noted</i>
4. <b>Sign</b> the attached Shareholders' Resolution in lieu of an annual meeting for FY2023/24.	<p><i>Agree/Disagree</i> Minister of Housing</p> <p><i>Agree/Disagree</i> Associate Minister of Finance</p>

---

Carla Wellington  
**Manager, Crown Entity  
Monitoring and  
Appointments**

---

Hon Chris Bishop  
**Minister of Housing**  
..... / ..... / .....

---

Hon Shane Jones  
**Associate Minister of  
Finance**  
..... / ..... / .....



## Purpose

1. You are asked to sign the attached shareholder resolution in lieu of holding an annual shareholder meeting for Tāmaki Redevelopment Company Ltd (TRC), relating to FY2023/24.
2. You are provided with some brief commentary on TRC's 2023/2024 Annual Report and instructions for tabling in the House.

## Background

3. TRC is a company established under Schedule 4A of the Public Finance Act 1989. It is majority-owned by the Crown, with the Minister of Finance and the Minister of Housing holding 29.5% each for a total of 59% Crown ownership. Auckland Council holds the remaining 41% of shares.
4. The Companies Act 1993 (Act) requires a board to call an annual meeting of shareholders not later than six months after the balance date of the company (31 December 2024 in this case). Shareholders have the option to make a resolution in lieu of this meeting (section 122 of the Act). TRC's Constitution confirms this requirement (clause 25.1).
5. It is uncommon for shareholders of Schedule 4A companies to hold an annual meeting.
6. The Associate Minister of Finance Hon Shane Jones has delegations for "day-to-day responsibilities, functions and powers as a shareholder", including attending an annual meeting of shareholders. In accordance with these delegations, this advice requests his signature on the resolution in lieu of an annual shareholder meeting.
7. The Minister of Finance has retained responsibility for receiving planning and reporting documents, including the Annual Report.

## 2023/24 Annual Report

8. TRC provided its 2023/24 Annual Report to you on 3 October 2024. The Annual Report enables assessment of TRC's performance against its 2021-2025 Statement of Intent (SOI) and 2023/24 Statement of Performance Expectations (SPE).

## Presenting the Annual Report to the House

9. Under the Crown Entities Act 2004, the responsible Minister is required to present TRC's 2023/24 Annual Report to the House within 5 working days of receiving the report, or, if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament. In this instance, the report must be presented on 15 October 2024. This can be done by either the Minister of Finance or the Minister of Housing.



10. Ministers do not have a role in approving the Annual Report. The audit process ensures that the performance reporting is accurate. The Annual Report cannot be changed after the audit report is issued and the statements of responsibility are signed.
11. TRC is required to publish the Annual Report on its website as soon as practicable after it has been presented to the House, but not later than 10 working days after responsible Ministers received the report.
12. There is low risk that the publication or presentation of the Annual Report will attract comment.
13. Having reviewed the 2023/24 Annual Report, the Ministry of Housing and Urban Development (HUD), the Treasury, and Auckland Council do not believe an annual meeting of shareholders is required. We therefore recommend you sign the attached shareholders' resolution in lieu of the meeting (Annex A).

## Performance in 2023/24

14. TRC has met its 2023/24 SPE targets for housing delivery, tenancy management, social regeneration, economic regeneration and placemaking. However, assessing outcomes from TRC's non-housing activities remains challenging.
15. There were delays to early works which will delay housing delivery from 2025/26 onwards. The emerging issue of housing delays is primarily a matter for the Crown shareholders, because housing delivery is funded through a Crown appropriation and because the delays are primarily driven by alignment with Kāinga Ora infrastructure delivery. HUD is seeking further information from TRC and Kāinga Ora about how the delays have occurred and what is being done to mitigate them and prevent similar issues recurring.
16. If shareholding Ministers would like to discuss housing delivery risks with Auckland Council, HUD recommends this is done through engagement on the Letter of Expectations for 2025/26. HUD will provide advice on the Letter of Expectations by early 2025.

### *Delivery performance – housing completion targets met but delays in early works will impact later years*

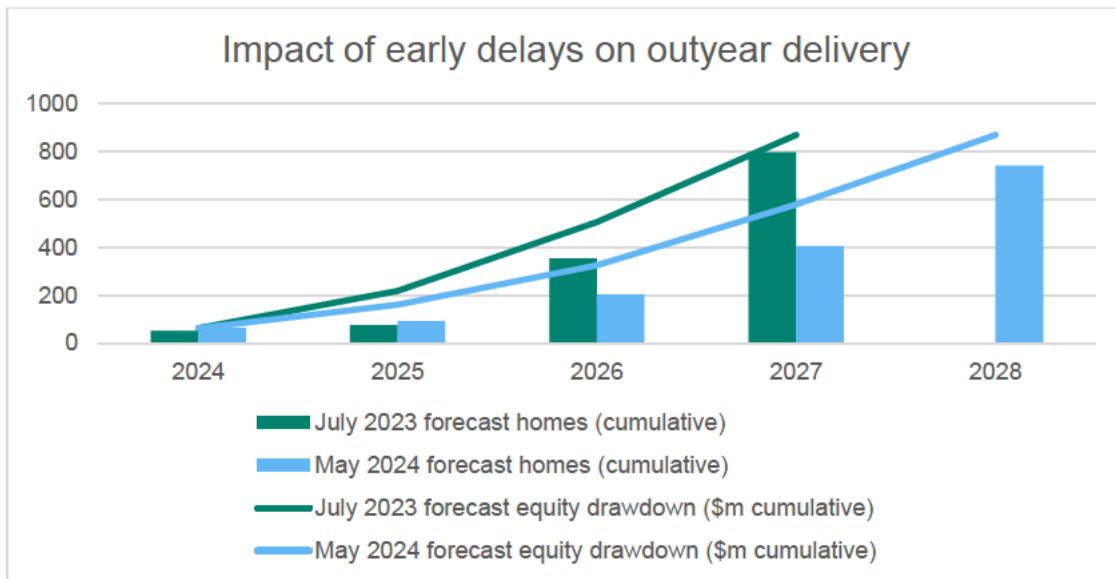
17. TRC met 20 out of 21 SPE output measures for 2023/24, with one measure relating to neighbourhood designs not assessed because no new neighbourhood designs were developed in 2023/24. Three of the five targets for projects enabling outyear housing delivery were met.
18. TRC was appropriated \$870 million in equity funding through Budget 2023 for the Tāmaki Regeneration Programme, including delivery of 726 social and affordable homes. This Annual Report covers the first year of delivery against the targets set for this funding. TRC met the SPE targets of 39 public homes and 11 affordable homes



for its PHO programme and delivered an additional 14 homes delayed from 2022/23. Over 2023/24, 46 homes were added to the TRC portfolio, and 46 homes were removed for redevelopment of the underlying land.

19. Delays to early works on projects will impact delivery from 2025/26 onwards. HUD understands that the main driver for these delays is consenting. TRC and Kāinga Ora forecasts assume progressing enabling infrastructure and house builds in parallel. However, Auckland Council is now requiring that enabling infrastructure is completed before houses are built. There is a specific stormwater pipe which is driving delays on two large projects. TRC and Kāinga Ora are working through this matter with Auckland Council and exploring alternative design options and sequencing to avoid delays in reaching overall housing targets. HUD will continue to investigate this matter and ensure that appropriate change control processes are in place.
20. This graph shows currently forecast impact (noting that funding beyond 2026/27 has not yet been confirmed). Infrastructure alignment and consenting issues have not been resolved yet and there may be further delays.

Graph 1: Impact of early delays on outyear delivery



21. TRC accesses equity funding twice a year by asking shareholding Ministers to purchase preference shares. Each request is scrutinised by HUD and requires Ministerial approval before it is paid. This funding is paid in advance because TRC does not have access to debt or sufficient cash reserves to enable funding in arrears.
22. While largely meeting its targets for social and economic regeneration and place-making activities, assessing outcomes from TRC’s activities in these areas remains challenging. TRC intends to start including longer-term trend indicators in SPEs from 2024/25 onwards to provide a wider picture of how the Tāmaki area is changing over time. These will not be performance measures or have associated targets because many variables affect these metrics and changes cannot be robustly attributed to





TRC’s interventions. However, they will still provide an indication of TRC’s impact over the medium to long term.

*Financial performance*

- 23. TRC had an EBITDAF deficit of \$7.681 million against a budgeted deficit of \$4.924 million. Variations against forecast are largely related to changing timelines for development activity. This follows from a similar deficit of \$5.203m in 2022/23. HUD considers these deficits reasonable in the context of managing down a series of surpluses through 2018-2022 mainly driven by delivery delays and challenges in forecasting due to the impacts of the COVID-19 pandemic.
- 24. Asset management cost escalation is a key financial risk for TRC, with utilities and insurance costs increasing by \$1.790 million (13.5%) from 2022/23. TRC reviewed its approach to repairs and maintenance in 2023/24, following an overspend in the first quarter. Changes were successfully implemented, with the year-end spend slightly under forecast, but it is likely that maintenance costs will continue to increase over time. Delays to the development programme also increase maintenance costs, as aging homes remain in the TRC portfolio for longer.

The asset revaluation reserve held by TRC’s subsidiary Tāmaki Regeneration Limited declined to \$986.707 million, a drop of \$213 million (18%) from 2022/23. This shift reflects wider market conditions and returns asset values to 2021 levels (as shown in the graph below).

*Graph 2: TRL asset revaluation reserve*



- 25. The revaluation of properties affects TRL’s balance sheet but does not affect its financial sustainability or solvency. The majority of TRL’s assets were transferred from HNZ in 2016, rather than purchased, and TRL has no debt to service.



### *Organisational performance*

26. HUD is aware that TRC has been increasing the maturity of its housing delivery processes and governance, as well as improving processes for working with Kāinga Ora around infrastructure and housing delivery. This has given HUD more transparency about drivers for delays and more visibility of emerging issues.

### **Consultation**

27. The Treasury and Auckland Council have been consulted on this briefing.

### **Next steps**

28. HUD will seek Auckland Council's approval of the shareholders' resolution in lieu of an annual meeting, then provide the completed resolution to TRC.

### **Annexes**

Annex A: Shareholders' Resolution in Lieu of an Annual Meeting



## Annex A: Shareholders' Resolution

TĀMAKI REDEVELOPMENT COMPANY LIMITED  
Company number 3937662  
(Company)

### Shareholders' resolution in lieu of annual meeting

Pursuant to clause 25.1 of the Company's constitution and sections 120 and 122 of the Companies Act 1993, the following resolution is passed instead of holding an annual shareholders' meeting of the Company for the year ending 30 June 2024.

#### 1. Annual report

**Resolved** that the shareholders have received and considered the contents of the Company's 2023/24 annual report, including the Company's financial statements and auditor's report.

#### 2. Auditors

**Noted** that:

- (a) As the Company is a public entity (as defined in sections 4 and 5 of the Public Audit Act 2001 and Schedule 1 of the Public Audit Act), the Auditor General is the auditor of the Company pursuant to section 207P(3) of the Companies Act; and
- (b) As a consequence there is no need for the shareholders of the Company to appoint an auditor under section 207P(2) of the Companies Act.

#### 3. Execution

This document may be signed by the shareholders of the Company in counterparts, each of which when so signed will be deemed to be an original, and such counterparts together will constitute one and the same instrument.

**DATED:** 2024

**SIGNED** by all the shareholders of the Company:

**SIGNED BY HON CHRIS BISHOP,  
MINISTER OF HOUSING**

**SIGNED by HON SHANE JONES,  
ASSOCIATE MINISTER OF FINANCE**

**SIGNED for and on behalf of AUCKLAND COUNCIL**



**Te Tūāpapa Kura Kāinga**

Ministry of Housing and Urban Development

# Report



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

**Date:** 9 October 2024      **Security Level:** Budget Sensitive

**To:** Hon Chris Bishop, Minister of Housing

**cc:** Hon Louise Upston, Minister for Social Development and Employment

Hon Tama Potaka, Associate Minister of Housing

**File Reference:** REP/24/8/731

---

## Providing recoverable financial assistance for pet bonds and <sup>s9(2)(f)(iv)</sup> [REDACTED]

### Purpose of the report

- 1 This report provides you with advice on:
  - 1.1 providing recoverable financial assistance under the Housing Support Programme (HS Programme) to assist lower income households with the proposed pet bond (Part A)
  - 1.2 <sup>s9(2)(f)(iv)</sup> [REDACTED]
  - 1.3 addressing two minor and technical amendments to the HS Programme (Part C).

### Executive summary

- 2 In May 2024, you requested further advice on extending Housing Support Products (HSPs) to include recoverable grants to cover the proposed pet bond and <sup>s9(2)(f)(iv)</sup> [REDACTED] [REP/24/5/428 refers].

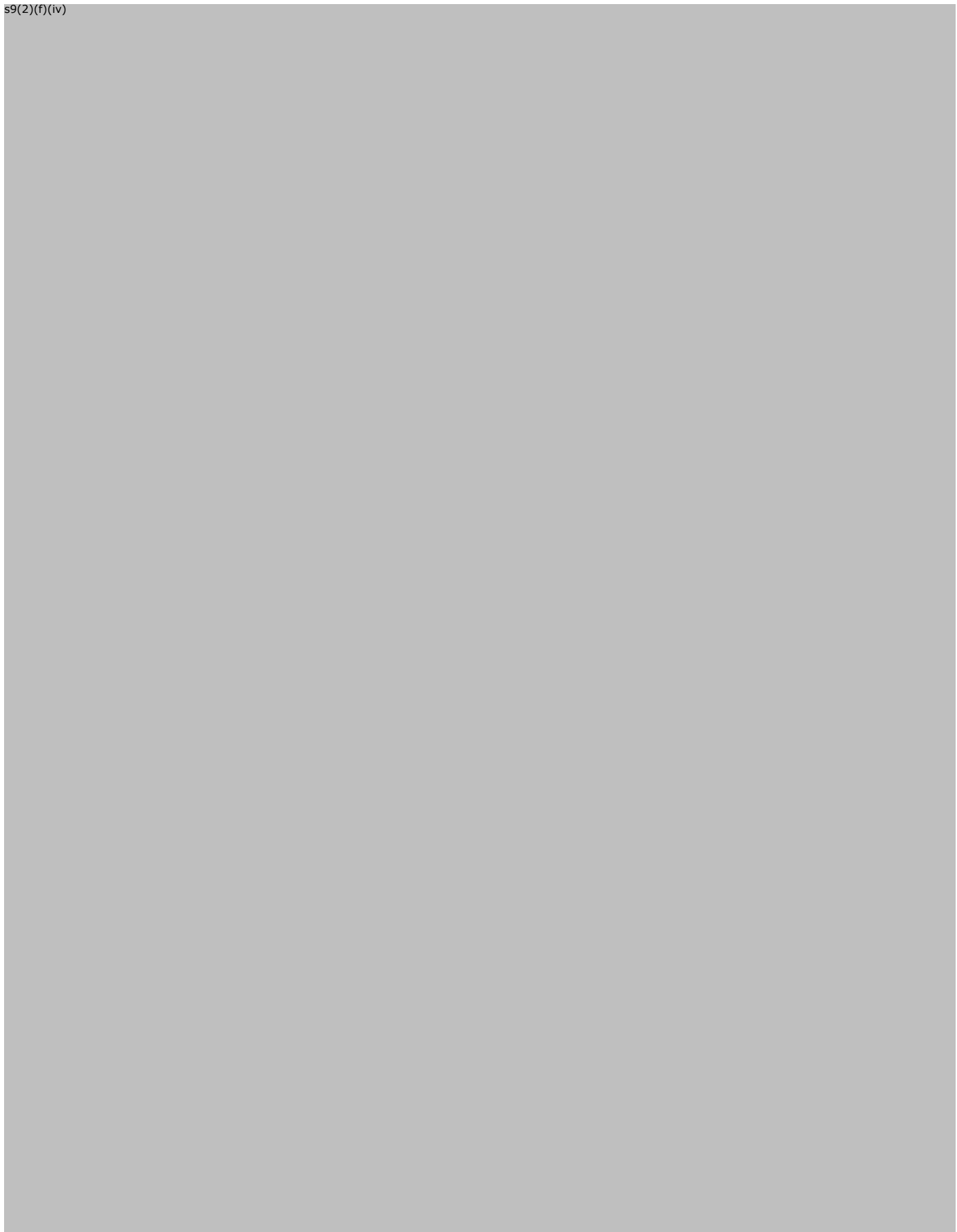
*Providing recoverable assistance for pet bonds*

- 3 The Residential Tenancies Amendment Bill (RTA Amendment Bill) which proposes to introduce pet bonds to assist households with pets in obtaining private rental accommodation, is currently before the House. If passed, it is expected that pet bonds will be implemented from late 2025. The proposed pet bond will be a maximum of two weeks' rent, meaning that the total cost of obtaining a new tenancy for a household with a pet will be up to the equivalent of eight weeks' rent (four weeks' general bond, two weeks' rent in advance and two weeks' pet bond).
- 4 The Ministry of Social Development (MSD) does not support pet-related costs through existing financial assistance programmes. A HSP Bond Grant can be paid twice in a 52-week period to an eligible household, though MSD can only pay a total of four weeks' bond in respect of the commencement of a specific tenancy. This could include two weeks' pet bond, but MSD would be unable to pay the full amount of most client's pet and general bonds combined, unless their landlord was to charge less than the maximum amount of general bond.
- 5 If the RTA Amendment Bill is passed and the HS Programme is not amended to provide recoverable assistance for a full pet bond, this could result in increased demand for hardship assistance across existing MSD programmes. While these hardship payments are more tightly targeted than HSPs, and a pet bond would not be within scope, financial hardship resulting from having to pay a pet bond might result in payments of hardship assistance for other essential needs.
- 6 It is recommended that the HS Programme be amended to accommodate the inclusion of pet bonds in the RTA. The detailed design and legislative changes required to achieve this can be worked through once the RTA Amendment Bill has been passed. This will, however, have an estimated cost in Budget 2025 of \$21.697m over the five-year forecast period<sup>1</sup>. This is likely to require funding from reprioritisation or savings outside of MSD, as no funding is available within MSD to support this initiative.

---

<sup>1</sup> This assumes 75 percent of landlords will accept tenants with pets (the current acceptance rate is 12 – 15 percent). The Ministry of Housing and Urban Development (HUD) considers the proportion of landlords agreeing to pets in rental properties will increase slowly over time. However, MSD is accounting for the risk that landlords will accept pets in rentals more quickly.

s9(2)(f)(iv)



s9(2)(f)(iv)




12

13

### *Technical amendments*

- 14 We have identified two minor issues not identified during the development of the HS Programme in 2024. We recommend that you agree to progress two technical changes to correct these issues when the HS Programme is next amended.

### *Next Steps*

- 15 If you agree to extend recoverable assistance to cover pet bonds and/or <sup>s9(2)</sup><sub>(f)(iv)</sub>    we will provide you with a draft Cabinet paper for consideration in November 2024. We will also provide further advice on implementation, including timeframes for amendments to the HS Programme.

16

s9(2)(f)(iv)

## **Recommended actions**

It is recommended that you:

### *Recoverable assistance for pet bonds*

- 1 **note** that MSD can provide recoverable assistance with pet bonds under the existing HS Programme, however, the total amount of assistance for all bond payments is limited to the equivalent of four weeks' rent at the commencement of a new tenancy, meaning in most cases there will be no entitlement remaining to assist with a pet bond, once recoverable assistance has been provided for the general bond
- 2 **note** that you could seek to amend the HS Programme to allow MSD to grant recoverable assistance for pet bonds of up to two weeks' rent, in addition to the current recoverable assistance of up to four weeks' rent for the general bond for eligible households



- 3 **note** that amending the HS Programme to make specific provision for pet bonds is estimated to result in additional recoverable grants totalling \$72.324m over five years (the Budget 2025 forecast period), which would require new funding of \$21.697m in the 2025 Budget (assuming that a portion of recoverable grants are never recovered)
- 4 **note** that providing financial assistance for pet bonds does not change MSD's longstanding policy position of not providing assistance for pet-related costs, and financial assistance for pet bonds will only be provided under the HS Programme for the purpose of a household obtaining accommodation

**EITHER:** (recommended)

- 4.1 **agree** to seek agreement from Cabinet to amend the HS Programme to allow MSD to provide recoverable assistance, subject to future funding being available, to eligible households for a pet bond (equivalent of up to two weeks' rent), in addition to the current provision for recoverable assistance for the general bond (equivalent of up to four weeks' rent)
- 4.2 **note** that this change is estimated to require new funding in Budget 2025 of \$21.697m<sup>3</sup> over the Budget 2025 forecast period (as a proportion of recoverable grants are never recovered)
- 4.3 **note** that no funding to offset the cost of this change is available for reallocation from within Vote Social Development, and if you wish to proceed with this change, the funding would need to be identified from elsewhere

AGREE / DISAGREE

**OR**

- 4.4 **agree** to make no change to the HS Programme, meaning that in most cases MSD will not be able to provide recoverable assistance with pet bonds, as the maximum entitlement for bond payments (equivalent to four weeks' rent) will be utilised by the provision of recoverable assistance with the general bond


---

<sup>3</sup> Please see paragraphs 40-44 for costings and assumptions.

- 4.5 **note** that a lack of recoverable assistance with pet bonds under the HS Programme may result in an increase in demand for hardship assistance under other MSD programmes, from low income households who have used their available resources to fund a pet bond and as a result are unable to meet their immediate and essential costs

AGREE / DISAGREE

s9(2)(f)(iv)



*Minor amendments to the Housing Support Programme*

- 10 **note** that MSD is currently unable to pay bond increases under the HS Programme when a client's rent increases, as clause 20(d) requires a client to be 'entering into or renewing an RTA agreement'

- 11 **agree** to an amendment to the HS Programme to allow for recoverable bond grants to be paid for bond increases that can occur during a tenancy, as the result of a rent increase

AGREE / DISAGREE

- 12 **note** that some non-RTA tenancies can have disputes referred to the Tenancy Tribunal, however, the current HS Programme does not allow for Tenancy Tribunal decisions to be considered by MSD in making an Accommodation Security Cover Grant payable

- 13 **agree** to an amendment to the HS Programme to allow the Accommodation Security Cover Grant to cover costs that the Tenancy Tribunal has determined that a former resident is required to pay.

AGREE/DISAGREE



9 October 2024

---

Alex McKenzie  
Policy Manager  
Housing Policy

---

Date

---

Hon Chris Bishop  
Minister of Housing

---

Date

## The Housing Support Programme was amended in May 2024

- 18 Housing Support Products (HSPs) provide low and middle-income households recoverable financial assistance<sup>4</sup> to help them obtain and retain accommodation.
- 19 MSD implemented the first phase of changes to reform HSPs on 13 March 2023. This included a new recoverable assistance programme for people living in private accommodation covered by the Residential Tenancies Act 1986 (RTA), covering costs such as bond, rent in advance and rent arrears.
- 20 On 26 May 2024, you approved changes to the Housing Support Programme (HS Programme) to expand recoverable financial assistance to those in accommodation not covered by the RTA [REP/24/5/428 refers]<sup>5</sup>. You also requested further advice on:
- expanding HSPs to include costs towards the Government’s proposed pet bond
  - s9(2)(f)(iv)

### ***Part A: Recoverable assistance for pet bonds***

#### **New pet bond provisions in the RTA will have a disproportionate financial impact on low income tenants**

- 21 In April 2024, you announced plans to introduce pet bonds to assist households with pets to obtain private rental accommodation, where they might otherwise be unable to obtain housing due to having a pet.
- 22 The RTA Amendment Bill is currently before Select Committee and includes provisions that are intended to make it easier for tenants to keep pets in rental properties. For example, landlords will be able to require a pet bond of up to two weeks’ rent, and tenants will be liable for all pet-related damage beyond fair wear and tear. We understand the intention, subject to passage of the legislation, is that pet bonds will be implemented in late 2025.
- 23 Once the pet bond provisions come into force, there will be additional costs for some tenants with pets to obtain a private tenancy because they may need to pay for a pet bond. This will disproportionately impact lower-income

---

<sup>4</sup> MSD also has the non-recoverable Transition to Alternative Housing Grant. This is a one off grant to incentivise social housing tenants who are ready and able to rent in the private housing market, to move out of social housing and into a private rental under the RTA.

<sup>5</sup> These changes came into effect on 1 July 2024.

households, as these households are more likely to rent than own a home and use a large portion of their income to secure a rental property. We understand that following implementation, a pet bond could only be applied to tenants entering into new tenancies, meaning we do not expect existing pet owners in tenancies to be affected by this change immediately.

- 24 Kāinga Ora is a pet friendly landlord, <sup>s9(2)(f)(iv)</sup> [REDACTED]. Since April 2019, Kāinga Ora has not charged a general bond to new tenants <sup>s9(2)(f)(iv)</sup> [REDACTED].

### **Recoverable assistance for pet bonds can be paid under the HS Programme, but the total amount is capped and is unlikely to cover both general and pet bonds**

- 25 MSD's legal advice is that the current definition of 'bond' in the HS Programme is wide enough to cover pet bonds, as defined in the RTA Amendment Bill, although we note this could be subject to change as the Bill progresses. Pet bonds would therefore be able to be included in an application for recoverable assistance under the HS Programme's bond grant.
- 26 Despite this, the HS Programme only allows clients to receive a maximum of four weeks' rent per bond grant. While two bond grants can be made in a 52-week period, these two grants cannot be made for a simultaneous period (i.e. for the commencement of one tenancy). This means MSD would only be able to pay the full amount of a tenant's pet and general bonds combined if the landlord were to charge less than the maximum amount of bond.<sup>6</sup>
- 27 It is more likely, however, that a landlord will charge the full four weeks' rent for a general bond, and full two weeks' pet bond. The HS Programme providing for the Bond Grant does not distinguish between pet and general bond, therefore MSD would be able to make a grant for either, but this would be unlikely to cover the full amount a landlord is charging.
- 28 Under the status quo, tenants are likely to be charged for a pet bond whether there is financial support available or not, meaning that if the bond grant is unable to cover the full extent of bond-related costs (i.e. general plus pet), tenants might use their available resources to cover pet bond costs, and then have insufficient resources remaining to cover essential weekly expenses

---

<sup>6</sup> For example, if the landlord charged four weeks' bond in total, comprising two weeks' general bond, and two weeks' pet bond, or three weeks' general bond and one week pet bond, then a bond grant could pay for the total bond.

(such as food). A lack of financial support for pet bonds could therefore result in increased demand for hardship assistance, though hardship programmes are more tightly targeted than the HS Programme.

- 29 If low income households are unable to secure a rental without all or part of a pet or general bond, there is also the potential for increased applications for emergency, transitional or social housing (noting, however, that it is rare for emergency housing and transitional housing providers to allow pets, therefore this risk is considered low).

### **We recommend amending the HS Programme to specifically provide for recoverable pet bond assistance**

- 30 As an alternative to the status quo, we have identified two other options for progressing work on pet bonds:
- 30.1 amending the HS Programme to provide for two weeks' pet bond, in addition to the existing four weeks' general bond (**recommended**)
  - 30.2 amending the HS Programme to specifically exclude payment of financial assistance for pet bonds (this change would be required prior to the RTA changes in late 2025, so that pet bonds as defined under the RTA Amendment Bill are excluded).
- 31 Amending the HS Programme to include pet bonds at their full amount is our recommended approach, subject to the availability of funding. This would align the HS Programme with government priorities around introducing pet bonds, and with the RTA, by the time that pet bonds are implemented in late 2025.
- 32 Although households would incur higher debt for pet bonds, financial assistance for pet bonds could give some low and middle income households more housing options. This would make it easier for low to middle income households to obtain suitable accommodation, and could prevent some households from needing temporary housing support, or becoming homeless.

### **Risks include potentially raising expectations that other pet-related costs could be met, and increasing the level of debt to government**

- 33 If you agree to amend the HS Programme to provide for pet bonds, there are some risks to be aware of.
- 34 If the Bond Grant amount is extended to include the full two week pet bond in addition to the current four weeks' bond, it will increase the amount of debt a client will have to repay, and the amount of private debt to government. The

increased debt may also take longer to be repaid,<sup>7</sup> thereby increasing financial strain on some tenants. The policy intent of the HS Programme is, however, to support people to obtain and retain accommodation.

- 35 The provision of financial assistance for pet bonds could incentivise some low and middle income households to take on a pet, or declare they have a pet, therefore increasing demand for assistance.
- 36 As with the status quo option, providing specific assistance for pet bonds could potentially create an expectation that other pet-related costs (e.g. vet bills) be covered by hardship programmes. MSD currently does not, and will continue not to, provide any type of assistance to specifically support pet-related costs, as these are not considered essential items. Providing financial assistance for pet bonds will be tied to the HS Programme. This is to ensure that MSD will only grant financial assistance for pet bonds to obtain accommodation, and not grant assistance for pet-related costs such as vet bills.
- 37 Amending the HS Programme to provide for pet bonds has a cost estimated at \$21.697m over the Budget 2025 period, which would require new or reprioritised funding (see paragraphs 41 - 47 below). Implementing the change will also take time - at least 12 months from the RTA Amendment Bill being enacted to progress the change (see discussion at paragraphs 48 - 52 below).

### **An alternative option is to amend the HS Programme to exclude pet bonds, but we do not recommend this**

- 38 Should you prefer not to make recoverable assistance available for pet bonds, an option is to amend the HS Programme to specifically exclude pet bonds.
- 39 The option of excluding pet bonds from the HS Programme has the advantage of avoiding raising expectations, or potentially setting a precedent, for any payment of pet-related costs. It would also avoid any additional financial cost from providing pet bond assistance. On the other hand, if low income households are unable to get financial assistance for pet bonds, some of the costs may be borne elsewhere and there could be an increase in applications for financial assistance (this also applies to the status quo option). For

---

<sup>7</sup> Repayments of recoverable assistance are set at a rate affordable to the client. Most commonly, repayments for recoverable assistance are set up by a deduction offset from any financial assistance a client is receiving from MSD. People not receiving ongoing financial assistance from MSD can choose to either make payments from their bank account, or by direct wage deduction (with their employer's agreement).

example, people may use their available funds to pay a pet bond to obtain a rental property, but then need to seek hardship assistance (such as a food grant). As with the status quo, this approach could potentially increase applications for hardship assistance, including housing-related financial assistance, if people are unable to obtain a tenancy because they cannot get financial assistance for a pet bond. It could also potentially increase numbers applying for social housing (or temporary housing), noting that in the latter case it is rare for emergency housing and transitional housing providers to allow pets.

- 40 We consider the disadvantages of amending the HS Programme to exclude pet bonds outweigh the benefits. Implementing this approach would likely involve similar timeframes to the option of including financial assistance for pet bonds (i.e. 12 months from the date of RTA amendments being enacted), as the HS Programme would still require amendment. Although there would not be an IT cost involved with this option, MSD would also need to appropriately prioritise this work against other work.

### **Providing recoverable financial assistance for pet bonds will require new or reprioritised funding in Budget 2025**

- 41 MSD does not currently record how many clients have pets. However, according to the 2020 Companion Animals in New Zealand report, more than half of New Zealand households that do not currently have a companion animal would like to have one, with the two most significant barriers to pet ownership being an unsuitable home or lifestyle (37 percent) and living in rented accommodation where pets are not allowed (33 percent). The report also states that 57 percent of households who do not work, or earn less than \$40,000 per year, own a pet.<sup>8</sup>
- 42 MSD has estimated that extending financial assistance to cover pet bonds would result in additional recoverable grants to the value of \$72.324m over the Budget 2025 forecast period, at a cost of \$21.697m (see assumptions below). This would require new Budget funding, or reprioritisation from elsewhere, as MSD does not have the funding to support this change for Budget 2025.
- 43 The estimated fiscal impact is calculated based on the average bond amount that MSD grants, and assumes that:


---

<sup>8</sup> Companion Animals in New Zealand report, 2020, [Companion Animals Report, 2020](#).



- 43.1 30 percent of recoverable assistance is not recovered (in line with prior costings). This cost estimate may be an over estimate, particularly in the short term, as it depends how quickly landlords adopt the new pet bond provisions, and uptake could be slow to start with. The Ministry of Housing and Urban Development (HUD) considers MSD should model a range of cost increases based on lower percentages, reflecting a slow increase over time. However, MSD has accounted for the risk that landlords might embrace pet bonds more quickly, and used a conservative estimate that 75 percent of landlords accept pets in rentals
- 43.2 the growth of bonds granted since the implementation of Phase One of the HS Programme reforms in 2023 will continue to increase, as will rent costs in the short to medium term, but growth is expected to flat line from about 2027-2028.
- 44 Prior to the introduction of pet bonds, MSD will need to make IT system changes so that recoverable expenditure on pet bonds can be recorded separately from recoverable expenditure on general bonds. These costs are not currently funded and there may be other operational costs. Due to the complexities and potential risks around providing financial assistance for pet bonds (see paragraphs 33-37 above), operational practices will also need to be revised.

45 <sup>s9(2)(f)(iv)</sup>



### **It will take time to amend the HS Programme to provide assistance for pet bonds**


- 46 Subject to the passing of the RTA Amendment Bill, we understand that pet bonds will not come into force until late 2025. A tentative delivery time to implement changes to the HS Programme would be a minimum of 12 months.
- 47 Once you have indicated your preferred approach, and MSD has done further work to understand how any changes can be made, MSD will provide you further advice about the proposed timeline for delivery and any impacts on project prioritisation. Some impacts cannot be identified until further policy design work has been completed as they will depend on the solution proposed and impacts on system processes and IT.

- 48 Any changes made to the HS Programme will require you to seek Cabinet agreement and to signal the increased costs relating to the changes.
- 49 Should you prefer not to make recoverable assistance available to low and middle-income households to assist with pet bonds, we would recommend that, for clarity, the HS Programme is amended prior to the introduction of pet bonds in late 2025, to specifically exclude the pet bonds that will be defined under the amended RTA from the HS Programme.
- 50 If you prefer to make no changes at this time, the status quo will continue with MSD only able to pay pet bonds from the general bond (see paragraphs 25 to 29), noting that this will be unlikely to cover the full amount, and that there are risks involved.

s9(2)(f)(iv)




s9(2)(f)(iv)

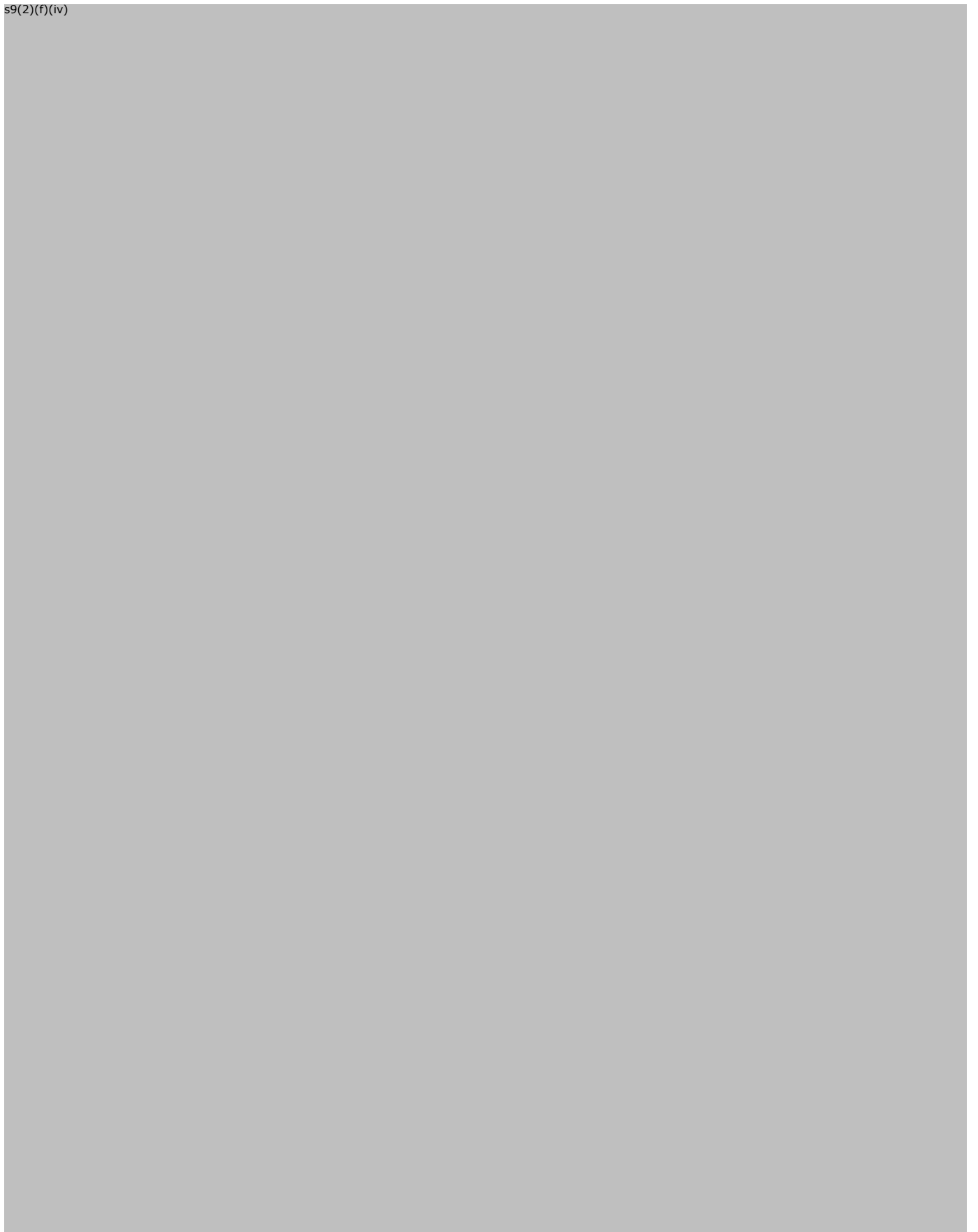


---

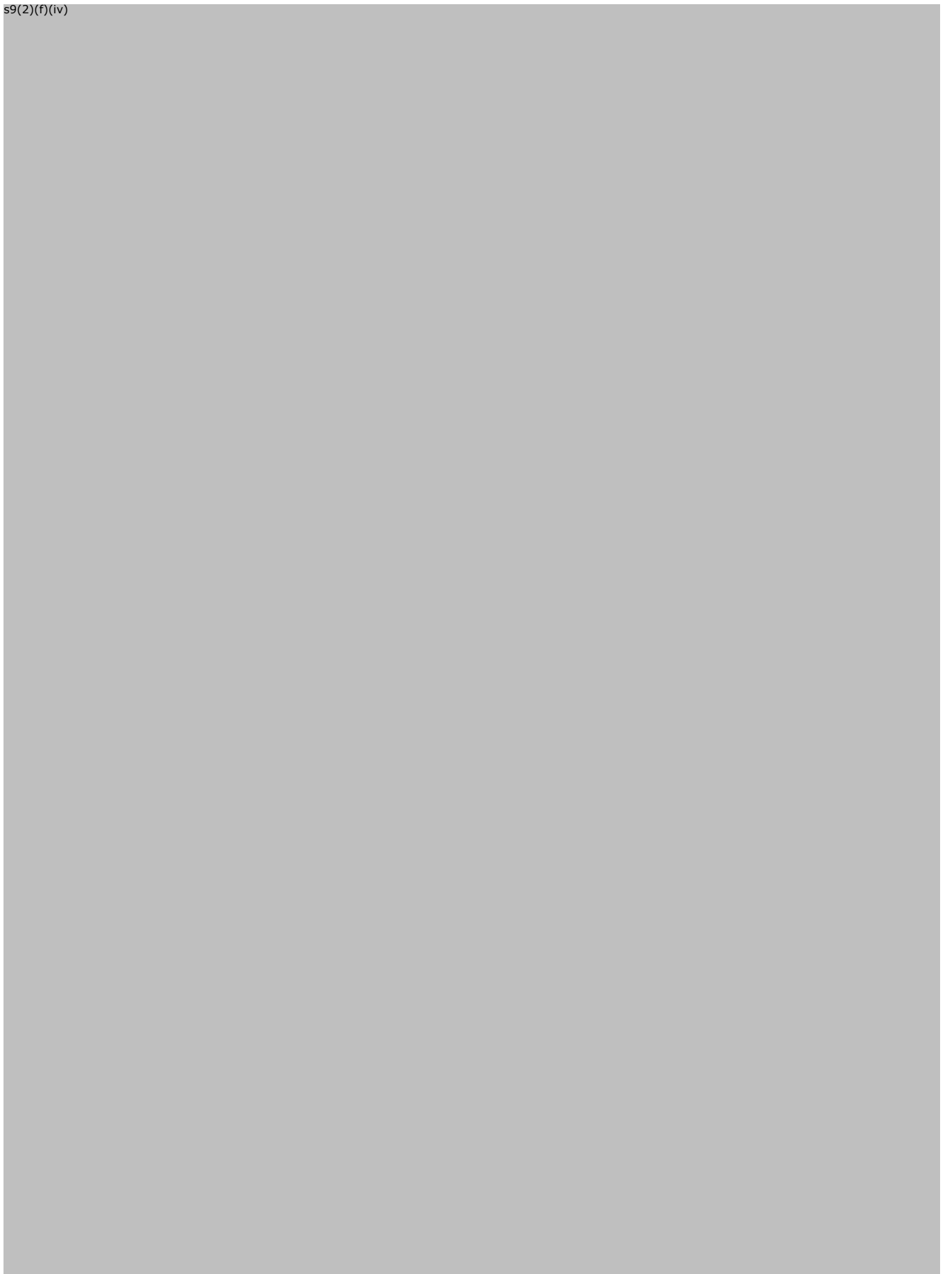
s9(2)(f)(iv)



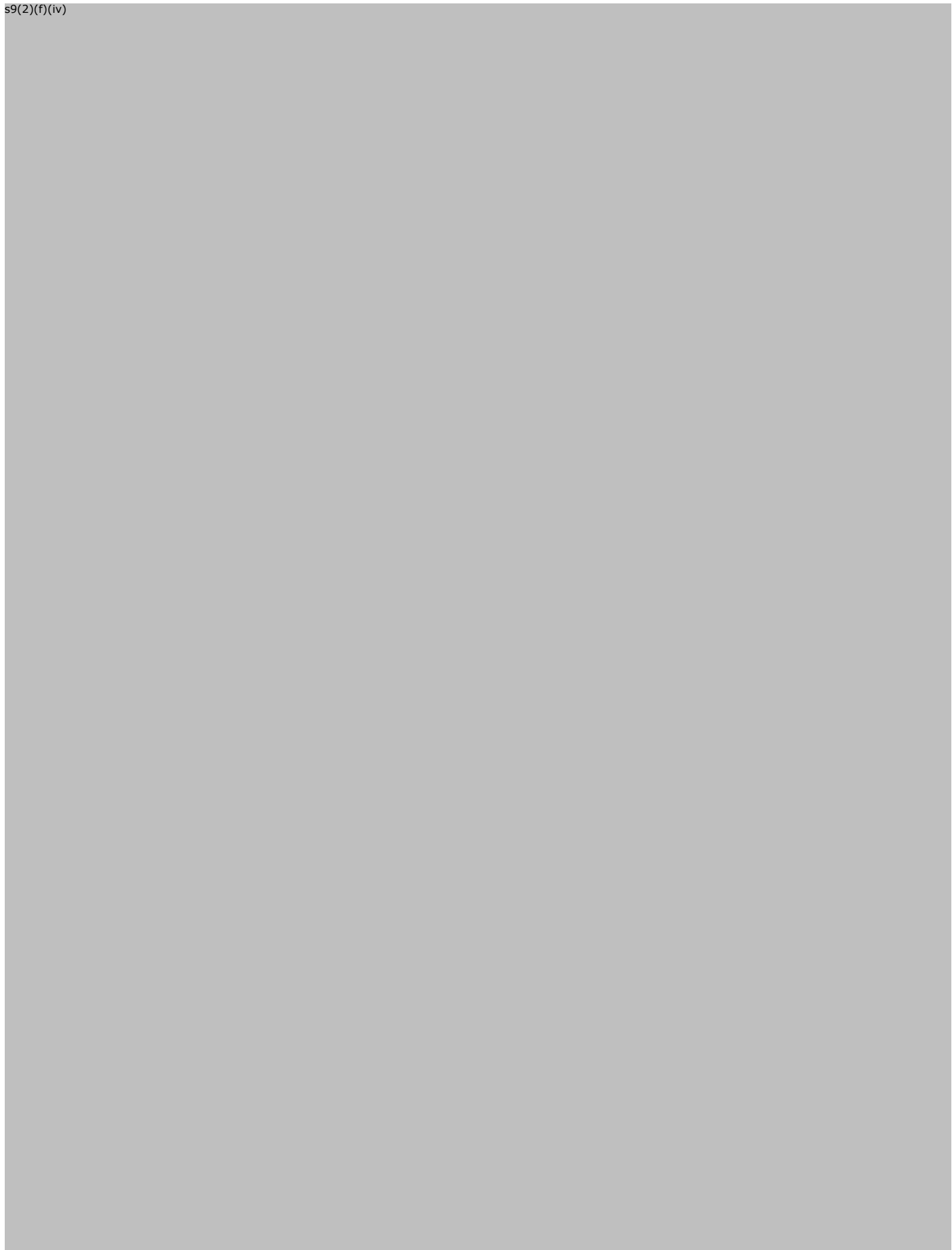
s9(2)(f)(iv)



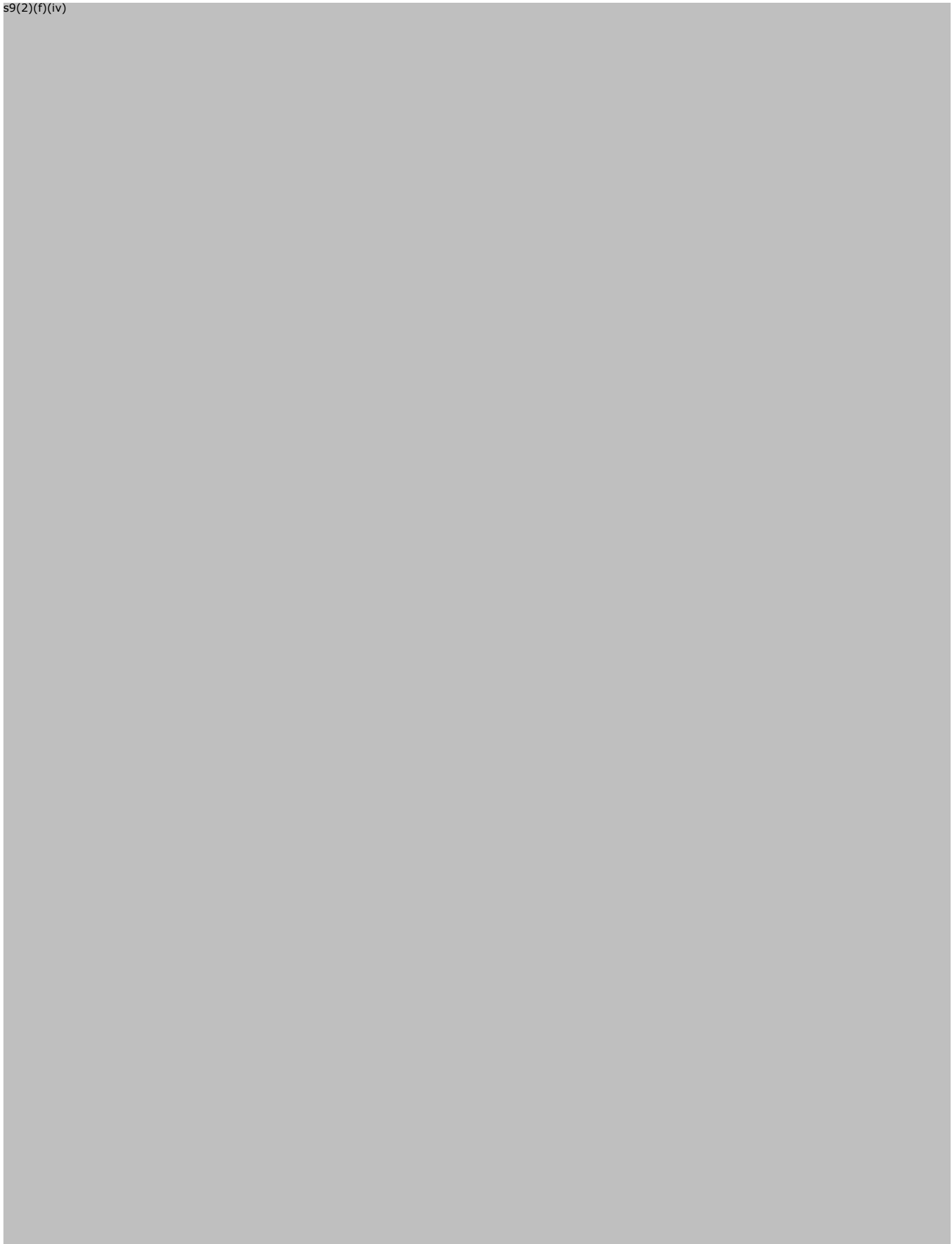
s9(2)(f)(iv)




s9(2)(f)(iv)



s9(2)(f)(iv)




s9(2)(f)(iv)

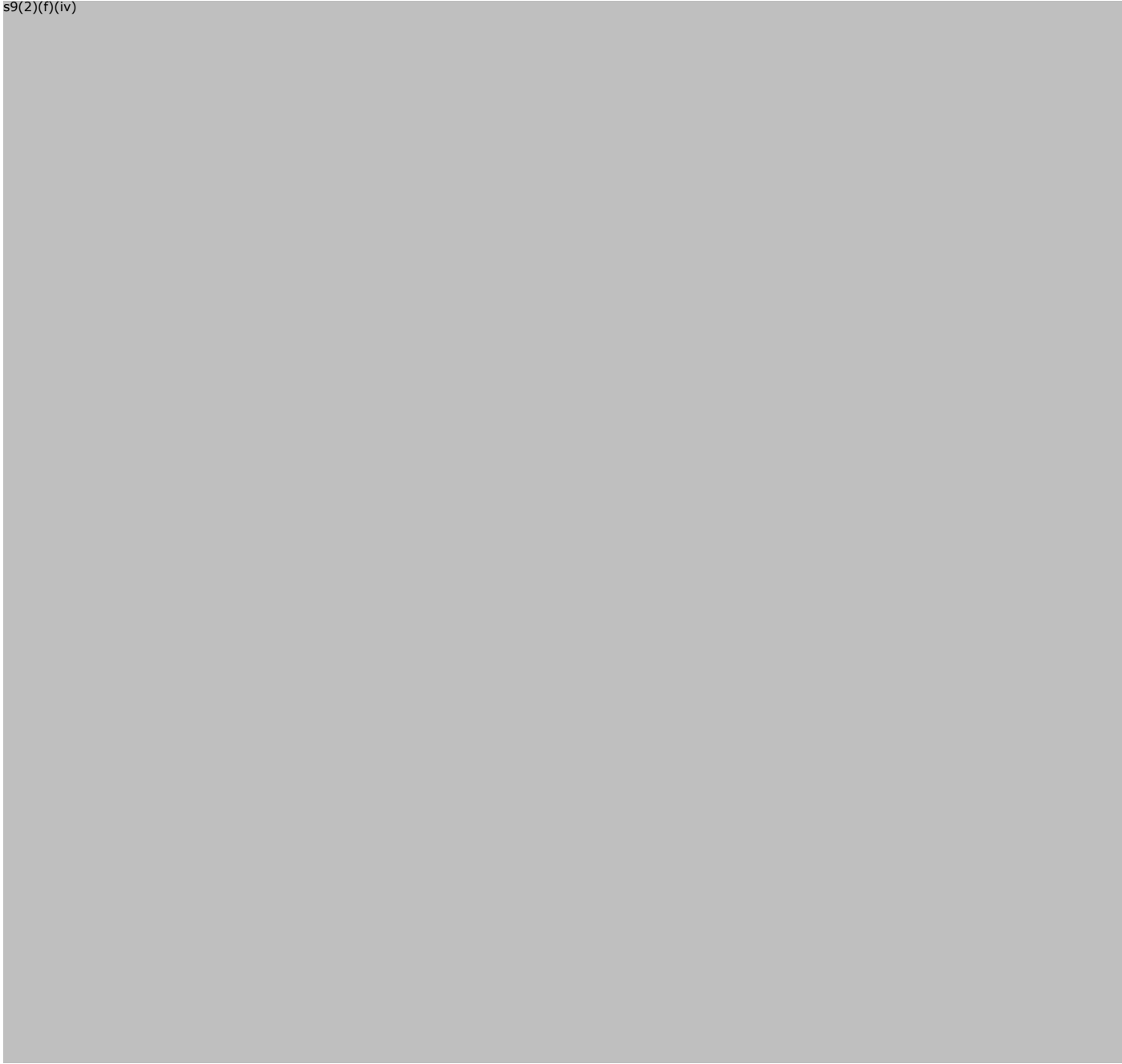




s9(2)(f)(iv)



s9(2)(f)(iv)



***Part C: Technical amendments***

**We have also identified two minor issues with the HS Programme which we recommend correcting at the next opportunity**

84 We recommend that you agree to progress two minor changes, when the HS Programme is next amended. These are:

- 84.1 allowing an additional recoverable grant for a bond to be made if a tenant is required to increase their bond during their tenancy

84.2 amending the Accommodation Security Cover Grant to allow the grant to cover costs that the Tenancy Tribunal has determined a former tenant is required to pay the accommodation provider.

85 Because the changes are minor they are not expected to have a measurable impact on HSP expenditure.

86 If you decide to amend the HS Programme to recognise pet bonds (either by amending to provide specific financial assistance, as recommended, or by excluding pet bonds or <sup>s9(2)(f)(iv)</sup> [REDACTED]

[REDACTED] the two minor changes could be progressed at that time.

**The HS Programme does not currently allow grants to be made for bond increases, should rent increase during a tenancy**

87 The RTA allows for rent and bond to be increased in certain circumstances. To align with the purpose of HSPs (to retain accommodation) the HSP Bond Grant should allow for equivalent increases to bond during the course of a tenancy. When rent is increased a landlord may request an increase in the bond to reflect the higher rent. Some landlords will request this, and others will not.

88 Currently, MSD is unable to pay for bond increases under the HS programme as clause 20(d) requires a client to be 'entering into or renewing an RTA agreement'. This was not identified when developing the recent amendments to the Programme. To enable bond grants to be paid in this situation, an amendment is needed to the HS programme.

89 A bond payment for an increase in bond would not be counted towards the two bond grants in a 52-week period, unless MSD did not pay a bond grant for the original bond, but a client is now applying due to the bond top-up required.

**The Accommodation Security Cover Grant does not currently cover costs determined by the Tenancy Tribunal**

90 Some non-RTA tenancies can still have disputes referred to the Tenancy Tribunal, where parties to the agreement have contracted into all or any of the jurisdiction and powers of the Tenancy Tribunal under the RTA. However, the current HS Programme does not allow for decisions made by the Tenancy Tribunal to be considered by MSD in making an Accommodation Security Cover Grant payable (it only specifies the Disputes Tribunal and court orders).

91 Section 8 of the RTA sets out that people who the RTA would not usually apply to (i.e. if their type of accommodation is excluded under sub-sections 5 - 7 of the RTA), are able to contract in to all, or part of the RTA. This includes choosing to contract into all or any of the jurisdiction and powers of the Tenancy Tribunal under the Act.

92 To address this, an amendment is needed to clause 25(1)(e)(ii) of the HS Programme to enable security cover grants to be paid in circumstances where parties have contracted into the jurisdiction of the Tenancy Tribunal, and the Tenancy Tribunal has made an order requiring the payment of the former resident's outstanding costs.

### Next steps

93 If you agree to extend recoverable assistance to cover pet bonds (recommendation 4.1) <sup>s9(2)(f)(iv)</sup> [REDACTED]

[REDACTED] we will provide you with a draft Cabinet paper for submission in November 2024, as well as further advice on implementation, including timeframes for any amendments to the HS Programme.

94 <sup>s9(2)(f)(iv)</sup> [REDACTED]


95 If you agree to recommendations 11 and 13, we will include these as minor amendments in the next amendment to the HS Programme.

File ref: REP/24/8/731

Authors: Matt Shipp, Policy Analyst, and Jacqueline MacKenzie, Senior Policy Analyst, Housing Policy

Responsible manager: Alex McKenzie, Housing Policy Manager

s9(2)(f)(iv)



s9(2)(f)(iv)

