



# Cabinet

CAB Min (07) 12/1(26)

## Minute of Decision

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Minister of Housing

### Copies to:

Prime Minister  
Deputy Prime Minister  
Minister of Finance  
Hon Jim Anderton  
Associate Minister of Finance  
(Hon Trevor Mallard)  
Controller and Auditor-General

## 2007 Budget Package: Vote Housing

On 19 April 2007, Cabinet:

1. **approved** the Budget initiatives for the above Vote for inclusion in the 2007 Budget package, as listed in the summary below and detailed in the attached initiative documents;

### Summary of initiatives included in the attached initiative documents:

#### Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
4317	Healthy Housing	-	-	0.916	0.943	0.972
4344	Rural Housing Programme	-	2.715	-	-	-
4372	Wellington City Council [POL Min (07) 1/8]	-	1.196	-	-	-
4398	Shared Equity home ownership initiative	-	1.410	-	-	-
4422	Housing Innovation Fund	-	0.820	3.654	1.274	2.038
4514	Savings identified in Theme Objectives and Baseline Analysis (TOBA) exercise	(4.099)	(5.819)	(4.105)	(2.570)	(2.345)
<b>Total Operating</b>		<b>(4.099)</b>	<b>0.322</b>	<b>0.465</b>	<b>(0.353)</b>	<b>0.665</b>

**Capital Initiatives (Impact on Debt)**

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
4317	Healthy Housing	-	7.000	7.000	7.000	-
4422	Housing Innovation Fund	-	-	12.000	-	-
<b>Total Capital</b>		-	<b>7.000</b>	<b>19.000</b>	<b>7.000</b>	-

2. **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
3. **approved** the changes to appropriations and/or projected balances of net assets of the administering department (where applicable) to implement the initiatives, as set out in the attached initiative documents;
4. **approved** the additional recommendations (where applicable) to give effect to the initiatives, as set out in the attached initiative documents;
5. **agreed** that the proposed changes to appropriations and/or projected balances of net assets for 2006/07 above be included in the 2006/07 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
6. **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2006/07 Supplementary Estimates, the 2007/08 Estimates and the fiscal forecasts;
7. **noted** that all communications relating to the 2007 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office.

Secretary of the Cabinet

Reference: CAB (07) 135, CAB (07) 135A

**Vote:** Housing

**Title:** Healthy Housing

**Description:** Healthy Housing delivers improved health outcomes for families. Its core focus is on joint health and housing assessments of household need and delivery of housing improvements to support positive health behaviours

**Theme:** Families - Young and Old

**Theme Objective:** Affordable, quality housing

## Performance Information

### Performance Table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
<b>Quantity</b>						
Total number of households transferred to more appropriate homes	No. Household transfers	0	45	45	45	0
Total number of interventions completed	No. Interventions	0	835	835	835	0
Total number of joint Healthy Housing assessments completed	No. Assessments	0	680	680	680	0

### Performance Text

Outputs of the Healthy Housing Programme from July 2007 – June 2010 are projected as:

- 2,040 households receive a joint health and housing assessment
- 2,505 supply solutions (this includes homes extended for larger families, design improvements and modifications, and healthy environments interventions)
- 135 households transferred to more appropriate homes

### Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	-	0.916	0.943	0.972
Debt Impact	-	7.000	7.000	7.000	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>7.000</b>	<b>7.916</b>	<b>7.943</b>	<b>0.972</b>

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Non-Departmental Output Expenses: HNZC Housing Support Services	-	-	0.916	0.943	0.972
Capital Expenditure: Capital Injections to Housing New Zealand Corporation for Housing Activities	-	7.000	7.000	7.000	-
<b>Total Operating</b>	-	-	<b>0.916</b>	<b>0.943</b>	<b>0.972</b>
<b>Total Capital</b>	-	<b>7.000</b>	<b>7.000</b>	<b>7.000</b>	-

**Vote:** Housing

**Title:** Rural Housing Programme

**Description:** Substandard housing is a consequence of complex, social and economic conditions. The programme allows for communities to focus on housing solutions with the Housing New Zealand Corporation, and then engage other agencies to address related social and economic issues including health outcomes and employment of locals.

**Theme:** Families - Young and Old

**Theme Objective:** Affordable, quality housing

## Performance Information

### Performance Table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
<b>Quantity</b>						
Total number of suspensory loans for essential repairs outside Northland, East Coast, and Bay of Plenty	No. Suspensory Loans	0	60-80	0	0	0
Total number of grants made to retrofit insulation	No. of Grants	0	330-350	0	0	0
Provide grants to rural based community organisations	No. of Grants	0	51	0	0	0

## Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	2.715	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>2.715</b>	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Non-Departmental Output Expenses: Contracted Housing Support Services	-	1.215	-	-	-
Benefits and Other Unrequited Expenses: Housing Assistance	-	1.500	-	-	-
<b>Total Operating</b>	-	<b>2.715</b>	-	-	-
<b>Total Capital</b>	-	-	-	-	-

**Vote:** Housing

**Title:** Wellington City Council

**Description:** The Wellington City Council owns 2,354 social housing units including 966 bed-sits. Significant capital expenditure is required in the next 10 years to maintain and upgrade this housing stock. The current estimated operating surplus is considered inadequate to meet this investment need.

**Theme:** Families - Young and Old

**Theme Objective:** Affordable, quality housing

## Performance Information

### Performance Text

- Reconfiguration of 492 bed-sits to one/two bedroom units
- All units upgraded to "basic" living standard
- Urban design/shared space initiatives to the highest standard
- Ventilation across portfolio
- Improved thermal insulation across the portfolio
- Double glazing for noise-prone units
- New kitchens across the portfolio
- New bathrooms across the portfolio
- Additional storage capacity
- Increased community management across portfolio i.e. community renewal
- Seismic upgrades

## Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	-	1.196	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>1.196</b>	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Non-Departmental Output Expenses: HNZC Housing Support Services	-	1.196	-	-	-
<b>Total Operating</b>	-	<b>1.196</b>	-	-	-
<b>Total Capital</b>	-	-	-	-	-

**Vote:** Housing

**Title:** Shared Equity home ownership initiative

**Description:** Shared equity provides home buyers on modest incomes with the difference between the maximum amount they can borrow and the amount they need to buy a house. This allows them to buy a house that would normally be out of their reach. Shared equity will be piloted in moderate to high priced areas.

**Theme:** Families - Young and Old

**Theme Objective:** Affordable, quality housing

## Performance Information

### Performance Text

Operating funding has been provided to allow HNZC to develop the systems and processes that will enable the Government to introduce a shared equity scheme. An initiative is expected to be submitted to Budget 2008, specifying the detailed outputs and performance measures for a shared equity pilot scheme.

## Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	-	1.410	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>1.410</b>	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Non-Departmental Output Expenses: HNZC Housing Support Services	-	1.410	-	-	-
<b>Total Operating</b>	-	<b>1.410</b>	-	-	-
<b>Total Capital</b>	-	-	-	-	-

**Vote:** Housing

**Title:** Housing Innovation Fund (HIF)

**Description:** Phase 2 of HIF actively promotes the growth of third sector partnerships to improve the supply of affordable, good quality social housing. It builds on the demonstrated success of the first 4 years by expanding the Fund to support local government and community based (non government) organisations.

**Theme:** Families - Young and Old

**Theme Objective:** Affordable, quality housing

## Performance Information

### Performance Table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
<b>Quantity</b>						
Number of modernised beds	No.	0	0	71	0	0
Number of modernised housing units	No.	0	0	71	0	0
CBO private sector borrowing	-	-	-	-	-	-
Number of new beds	No.	0	0	0	0	0
Number of new housing units	No.	0	0	0	0	0
Number of new beds	No.	0	0	63	0	0
Number of new housing units	No.	0	0	52	0	0
Community Based Organisations	-	-	-	-	-	-
Number of new beds	No.	0	0	80	0	0
Number of new housing units	No.	0	0	52	0	0
Territorial Local Authorities	-	-	-	-	-	-

## Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	0.820	3.654	1.274	2.038
Debt Impact	-	-	12.000	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.820</b>	<b>15.654</b>	<b>1.274</b>	<b>2.038</b>



	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Non-Departmental Output Expenses: HNZC Housing Support Services	-	(0.500)	1.871	-	-
Benefits and Other Unrequited Expenses: Housing Assistance	-	1.320	1.783	1.274	2.038
Capital Expenditure: Capital Injections to Housing New Zealand Corporation for Housing Activities	-	-	12.000	-	-
<b>Total Operating</b>	-	<b>0.820</b>	<b>3.654</b>	<b>1.274</b>	<b>2.038</b>
<b>Total Capital</b>	-	-	<b>12.000</b>	-	-

## Initiative No: 4514

**Vote:** Housing

**Title:** Savings identified in Theme Objectives and Baseline Analysis exercise

**Description:** Identification and allocation of \$18.938 million operating savings to priority initiatives within Vote Housing

**Theme:** Families - Young and Old

**Theme Objective:** Affordable, quality housing

### Performance Information

#### Performance Text

Not applicable

### Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	(4.099)	(5.819)	(4.105)	(2.570)	(2.345)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(4.099)</b>	<b>(5.819)</b>	<b>(4.105)</b>	<b>(2.570)</b>	<b>(2.345)</b>

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Non-Departmental Output Expenses:					
Contracted Housing Support Services	(0.248)	(0.426)	(0.425)	(0.425)	(0.425)
HNZC Housing Support Services	(1.909)	(3.651)	(2.456)	(1.348)	(0.948)
Benefits and Other Unrequited Expenses:					
Housing Assistance	(1.942)	(1.742)	(1.224)	(0.797)	(0.972)
<b>Total Operating</b>	<b>(4.099)</b>	<b>(5.819)</b>	<b>(4.105)</b>	<b>(2.570)</b>	<b>(2.345)</b>
<b>Total Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>