

Reference: 20220428

31 October 2022

Dear [REDACTED]

Thank you for your Official Information Act request, received on 30 September 2022.  
You requested the following:

*Under the OIA I seek the Tsy Wellbeing Analysis on the Affordable Housing Fund referenced below in the written question.*

*Reply 18419 (2022) has been answered*

*Portfolio: Finance (Hon Grant Robertson)*

*Question: In relation to the Affordable Housing Fund funded in Budget 2022, and with reference to the "wellbeing approach", what did the Treasury analysis conclude with regard to "Value: The wellbeing impacts and outcomes of proposed initiatives, drawing on relevant evidence"?*

*Reply: I am advised that the Treasury Wellbeing Analysis highlighted that while there is a clear case for intervention in the rental market, the Treasury considered that the initiative as proposed was unlikely to impact on rental affordability at large. The Treasury also felt it was unclear that the development of affordable rentals through subsidies such as grants represents value for money more than interventions intended to de-risk these investments, such as underwrites. They also felt it was unclear the advantage community affordable rentals had over public or social housing.*

### Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	10/12/2022	Assessment Template - Vote Housing - 13578 - Non-recyclable funding to deliver affordable rentals for low to moderate income households	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Treacher', with a stylized flourish at the end.

Geraldine Treacher  
**Manager, Housing and Urban Growth**

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# OIA 20220428

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## IN-CONFIDENCE

## Budget 2022 initiative assessment template

## 13578 – Non-recyclable funding to deliver affordable rentals for low to moderate income households

## Overview

<b>Initiative type</b>	Cost Pressure		
<b>Was the initiative invited?</b>	Partially invited – s9(2)(f)(iv)		
<b>Lead Minister</b>	Hon Dr Megan Woods, Minister of Housing	<b>Lead agency</b>	Te Tuāpapa Kura Kāinga – Ministry of Housing and Urban Development
<b>Support/support scaled/do not support/defer (choose one)</b>	Do not support. s9(2)(f)(iv)		

## Funding sought

Operating funding (\$m)	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears	Total					
	s9(2)(f)(iv)										
Capital funding (\$m)	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total
	-	-	-	-	-	-	-	-	-	-	-

## Funding recommended

Operating funding (\$m)	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears	Total					
	0	0	0	0		0					
Capital funding (\$m)	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total
<b>Do you support outyears funding?</b>	N	Funding is sought on a time-limited basis. We recommend this initiative be run as a pilot from within current baselines.									
<b>Do you recommend a tagged contingency?</b>	N	The funding has already been appropriated within Vote HUD.									

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**Scaled Funding**

<b>Scalability</b>	Y	<p>The initiative can be scaled. We have scaled the initiative down to the funding originally received from the CRFF in June/July 2021 that is yet to be spent (i.e. no new funding).</p> <p>s9(2)(f)(iv)</p> <p>This would also allow for the initiative to be run as a pilot with proper consideration given to monitoring and evaluation.</p>								
<b>Minimum viable amount</b>	<p>Please use the fields below to indicate the minimum viable option, including phasing over the forecast period where possible.</p>									
<b>Operating funding (\$m)</b>										
<b>2021/22</b>		<b>2022/23</b>		<b>2023/24</b>		<b>2024/25</b>		<b>2025/26+</b>		
0		0		0		0		0		
<b>Capital funding (\$m)</b>										
<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31+</b>	
<b>Risks to scaling</b>	<p>There is a real risk that less s9(2)(f)(iv) developments will go ahead.</p>									

**Value for Money Analysis**

<b>Value</b>	<b>1 - Low</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 - Excellent</b>
<p>2 – the full option does not represent high value for money. This is on the basis that while there is a clear case for intervention in the rental market, the initiative as proposed is unlikely to impact on rental affordability at large. Supporting the development of affordable rentals through subsidies such as grants represents poorer value for money than interventions intended to de-risk these investments, s9(2)(f)(iv) It is unclear what advantage community affordable rentals have over public or social housing.</p>					
<b>He Ara Waioira alignment</b>	<p>Tikanga – the initiative does not appear to have been co-designed with iwi or Māori, despite iwi and Māori housing providers standing to receive funding through this initiative.</p> <p>Manaakitanga – the initiative discusses its intention to leverage the existing resources and strengths of other parties, including iwi and Māori housing providers, and to achieving housing aspirations for more affordable rentals, which has emerged as a key theme throughout HUD’s engagement with iwi and Māori stakeholders.</p>				
<b>Living Standards Framework alignment</b>	<p>The initiative has done a thorough job of linking its outcomes with the LSF’s wellbeing domains., while acknowledging that the small scale of the initiative limits its impact.</p>				
<b>Distributional impacts</b>	Y	<p>Agree that the initiative will have indirect impacts on cohorts overrepresented among renters, including Māori and Pacific peoples and that the assumptions used in this assessment are reasonable.</p>			
<b>Alignment</b>	<b>1 - Low</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 - Excellent</b>
<p>4 – alignment with the Government’s goals and wellbeing objective of reducing child poverty, improving child wellbeing, and lifting Māori and Pacific incomes through increasing access to affordable, safe and stable housing.</p>					
<b>Delivery</b>	<b>1 - Low</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 - Excellent</b>
<p>3 – There is a risk around deliverability due to escalating construction costs and workforce constraints. Further work is needed to develop a monitoring and evaluation plan. Further</p>					

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	<i>consideration is also needed as to how the initiative will ensure these developments continue to provide affordable rents over the medium to long term.</i>
<b>Salary expectations</b>	<i>N/A</i>
<b>Implications from additional FTEs</b>	<i>N/A</i>

**Other comments**

<b>Urgency</b>	<i>This is a new initiative and is not time sensitive. It is unlikely to have any impact at large on the rental market.</i>	
<b>Confidentiality</b>	N	
<b>Child poverty impacts</b>	N	
<b>NGO impacts</b>	Partial	<i>s9(2)(f)(iv) Providers would be eligible to seek funding through this initiative..</i>
<b>Regulatory impacts</b>	<i>N/A</i>	