

Quarterly Report

For the three months ending 30 September 2021

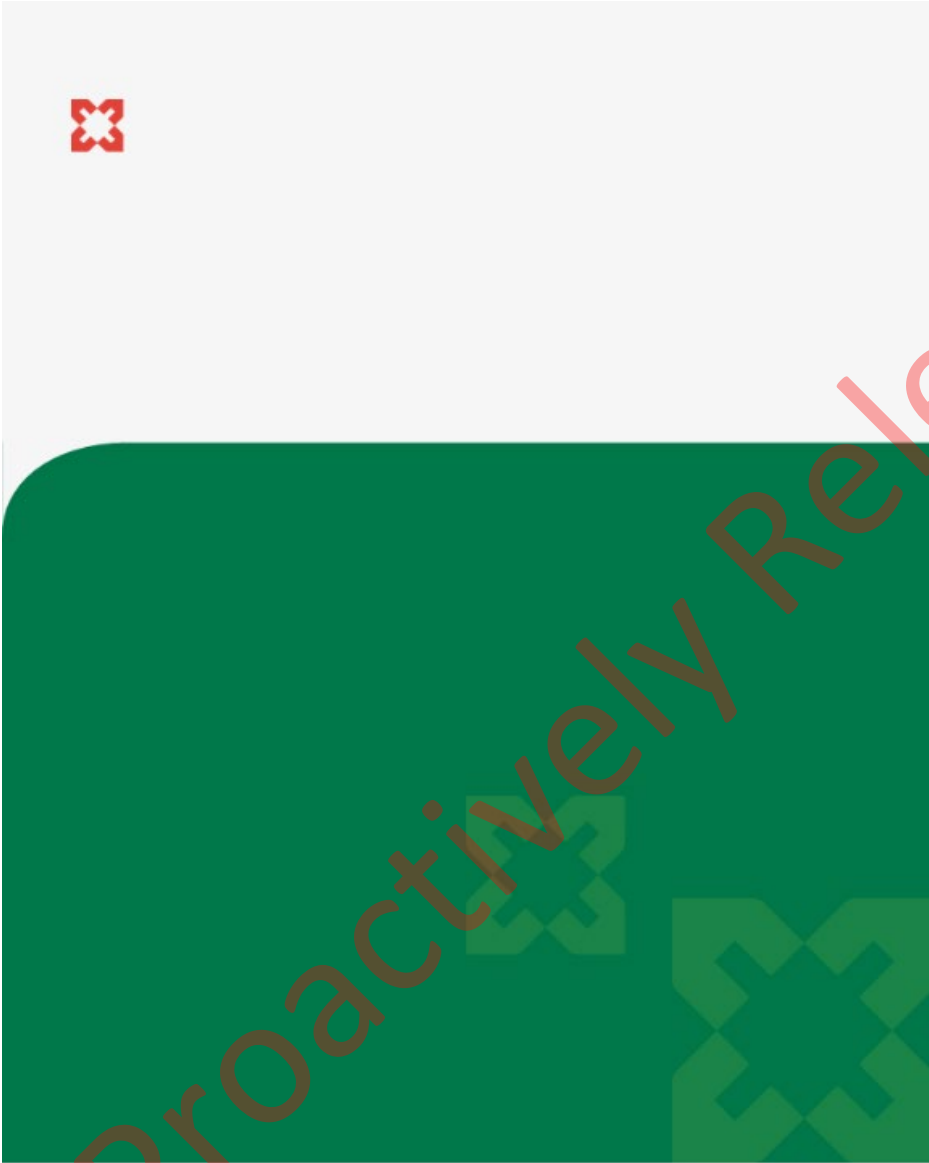


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1. Quarter 1 Overview

a. During quarter 1, COVID-19 affected our tenants' welfare and almost every aspect of our business

The report covers the July to September quarter. It is an update on progress against our Statement of Performance Expectation (SPE) measures; the areas of priority where we are focusing our efforts; and highlights from our other activities.

Note that this report was completed prior to conversations with the Minister regarding our Public Housing commitments. Options for ensuring we meet our commitments are laid out in the Briefing to the Minister provided in December 2021.

COVID-19 and the increased Alert Levels have significantly affected our business activities. Our operations and work programmes are based on five key operating assumptions that have been affected:

Assumption	Areas of impact	Activity
We work face-to-face, in person, in homes	Community relationships Customer relationships Rehousing customers	Urban development planning Maori engagement Community engagement Maintenance Customer support Home inspections
We have external products and suppliers available to us	Material supply Labour supply and productivity Logistics	Maintenance Construction Land development
Employees can operate at scale nationally	Community relationships Organisation productivity Quality control Procurement	Maintenance Construction Land development
We have access to work sites	Organisation productivity Project/programme supervision Quality control Procurement	Construction Land development Land acquisition
We can use people intensive practices	Labour supply and productivity Organisation productivity Project/programme supervision Quality control	Construction Maintenance

A practical example of this impact occurred recently when a sub-contractor working for Piritahi (the alliance undertaking construction work for our Auckland large scale projects) tested positive for COVID-19. He is recovering, but the entire worksite was shut down and all workers needed COVID-19 testing.

Similarly, the activity of our regional teams has changed, with the teams contributing to the COVID-19 initiatives of partner agencies and community groups, such as providing support with vaccination and testing.

The effects of COVID-19 mean that as expected several of our measures are now under target for the year to date. The ongoing uncertainty in the level, duration and distribution of lockdowns make it infeasible to accurately forecast revised expectations, *so any forecasts referenced in this report are indicative only and are subject to ongoing discussion.*

This report details the range of our activities, and we intend that our quarterly updates for the remainder of 2021/22 will focus on monitoring the progress of those activities, with reduced reference to pre-COVID-19 targets.

We are dedicated to achieving our multi-year Public Housing Plan commitments, and a December Briefing note to Minister (BN 21 040) details how we intend to achieve these commitments. We continue with our activity towards these: there are about 2,500 Public and Supported homes in construction (along with another 800 Market and Affordable homes), and about 55% of those Public and Supported homes are scheduled for delivery during this financial year.

b. Regional Highlights

Our place-based structure enables partnerships across communities and sectors. During this quarter our regional teams have been continuing to embed the new way of operating, while also acting in response to the COVID-19 situation. This section acknowledges the important work that takes place at this level.

c. Auckland and Northland

While COVID-19 Alert Levels have restricted activity on the ground and several aspects of delivery, they have also provided an opportunity for our regional teams to build relationships through contributing to the COVID-19 initiatives of partner agencies and community groups.

Support began with the Tutū Fa'atasi Samoa vaccination drive-through event at Māngere Town Centre, in late September. We called 1,145 customers and sent close to 2,400 texts to customers in Māngere and Favona, informing them of the event and referring them to the Pasifika Health Line for further information. We drew on the language skills of our Samoan-speaking team members, and our activity in support of testing and vaccination has continued to build momentum.

Our commitment to growing relationships with iwi, local authorities, central government, the social support sector, community housing providers, and the community at large is having success. Recent examples of this are:

- Northland: MOU signed with Te Hou Ora O NgāPuhī in relation to potential development of a site in Kaikohe.

- North and West Auckland: engagement with Kahui Tu Kaha, Waitematā DHB, Ministry of Pacific Peoples, The Fono, MP Offices of New Lynn, Upper Harbour, and East Coast. There has been a range of community development, planning and engagement activities, such as the Miranda St Play Space, Kaipātiki (co-design of edible garden), work with the Waipareira Trust, Elm Street redevelopment (Resource Consent Engagement), and partner engagement around significant redevelopments in Beach Haven, St. Georges and Thom Street.
- We presented at the bi-annual Homelessness Hui attended by 60 representatives from organisations and groups involved in housing.
- The Counties Manukau team hosted a meeting in Māngere for key community stakeholders, providing updates on our developments, and including our place-based approach and the customer service programme.
- The Ōwairaka Community Garden initiative in partnership with Sanctuary Gardens Mahi Whenua and Food Forest (a Mt. Albert Unitech based project) which will explore the concept and effect of allotments in higher density neighbourhoods, where space to grow food is limited.
- The Roskill Precinct Mana Whenua Hui where there was high interest from Mana Whenua on our environmental projects with schools, including the Tread Lightly Education Caravan.

Investment planning activity for the Tāmaki Tai Tokerau regions continues to advance the pipeline of opportunities, with a number of projects progressing to next stages in the investment cycle. This includes the approval of the Briefing Case for a 10-storey 52-unit public housing complex on Vincent Street which will now progress to Business Case stage.

d. Central

Over the last quarter we have operated under Alert Levels 4, 3 and 2, which restricted activity, but we have used the opportunity to shift our focus towards making welfare calls to our customers and building relationships with our local health sector colleagues to encourage vaccination and testing initiatives. For example, in the Waikato region we have partnered with the National Hauora Coalition (NHC - a Public Health Organisation) and K’aute Pasifika Trust (a local Pasifika provider). This partnership will see NHC share information on low vaccination areas where we can then target welfare calls to our customers.

East North Island

- The Deputy Chief Executive for Te Puku Ikaroa and the Regional Director for East North Island presented to representatives from over 20 councils on Kāinga Ora’s place-based approach and role in the Housing sector.
- In Gisborne, we have been working with Rongowhakaata, Te Aitanga a Mahaki, and Ngai Tāmanuhiri on a potential development of up to 250 homes on Ormond Road.
- Throughout the East North Island there was considerable work with iwi and mana whenua to support them on the Expressions of Interest stage for Infrastructure Acceleration Fund bids, and this included Te Taiwhenua o Heretaunga and Tātau Tātau o Te Wairoa.

Bay of Plenty and Waikato

- Kāinga Ora was selected as the preferred tenderer for the purchase of Ferncliffe Farms, a 95.4 ha site located in the Tauriko West Priority Development Area. This purchase will be the first acquisition under the Kāinga Ora Land Programme.

- In Rotorua, the Boulevard Motel facility settled. We are converting the property to provide people with Transitional Housing alongside wrap-around support, although renovation work is delayed due to Alert Level restrictions. Once all the work is completed the new site will provide housing for around 80 people, with potential for redevelopment into public housing in the future.
- We are establishing an urban development plan for the Fairfield-Enderley area, in partnership with iwi, mana whenua and the community.

Taranaki, Whanganui and Manawatu

- We have worked with Whanganui Land Settlement Trust to explore options for how best we structure two development projects in Whanganui on iwi whenua to meet both the Trust and our requirements.
- In Taumarunui we have contacted Taumarunui Kokiri Trust, a service provider for emergency and transitional housing. They are keen to build their relationship with us to see how we can better support Maori in our homes, as well looking at potential joint ventures.
- In the Horowhenua, we are developing our relationship with Muaupoko, and have attended their board meeting to re-establish our relationship. They are keen to see what opportunities there are to develop more homes in Levin and to increase service provision for their people in our homes.

Greater Wellington

- We attended a Kapiti Coast District Council Housing Hui along with three iwi groups Ngati Toa, Ngati Raukawa, Te Atiawa ki Whakarongotai and other key stakeholder agencies, to capture what is important for iwi in the housing environment. The information collected will help shape further work for the Area Development Strategy for Kapiti.
- The Investment and Planning team have also assisted with site identification for the Offsite Manufacturing programme (148 sites handed across for assessment), as well as a significant programme of work for redevelopment of sites for Hamilton and Waikato.

e. Southern

- We continue to actively embed the place-based approach, with ongoing engagement with local authorities, iwi, central government, the social support sector and community housing providers.
- A key appointment has been that of the Regional Director for Otago and Southland. Kerrie Young, who is the Director, Strategic Urban Partnerships, starts in late October.
- Recruiting for roles in the Customer Programme continues with most People Leader roles appointed, and any vacancies in the external recruitment market. Ensuring all staff are well informed and supported has been a priority for the leadership teams.
- Local relationships continue to grow with Māori at both Runanga and iwi level with Ngāi Tahu, and via an advisory group process for the eight northern iwi. The impending appointment of Advisors within Te Kurutao across the region will also empower, support and inform the work of the place-based engagement teams.
- Te Waipounamu leadership team gathered at Ngā Hau e Whā – a national urban Marae in Christchurch in late September. This enabled the team to further develop its strong relationship with marae leaders as well as conduct its monthly hui.
- The Westport flood event in July saw staff and our maintenance providers provide a comprehensive response. Within the first two weeks, all homes had been assessed for damage and customers had received a face-to-face welfare check with follow up wellbeing calls. Staff across the country came in to

support the regional team over a four-week period. We have also been able to support the Buller District Council's temporary village through the donation of five houses from Christchurch, which were initially heading to Rolleston prison for renewal to allow the sites for redevelopment.

- The Regional Investment Planning team continues to keep up the momentum on pipeline opportunities, with projects such as Workotel and Shirley in Christchurch, and Stoke in Central Nelson all moving forward in the investment process. In addition, Nelson City Council's public consultation ended in late September regarding a proposal to divest CBD land to allow Kāinga Ora to construct a blend of public and affordable housing.
- The search for land opportunities continues across the Otago and Southland region, and we are also planning for significant engagement with iwi to consider partnerships. A partnership with Habitat for Humanity in Invercargill is moving forward and could see us purchasing more than 20 sites for the development of public housing.

Proactively Released

2. Statement of Performance Expectations Measures

This section provides the results of each of our 46 measures in our Statement of Performance Expectations (SPE), broken down by the six Output Classes of our activities.

We usually show a red, amber or green status indicator against each of our SPE results, but the ongoing effects of COVID-19 makes estimating the current status against end of year (or year-to-date) targets challenging. Until we have determined the extent of the COVID-19 impact on each of our measures, status indicators have been excluded.

There is work underway to quantify the effects of COVID-19 on our customers, our activity, and our measures, and to make informed forecasts of our potential year-end outcomes and results.

The tables now show *High, Medium, or Low* as an estimation of the effect that the COVID-19 outbreak and raised Alert Levels will have. These ratings were determined through input from subject matter experts, by observing the effects of previous lockdowns, and by noting the existing COVID-19 impacts.

Measures that are behind year-to-date targets are noted below, and in every case, the substantial or sole reason is COVID-19. Note too that we chose to delay our quarterly customer survey, focusing instead on prioritising welfare calls to our customers during September. Results for measures that rely on the survey are therefore not yet available. The second quarter survey is on track with no further delays anticipated. We are considering looking at alternative survey processes, so that if similar circumstances come up in the future the survey will not be delayed as a result.

Sustaining tenancies and supporting communities (Output Class 1)

- Public housing customers that receive a welcome home visit within the first six weeks
- Calls answered in 2 minutes by Customer Support Centre
- Public homes that are let (occupied days)
- Customers in rent arrears with a working repayment arrangement

Managing, maintaining, and renewing our homes (Output Class 2)

- Average days from a public home becoming vacant to being 'ready to let'
- Public housing customer maintenance requests completed within agreed service level
- Public and supported homes that receive major planned interventions
- Housing portfolio compliant with Healthy Homes Guarantee Act
- Public houses completed in home renewal programmes

New Public and Supported Housing Supply (Output Class 3)

- Newly constructed homes
- Net increase in homes
- New public homes (redevelopments) built to 6 Homestar standard
- Newly constructed homes meet full Universal Design standards
- New trainees in our construction apprenticeship and cadetship programme

Urban regeneration, development, and general housing supply (Output Class 4)

- New homes enabled.

Proactively Released

a. Sustaining tenancies and supporting communities (Output Class 1)

This Output Class deals with carrying out activities associated with tenancy, including:

- working with the Ministry of Social Development to place eligible applicants from the public housing register into Kāinga Ora homes and sustaining these tenancies, while ensuring these homes continue to meet the changing needs of our customers;
- inducting tenants into their new homes and assisting them to settle in;
- organising community development events and activities;
- linking public housing customers with specialist support services if they require support;
- providing public housing customers with access to information about their homes, rights and communities;
- managing existing tenancies;
- working with our customers to ensure any overdue rent is repaid over time without putting undue financial stress on the household;
- setting and reviewing market rents; and
- building relationships between our public housing customers and their communities and partnering with community providers including rōpū Māori.

Sustaining tenancies & communities		Full year target	YTD Result	Estimated COVID impact
1.1	Public housing customers that receive a welcome home visit within the first six weeks	85%	67.3%	Medium
1.2	Public housing customers satisfied with Kāinga Ora Customer Support Centre	85%	Survey * delay	Low
1.3	Calls answered in 2 minutes by Customer Support Centre	80%	64.2%	Medium
1.4	Customers who feel tenancy manager treats with respect	85%	Survey * delay	Low
1.5	Public homes that are let (occupied days)	97.8%	97.6%	Low
1.6	New customers sustain tenancies for 12+ months	92%	94.4%	Low
1.7	Customers in rent arrears with a working repayment arrangement	75%	54.3%	Medium
1.8	Customers who feel tenancy manager takes account of circumstances	75%	Survey * delay	Low
1.9	Tenants satisfied that interactions with us are culturally appropriate	75%	Survey * delay	Low
1.10	...and who identify as Maori	75%		Low
	...and who identify as Pacific peoples	75%		Low

*During September we prioritised welfare calls to our customers, delaying the quarterly survey. Results are therefore not yet available.

The higher Alert Levels and COVID-19 apprehension make it more difficult to continue to work with and support all our tenants, which in turn affects SPE measures that rely on those interactions.

For example, we know that our debt management SPE (1.7 - *Customers in rent arrears with a working payment arrangement*) will reflect the added hardship for our customers to pay their rent, and as part of our response to COVID-19 management, we have ceased all debt recovery activities and are taking a welfare approach to support our customers.

Customer Programme update

This year we finalised our Customer Programme consultation, which will introduce a new service delivery model, additional resources, and a new way of working with customers who live in our homes.

As the public housing portfolio grows, and the needs of customers seeking public housing grow in complexity, we need to grow the effectiveness of the support provided to them.

The Customer Programme places the wellbeing of our customers and their whānau at the heart of what we do, and recognises the links between housing and whole-of-life outcomes. It reshapes the roles of our tenancy managers to enable them to build much stronger relationships with our customers and draw on the broader services of government to address the specific needs of each customer.

Highlights of our new delivery model include:

- Introducing a Wellbeing approach for our people and our customers;
- Getting to know our customers so we can differ our response based on customer service needs;
- Creating a positive customer experience to ensure customers feel they have a choice and control to make the best decisions for their whānau;
- Taking a holistic and personalised service to address for the specific whānau housing and personal support needs and respond to the intensity of those;
- Implementing a new structure that enables leadership, strengthens customer relationships and specialist support;
- Creating new roles to deliver more for our customers, and support new ways of working – putting customers at the heart of what we do;
- Ensuring our people will have doable roles with reduced portfolio sizes and balanced lives;
- Ensuring everyone has the support and development they need, to be successful in their role;
- Expanding - and there are lots of new opportunities for our people in our new structure.

Our Customer Programme has been informed by customers and our people. It will ensure that we have the right services to support customers at the right time, for the right duration to meet whānau needs.

The first phase of the Customer Programme will be implemented in November 2021. This includes standing up our new structure, ensuring critical system changes are in place and standing up some of the new placement and wellbeing functions. Phase two will be introduced early 2022 which will see our new ways of working and reduced portfolio sizes.

b. Managing, maintaining, and renewing our homes (Output Class 2)

The activities in this Output Class include:

- planned maintenance programmes and improving amenities;
- ensuring repairs and maintenance are undertaken in response to public housing customers' requests;
- delivering planned upgrades, retrofits, and complex remediation;
- responding to Government health and safety objectives; and
- working with tenants to ensure minimal disruption to their lives while undertaking maintenance and ensuring they are treated with respect.

Because it is harder to undertake regular tenancy inspections, have face-to-face contact, or carry out site visits, the measures within this Output Class are affected by COVID-19. Under Alert Level 4, only Urgent Health and Safety maintenance work is carried out. At Alert Level 3 most other maintenance work can restart where both we and our customers agree that it is safe to do so, but the quantity of work is still compromised.

s 9(2)(f)(iv)

Healthy Homes update

Across our portfolio, 16,597 (25.29%) homes meet the Healthy Homes Standards.

Although work was unable to continue under Alert Level 4, supporting activities could continue, such as recruitment, virtual on-boarding, training sessions, and engagement to identify work that could start when Alert Levels reduce.

Some Healthy Homes work can re-start at Alert Level 3, but most customers prefer not to have multiple contractors in their homes until at least Alert Level 2. There are also ongoing challenges with the movement of materials and contractors across the split Alert Level boundaries.

Outside Auckland, we have re-set some strategies to support early recovery from the effects of COVID-19. These include:

- Maintenance Partner resourcing: those that were able to recruit staff prior to lockdown underwent onboarding and training during lockdown, and are ready to begin Healthy Homes works as soon as Alert Levels reduce
- Bulk scoping: enabled Maintenance Partners to ‘cherry pick’ work based on available contractors and materials
- Alternative scoping: enabled Maintenance Partners to confirm compliance on homes that needed minimal work.

The team has also been implementing the Healthy Homes Education programme. *Helping you and your family stay warm and healthy* is now available in five languages, and our Healthy Homes Trainer has been unpacking some of this material through a series of roadshows (including some virtual sessions).



Our home renewal programmes

s 9(2)(f)(iv) As with other programmes, increases to Alert Levels have caused delays, affecting material supplies and our programme schedules.

We also face constraints outside of COVID-19, such as testing often showing seismic weakness in older buildings that have been targeted for Complex remediations, and a shortage of people to deliver our Retrofit projects. We are developing a growth plan to target the shortage of staff, creating more capacity and capability (noting that there is a time lag as recruitment is carried out).

c. New Public and Supported Housing Supply (Output Class 3)

We deliver the right volume of quality public and supported housing in the right place and matched to our customer and whānau needs.

Under this Output Class, we redevelop our current homes, build new homes and purchase properties and land for building homes. The activities in this Output Class include:

- purchasing existing homes, building new homes, leasing privately-owned homes;
- purchasing and leasing land for building homes that meet the current and forecast demand for public and supported housing; and
- delivering public and supported housing developments on greenfield and brownfield sites.

New housing supply		Full year target	YTD Result	Estimated COVID impact
	Newly constructed homes	3,400	264	High
3.1	...that are public homes	2,400	177	High
	...that are supported homes	1,000	87	High
	Net increase in homes	2,700	154	High
3.2	...that are public homes	1,600	21	High
	...that are supported homes	1,100	133	High
3.3	New public homes (redevelopments) built to 6 Homestar standard	90%	99%	Low
3.4	Newly constructed homes meet full Universal Design standard	15%	0%	Low
	Demolition waste diverted from landfill			
3.5	...in Auckland	80%	n/a	Low
	...in the rest of New Zealand	Benchmark	n/a	Low
3.6	New trainees in our construction apprenticeship and cadetship programme	100	13	Low
3.7	... percentage who identify as Maori or Pacific peoples	Benchmark	85%	Low
3.8	Formal construction partners satisfied with partnership with Kāinga Ora	Benchmark	60%	Low
3.9	Iwi partners satisfied with partnership with Kāinga Ora	Benchmark	Survey * delay	High
3.10	Building consents granted by Consentium within 20 working	98%	99.8%	High

*During September we prioritised welfare calls to our customers, delaying the quarterly survey. Results are therefore not yet available.

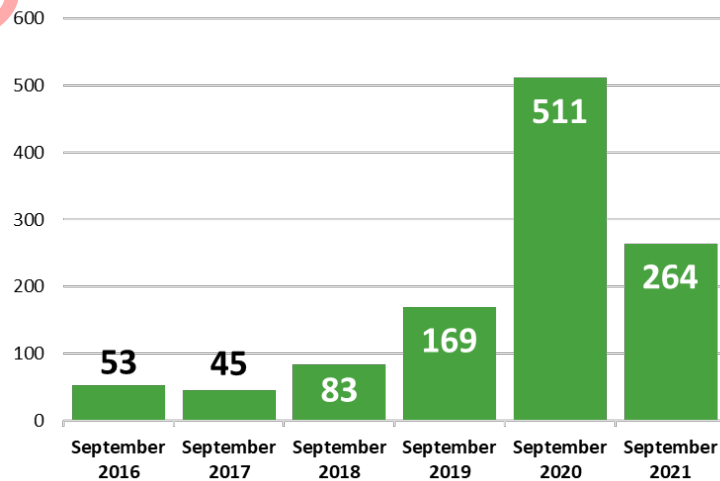
The heightened Alert Levels have a significant effect on our new housing supply and land development programmes. Our analysis suggests that we can expect delays of three to five months, and any SPE measures that measure construction activities will be affected.

We still intend that our multi-year Public Housing Plan commitments will be met, and we are in discussion with the Minister on a proposed approach to manage our targets and mitigate our delivery risk.

Home Delivery			
	Year to Date Actual (units)	Full Year Forecast (units)	Full Year 2020/21 (units)
Public Housing			
Redevelopments	133	1,040	1,586
New Builds	44	200	280
New Public Homes	177	1,240	1,866
Supported Housing			
Redevelopments	28	325	247
New Builds	59	300	319
New Supported Homes	87	625	566
SPE 3.1 Newly built Public and Supported Homes	264	1,865	2,432
Public & Supported			
Public Buy Ins	27	150	277
Supported Buy Ins	37	61	73
New Leases	3	41	11
Total Other additions	67	252	361
Demolitions	(147)	(725)	(750)
Sales	(9)	(55)	(38)
Leases Expired or Terminated	(17)	(174)	(90)
Total Disposals	(173)	(954)	(878)
Adjustments ¹	(4)	(5)	0
SPE 3.2 Net increase in Public and Supported Homes	154	1,158	1,915

¹ includes demolitions awaiting write-off.

New Build and Redevelopments homes (SPE 3.1) completed
Year to date totals 2016-2021



Transitional housing update

Transitional Housing provides warm, dry, short-term accommodation (generally up to three months, but can be longer) for people and families in urgent need of accommodation because they have nowhere else to stay, or are unable to remain in their usual place of residence. Transitional Housing is always accompanied by wrap-around support services.

Budget 2020 additional transitional housing supply

Our contribution towards the Budget 2020 commitment is 1,400-1,600 places (i.e. 70-80% of 2,000 places). During the first quarter, 196 places were made available to MSD for referral (which is the point at which HUD counts them) bringing our contribution to date to 475 places. Since February 2021, we have physically completed 595 homes, with 130 this quarter.

Our contribution to date to Budget 2020	Places	Units
Physically completed	586	595
Lease started (i.e., handed over to provider)	520	527
HUD "made available"	475	482

For the remainder of this financial year 2021/22, the pipeline has 531 places (within 540 units) under contract and 98 places (within 99 units) under investigation or negotiation.

Our Transitional Housing pipeline 2021/22	Places	Units
In construction, unconditional, or contracted	531	540
Under negotiation	98	99
TOTAL	629	639

Contributing supply for Corrections Housing and Support Services Programme

Work continues with the Department of Corrections to provide 150 transitional housing beds for people who would otherwise go to, or remain in, prison because they have no suitable accommodation option. People living in these houses are supported by Corrections Service Providers whilst they are reintegrating back into the community.

During the first quarter of 2021/22, 11 beds (within 3 units) were delivered. We have delivered 91 beds (within 28 units) since the programme started in July 2018.

The pipeline has 18 beds (within 6 units) under construction and 38 beds (within 71 units) under investigation or negotiation.

Offsite Manufacturing (OSM) Supply Programme

The OSM Supply Programme Inventory Purchase Business Case was approved by the Board in May to enable faster delivery of homes by shortening the length of time it takes to build a home on site, as well as allow for efficiencies from parallel processes. By stepping outside traditional construction market constraints, we are unlocking additional capacity and increasing the diversity of our build programme. We continue to scale up our use of offsite manufacturing throughout our construction and development programmes.

s 9(2)(b)(ii)

By overlapping build processes, we anticipate being able to cut the development time for a home from more than 24 months to an estimated 13 months.

There is genuine opportunity to work with Maori landowners on a range of land prospects in our pipeline. For these opportunities we have developed a new form of lease, and are working closely with HUD on implementation of this.

Five Systems Programme (Ngā Kāinga Anamata) - Homes of the Future

This sustainability-innovation pilot tackles many underlying problems with New Zealand’s housing sector, including construction productivity, energy hardship, sick building syndrome, and climate change. The programme plans to construct five apartment buildings that will achieve Passive House certification, be Net Zero Energy, and will compare five different construction systems. Five Systems has been selected globally as one of 17 exemplary sustainable projects to feature in Build Better Now, a virtual exhibition during 2021 UN Climate Change Conference COP26 in Glasgow. The team has completed 90% of the detailed design and design information for review.

Refugee housing

One of our public housing commitments is to provide more public homes than under the Public Housing plan, to accommodate refugee intake at specific refugee locations over 2020/21 to 2022/23. These homes are not specifically targeted for refugees, but are an increase in net additional supply to accommodate the refugee intake.

In this quarter, we acquired nine homes in Blenheim (six new homes and three existing homes). However, a higher number of SLED (Sales, Lease Expiries or Demolitions) across all refugee resettlement locations resulted in a net change of negative one. Overall, we have achieved 59% (214 homes) against the 364 target. We continue to focus on achieving refugee expectations alongside our other expectations.

Universal Design

Universal Design is the design of our homes so that they are accessible to all people, regardless of age, disability, or other factors. Our SPE target is that 15% of new homes delivered meet the Universal Design standard, and this year there are 1,118 potential eligible deliveries to count towards the measure. There are currently 37 indicators required to meet full universal design as it applies to Kāinga Ora. s 9(2)(f)(iv)

Due to COVID-19, during September we did not complete any Universal Design construction checks of delivered homes, and to date no eligible homes checked have met all the criteria to count towards the SPE measure. § 9(2)(g)(i)

d. Urban regeneration, development, and general housing supply (Output Class 4)

We contribute to sustainable, inclusive, and thriving communities through quality urban development and regeneration, through leadership, innovation, and collaboration. We enable affordability and accessibility of housing, leveraging our land and scale.

This Output Class reflects our statutory functions for both housing and urban development under section 13 of the Kāinga Ora–Homes and Communities Act 2019.

All our operating principles guide the work we do, but the principles that have the greatest relevance to this Output Class are those related to well-functioning urban environments, stewardship and sustainability, and collaboration and effective relationships.

The Urban Development Act 2020 also empowers Kāinga Ora to undertake and facilitate transformational, complex urban development that contributes to sustainable, inclusive and thriving communities.

The scope of this Output Class is limited to urban development activities initiated, facilitated, or undertaken by Kāinga Ora either on its own, in partnership, or on behalf of others, including:

- developing land to enable or facilitate public, affordable and market housing in areas of high demand
- undertaking development and renewal of urban environments, whether or not this includes housing development
- developing related commercial, industrial, community or other amenities, infrastructure, facilities, services or works
- leading, partnering in or facilitating specified development projects (SDPs) as set out in the Urban Development Act 2020.

Urban development		Full year target	YTD Result	Estimated COVID impact
4.1	New homes enabled	1,600	311	High
4.2	Affordable homes enabled	40%	44%	Low
4.3	Enabled homes under construction within agreed timeframes	95%	100%	High
4.4	New public, shared equity, and built-to-rent pilot homes on behalf of TRC	95	17	High
4.5	New market, affordable and TRC public homes enabled to 6 Homestar standard	90%	100%	Low
4.6	Jobs through Shovel Ready Projects (<i>≥ 320 by June 2024</i>)	<i>Tracking</i>	186	Low

Urban Planning and Design (UPD) update

Urban Planning and Design - Key Results	Status
Urban Design guide and review processes updated and working well	●
ADS (Area Development Strategies) and involvement in plan making support delivery.	●
Strategic Infrastructure advice adds value to organisation	●
UDA (Urban Development Act) functions fully established, and first SDP (Specified Development Projects) selected.	●
Initiation of new urban development projects in line with urban growth partnerships and other place-based priorities.	●
Land Programme fully operational and first sites purchased.	●

Urban Design

Activity	Status	Comments
Ensure design expertise delivers strategic landscape and urban design outcomes within projects.	●	61% briefs completed within target 3 weeks. Target is 80%. Tracking system put in place to both measure and prompt better turnaround times and expect to achieve this target this financial year.
Develop design guidelines, policy and processes that ensure clarity of expectation and consistency of practice.	●	Presented to UDLHS (Urban Development, Land and Housing Supply) Pae Tātaki. The Landscape Consultants Brief has received legal approval. The implementation of this brief in the Construction and Innovation programme will set the expectations of service from Landscape Architects, leading to fairer tendering and design outputs that meet the expectations of our landscape Design Guide.
Undertake quality review practices to maintain value and manage risk.	●	Survey planned for late 2021.
Working collaboratively within the organisation and externally	●	Urban Ngahere project presented to UDLHS Pae Tātaki.

National Planning

Activity	Status	Comments
Successful resolution of the Whangārei Urban and Services Plan changes residential and commercial zone provisions, and spatial extent mapping by way of Consent Order.	●	Enablement of urban development outcomes across Whangārei City.
Working with NZTA Waka Kotahi and KiwiRail to resolve noise and vibration issues that frequently result in opposing submission points and positions.	●	Risks of damaging our relationship with NZTA Waka Kotahi and KiwiRail. A programme is in place to better manage this relationship, and are confident the issues are resolvable.
Completion of two Area Development Strategies for Tauranga and Rotorua	●	The target of nine for the year will be challenging, as it is partially dependent on the ongoing COVID-19-related challenges.

National Infrastructure Strategy (NIS)

Activity	Status	Comments
The NIS team is resourced and structured to provide infrastructure inputs for the ADS, UGP (Urban Growth Partnerships), SDP and land acquisition work streams.	●	Recruitment successfully concluded.
Infrastructure opportunities and constraints, including funding and financing, are understood by all relevant Kāinga Ora teams and considered in investment and strategy decisions.	●	Additional resourcing is now in place.
Undertaking evaluation of IAF (Infrastructure Acceleration Fund) applications.	●	First stage is now completed.

Specified Development Projects (SDP)

Activity	Status	Comments
Develop UDA/SDP policy, guidance and process toolkit.	●	Without an actual SDP project identified yet, there is some uncertainty on developing aspects of policy and guidance.
Grow SDP capability using recruitment for agreed positions, internal and external support agreements.	●	Internal positions recruited. Work commenced with Procurement on establishing external support agreements.
Engage internally and externally to identify three SDP proposal for assessment in 2021/22.	●	First SDP proposal expected to be identified by Dec 2021.

Strategic Urban Partnerships (SUP)

Activity	Status	Comments
UGP spatial plan.	●	Queenstown Lakes District Council joint spatial plan adopted by Council.
UGP: Implementation of Priority Development Areas	●	Smartgrowth and FutureProof well underway – with SUP leading on implementation in Tauriko West and investigation of Eastern City and Priority Development Area (PDA) group in Huntly established.
Place-based response: Support Deputy Chief Executives and Regional Directors.	●	Opportunity Memo completed for Manukau and Wokotel site in Christchurch. Moving to project brief.
Significant Projects : Programme management	●	Establishing Enderley and Fairfield programme.

Urban Development Land Programme

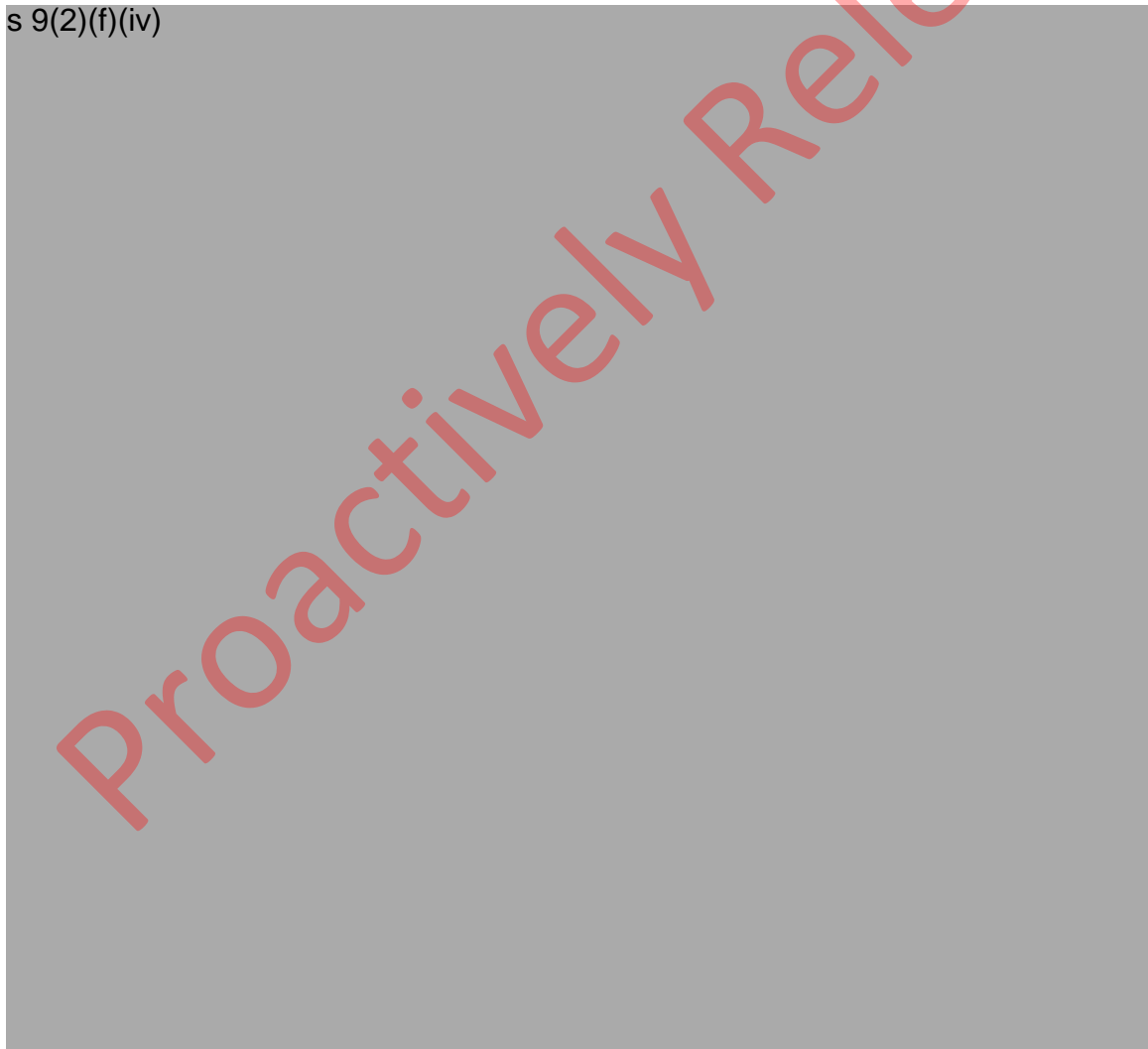
Activity	Status	Comments
Kāinga Ora Land Programme	●	Finalising operational and reporting details with HUD and the Minister. Have committed to an acquisition of \$71m in Tauranga, due to settle in November. Work will now commence in planning for the rest of 2021/22 and beyond.

Large-scale housing and urban development projects

Funding support for continuation of large-scale programmes

- We are working on business cases to be approved by Cabinet for the continuation of programmes in Oranga, Tamaki, Mangere, Roskill and Porirua. We expect approval of the business cases in April 2022.
- We have not yet received any of the indicated payments from the Crown for 2021/22.
- The Housing Acceleration Fund funding approved for the period April 2021 to June 2022 was \$285m. We expect a payment of about \$150m in December 2021.

s 9(2)(f)(iv)



e. Supporting first home ownership for New Zealanders (Output Class 5)

We contribute to supporting first home ownership through the delivery of affordable home ownership products.

Activities in this Output Class include the proactive management of financial home ownership products that assist individuals and households to purchase their first home. It includes administering the following programmes on behalf of the Crown and Kāinga Ora-initiated programmes.

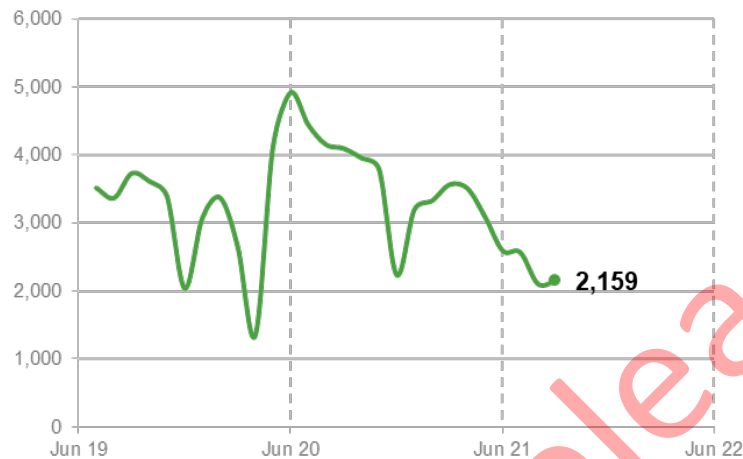
- KiwiBuild eligibility criteria on behalf of the Crown
- First Home Loan and Kāinga Whenua loans (Crown appropriated)
- First Home Grant (Crown appropriated)
- Kāinga Ora Tenant Home Ownership Scheme
- Residential Earthquake-Prone Building Financial Assistance Scheme (Crown appropriated)
- Progressive Home Ownership (Crown appropriated)

First home ownership		Full year target	YTD Result	Estimated COVID impact
5.1	New First Home Grants assessed for eligibility	<i>Demand driven</i>	6,832	High
5.2	Average days to assess completed First Home Grant applications	5.0	1.9	Low
5.3	New KiwiBuild applications assessed for eligibility	<i>Demand driven</i>	340	High
5.4	Average days to assess completed KiwiBuild applications	5.0	1.3	Low
5.5	New Progressive Home Ownership applications assessed for eligibility	<i>Demand driven</i>	<i>n/a</i>	Low
5.6	Average days to assess completed Progressive Home Ownership applications	5.0	<i>n/a</i>	Low
Applicants gaining full pre-approval for the Progress Home Ownership scheme who:				
5.7	...identify as Maori	<i>Benchmark</i>	<i>n/a</i>	Low
	...identify as Pacific peoples	<i>Benchmark</i>	<i>n/a</i>	Low
	...are families with children	<i>Benchmark</i>	<i>n/a</i>	Low
5.8	First Home Loan mortgages underwritten	<i>Demand driven</i>	240	High
5.9	Homes purchased with our home ownership products	<i>Demand driven</i>	1,874	High
5.10	...where the purchasers identify as Maori	<i>Benchmark</i>	8.9%	High
	...where the purchasers identify as Pacific peoples	<i>Benchmark</i>	5.3%	High

Much of this Output Class is demand driven, and demand is affected by the uncertainty around global and local supply chains, along with market capability and capacity constraints. For instance, First Home Grant applications are down 46% compared to the same time last year. First Home Grants paid have also fallen, by about 48% compared to last year, with 2,210 grants totalling \$13.4m paid in this quarter.

Some of this decline can be attributed to the existing rules to qualify for the grant (for example, price caps on the property), which when combined with the growth in property prices in recent years, has meant fewer people have been able to access the grants.

First Home Grant applications received (monthly)



Progressive Home Ownership - First Home Partner

On the 5th of October, the Minister of Housing announced the launch of “First Home Partner”, as part of the Government’s Progressive Home Ownership Scheme, designed to increase home ownership opportunities for aspiring first home buyers. Under First Home Partner, we share the capital cost of purchasing a new home with eligible first-home buyers, by taking an equity stake in the home of up to \$200,000, or 25% of the purchase price, whichever is the lesser. That equity stake is “fee-free” for 15 years. Under a Goals Management Programme, we work with the household members to encourage them to buy back their equity contribution, and graduate into 100% ownership.

We continue to work with further major and Tier 2 banks (five in all) to get them on board over the next 6 months.

KiwiBuild

Partnering with private sector developers through the Buying Off the Plans programme has substantially declined. We are collaborating with our colleagues in Large Scale Projects and Market Delivery along with HUD’s Land for Housing team to support the Government build programme and the supply of affordable housing.

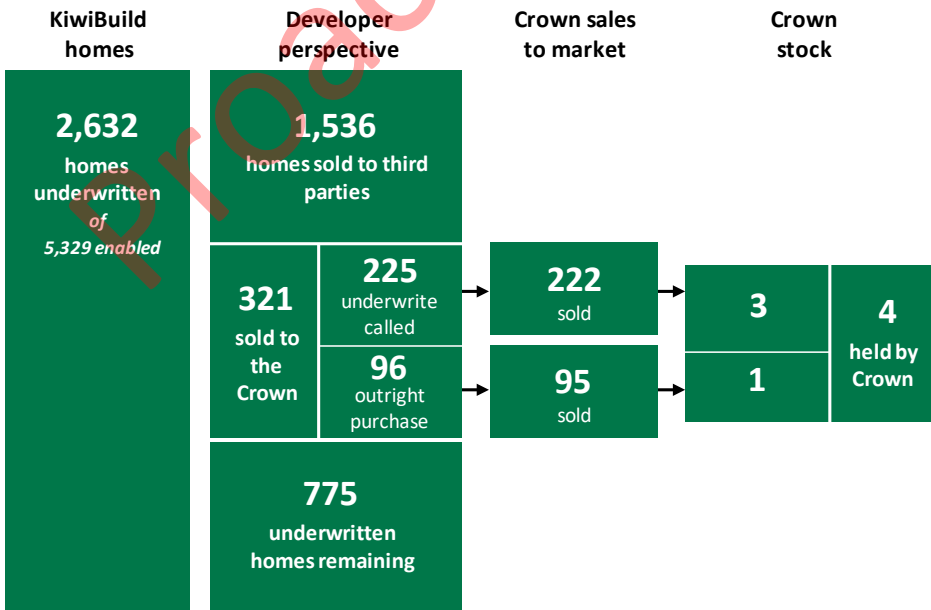
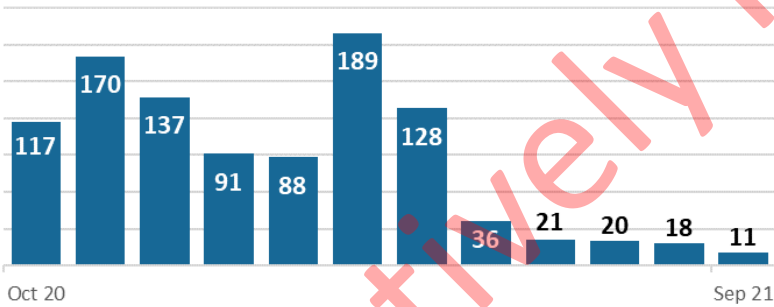
In this quarter we:

- Sold 49 KiwiBuild homes, significantly lower than the previous quarter (185 sold) due to the reducing number of KiwiBuild homes available for sale. This brings the total number of KiwiBuild homes sold to eligible purchasers to 1,877
- Completed 101 KiwiBuild homes in partnership with developers, a decrease from the previous quarter (234 completed) but understandable given COVID-19 restrictions in Auckland. This brings the total number of completed homes up to 1,206
- Had 788 KiwiBuild homes under construction at the quarter end.

s 9(2)(f)(iv)

s 9(2)(j)

KiwiBuild month by month sales - rolling 12 months



f. Transactions relating to Crown-owned land (Output Class 6)

This Output Class reflects our statutory function for urban development under section 13 of the Kāinga Ora–Homes and Communities Act 2019.

This Output Class is limited to property management and development services delivered on behalf of the Crown in relation to land and buildings that have been transferred to direct Crown control and are accounted for in the Crown’s Housing Agency Account.

Crown land		Full year target	YTD Result	Estimated COVID impact
6.1	Residents satisfied with overall living experience at Hobsonville Point	75%	<i>Annual</i>	Low
6.2	Completed underwritten KiwiBuild homes acquired by Crown as part of the Buying Off the Plans Programme	25%	0%	High

Proactively Released

g. New programmes

This section provides details on programmes of work where activity is already taking place, but where we do not yet have an agreed funding method to cover the costs. We are working with HUD to put in place the mechanics for funding the administration costs that are being incurred, and when funding is agreed, we will update this section with the specific details.

Infrastructure Acceleration Fund

The Infrastructure Acceleration Fund is designed to allocate funding to new or upgraded infrastructure (such as transport, water, and flood management) that unlocks housing development in the short- to medium- term.

An Expression of Interest invitation was issued on 30 June 2021, for which 228 proposals were received, requesting funding of over \$5b across New Zealand. Applicants with successful Expressions of Interests have moved to the Request for Proposal Stage which began in mid-October 2021, with outcomes expected by April 2022. Most negotiations will occur in the fourth quarter of this financial year and the first two quarters of 2022/23.

Proactively Released

3. A reliable, high-performing organisation

To be successful in our new role and deliver the important outcomes we seek to achieve, we need an organisation that has the right capability and is functioning well. This section outlines our approach and progress towards positioning us for success.

s 9(2)(f)(iv)

Proactively Released

a. Mātauranga Māori programme

The recent ratification of the Māori Strategy highlights the need to ensure people capability and organisational readiness. Combined with our legislative obligations to Māori, the Mātauranga Māori programme now has a committed team to lead development and delivery. They are working closely with the Capability Team and Te Kurutao to find ways to grow capability across the organisation.

Te Reo Māori courses are running in Wellington, Waikato and online with strong engagement and a healthy waiting list. The next wave of courses will resume before the end of the year.

Delivery Location	Number of tauira	Duration	Month
Wellington	50	8 weeks	November
Online (Wellington)	50	10 weeks	November
TBC	30	12 weeks	December
Online	5	8 weeks	October

The Waikato pilot led by Rama Ormsby and Keaghan O'Brien has been successful, taking a group of 30 on a place-based journey of tikanga and history in the Waikato context, and there is interest from other regions in hosting the next pilot.

Te Akoranga Whakapuawai is an in-house Māori leadership course offered to aspiring or current Māori managers in Kāinga Ora. 14 will successfully graduate this year's programme and we look forward to seeing them bring change to their current and future roles, as many have already received promotions within Kāinga Ora. We will host this cohort in November for their final wānanga where they will explore a business issue and put forward potential solutions.

b. Organisational Improvement Projects

This quarter, we worked with other agencies on government initiatives, and our project teams developed plans to deliver several significant initiatives:

- The Infrastructure Acceleration Fund and First Home Partner programme, both previously mentioned
- An upgrade of our systems to manage and store customer information
- The first phase of reshaping our ways of working and services with our customer-facing teams
- Implementing a new system to operate and capture all our commercial activities.

c. ICT Asset Portfolio

Measure	Indicator	2021/22 Target	2021/22 Actual
Percentage of incidents resolved on first contact by ICT Service Desk	Condition	>80.00%	83.67%
Priority 1 incidents per 100 ICT users	Condition	<7.0	0.06
Core systems availability – Kotahi	Availability	>99.90%	99.58%
Core systems availability – Oracle EBS	Availability	>99.90%	99.59%
Core systems availability – websites	Availability	>99.90%	99.57%
Infrastructure as a service resource utilisation	Utilisation	>90.00%	77.00%

A power failure incident on 1 September in the datacentre hosting our core systems affected availability (Kotahi and EBS), while an outage in mid-September for MyKāingaOra affected the overall availability for websites.

Note that regarding our resource utilisation measure, we have added additional resources running in parallel with existing systems, to enable several significant upgrade projects. Once these projects are completed, we will decommission the existing systems and size our usage to meet our Service Level Agreement. We expect to track below target for the remainder of the year while these key projects are completed.

d. Information and Intelligence Strategy

This strategy will establish a new operating model, which will assist in delivering initiatives that focus on wellbeing. Once proven, the developed capabilities will be scaled up, and reshape the role of intelligence to be more:

- Sector focused
- Able to cope with complex dynamics between people, place and planet
- Outcomes focused.

Three value and three capability workstreams will deliver initial decision-support tools and develop a shared intelligence hub:

- Smarter Customer Engagement
- Intelligence-led regional collective impact
- Maintenance smart market
- Information Architecture for AI, customer outcomes and investment
- Sector Collective Intelligence Network
- Refresh and Right-size Process Modelling capability (Information Data Portal).

e. Risk, Assurance and Regulatory (RAR) update

We have made considerable progress this quarter to improve our processes and systems from a Risk, Assurance and Regulatory perspective. We have:

- Repositioned RAR to safeguard the organisation, rather than merely reactively provide risk, assurance, and regulatory advice
- Established a regular forum to share intelligence and coordinate activity between RAR and Technology, Safety, Support and Wellbeing, Legal and Information and Intelligence teams
- Obtained in principle endorsement from the Finance, Risk and Assurance Committee to establish a Three Lines of Defence model
- Established an in principle understanding with the Crown Entity Performance and Monitoring Unit in the Ministry of Housing and Urban Development on the provision of risk insights pertaining to Kāinga Ora.

Risk Management

We have:

- Broadened risk management to include coverage of operational risks in addition to the organisation's strategic risks. Work is underway to build this complete view of risks in partnership with business groups
- Assigned responsibility for First Line Controls Advisory engagements to the Regulatory Assurance and Advisory team to refocus Risk Management to help the organisation improve its risk management
- Begun business engagement to identify and implement Enterprise Risk Management system
- Developed the Risk Management Operating Model to describe how the Risk Management team works, how it adds value to the business, and to promote the team's service offerings and expand its service catalogue.

Internal Audit

We have:

- Added Controls Optimisation to the Internal Audit Service Catalogue, and as a standard component of every Internal Audit engagement. Controls optimisation covers the entire lifecycle of processes and systems with the goal of identifying, and removing, excessive or ineffective controls that hamper the business
- Refreshed the 2021/22 Internal Audit Programme to refocus on business areas of highest risk and value
- Developed the Internal Audit Operating Model to describe how the Internal Audit team works, how it adds value to the business, and to promote the team's service offerings and expand its service catalogue.

Integrity Services

We have:

- Reviewed and updated our Investigations Policy to realign with our values, purpose and legislative obligations
- Developed the Integrity Services Operating Model to describe how the Integrity Services team works, how it adds value to the business, and to promote the team's service offerings and expand its service catalogue.

f. Privacy update

Staff engagement and communications

The Privacy Champions group meets regularly and improves overall privacy engagement around Kāinga Ora. In August and September 2021, we provided updates to the leadership teams for all business groups with a particular focus on the Privacy Incident Response Plan. The Privacy pages on our intranet have been refreshed and are now live.

Capability and training

The Privacy team will be in place from the final quarter of 2021. A Privacy Induction Module is now available on the Learning Management System for all our people.

Systems, processes and tools

A new online Privacy Impact Assessment tool has been released. The tool is mandatory for all Technology projects and will be mandatory for Enterprise Portfolio Office projects once the Privacy team is in place. A Privacy Incident Response Plan has been developed for responding to significant and severe privacy breaches.

g. Building and sustaining a safe, happy, and healthy work community

Promoting wellbeing of our people

A keener focus on wellbeing has been particularly important this quarter due to the COVID-19 lockdowns. We have focused on promoting this through internal programmes such as:

Professional Supervision - Wā Manaaki

Our Professional Supervision programme is recognised as industry leading. Wā Manaaki is an independent and proactive service provided by Abacus Counselling, Training and Supervision Ltd to promote professional competence, accountable and safe practice for our customer contact roles. The service supports the wellbeing of our customer contact roles through conversations, opportunity to reflect on challenging situations and developing professional skills. It provides mechanisms to support working with complex customers and builds on our strengths. The focus on increasing participation in Wā Manaaki in the Central area has had a positive effect on uptake.

Following meet-and-greets at selected offices, supervisors calling our people to make the service as accessible as possible and encouragement from the team, attendance in Central has risen from 29% to 42%. The Health and Wellbeing Team is also conducting visits to targeted offices; and is presenting to Leadership Teams on the Health and Wellbeing programme which includes Wā Manaaki.

Health and Safety at Work Strategy 2018-2022

In this last quarter, work has been underway to implement the Government's Health and Safety at Work Strategy 2018-2022 and effectively oversee activities to prevent work-related harm. We are monitoring WorkSafe's current direction and modifying our work programme to ensure alignment.

Safety Leadership and Participation

We continue to work with Construction Health and Safety New Zealand (CHASNZ) on their response to safe work practices during COVID-19. CHASNZ has established a pre-qualification framework 'Tōtika' seeking to introduce a nationally recognised single source and common view for health and safety pre-qualification. We have participated in the development of the scheme and the final product. Te Mahi Ngātahi Maintenance Partner forums and a new communication channel have been established.

Maturity Assessment Model

We are introducing a maturity assessment model to assess our compliance and safety performance and form a baseline from which we can further improve our safety maturity. We have procured licences for the maturity product and are looking to introduce this in Q4.

Protective Security Requirements

The Protective Security Requirements (PSR) self-assessment work has been initiated; we are on track to submit our self-assessment by March 2022.

COVID-19 Response

Four work streams have been set up to oversee our COVID-19 response. This structure will be adapted to reflect the needs of the organisation.

- Health, Safety and Wellbeing
- Public and supported housing customers
- Construction and development sites
- Central Government

We have representation across the organisation within these work streams and are monitoring and responding to government direction. We are meeting the Government's direction and key messaging to encourage vaccination, and have made provisions for access to vaccinations to be in work time. We are also supporting a work vehicle to get to vaccination clinics, and are promoting the benefits of vaccination through education and access to medical advice.

h. Implementing an efficient and effective governance and monitoring system

Providing leadership tools and support for our people who are all leaders in their work, and supporting our Ngā Pae Tātaki to lead towards outcomes with high-quality insights, reporting and recommendations.

This past quarter there has been a strong focus on moving Ngā Pae Tātaki to lead and provide quality input to their strategic areas. Work is underway to ensure that each of the Pae Tātaki is focussed on its respective

strategic area, and that Ngā Pae Tātaki are providing effective governance and monitoring to ensure we are delivering the outcomes that our people and customers need.

This work is being led by the Planning, Performance and Insights Team.

Realigning governance practices to Ngā Pae Tātaki.

Our 'distributed leadership model' is designed to allow more of our people to contribute more directly to the development of the direction and work programme for Kāinga Ora. It does this by moving away from a traditional, hierarchical leadership group, to specialist leadership committees - our Pae Tātaki. They add value through guidance, advice and direction, and the meetings encourage diversity of thoughts and ideas, trust and open communication.

Ngā Pae Tātaki are taking the lead in some areas to drive change across the organisation. This quarter, a total of 127 Pae hui have been supported and 338 papers assessed and processed. Forward programmes for all Pae Tātaki are under development with strong focus on understanding the pathway through our governance framework.

Essential connections between each Pae Tātaki are being facilitated, as some matters presented require different approaches.

Pae Tātaki evaluation will start in mid-October. The scope has been agreed by the Chairs' group, and Terms of Reference are being finalised. Coaches have undertaken short reviews for their own Pae Tātaki, and the reports have been provided to the Evaluation team as input for the evaluation.

i. Improving our processes and systems to enable our people to do what they do best

Reviewing our people delegations, policies, guidelines and organisational risk

Our people policies have been refreshed in plain language to reflect our values and commitment to diversity and inclusion.

- Key people policies have been updated to reflect the Diversity and Inclusion principles
- Currently 62% completion addressing bias module, and we are reviewing supporting modules that will add to the learning pathway (including understanding racism, Mana Āki and rainbow terminology)

Our Culture

We ran a values pulse survey in May to measure our progress for phase one (focused on visibility and awareness) and gather feedback and ideas to determine phase two (focused on understanding and ownership). Pulse survey results were shared in July.

- 84 percent responded "I know what our values are" - this means our values have high visibility, positive because knowing what our values are is the first step to making them real.
- The top three themes around what people would like to see us do next were communication, leadership and team conversations.

Diversity and Inclusion – Whakaurungia Te Whare Kanorau

We are developing a metrics and measurement system that will enable us to identify our Diversity and Inclusion baseline and we have continued to support our employee-led networks (ELNs).

Leadership

Our leadership development programme – Waka Tangata is centred on our five focus areas. Te Kurutao have gifted the name Waka Tangata for our programme, which translates as “the people’s canoe”. The waka itself represents the organisation navigating the waters of leadership through the principles of rangatiratanga, whakaiti and ako.

Waka Tangata will run from October 2021 to the end of 2022. Taking a phased approach to delivering this learning to our 450 plus leaders, it will take each rōpū (learning group) of leaders five months to complete. Our leaders in Ngā Pae Tātaki will be our first group to attend Waka Tangata, starting October 2021. They represent a mix of different Business Groups and leadership roles across Kāinga Ora, as senior leaders they will help guide our organisation’s leadership practice.

Capability Framework

Our collective definition of organisational capabilities has been endorsed and we began building our Capability Framework in Q4 2021. The approach was supported by the Ngā Pae Tātaki in May 2021 and development of the learning pathways are in progress.

Graduate Programme

A refresh of the Graduate Programme resulted in a scaled programme across four Business Groups. Recruitment commenced at the end of July 2021 with the new Programme to start in February 2022.

Remuneration Framework

Since May 2021 the new Job Evaluation Panel has met regularly. Having people leaders on the panel brings a deep knowledge of the wider business and roles to the evaluations. The Remuneration Committee has also met and asked to look at key policy decisions, e.g. the remuneration round for 2021, bargaining and market premium allowances and industry rates. We are still re-evaluating roles from Shaping Kāinga Ora and the Job Families Project. It is planned to complete re-evaluation of current roles by the end of October 2021.

Initiatives underway to enhance our Remuneration Framework in 2021:

- Create functional job families to benchmark generic job sizes
- Establish job sizes within job families that reflect contribution to Kāinga Ora delivery
- Establish a process to identify and set industry rates of pay that meet market conditions and address attraction and retention issues as and where they occur
- Develop a pay progression model recognising the measurable capability and behavioural competence required in the job whilst reflecting that we pay the same rate for the same job.

The Job Evaluation Panel is working well, with focus on discussions with the Public Service Commission (PSC) about our remuneration. We are developing a pay step progression model, which will be shared with the PSC.

All position descriptions were reviewed and updated by the end of August followed by a job evaluation review in September. We have five job families in total. During November 2021 we will communicate the outcomes of the project to our people and consult with any who are impacted.

Proactively Released

4. Organisational Priorities

In each quarterly report we provide a focused look at selected organisational priorities.

a. Māori Strategy update

Our Māori Strategy was approved by the Board and will sit directly next to the organisational strategy as depicted in the Waka Hourua (double-hull canoe) concept – both hulls are equal (representing mana ōrite) and one cannot go forward without the other. Our Māori Strategy Implementation Plan, Tū Hengere, was presented to the Māori Housing Committee at its wānanga on 15 June 2021, alongside the Māori Strategy. Tū Hengere sets out the implementation of our Māori Strategy over the next 12 months. A soft launch of the full document is planned for November 2021, and the strategy document will be designed and translated into Te Reo Māori as part of the launch.

Kaupapa Inquiry

We continue to support the cross-agency response to the Housing Policy and Services Kaupapa Inquiry (Wai 2750) at both the working group level and governance level. During the quarter, Crown hearings were held in June at the Waitangi Tribunal Offices. Kāinga Ora is committed to addressing the issues the claimants have raised and will be transparent and proactive with supplying claimant's information to support their claims throughout the inquiry.

Building Capability

The Kāinga Ora Homes and Communities Act 2019 requires us to recognise and respect the Crown's responsibility to consider and provide for Māori interests. Critical to meeting this objective is developing capability and capacity to establish on-going relationships with Māori. The Mātauranga Māori Programme seeks to illustrate the Māori perspective by providing a programme that supports its people (Māori and non-Māori) with learning te ao Māori concepts through the provision of learning opportunities centred on te reo, tikanga, and kawa. Many initiatives are building capability across the organisation.

- MAIA. A digital tool designed to help kaimahi better understand and improve their knowledge of te ao Māori. It provides tailored learning opportunities to build capability in being able to pronounce Māori words, use Māori phrases and be confident in using and speaking te reo Māori.
- Te Akoranga Whakapuawai Programme.
- Hoki whakamuri, kia anga whakamua. In conjunction with Dr Simone Bull, we have invited our people to take part in the Wall Walk. An interactive half-day workshop designed to raise collective awareness of key events in the history of New Zealand's bicultural relations as we walk through a timeline of key events focussing on the relationship between Māori and the Crown. It will enable diverse thinking about policies, challenges and opportunities.

b. Occupancy rate

Occupancy rate of the Total portfolio – 96% (target 98%)

The biggest driver of movement in our overall occupancy rate is the choices made to renew and improve our portfolio.

Homes categorised as “long-term vacant” impact the occupancy rate, with the total number of long-term vacant homes increasing 50% (721 to 1,082 homes) between June 2020 and July 2021. There are a number of situations where homes are vacated and categorised as long-term vacant to enable improvement activities to occur, including:

- Retrofit Programme (124 properties, 106 increase): These homes are being repaired as part of the retrofit programme. Their tenancies have ended, and the property is vacant as the work is being completed
- Under Redevelopment (327 homes in July 2021, 156 compared to June 2020 increase): These homes are in line to be redeveloped. When we are able to transfer the customer to appropriate alternative home, the property is then available for redevelopment work to commence.
- Major Repair/Upgrade (139 properties, 49 increase): These homes are undergoing other major repairs. These tenancies have ended, and we do the repairs while the properties are vacant. These will re-enter the pool of available properties.

We also ring-fence properties for short-term accommodation needs for our tenants, to enable the improvements described above. This short-term occupancy is tracked separately, and does not record a customer as tenancing two properties at the same time, i.e. we do not end the tenancy on a home going through retrofit when we temporarily house the customers in one of these short-term properties.

Occupancy Rate of properties available for tenancing – 98%

We will always have a small number of lettable housing that is vacant at any period in time reflecting the movement in/out of tenants. We monitor our occupancy rate to ensure we are managing our housing, and catering to our tenants as efficiently as possible.

5. Our housing commitments, investment decisions and financing performance

a. Kāinga Ora Housing Commitments

We intend to meet our multi-year Public Housing Plan commitments

We are taking every available opportunity to meet our multi-year public housing commitments, and intend that they will be met. For further detail on our Public Housing Plan commitments, please refer to *Appendix 1 - Housing commitments and Investment & Financing performance*.

b. Investment Activity

To give full transparency to our investment activity, *Appendix 1 - Housing commitments and Investment & Financing performance* provides comprehensive analysis on:

- The status of our housing commitments against the six-year plan, including the challenge from COVID-19 and our response and mitigation
- Capital reporting
- Investment performance against original business cases, including financial (IROI and spend), non-financial (such as scope changes and timing), and regional analysis
- Forecasts for approved Business Cases vs the Long Term Investment Plan
- Financing activity - the management of our external debt levels in accordance with government approved borrowing protocol limit, and our liquidity compliance
- Significant projects (individual projects valued at \$50m or more, or otherwise classified as significant due to their degree of complexity or nature of partnerships involved).

6. Financial Tables

Cash Flow		
\$m	Year to Date Actual	Full Year Budget
OPERATING ACTIVITIES		
Rent receipts - tenants	128	524
Rent receipts - income-related rent subsidy	306	1,060
Other receipts from Crown	17	189
Other receipts	9	76
Payments to suppliers and employees	(334)	(1,602)
Income tax & Interest paid	(75)	(265)
Net cash flows from/(used in) core operating activities	50	(18)
Sale of developments	22	80
Cost of land sold	(22)	(210)
Net inventory	(81)	(438)
Net cash flows from/(used in) land development activities	(81)	(568)
NET OPERATING ACTIVITIES	(30)	(586)
INVESTING ACTIVITIES		
Sale of rental properties and management assets	12	37
Mortgage and other lending repayments	6	0
Net short-term investment (made)/realised	(102)	0
Purchase of rental property assets	(327)	(3,396)
Purchase of other property, plant and equipment and intangible assets	(9)	0
	0	0
NET INVESTING ACTIVITIES	(420)	(3,359)
FINANCING ACTIVITIES		
Net capital contributions (to)/from the Crown	(2)	926
Loans drawn down from The Treasury - Capital Markets	0	0
Market Notes issued	320	3,947
NET FINANCING ACTIVITIES	318	4,873
Net cash flows	(132)	928
Opening cash and cash equivalents (as at 1 July 2021)	233	556
CASH AND CASH EQUIVALENTS	101	1,483
Short Term Investments (as reported in the Balance Sheet)	1,173	1,267
Investments - Non-Current	144	100
TOTAL INVESTMENTS	1,418	2,850
Less - Treasury Reserve Fund Investments	30	31
TOTAL INVESTMENTS AVAILABLE TO BUSINESS	1,388	2,820

Total Maintenance Spend			
	Year to Date		
	Year to Date Actual (\$m)	Forecast Variance (\$m)	Full Year Forecast (\$m)
Capex	66	3	428
Opex	96	5	444
Total	162	8	872

Debt Profile			
	Year to Date		
	Year to Date Actual (\$m)	Forecast Variance (\$m)	Full Year Forecast (\$m)
Crown Debt	1,985	-	1,987
Market Debt	5,955	(9)	7,631
Total Debt	7,940	(9)	9,617

Build Programme Spend			
	Year to Date		
	Year to Date Actual (\$m)	Forecast Variance (\$m)	Full Year Forecast (\$m)
Public Redevelopments	126	145	1,145
Public New Builds	33	34	142
New Supported homes	54	66	333
Total New Homes	213	245	1,620
Public Buy Ins	26	26	140
Supported Buy Ins	13	12	32
Public Strategic Land Purchases	12	32	75
Supported Strategic Land Purchases	0	4	225
Capitalised Overhead	8	10	47
Public & Supported Housing total	273	330	2,140

Balance Sheet		
\$m	As at 30 Sep 21	Full Year Budget
ASSETS		
Cash and Cash Equivalents	101	1,483
Short Term Investments	1,173	1,267
New Zealand Government Bonds	144	100
Prepayments & Receivables	98	175
Properties held for sale	45	14
Properties under development	371	817
Mortgage advances	16	28
Interest rate derivatives	31	0
Income tax receivable	0	0
Intangible Assets	51	49
Property, plant and equipment	39,054	39,919
TOTAL ASSETS	41,083	43,852
LIABILITIES		
Accounts payable and other liabilities	248	118
Income tax payable	19	11
Provisions	1	34
Mortgage insurance scheme	29	112
Interest rate derivatives	41	37
Crown borrowings	1,985	1,988
Market borrowings	5,955	10,325
Deferred tax liability	2,544	2,390
TOTAL LIABILITIES	10,822	15,015
EQUITY		
Equity attributable to the Crown	3,562	4,490
Retained earnings	910	911
Revaluation reserve	25,824	23,451
Hedging reserve	(34)	(25)
TOTAL EQUITY	30,262	28,827

Capital Expenditure	Quarter 1, 2021/22		
	Actual (\$m)	Forecast	Variance
Redevelopments	126	145	19
New Build Owned Programme	33	34	1
New Supported Housing	54	66	12
State Home Builds	213	245	32
Buy In Programme	26	26	0
Buy In Transitional Housing	9	9	(0)
Buy In Corrections	4	4	(1)
Buy In Community Group Housing	(0)	(0)	(0)
Strategic Land Purchases	12	32	19
Other Programmes	8	10	2
Construction Programme Total	60	80	20
National Retrofit	14	16	2
Other Maintenance Programmes	9	10	1
<i>Construction Innovation Maintenance Programmes</i>	<i>23</i>	<i>25</i>	<i>2</i>
Capitalised Maintenance and PBMC	14	14	(1)
Unoccupied Repairs	3	4	1
Healthy Homes	19	19	(0)
Roof Replacement	4	4	0
Other Programmes	3	3	0
<i>People and Homes Maintenance Programmes</i>	<i>43</i>	<i>44</i>	<i>1</i>
<i>Property Maintenance Total</i>	<i>66</i>	<i>69</i>	<i>3</i>
Infrastructure Assets & Projects Total	8	11	3
CAPITAL EXPENDITURE	347	406	59
Urban Development Land (State and Market)*	55	78	24
Urban Development Tamaki	9	8	(1)
Land Purchase Fund (\$2b over 10 years)	7	-	(7)
KiwiBuild (Construction and Innovation)	32	22	(10)
TOTAL CAPITAL EXPENDITURE	450	515	65

Statement of Financial Performance

	Year to Date Actual \$m	Year to Date Forecast \$m	Year to Date Variance \$m	Full Year Budget \$m	Full Year Forecast \$m	Full Year Variance \$m
INCOME						
Rental Income	394.9	394.1	0.8	1,603.7	1,594.5	(9.3)
Crown Appropriation Income	16.4	20.8	(4.4)	152.0	142.1	(9.9)
Affordable Homes Revenue	22.1	25.2	(3.1)	209.9	287.4	77.5
Lease Income	12.5	14.9	(2.4)	67.5	50.9	(16.6)
Other Income (excl. interest)	2.9	2.7	0.2	19.3	11.0	(8.3)
Total Income	448.8	457.6	(8.8)	2,052.4	2,085.8	33.4
DIRECT EXPENSES						
Repairs and Maintenance	96.4	101.1	4.6	494.1	444.1	50.0
Rates	50.1	50.4	0.3	201.3	201.1	0.2
Third-Party Rental Leases	14.0	14.1	0.1	56.1	55.7	0.4
Other Direct Property Costs	14.4	16.8	2.4	63.4	50.3	13.1
Bad Debts	1.4	1.4	0.0	4.8	5.1	(0.4)
Direct Mortgage expenses	0.5	0.7	0.2	0.5	0.8	(0.3)
Grants	12.8	17.2	4.4	94.6	83.8	10.8
Insurance	4.5	4.5	0.0	19.2	19.2	0.0
Affordable Homes Cost of Sales	22.1	24.3	2.2	210.1	292.0	(81.8)
Total Direct Expenses (excl. depreciation, (gain) loss on sale, asset write-offs)	216.3	230.5	14.2	1,144.1	1,152.1	(8.0)
INDIRECT EXPENSES						
People costs	63.4	59.2	(4.1)	247.1	265.3	(18.2)
Office Accommodation	3.4	3.7	0.3	16.6	15.5	1.1
Travel	2.1	3.3	1.2	14.1	12.8	1.3
Computer & Communication	7.2	8.4	1.2	33.7	35.3	(1.5)
Professional Fees	1.5	2.0	0.4	9.3	9.7	(0.4)
Consultants/ Contractors	13.4	15.4	2.1	63.8	83.9	(20.1)
Other Expenses	4.4	5.8	1.3	21.5	18.6	2.9
Total Net Indirect Expenses (excluding interest)	95.4	97.7	2.3	406.2	441.1	(34.9)
(Gain) / loss on sale	4.6	4.6	0.0	0.0	4.6	(4.6)
Asset Write offs	14.7	21.9	7.2	78.3	65.0	13.4
Impact of Asset Write offs & (Gain) / Loss on Sale	19.3	26.5	7.2	78.3	69.5	8.8
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION (EBITDA)						
	117.8	102.9	14.9	423.8	423.0	(0.7)
Depreciation and Amortisation (Rental Properties)	94.6	92.5	(2.2)	356.1	356.0	0.1
Depreciation (Infrastructure)	3.9	4.0	0.1	17.4	16.4	0.9
EARNINGS BEFORE INTEREST, TAX (EBIT)						
	19.3	6.4	12.9	50.3	50.5	0.3
Interest Expense	40.8	39.2	(1.6)	178.2	179.7	(1.5)
Interest Income	(3.5)	(2.9)	0.6	(9.7)	(11.3)	1.6
NET OPERATING SURPLUS BEFORE TAX						
	(18.0)	(29.8)	11.8	(118.2)	(117.8)	0.4
Income Tax Expense/(Benefit)	8.2	4.4	(3.9)	11.8	13.6	(1.8)
NET OPERATING SURPLUS AFTER TAX						
	(26.2)	(34.2)	8.0	(130.0)	(131.5)	(1.4)