



Cabinet Economic Development Committee

Minute of Decision

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Advancing Large Scale Projects: Allocation of Funding for the Eastern Porirua Large Scale Project

Portfolios **Finance / Housing**

On 31 August 2022, the Cabinet Economic Development Committee:

Background

- 1 **noted** that in May 2021, Cabinet agreed to set aside \$307 million from the Housing Acceleration Fund (HAF) for the Eastern Porirua Large Scale Project (LSP) [CAB-21-MIN-0190];
- 2 **noted** that \$136 million was released as Tranche One HAF funding for the Eastern Porirua LSP, which is now fully committed to several projects, with work already underway;

Preferred investment option

- 3 **noted** that the Eastern Porirua Programme Business Case, attached as Annex B to the paper under DEV-22-SUB-0205, is based on the \$307 million set aside for Eastern Porirua in Budget 2021;
- 4 **endorsed** the preferred enhanced investment option, as outlined in Annex A to the paper under DEV-22-SUB-0205, which is informed by the Eastern Porirua Programme Business Case, but includes provision for increased density, housing supply, amenity, and alignment with the Porirua Pacific Housing Initiative;
- 5 **agreed** to invest \$340 million in Eastern Porirua to achieve a significant uplift in supply and density, and to better accommodate market lots required for the Porirua Pacific Housing Initiative;
- 6 **agreed** that the funding seeks to enable around 744 homes (558 additional), including 286 public homes (100 additional), 401 affordable homes (300 of which are market homes intended to be made affordable through the Porirua Pacific Housing Initiative), and 57 market homes;
- 7 **noted** that given the interdependency between the Eastern Porirua LSP and the Porirua Pacific Housing Initiative, officials have been asked to ensure alignment and to provide joint reporting to the Minister for Pacific Peoples, the Minister of Finance, and the Minister of Housing;
- 8 **noted** that the Minister of Finance and the Minister of Housing (joint Ministers) hold \$280 million to consider allocating to the Auckland LSPs on a case-by-case basis;

- 9 **agreed** to allocate \$33 million from the \$280 million held by joint Ministers to help address the funding shortfall in Eastern Porirua, noting that this leaves \$247 million held by joint Ministers;

Fiscal risks and contingency

- 10 **noted** that costs are escalated in the business case, and that the preferred investment option includes at least a P75 (\$42.5 million) contingency;

Framework for monitoring and reporting

- 11 **authorised** joint Ministers to approve the monitoring approach for the Eastern Porirua LSP, giving effect to the agreed parameters, including any additional metrics and key performance indicators, thresholds, and change controls;
- 12 **noted** that detailed reporting of scope, benefits, cost, revenue, schedule, and other key aspects will be provided to joint Ministers, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development, and the Treasury on a regular basis to enable co-ordination, monitoring, risk management and development of advice;
- 13 **noted** that the first drawdown of funding (subsequent to Tranche One) will not occur until joint Ministers are satisfied that an appropriate baseline has been established against which the investment can be monitored;
- 14 **agreed** that Kāinga Ora be required to report back to joint Ministers before making any decisions that may have an impact on the implementation of the Porirua Pacific Housing initiative;

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Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon David Parker
Hon Damien O'Connor
Hon Stuart Nash
Hon Michael Wood
Hon Kiri Allan
Hon Dr David Clark
Hon Dr Ayesha Verrall
Hon Priyanca Radhakrishnan
Hon Phil Twyford
Rino Tirikatene MP
Dr Deborah Russell MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV