

Building Momentum

OUR CONSTRUCTION
PLAN FOR FUTURE HOMES

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ReBuilding Nations

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Why we need to Build Momentum

The need for **internal transformation**:

- Be a more effective partner
- Learning to deliver at scale
- Greater transparency + sharing knowledge
- Consistency + lean delivery
- Commitment to ongoing innovation
- Standardise smarter
- Be bolder

The need for **system transformation**:

- Skills + labour shortages
- Poor Health & Safety
- Slowness to innovate incl offsite / MMC
- Lack of collaboration + knowledge sharing
- Fragmented leadership
- Poor risk understanding + lack of trust
- Poor business management
- Poor procurement
- Low margins

Our six outcomes



**Sustainable
communities**



**Quality and
affordable**



**Partnering
with Māori**



**Dignity and
independence**

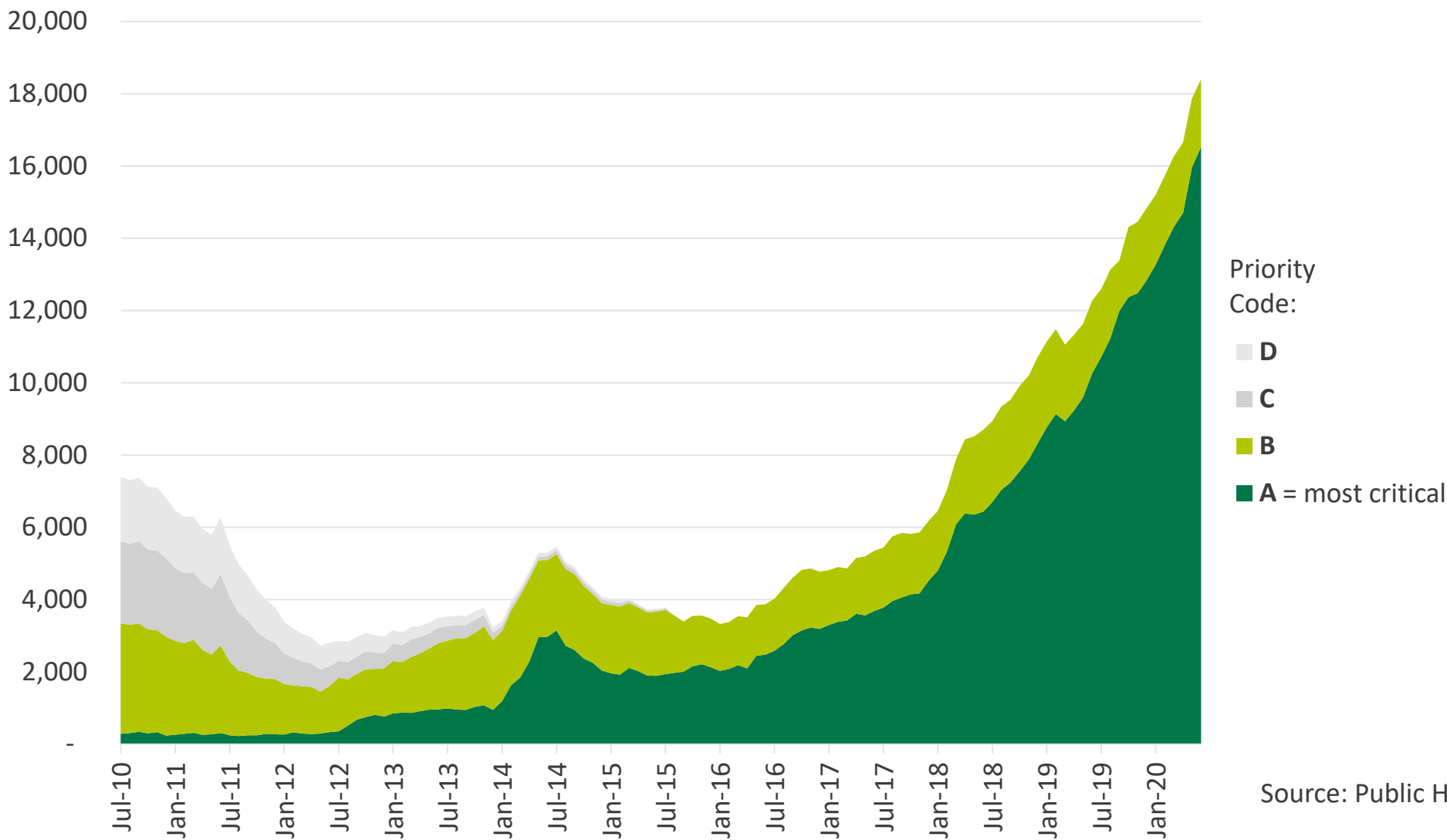


**Environmental
wellbeing**



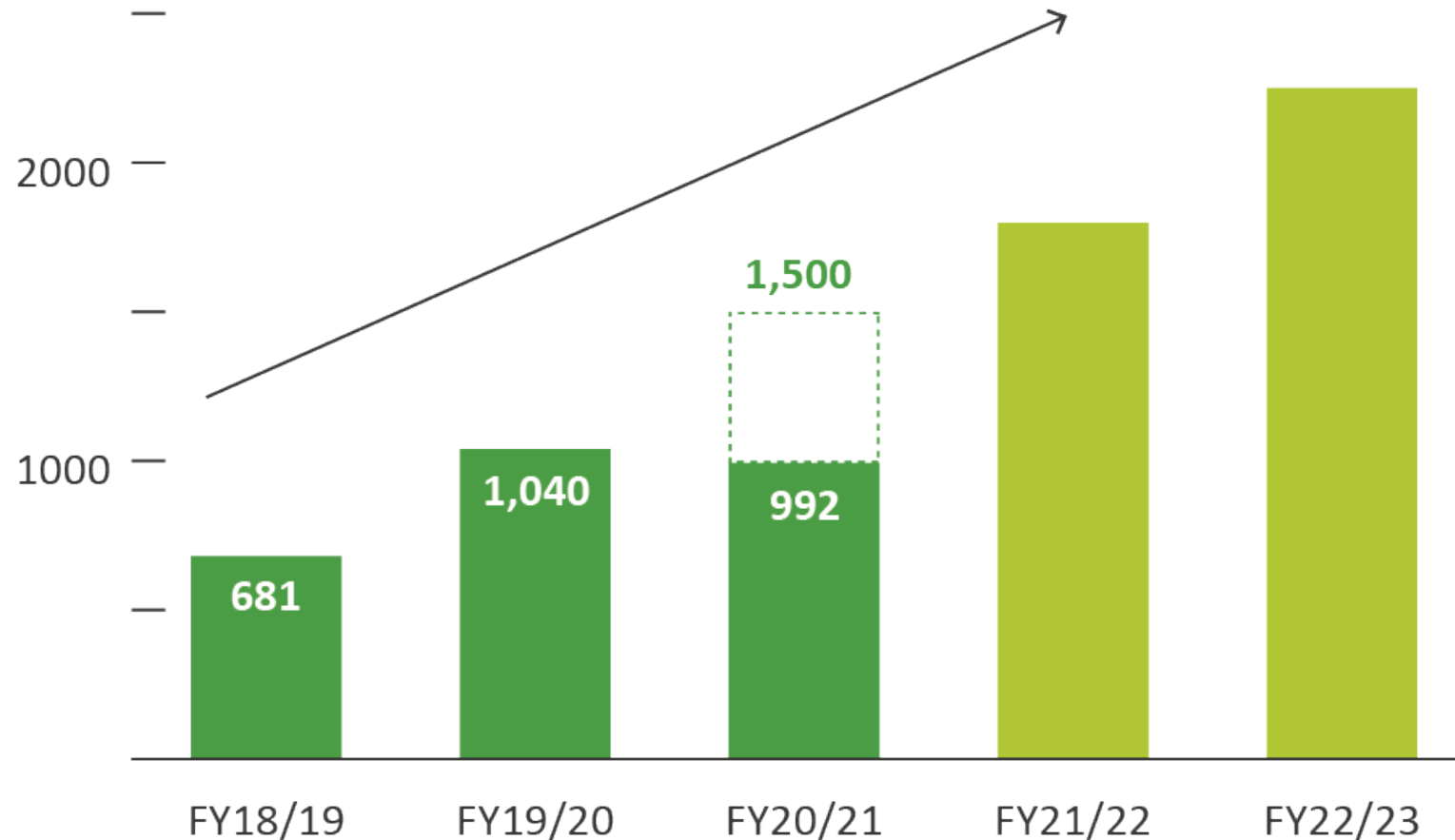
**System
transformation**

The Demand for Public Housing is Increasing



Source: Public Housing Register 30.6.20

Meeting growing demand + doing it better



- Speed of delivery
- Value for money
- Health and Safety

- Outcomes for Māori
- Community and social outcomes
- Quality design and wellbeing
- Environmental impact

- System transformation for NZ

We are **transforming ourselves** +
together **we will transform** the
construction system

Building Momentum – our construction plan



Kāinga Ora
Homes and Communities



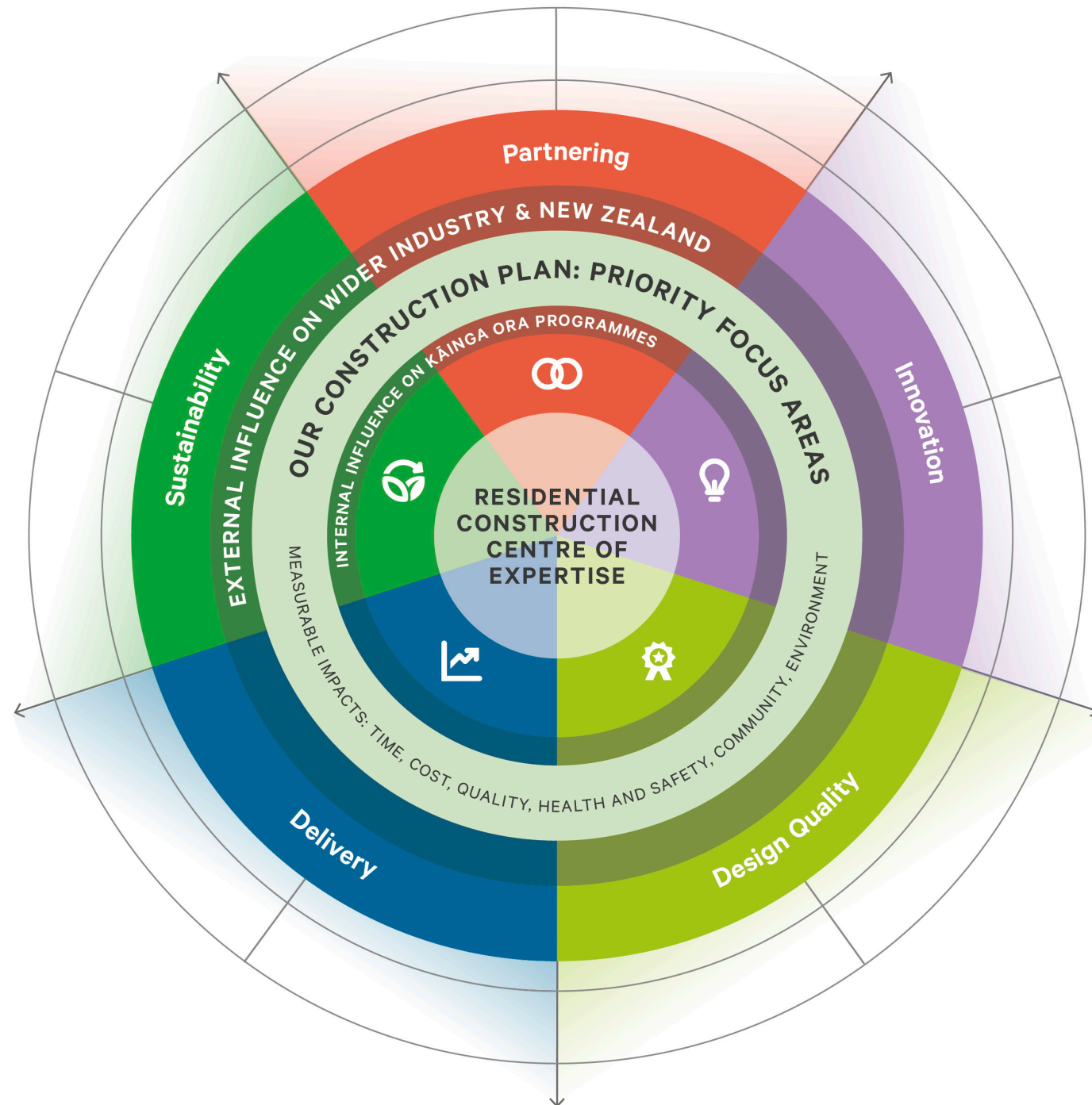
Three major shifts

- 1 Shift in behaviours**— in particular a significant shift towards greater trust, transparency and genuine partnership
- 2 Industry leadership** - Actively seeking to influence and change the housing and construction industry – this is a new role for Kāinga Ora and requires us to go beyond getting our own delivery right
- 3 Getting 5 things right:**
 - Priority 1 – Partnering
 - Priority 2 – Innovation
 - Priority 3 – Design Quality
 - Priority 4 – Delivery
 - Priority 5 - Sustainability






Our Priority Focus Areas



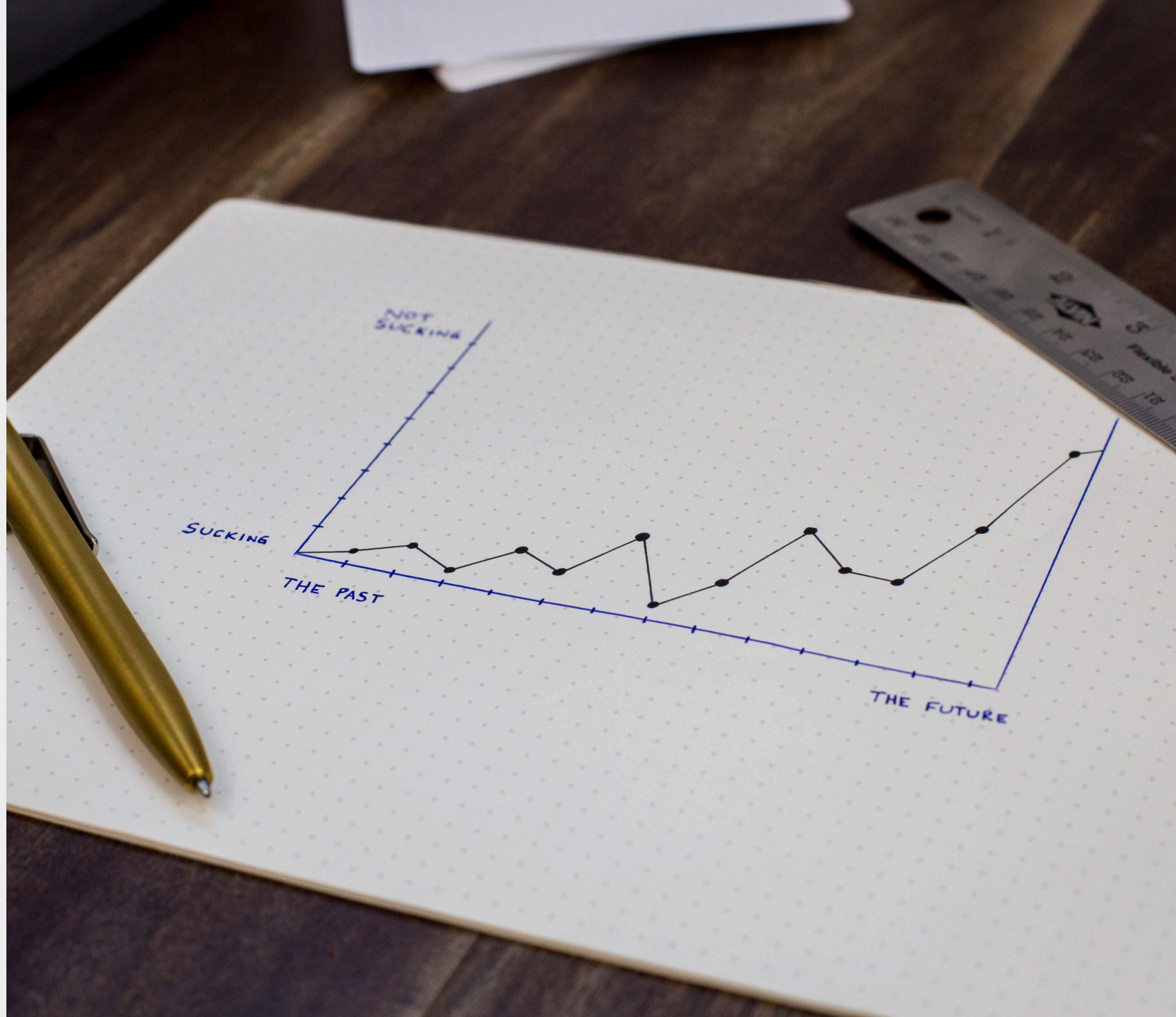
Our system



Our 5 Priority Focus Areas

| | Our key activities: | What it means to industry: |
|---|--|--|
|  Partnering | Expanding construction partnering agreements Partnering with Māori | <ul style="list-style-type: none"> ✓ Collaborative shared pathways ✓ Inclusive + consultative engagement ✓ Longer-term agreements |
|  Innovation | Creating innovation programme + processes Mainstreaming offsite + digital designs | <ul style="list-style-type: none"> ✓ Collaborate + share both risk + reward ✓ Open-source transparency + sharing ✓ Collaborate on testing + R&D |
|  Design Quality | Repeating standardised design components Designing for whole-of-life | <ul style="list-style-type: none"> ✓ Shift from lowest cost to whole-of-life ✓ Standardised usage + access ✓ A platform-based design approach |
|  Delivery | Sharing our forward growth programme Consistent + streamlined programmes | <ul style="list-style-type: none"> ✓ A culture of continuous improvement ✓ Share, inform, collaborate ✓ At scale at pace = growth + better |
|  Sustainability | Reaching towards carbon neutral Reducing waste in design + construction | <ul style="list-style-type: none"> ✓ Market for carbon neutral products ✓ Industry agreed waste standards ✓ Market-maker + leader |



Our Performance Measures



Performance Measurement Framework

| | | |
|--|---|---|
|  | <p>Pace of construction</p> <p>Scale of construction</p> <p>Cost of construction</p> | <ul style="list-style-type: none"> • Time to deliver average home • Number of new homes constructed • Number of homes refurbished • Construction cost savings (whole-of-life) |
|  <p>Sustainable communities</p> | <p>Great urban design and community amenity</p> <p>Benefits to community through construction</p> <p>Community engagement in development and design</p> | <ul style="list-style-type: none"> • Design quality score • Community engagement score • Number of trainees on Apprenticeship programme |
|  | <p>Partnerships with Māori in design, build and development</p> <p>Broader outcomes for Māori through the build programmes</p> | <ul style="list-style-type: none"> • Number and value of partnerships with Māori in construction and refurbishment • Number of Māori in Apprenticeship programme • Number of Māori businesses |
|  | <p>Customers feel safe in their homes</p> <p>Customers live in homes that meet their accessibility needs</p> | <ul style="list-style-type: none"> • Customer satisfaction with new home • Percentage of homes meeting CPTED and Stigma-Free scores of and 1.0 • Percentage of homes meeting universal design standard |

Performance Measurement Framework

| | | |
|---|---|---|
|  Environmental wellbeing | <p>Kāinga Ora homes have a low carbon and environmental footprint</p> <p>Kāinga Ora homes are resilient to environmental shocks such as flooding</p> | <ul style="list-style-type: none">• Carbon footprint of homes• Demolition waste• Percentage of homes achieving 6 Homestar rating• Total carbon footprint of portfolio in construction and operation• Proportion of homes exposed to flood risk |
|  System transformation | <p>Collaborative partnerships based on trust and understanding are the norm</p> <p>The industry leverages innovative systems and thinking</p> <p>The health and safety of people working on our homes improves</p> <p>The sector becomes more diverse</p> | <ul style="list-style-type: none">• Health and safety incidents• Percentage of build programme in CPAs• Percentage of use of offsite in build programme• Cost and time savings achieved through innovation• Number of women and minority groups in leadership roles in the industry |

Pipeline Preview



Kāinga Ora
Homes and Communities



Our Investment Portfolios – across the housing continuum

- We invest across the housing continuum to achieve housing outcomes for New Zealanders.
- Our biggest contributions are through the provision of supported and public housing.
- We also contribute to the supply of affordable homes and land for market housing.
- Our focus for our construction intentions is on supported and public housing



Our Major Programmes



Construction – our most significant programme of work

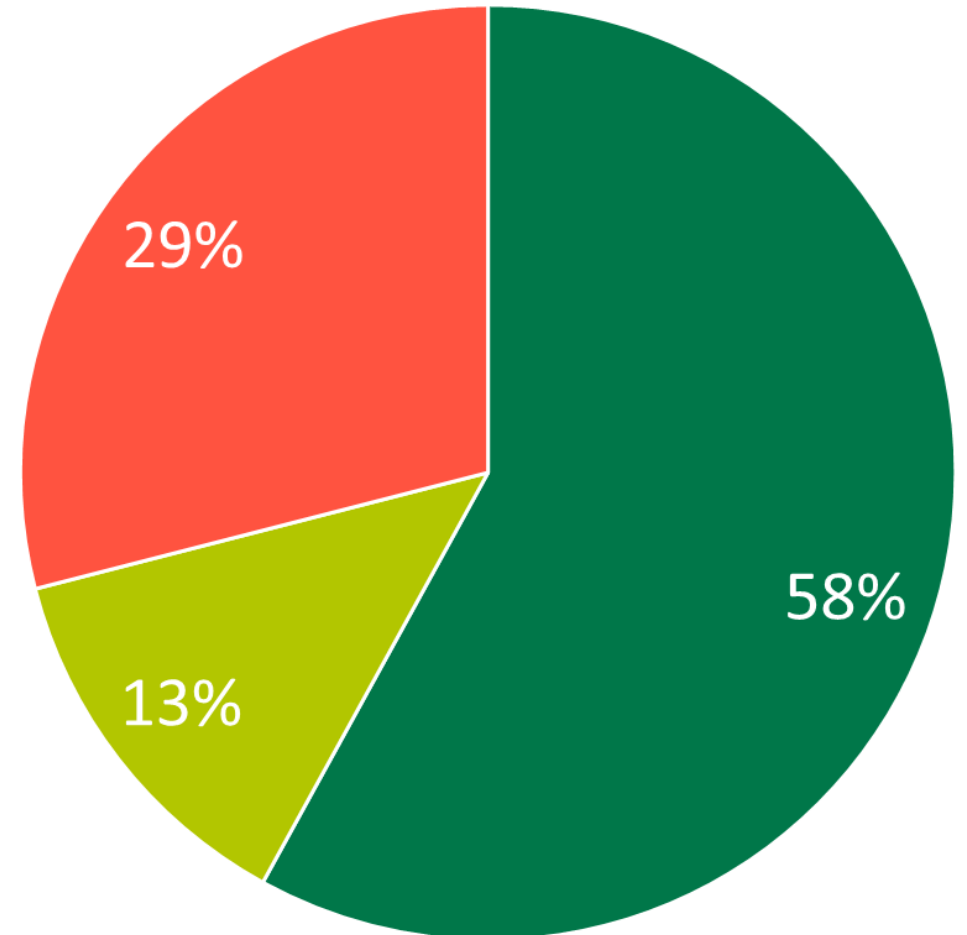
- includes retrofit and renewal of existing homes
- construction of new homes on Kāinga Ora land.
- Mostly focused on supported and state housing projects
- Some construction projects delivering KiwiBuild homes



Acquisition - the other major method that Kāinga Ora uses to grow its supply of supported and state housing



Land development and sales programmes - Kāinga Ora's main approach to increasing housing supply to the general market. Also create build-ready land for construction of supported and state housing



Our Pipeline of Construction - starting 2021-2024

All Regions

\$5.8 - 5.9b

indicative investment

IN PLANNING

6,324

CONSENTING &
PROCUREMENT

3,090

UNDER
CONSTRUCTION

2,209

Stage in the development process

Auckland

\$3.5 - 3.6b

indicative investment

IN PLANNING

2,252

CONSENTING &
PROCUREMENT

1,941

UNDER
CONSTRUCTION

1,758

CONSTRUCTION STARTING

Building Type

| 2021 | 2022 | 2023 | 2024 | TOTAL | House | Walkup | Appt |
|-------|-------|------|------|-------|-------|--------|-------|
| 2,809 | 2,258 | 716 | 168 | 5,951 | 1,519 | 2,172 | 2,260 |

Hamilton

\$225-250m

indicative investment

IN PLANNING

494

CONSENTING &
PROCUREMENT

81

UNDER
CONSTRUCTION

-

CONSTRUCTION STARTING

Building Type

| 2021 | 2022 | 2023 | 2024 | TOTAL | House | Walkup | Appt |
|------|------|------|------|-------|-------|--------|------|
| 90 | 140 | 170 | 175 | 575 | 539 | 36 | - |

Rest of South Island

\$100-125m

indicative investment

IN PLANNING

188

CONSENTING &
PROCUREMENT

71

UNDER
CONSTRUCTION

10

CONSTRUCTION STARTING

Building Type

| 2021 | 2022 | 2023 | 2024 | TOTAL | House | Walkup | Appt |
|------|------|------|------|-------|-------|--------|------|
| 83 | 62 | 58 | 58 | 261 | 261 | - | - |

Rest of North Island

\$750-800m

indicative investment

IN PLANNING

1,528

CONSENTING &
PROCUREMENT

255

UNDER
CONSTRUCTION

168

CONSTRUCTION STARTING

Building Type

| 2021 | 2022 | 2023 | 2024 | TOTAL | House | Walkup | Appt |
|------|------|------|------|-------|-------|--------|------|
| 588 | 602 | 386 | 375 | 1,951 | 1,847 | 104 | - |

Porirua & Hutt Valley

\$450-500m

indicative investment

IN PLANNING

765

CONSENTING &
PROCUREMENT

143

UNDER
CONSTRUCTION

98

CONSTRUCTION STARTING

Building Type

| 2021 | 2022 | 2023 | 2024 | TOTAL | House | Walkup | Appt |
|------|------|------|------|-------|-------|--------|------|
| 297 | 269 | 200 | 240 | 1,006 | 815 | 191 | - |

Wellington

\$300-350m

indicative investment

IN PLANNING

538

CONSENTING &
PROCUREMENT

343

UNDER
CONSTRUCTION

36

CONSTRUCTION STARTING

Building Type

| 2021 | 2022 | 2023 | 2024 | TOTAL | House | Walkup | Appt |
|------|------|------|------|-------|-------|--------|------|
| 452 | 165 | 150 | 150 | 917 | 458 | 172 | 287 |

Christchurch

\$350-400m

indicative investment

IN PLANNING

559

CONSENTING &
PROCUREMENT

256

UNDER
CONSTRUCTION

139

CONSTRUCTION STARTING

Building Type

| 2021 | 2022 | 2023 | 2024 | TOTAL | House | Walkup | Appt |
|------|------|------|------|-------|-------|--------|------|
| 293 | 283 | 153 | 225 | 954 | 934 | 20 | - |



- The volumes are limited to construction planned to start from January 2021 – December 2024 in redevelopment and Construction on land which we currently own or intend to procure.
- 'Indicative investment' is an indicative value of the proportion of the total development costs for our intentions in that region. This is subject to budgets being confirmed in future years, but are shown here for planning purposes

Construction + Innovation - Construction Starts 2021+

| Priority Investment Location | STAGE IN THE DEVELOPMENT PROCESS | | | CONSTRUCTION STARTING | | | | | Building Type | | | 2021 FOCUS | | | |
|------------------------------|----------------------------------|--------------------------|--------------|-----------------------|-------|-------|-------|--------|---------------|--------|-------|------------|-------|-------|-----|
| | PLANNING INTENTIONS | CONSENTING & PROCUREMENT | CONSTRUCTION | 2021 | 2022 | 2023 | 2024 | TOTAL | House | Walkup | Appt | Q1 | Q2 | Q3 | Q4 |
| Kaitiaa | 95 | 20 | - | 77 | 38 | - | - | 115 | 115 | - | - | 25 | - | 38 | 14 |
| Whangarei | 174 | 37 | 3 | 63 | 143 | 8 | - | 214 | 202 | 12 | - | - | 37 | - | 26 |
| Auckland | 2,252 | 1,941 | 1,758 | 2,809 | 2,258 | 716 | 168 | 5,951 | 1,519 | 2,172 | 2,260 | 687 | 708 | 1,004 | 410 |
| Hamilton | 494 | 81 | - | 90 | 140 | 170 | 175 | 575 | 539 | 36 | - | 35 | 2 | 53 | - |
| Taupo | 15 | - | - | 15 | - | - | - | 15 | 15 | - | - | - | - | - | 15 |
| Tauranga | 120 | - | - | 20 | 20 | 40 | 40 | 120 | 120 | - | - | - | 20 | - | - |
| Whakatane | 56 | - | - | 6 | 10 | 20 | 20 | 56 | 56 | - | - | - | - | 3 | 3 |
| Rotorua | 114 | 36 | 10 | 40 | 40 | 40 | 40 | 160 | 160 | - | - | 28 | 8 | 4 | - |
| Gisborne | 147 | 31 | 3 | 61 | 40 | 40 | 40 | 181 | 169 | 12 | - | 10 | 22 | 4 | 25 |
| Napier | 249 | 8 | 6 | 63 | 50 | 75 | 75 | 263 | 239 | 24 | - | 6 | 38 | 19 | - |
| Hastings | 189 | 97 | 90 | 167 | 59 | 75 | 75 | 376 | 376 | - | - | 119 | 15 | - | 33 |
| New Plymouth | 75 | 5 | - | 5 | 25 | 25 | 25 | 80 | 80 | - | - | - | 5 | - | - |
| Whanganui | 56 | - | - | 45 | 11 | - | - | 56 | 56 | - | - | 1 | 4 | 40 | - |
| Palmerston Nth | 227 | 12 | 48 | 16 | 151 | 60 | 60 | 287 | 231 | 56 | - | 5 | 8 | - | 3 |
| Wellington City | 538 | 343 | 36 | 452 | 165 | 150 | 150 | 917 | 458 | 172 | 287 | 80 | 36 | 297 | 39 |
| Hutt Valley | 316 | 141 | 30 | 188 | 139 | 80 | 80 | 487 | 296 | 191 | - | 49 | 138 | 1 | - |
| Porirua | 449 | 2 | 68 | 109 | 130 | 120 | 160 | 519 | 519 | - | - | 5 | 18 | - | 86 |
| Nelson | 60 | - | 5 | 2 | 20 | 20 | 23 | 65 | 65 | - | - | - | - | - | - |
| Blenheim | - | 35 | - | 24 | - | 3 | - | 27 | 27 | - | - | 24 | - | - | - |
| Greymouth | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Christchurch | 559 | 256 | 139 | 293 | 283 | 153 | 225 | 954 | 934 | 20 | - | 83 | 122 | 57 | 31 |
| Timaru | 5 | - | - | 5 | - | - | - | 5 | 5 | - | - | - | - | - | 5 |
| Ashburton | 4 | - | 5 | - | 9 | - | - | 9 | 9 | - | - | - | - | - | - |
| Dunedin | 119 | 33 | - | 52 | 30 | 35 | 35 | 152 | 152 | - | - | 23 | - | 29 | - |
| Queenstown | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Invercargill | - | 3 | - | - | 3 | - | - | 3 | 3 | - | - | - | - | - | - |
| Unallocated | 11 | 9 | 8 | 10 | 15 | 3 | - | 28 | 28 | - | - | 4 | 1 | 5 | - |
| TOTALS | 6,324 | 3,090 | 2,209 | 4,612 | 3,779 | 1,833 | 1,391 | 11,615 | 6,373 | 2,695 | 2,547 | 1,184 | 1,182 | 1,554 | 690 |

Pipeline Reporting (by end 2020)

The first release will be information on construction activity (2021-2024) by calendar year:

- **Location:** Region for build intentions
- **Typology:** Houses, apartments or 3-level walk-ups
- **Scale:** Number of units intended to be started and when construction starts
- **Status:** Stage the project is at – eg. in planning, in consenting and procurement, or under construction

In future releases there will be more detail:

- **Location:** Suburb and city within the region
- **Typology:** Apartments 4-storeys and above
- **Status:** When it is planned to issue a Request for Pricing (RFP) by month, year, size of project, and when it is intended to submit resource consents

Round-up



Round-up

- **How might we collaborate better together?**
- **How might we grow innovation for the wider construction sector?**
- **How might we model the behaviour change we want to see in our industry?**

Feedback please



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