



26 JUN 2019

Mr Nick Palmer
fyi-request-10428-ef0d6734@requests.fyi.org.nz

Dear Mr Palmer

Thank you for your email of 31 May 2019 requesting the following information under the Official Information Act 1982 (the Act):

What are the differences in processes under the ITP 1 and ITP 2 released on GETS for your buying off the plans initiative?

*What process do you follow to evaluate proposals that come through from Developers?
How many experts are involved in making the decision to take a proposal to the next step in the process?*

Our response to your request follows.

What are the differences in processes under the ITP 1 and ITP 2 released on GETS for your buying off the plans initiative?

The approach to market and documentation was been streamlined in ITP2 to make it easier for developers to submit, and for the KiwiBuild Unit to evaluate, proposals. The response form has been simplified, data tables included for ease of data entry, and requests for additional information that had limited value at the evaluation stage of the process have been eliminated.

What process do you follow to evaluate proposals that come through from Developers?

Mandatory Requirements

The evaluation model used to assess registrations is a simple score assessment. This means that all criteria are of equal importance.

Each registration must meet all of the mandatory requirements. Registrations which fail to meet one or more are eliminated from further consideration. Mandatory requirements are currently as follows:

- 1 The proposed KiwiBuild dwellings are priced at or below the applicable KiwiBuild price caps
- 2 The respondent is proposing a minimum of 10 KiwiBuild dwellings allocated within a single development
- 3 The respondent owns the land or has entered into an agreement for sale and purchase for the land

Evaluation criteria

Registrations which meet all of the mandatory requirements are assessed on their merits according to the following evaluation criteria:

- 1 Respondent credentials: The respondent can evidence prior relevant development experience, capacity and ability to deliver a turnkey development.

- 2 Proposed development: The respondent has proposed a development (and dwellings) that are well aligned to the KiwiBuild Unit's requirements and meet good urban design standards.
- 3 Value for money: In addition to conforming with the KiwiBuild price caps, the proposed dwellings must also represent good value for money, including price and quality.

Evaluation

The following methodology is used in evaluating registrations. Assessments conducted by individual evaluation panel members may be modified through the moderation process.

Rating	Definition	Pass/Fail
ACCEPTABLE meets the criteria in full	Generally satisfies or exceeds the criteria. Demonstration by the Respondent of the relevant ability, understanding, experience, skills, resource, and quality measures required to meet the criteria, with supporting evidence.	Pass
UNACCEPTABLE significant issues not capable of being resolved	Does not meet or major reservations about meeting the criteria. Does not comply and/or insufficient information provided to demonstrate that the Respondent has the ability, understanding, experience, skills, resource and quality measures required to meet the criteria.	Fail

Post-moderation evaluation

For those development proposals that pass moderation a more detailed due diligence process is followed that covers topics including:

- 1 Respondent credentials
- 2 Architectural and urban design
- 3 Additionality
- 4 Status of consents
- 5 Value for money
- 6 Feasibility analysis
- 7 Marketing strategy
- 8 Legal title

Proposals may be off-boarded at any time during the above post-moderation evaluation process. At the satisfactory conclusion of the post-moderation evaluation process, a non-binding commercial term sheet is negotiated and agreed with the developer. This forms the basis for a briefing paper to ministers and the key terms of the Relationship & Option Agreement. Each underwrite is reviewed by Treasury before being submitted for approval by both the Minister for Housing and Urban Development and the Minister of Finance.

How many experts are involved in making the decision to take a proposal to the next step in the process?

Subject matter experts involved in the evaluation of the ITP2 proposals include, but are not limited to: architecture and urban designers; property consultants; registered valuers; development managers; finance and risk; and procurement.

You have the right to seek an investigation and review of my response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz.

Yours sincerely



Hon Phil Twyford
Minister of Housing and Urban Development