# The 2015 Social Housing Valuation: Key Findings

The valuation covers the period 1 July 2014 to 30 June 2015. It therefore does not reflect changes implemented as part of the Social Housing Reform Programme beyond 30 June 2015.

**Projected lifetime housing cost and duration**

* The lifetime housing cost of adults either in social housing or on the register in 2014/15 is $16.4 billion.
* About 85% of this cost relates to future Income-Related Rent Subsidy (IRRS) payments with the rest made up of the Accommodation Supplement (AS), and Temporary Additional Support (TAS) and other related MSD costs.
* For those currently in social housing receiving some level of IRRS payment, the average household liability is $230,000.
* These households are expected to spend a further 17 years in social housing on average.
* There is a large spread between households with high and low predicted costs. The top decile (typically those in housing with high market rent and IRRS) has an average over $480,000, whereas the lowest decile (including older clients on the register) has an average of about $50,000.

**Factors that drive lifetime housing cost and duration**

* The top five predictors of lifetime housing cost for people in social housing are market rent, household size, age of the primary householder, IRRS level and welfare benefit history.
* The most significant predictor of register applications is benefit receipt. People on Jobseeker or Sole Parent Support are about 70 times more likely to apply for social housing than those not on benefits in the last five years.

**Auckland has a higher share of the liability than population**

* Auckland, despite comprising only 35% of the population of New Zealand, represents 61% of the total liability. The average household liability is 80% higher due to higher IRRS levels, which in turn also leads to longer durations in social housing (because the likelihood of exiting social housing falls with higher IRRS as it becomes more difficult to achieve independence).

**Impacts of growth in market rents**

* Growth in IRRS payment size over time is driven by the growth in market rents. While growth in the incomes of people in social housing has typically averaged close to Consumer Price Index (CPI) – inflation, rents have grown significantly faster than CPI.
* Compared to 15 years ago, social housing tenants are older, have been in social housing longer and receive more IRRS. These factors mean that a household is 30% less likely to exit in any given quarter than 15 years ago.

**Māori and Pacific people are overrepresented**

* Māori and Pacific people are heavily overrepresented in the social housing system. Māori are five times more likely to be in social housing, and Pacific people are seven times, compared to the average rate for those with European or other background.
* Households with a Māori primary householder tend to have higher exit rates. However, Māori are also more likely to exit with poor social outcomes (which could potentially include termination by tenancy tribunal, safety concerns, abandonment, prison, overcrowding, neighbourhood issues, etc.).
* If exit rates due to poor social outcomes are excluded from the analysis, Māori exit at a similar rate to other tenants.

**Matching of social housing supply to household size**

* In 2014/15 about 45% of social houses were exactly matched to household size. If matching within one bedroom of need is used (which is what MSD does) then there is a 90% match.
* There were too few one and four bedroom places, and too many two and three bedroom places.