



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

- 7 NOV 2016

Dear

On 5 October 2016 the Ministry received your request, under the Official Information Act 1982, for the following information:

- *Why is the market rent set at \$300 when in Auckland a 2 bedroom flat is more like \$400*
- *Why is the rent subsidy states \$180, but when you go to the calculator on the <http://www.workingforfamilies.govt.nz/calculator> enter current rent paying \$430. located East Auckland Accommodation supplement \$119.00*

Market rent is dependent on the property in question. The market rent is the rent that the property would command in the private rental market. The Ministry's indicative upper limit for the amount of market rent it would be willing to contract up to for a two bedroom property in Auckland, as per the Social Housing (IRRS) Purchasing Intentions 15 April 2015, is \$500. Further information about the Purchasing Intentions and indicative upper limits for market rents can be found on page 24 of the following website link:

www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/social-housing/purchasing-intentions/purchasing-intentions.pdf

Accommodation Supplement and the Income Related Rent Subsidy are different. Social housing providers are paid the Income Related Rent Subsidy which is made up of the difference between the value of the Income Related Rent and the market rent rate for their social housing properties. The Accommodation Supplement is a non-taxable benefit that is payable to an eligible client and provides assistance towards accommodation costs. It is not payable to a person who is living in a property owned or managed by a social housing provider. Please note a person paying rent to a registered community housing provider for a property that is not contracted for Income Related Rent purposes may be eligible to receive this assistance. Further information about Income Related Rent Subsidy and Accommodation Supplement is available at the following website links:

www.workandincome.govt.nz/map/social-housing/income-related-rent-subsidy/introduction.html

www.workandincome.govt.nz/map/income-support/extra-help/accommodation-supplement/introduction.html

- *At the end of March, in the years below, the number of social housing tenancies for which an income-related rent was paid was as follows:*
 - *2013 – 58,916 How much was actually paid in dollars*
 - *2014 – 60,372 How much was actually paid in dollars*
 - *2015 – 60,720 How much was actually paid in dollars*
 - *2016 – 60,733 How much was actually paid in dollars*

Prior to 14 April 2014, only Housing New Zealand had access to the Income Related Rent Subsidy (IRRS). As such, the part of your request for the amount paid in dollars for IRRS for 2013, and the part of 2014 prior to the Ministry becoming responsible for IRRS, was transferred to Housing New Zealand on 17 October 2016 for response.

Please find below the IRRS cost for the 2014/15 and 2015/16 years to 31 March. These values differ from those in the Ministry Annual Reports as you have requested figures calculated as at end of March and the Ministry Annual Report figures are calculated for as at end of June.

Year ending 31 March	Dollar value
2014/15	\$525.8m
2015/16	\$738.8m

Notes:

- This is the accounting cost as distinct from the cash expense; the cash expense would reflect when invoices are paid whereas the accounting cost reflects the expenses incurred in the period reported according to calendar days.
- The Income Related Rent Subsidy was first paid by the Ministry in May 2014, this will account for the lower comparative cost in this 31 March Financial Year.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter available to the wider public after ten working days. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

You have the right to seek an investigation and review by the Ombudsman of this response regarding Income Related Rent Subsidy. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Read', written in a cursive style.

Kay Read

Associate Deputy Chief Executive, Social Housing