



Report

Date: 13 May 2016

Security Level: IN CONFIDENCE

To: Hon Paula Bennett, Minister for Social Housing
Hon Anne Tolley, Minister for Social Development

Relocating from Auckland – New support package

Purpose of the report

- 1 This report sets out a package of support to help people move out of Auckland. It seeks agreement to the features, target groups and amendments to the Housing Support Assistance Programme to enable this assistance.

Executive summary

- 2 The demand for one and two bedroom social houses in Auckland alongside limited supply of these properties is delaying people from accessing the housing they need. In response, the Ministry for Social Development (MSD) has developed a new package of support to assist people into longer-term housing in regions outside of Auckland, where this is appropriate.
- 3 Eligible sole parent families, single people and some older people may want to move out of Auckland or have less of a need to live there. They may want to access social houses, more affordable private houses and employment opportunities in other regions (eg Otago, Southland, Waikato and Canterbury).
- 4 The “Relocating from Auckland” package will provide tailored assistance to address the barriers that keep people from moving to other regions (eg lack of information, the direct costs of moving and a fixed income). It will also incentivise some households with a payment to reduce the overall financial impact.
- 5 People who have received a similar type of assistance will not be eligible for this initiative, and eligible people will still be able to receive financial assistance for other purposes.
- 6 MSD will prioritise \$750,000 of the 2016/2017 Housing Support Package (HSP) appropriation to support approximately 150 households to move out of Auckland, and expects a long-term savings in Income Related Rent Subsidy (IRRS) in relation to specific households.
- 7 If the Ministerial Welfare Programme is agreed to no later than mid-August, the new initiative will ‘go live’ with a staged roll-out from September 2016.
- 8 MSD will gain important insights from this initiative, including a better view of who is amenable to relocating out of Auckland, why they choose to move, what is the right level of assistance to offer, and the match between where people want to move and where there is alternative supply of private and social housing.

Recommended actions

It is recommended that the Minister for Social Housing:

- 1 **agree** that households eligible for the new support package will be:
- currently living in Auckland and in or eligible for social housing, and
 - willing and able to move into social housing or sustainable, long-term private housing in another region
- Agree / Disagree**
- 2 **agree** that the Ministry of Social Development engage with the following cohorts who have the greatest potential to take up this relocating from Auckland opportunity:
- single people who could move into private housing
 - older people who could relocate with the right assistance
 - sole parent families who could move into social housing in regions outside of Auckland
- Agree / Disagree**
- 3 **agree** to the new “Relocating from Auckland” package to assist people with moving out of Auckland, which will begin with an outbound calling campaign and comprise of the following tiered components as necessary depending on people’s need:
1. services to assist with the transition for all households
 2. a new one-off non-recoverable Relocation Assistance payment of up to \$5,000 to help some households with actual and reasonable direct moving costs, which may exceed this amount in exceptional circumstances
 3. a new one-off non-recoverable Establishment Grant of up to \$3,000 to incentivise some households to move from Auckland
- Agree / Disagree**
- 4 **agree** that the Ministry of Social Development should offer two different payment amounts for the Establishment Grant:
- \$2,000 to households moving into social housing
 - \$3,000 to households moving into private housing
- Agree / Disagree**
- 5 **agree** that the Establishment Grant becomes recoverable if:
- a household returns to the Social Housing Register in the Auckland region within 52 weeks of moving to a new region, without exceptional circumstances for returning
 - the payment is not used for the purpose for which it was paid (eg the person goes overseas)
- Agree / Disagree**
- 6 **agree** that the Relocation Assistance and Establishment Grant will be distributed equally between main applicants within households, where applicable
- Agree / Disagree**
- 7 **agree** that the components of the new support package will have the same requirements for residency, income limits and asset limits as the Housing Support Products
- Agree / Disagree**
- 8 **agree** that a pre-condition of eligibility would exclude households who have received any similar type of assistance
- Agree / Disagree**

9 **agree** that households taking up the offer to relocate would still be able to access assistance for other purposes (eg Special Needs Grants, most Housing Support Products and the 'Transition to Work' assistance in some cases)

Agree / Disagree

10 **agree** that if a household is in or eligible for Auckland social housing and the cost of relocation is a barrier to moving from Auckland to Christchurch through the '\$3k to Christchurch' scheme, MSD would permit households to access the Relocation Assistance but not the Establishment Grant

Agree / Disagree

11 **agree** that the new "Relocating from Auckland" package of support be funded under the Housing Support Package appropriation

Agree / Disagree

12 **note** that the Ministry of Social Development will prioritise \$750,000 of the Housing Support Package appropriation for 2016/2017 to support approximately 150 households to move out of Auckland

13 **note** that the new upfront investment is likely to contribute to long-term cost savings for specific households relocating to other regions

14 **note** that this new assistance will require changes to the existing Ministerial Welfare Programme, which is the Housing Support Assistance Programme under section 124(1)(d) of the Social Security Act 1964

It is recommended that the Minister for Social Development:

15 **agree** that the Housing Support Assistance Programme be amended to enable availability of the "Relocating from Auckland" package

Agree / Disagree

16 **note** that following approval of the initiative, the Ministry of Social Development will provide an amended Ministerial Welfare Programme by August 2016 for your signature.

Yes / No

Anna Butler
General Manager Housing, Income Support &
Employment
Ministry of Social Development

Date

Hon Paula Bennett
Minister for Social Housing

Date

Hon Anne Tolley
Minister for Social Development

Date

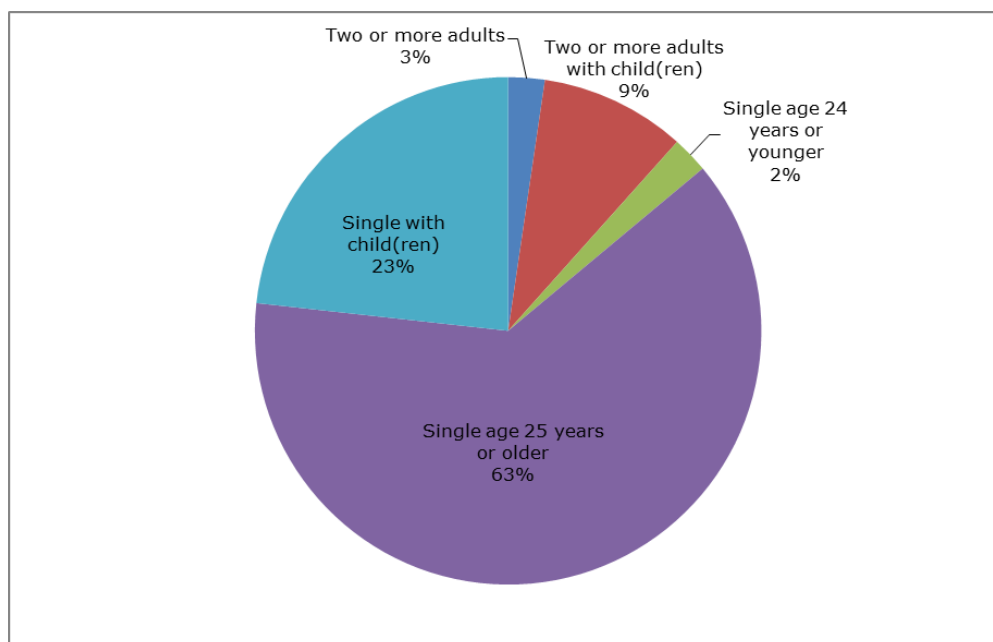
The demand for and limited availability of social housing in Auckland is delaying people from accessing the housing they need

- 9 As at March 2016, 2,130 households on the register were from Auckland, which is just under half the total number of social housing applicants. It can take up to five months for applicants in Auckland to receive a social house.
- 10 Most social housing is not of the right size and in the right locations, since only 40 percent of Housing New Zealand Corporation (HNZC) properties are exactly matched to tenants. The supply of housing is particularly constrained for one and two bedroom properties in Auckland.
- 11 MSD has successfully implemented a range of demand management initiatives to improve people's access to the housing they need, and has now developed a new support package for people to move out of Auckland and into sustainable private or social housing in other regions.

People may want to move out of Auckland or have less need to live there

- 12 Some applicants for social housing in Auckland have an interest in moving to other regions, as indicated by feedback from social housing providers and register data that shows applicants' interest in other letting areas.
- 13 For those living in social housing, evidence from international literatures suggests there are certain individuals and families that are more likely to relocate and/or benefit from moving, including:
 - younger people
 - small families (eg sole parent families)
 - single people
 - older people.
- 14 Data from the March 2016 register shows the proportion of these groups in Auckland that need housing:
 - two percent of applicants are single people 24 years of age or younger
 - thirty-four percent of applicants are sole parent families
 - thirty-one percent of applicants are single people 25 to 64 years of age
 - six percent of applicants are single people 65 years of age or older.
- 15 The lack of one and two bedroom properties in Auckland means that these smaller households compete for housing that is in high demand and costly in comparison to other regions.
- 16 Over 40 households on the register for January 2016 indicated an interest in moving to letting areas outside of Auckland. The proportion of household types is shown in Figure One below.

Figure One: Household types on the register amenable to living outside of Auckland as at January 2016



- 17 Although older people are typically less mobile than other groups, some may be willing to relocate within New Zealand to live closer to family or retire. Most people 65 years of age or older will not be working, so they could have less need to live in Auckland. For older people, it is especially important to consider how a move to a new location will affect their social inclusion, family connections and proximity to health, transport and social services.
- 18 To identify the right people for relocating out of Auckland, MSD will profile eligible households and consider the current supply of private and social housing in other regions. The process will include examining:
 - people's interest in letting areas outside of Auckland
 - housing circumstances, including how many bedrooms a household requires
 - limitations on their suitability to move (eg someone with a history of fraudulent behaviour)
 - available supply of housing that matches the needs of households.
- 19 MSD will mitigate risks by considering the suitability of each case to ensure people make the right move for them and are able to sustain housing in another region. This will include considering the impact of relocation on people and their communities, and people's capabilities, willingness and circumstances.

There are houses and jobs available in regions outside of Auckland that people may want to access

- 20 There are housing options in other regions. HNZA has indicated they have vacant social housing properties outside of Auckland and rental bond data shows that all other regions have lower private market rents for one and two bedroom properties compared to Auckland.
- 21 Data from Statistics New Zealand and the Ministry of Business, Innovation and Employment shows that employment opportunities exist in other regions. Unemployment in the South Island, Waikato and Taranaki is lower than the national average. Employment opportunities for lower-skilled workers are expected to account for about 26 percent (or 32,700 workers) of the national employment growth from 2015 to 2018, with the strongest employment growth over the next two years concentrated in the Otago, Southland, Waikato and Canterbury regions.

MSD has developed a new support package to assist relocations out of Auckland

The package will address known barriers and incentivise people to move to other regions

- 22 Many people in need of housing also receive income support or are on a fixed-income. For example, in March 2016, over 85 percent of those on the register in Auckland were receiving a main benefit or New Zealand Superannuation. This restricts their ability to successfully compete in Auckland's private housing market or move out of Auckland.
- 23 Current Moving Assistance limits are insufficient to support the needs of some households moving across regions. To date, 80 percent of households that received the maximum \$1,500 for Moving Assistance were relocating from one region to another, suggesting the need for greater financial assistance for this purpose.
- 24 A key insight from previous work with people on the register, tenancy reviews and the '\$3k to Christchurch' initiative is that the best approach to support households with relocating from Auckland involves a combination of services to provide information and facilitate the transition, and financial products to assist as necessary.

MSD will ensure the right people get the right assistance to make the right move for them

- 25 MSD would support households to take up opportunities outside of Auckland if they are:
 - currently living in Auckland
 - eligible for or in social housing and
 - willing and able to move into longer-term private or social housing in another region.
- 26 For the purpose of the initiative, the Auckland region is defined as the Territorial Local Authority (TLA) – Auckland Super City¹.
- 27 MSD would begin with an outbound calling campaign to those applying for social housing or in the target group for the initiative, and then tailor assistance to meet people's specific circumstances. This support would include:
 - services to establish them in a longer-term tenancy within their new community
 - in some cases financial assistance for the direct costs of moving and/or an incentive payment to address the overall financial impact.
- 28 As part of this initiative, MSD seeks agreement to two financial components to form part of the new support package, which are set out in Table One.

¹ This TLA includes the previous TLAs of Auckland City, Franklin District, Manukau City, North Shore City, Papakura District, Rodney District, Waitakere City.

Table One: Key features of the two main support components.

1. A new one-off non-recoverable Relocation Assistance payment to assist with the direct costs of moving

Some households may receive a single payment to cover the entirety of their actual and reasonable direct moving costs (eg petrol, moving company, travel) to address the greater barriers they face when relocating across larger distances.

MSD will confirm costs before making payment.

The amount of assistance will depend on each household's needs up to a maximum of \$5,000, but the maximum could be exceeded in exceptional circumstances (eg for larger families moving further distances). The maximum reflects the higher costs associated with moving across regions, since estimates suggest that moving a small household will likely cost between \$1,000 and \$4,000 and possibly more (up to \$5,000) for long distance moves.

The amount of the payment that households receive will relate to the distance of travel, household size and amount of furniture and/or belongings.

As a non-recoverable payment, it will strengthen the household's financial stability by not contributing to their debt. It will only be accessible once per household to align with the intent of the initiative – to provide a one-off support for people in need of housing to move out of Auckland.

2. A one-off non-recoverable Establishment Grant to incentivise moving from Auckland

Some households may also receive a one-off, single payment to incentivise the move and alleviate its overall financial impact.

In most cases, a household will be eligible only if they have not received a similar grant.

MSD will confirm that the household has moved before making payment.

The amount available will be up to \$3,000 to align with similar incentive payments (eg '3k to Christchurch', '3k to Work' and Transition to Alternative Housing Grant). However, MSD could incentivise moves into private housing by offering two different Establishment Grant amounts:

- \$2,000 to households moving into social housing
- \$3,000 to households moving into private housing outside.

As a one-off non-recoverable payment, it will strengthen financial stability of the household and align with the intent of the initiative. However, the payment may become recoverable if:

- the household returns to the register in the Auckland region within 52 weeks of moving to another region and without exceptional circumstances for returning
- the payment is not used for the purpose for which it was paid, which is consistent with the '3k to Christchurch' and '3k to Work' approaches².

29 The Relocation Assistance and Establishment Grant will be payable per household, and so will be distributed equally between main applicants within a household where applicable (similar to the existing TTAHG).

30 Residency, income limits and cash asset limits for the Relocation Assistance and Establishment Grant will be consistent with all other products in the HSA Programme³.

² Approximately two percent of cases have returned to benefit within 91 days of receiving the payment and without good and sufficient reason (eg never taking up the new job or travelling overseas) and are now required to repay the grant.

³ The current HSA Programme has income and cash asset limits, and it is proposed the new support package apply the same limits to the components.

HSA income limits:

- Single - \$551.70 per week (\$28,688 over 52 weeks)
- Couple, with or without children - \$801.31 per week (\$41,668 over 52 weeks)
- Sole parent, 1 child - \$669.46 per week (\$34,812 over 52 weeks)
- Sole parent, 2+ children - \$705.31 per week (\$36,676 over 52 weeks)

HSA cash asset limits:

- \$8,100 for a single person

Links with other assistance

- 31 To ensure the right level of government investment in housing outcomes, MSD could exclude certain households that have received any similar type of assistance (eg '3k to Work', '3k to Christchurch' or TTAHG).
- 32 If households use the "Relocating from Auckland" package, it will likely prevent them from drawing on their hardship assistance for the purpose of relocating, and they will still be able to apply for the assistance shown in the below table.

Table Two: Other assistance households can still apply for

Assistance	Why can they access it?	Are there any exceptions to the rule?
Special Needs Grant	To meet emergency and essential needs	No
Advance Payment of Benefit	To meet essential needs	No
Recoverable Assistance Payment	To meet essential needs	No
Housing Support Products	To address additional barriers to accessing or retain housing	Yes, some households will not be able to ever access the TTAHG and/or access Moving Assistance for up to 52 weeks
Transition to Work	To meet additional costs essential for transitioning into employment	Yes, households will not be able to access the payment for relocation costs for up to 52 weeks

- 33 Households relocating from Auckland to Christchurch through the '3k to Christchurch' scheme may be able to access the Relocation Assistance but not the Establishment Grant if the cost of moving is a barrier.

The current Housing Support Package (HSP) appropriation will cover an upfront investment that will contribute to cost savings in the long term

- 34 The purpose of the HSP appropriation is "the provision of incentives, products and services to help households with lower housing need who are in, or seeking social housing, to access or retain alternative housing solutions" or social housing that will better meet their needs. MSD recommends funding the new initiative from the HSP appropriation as it aligns with the purpose of the appropriation.
- 35 The new package will increase the spend of the appropriation, especially since the Relocation Assistance will offer greater financial support for direct moving costs than the existing Moving Assistance. Cost modelling shows that the costs for a small household (eg single people or sole parent families) to move to regions outside of Auckland are likely between \$1,000 and \$4,000, but possibly more (up to \$5,000) for long distance moves.
- 36 MSD will prioritise \$750,000 of the \$2.6m in the 2016/2017 HSP appropriation to fund this new initiative. The "Relocating from Auckland" package could use the \$750,000 to benefit approximately 150 households⁴ in Auckland. Also, if there is greater demand for the new package, then MSD could prioritise more of the existing HSP spend on households moving out of Auckland. MSD will actively monitor, review and make changes to the new initiative where necessary.
- 37 There are likely to be long-term cost savings in relation to households moving out of Auckland. For example, a few years after a sole parent and child move from their two bedroom social house in Auckland to a two bedroom house in the Waikato, the government could expect a reduced Income Related Rent Subsidy (IRRS) for this household of approximately:
- \$4,000 if they move into a social house

⁴ • \$16,200 for a sole parent or a married, civil union or de facto couple
⁴ Assumes all households receive approximately \$2,500 of Relocation Assistance, 75 households receive \$3,000 Establishment Grants and another 75 households receive \$2,000 Establishment Grants, totalling \$750,000.

- \$13,000 if they move into a private house and receive the Accommodation Supplement
- \$21,000 if they move into a private house without on-going housing support⁵.

MSD will gain important insights from the initiative that can inform future work

38 After the new support becomes available, MSD will be able to collect information on:

- the types of households that are amenable to relocating out of Auckland
- the reasons why they choose to move
- the level of assistance necessary to move households into the private market or social housing outside of Auckland
- the match between where people are prepared to move and where there is supply of private and social housing
- the costs and benefits of government supporting people to relocate.

Next steps

39 The new initiative will 'go live' with a staged roll-out from September 2016, contingent on when MSD receives approval of the initiative design and the amendments to the Welfare Programme. MSD will provide the Ministerial Welfare Programme by August 2016, which, if agreed to, will need to be signed by the Minister for Social Development and gazetted.

File ref: REP/16/3/259

⁵ Cost savings calculations use the average IRRS figures from June 2015 (\$261.94 for Auckland and \$174.24 for Waikato) and Accommodation Supplement maximum (\$75 for Area 3) over two years. This calculation also includes the cost to government for Relocation Assistance (\$2,500 per household) and Establishment Grant payments (\$2,000 or \$3,000 per household). This example does not depict aggregate cost savings or the Return on Investment.