



Minute of Decision

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Social Housing Reform Programme: Initial Steps and Future State for Purchasing Social Housing Places for Clients (Paper Two)

Portfolio: Social Housing

On 8 December 2014, following reference from the Cabinet Social Policy Committee, Cabinet:

- 1 **noted** that the Ministry of Social Development (MSD) is now the single purchaser of social housing places, and that strengthening the purchasing role will improve housing outcomes for clients;

9(2)(f)(iv)

- 2 9(2)(f)(iv)

Options to alleviate pressure on the register and emergency housing places

- 3 **agreed** that MSD implement a package of initiatives to manage the register for social housing, increase social housing places, and alleviate pressure on emergency housing that includes:
 - 3.1 prioritising Work-Focused Case Management for beneficiaries who are also on the social housing register to support both work and housing outcomes;
 - 3.2 providing a conditional grant letter that outlines assistance available to encourage priority B applicants on the social housing register and tenants on the transfer register to move to alternative housing;
 - 3.3 increasing the number of tenancy reviews begun in 2014/2015 from 800 to 1,800, and from 1,100 to 3,100 in 2015/2016;
 - 3.4 extending supported accommodation for young people on the social housing register and to provide support funding directly to providers;
 - 3.5 funding the implementation costs of year one of the medium and long term work programme;
 - 3.6 releasing an Expression of Interest from December 2014 to February 2015, seeking 300 additional Income Related Rent Subsidy (IRRS) places in Auckland, followed by a Request for Proposals process;

- 3.7 providing a one-off cash injection of \$500,000 to maintain viability in the emergency housing sector;

Whole of government land release for the development of social and affordable housing

- 4 **directed** the Ministry of Business, Innovation and Employment to work with Land Information New Zealand and other key agencies to provide advice on releasing surplus Crown land and buildings for housing development to the Minister and the Minister for Building and Housing by the end of February 2015;

Development and publication of MSD's purchasing strategy

- 5 **noted** that a purchasing strategy is a central component of MSD's work to purchase social housing places more effectively, and that the Minister intends to bring a draft purchasing strategy to Cabinet in March 2015, prior to its publication in April 2015;

Increased flexibility in the use of the IRRS

- 6 **noted** that the Housing Restructuring and Tenancy Matters Act 1992 (the Act) determines how the IRRS is calculated, and that the prescriptive approach prevents the government from adopting effective and responsive social housing purchasing policies;

- 7 9(2)(f)(iv)



- 8 **invited** the Minister to report to Cabinet by March 2015 seeking final agreement to the amendments proposed in paragraph 7 above, including the type of purchasing arrangements that might be authorised by the Ministerial Direction;

Financial implications

- 9 **approved** the following changes to appropriations to give effect to the decisions in paragraph 3 above, with a corresponding impact on the operating balance:

Vote Social Development Minister for Social Housing	\$m – increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expense: Services to Support People to Access Accommodation (funded by revenue Crown)	-	1.876	1.391	0.735	0.735
Vote Social Development Minister for Social Development					
Multi-Category Expenses and Capital Expenditure: Social Policy Advice Departmental Output Expense Policy Advice (funded by revenue Crown)		-	-	-	-
Total Operating	-	1.876	1.391	0.735	0.735

- 10 **noted** that the decisions will cost in total \$4.685 million in 2014/15, which includes \$2.518 million to implement the short-term measures to reduce pressure on the housing register, and \$2.167 million to initiate the medium and longer term work on the purchasing role;
- 11 **authorised** the Minister of Finance, the Associate Minister of Finance (Hon Steven Joyce), and the Minister, in consultation with other relevant Vote Ministers, jointly to make any necessary changes to appropriations to fund the \$4.685 million in 2014/15 from reprioritisation, with no impact on the operating balance;
- 12 **agreed** that the expenses incurred under paragraph 9 above be a charge against the between-Budget operating contingency, established as part of Budget 2014;
- 13 **noted** that officials are currently working to develop a cross-agency bid for project costs to support ongoing development of social housing policy for 2015 and outyears, to be considered for Budget 2015;
- 14 **agreed** to the following capital to operating swap to give effect to the decision in paragraph 3.7 above, with the following impacts on the operating balance and debt:

Vote Social Development	\$m – increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	0.500	-	-	-	-
Debt Impact	(0.500)	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

- 15 **approved** the following changes to appropriations to give effect to the decision in paragraph 3.7 above:

	Sm – increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Vote Social Development Minister for Social Housing Multi-Category Expenses and Capital Expenditure: Short-term Housing in Canterbury MCA					
Non-departmental Capital Expenditure: Short-term Housing in Canterbury Capital Expense	(0.500)	-	-	-	-
Vote Social Development Minister for Social Development Non-Departmental Output Expenses: Family Wellbeing Services	0.500	-	-	-	-
Total Operating	0.500	-	-	-	-
Total Capital	(0.500)	-	-	-	-

- 16 **agreed** that the changes to appropriations for 2014/15 above be included in the 2014/15 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

Legislative implications

- 17 **noted** that in March 2015, the Minister will seek agreement to issue drafting instructions to the Parliamentary Counsel Office to amend the Act;
- 18 **authorised** the Minister, in consultation with other Ministers as appropriate, to make any necessary technical, policy and administrative changes to draft legislation in keeping with the overall policy intent;

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9(2)(f)(iv)

Secretary of the Cabinet

Reference: CAB (14) 612

Distribution: (see over)