



report

Date: 8 December 2014 Security Level: IN CONFIDENCE
To: Hon Paula Bennett, Minister for Social Housing

Selection Criteria for Tranche Three of the 2014/15 Tenancy Reviews

Purpose of the report

- 1 This report seeks your approval of the selection criteria for tranche three of tenancy reviews the Ministry of Social Development (MSD) proposes to commence in January 2015.

Recommended actions

It is recommended that you:

- 1 **agree** that the third tranche of tenancy reviews will continue to focus on market renters earning over \$500 per week
Yes/No
- 2 **agree** the other selection criteria will be the same as those applied in tranches one and two (that is: market renters in regions where this is a reasonable supply of private housing; that are under 75 years of age; without children; and that started tenancies before July 2011)
Yes/No
- 3 **note** that there are 411 households in this group of market renters earning over \$500 per week
Yes/No
- 4 **note** that the Ministry of Social Development will seek your approval of its selection criteria for the fourth tranche for 2014/15 in early 2015, and will provide preliminary advice to you on selection criteria and cohorts for 2015/16 and outyears in March 2015.
Yes/No

Anna Butler
General Manager
Housing, Income Support and Employment

Date

Hon Paula Bennett
Minister for Social Housing

Date

Background

- 2 On 24 February 2014, Cabinet agreed [CAB Min (14) 6/17 refers] that tenancy reviews for 2014/15 would be drawn from approximately:
 - 700 households who started Housing New Zealand (HNZ) tenancies before July 2011, are paying market rent and have no children in the household; and
 - 80 households who entered tenancies after July 2011 and who are paying a market rent or near market rent.
- 3 On 8 April 2014, you agreed that the reviews should initially take place in regions where there is a balance between availability of supply and where there is demand on the register. You also agreed that reviews would begin with those tenants with higher incomes.
- 4 The first tranche of reviews that commenced on 1 July 2014 focused on 112 tenants¹ in specified regions² who have been paying market rent for at least one year and who earn more than \$1,000 per week.
- 5 The second tranche of reviews that commenced in October 2014 focused on 326 tenants in Wellington and Auckland who have been paying market rent for at least one year and who earn more than \$500 per week.

Tenancy Reviews: Tranche Three

- 6 MSD proposes that the third tranche consists of market renters earning more than \$500 per week in areas where there is a reasonable supply of private housing and some demand for social housing. These will be tenants who started HNZN tenancies before July 2011 without children, who are aged under 75 years and who have been market renters for at least a year. They will be selected from Auckland, Hamilton, New Plymouth, and Wellington.
- 7 Market renters have been targeted in the first two tranches as they are most likely to be able to afford housing in the private market. Given that the first reviews are in their early stages there is no evidence available that would suggest a different approach should be adopted.
- 8 In total there are 411 households³ earning over \$500 per week are in this group. Please note this group includes some market rent tenants whose income details are not known.

Auckland	196
New Plymouth	74
Hamilton	69
Wellington	72
Total	411

¹ Started HNZN tenancies before July 2011, without children and have been market renters for at least a year

² Auckland, Hawkes Bay, Nelson, New Plymouth, Waikato and Wellington

³ Based on November 2014 data

Next Steps

- 9 MSD will seek your approval in early 2015 of the selection criteria for the fourth tranche of tenancy reviews to be completed in 2014/15.
- 10 Preliminary advice on selection criteria and cohorts for future tenancy reviews, including the additional 3,000 reviews agreed to by Cabinet on 8 December 2014, will be provided to you in March 2015. This will take in to account lessons learnt from the first tranches of tenancy reviews.

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