

In Confidence

Office of the Associate Minister of Housing

Cabinet Social Outcomes Committee

Changes to the Scope of Social Housing Periodic Tenancy Reviews

Proposal

1. This paper seeks agreement to expand the scope of periodic tenancy reviews for social housing by:
 - 1.1 increasing the minimum age at which a tenant or their partner is exempt from periodic tenancy reviews from 65 to 70 (only including those between 65 and 69 years old for reviews where they are in multiple bedroom properties with one or more spare bedrooms), and
 - 1.2 modifying the exemption criteria from periodic tenancy reviews for tenants or their partner with dependent children to exempt only those with at least one child under 14 years old.

Relation to government priorities

2. This proposal aligns with the Government's Target 8 objective – Fewer people in emergency housing. The proposal would support strategic goals to reduce dependency on emergency housing and enhance the utilisation of social housing, aiming to optimise social housing resources and support fiscal sustainability while ensuring the stability and well-being of vulnerable populations. Periodic tenancy reviews help to ensure that social housing is used by those who are most in need of it, including those currently in emergency housing. The reviews also consider whether the situation of the tenants has changed and if the social housing property are meeting the tenant needs.

Executive Summary

3. Periodic tenancy reviews for social housing tenants, which had been paused since March 2020, recommenced from 25 March 2024. These reviews, which will have minimal population implications, support the effective use of social housing to provide it to those most in need.
4. This paper proposes expanding the scope of periodic tenancy reviews in social housing by modifying exemptions for classes of people who are not being considered for reviews. Key areas that I considered were adjusting the exemption age for tenants or their partners, and refining exemption criteria for tenants or their partners with dependent children. The aim is to better utilise social housing and free up social housing properties for people with a greater need, including those in emergency housing.
5. I am proposing to:
 - 5.1 increase the age at which a tenant or their partner is exempt from a social housing periodic tenancy review from 65 to 70, (which will expand the number of tenancies that may be subject to reviews by approximately 173), but only including those between 65 and 69 years old for periodic tenancy reviews where they are in multiple bedroom properties with one or more spare bedrooms, and
 - 5.2 limit the exemption from a social housing periodic tenancy review for tenants or their partners with dependent children to those with a dependent child or children under 14 years old (which will expand the number of tenancies that may be subject to reviews by approximately 284).
6. The proposal to expand eligibility for periodic tenancy reviews will not require additional funding. However, with more tenants eligible for tenancy reviews, MSD will take longer to process the pool as resources will not be reallocated.

7. Following Cabinet agreement and before implementation of the proposed changes to the periodic tenancy reviews criteria, the Ministry of Social Development (MSD) will work through the operational implications of and required changes to the Ministerial Direction on Application of Reviews of Continued Eligibility for Social Housing 2018 (the Ministerial Direction) to reflect the proposed changes. It is expected that the proposed changes will be implemented later in 2025.

Background

8. Social Housing tenancy reviews were first implemented in 2011 for new tenants [CAB Min (11) 13/5 refers] and were subsequently extended to existing tenants in 2014 [CBC Min (13) 2/7 refers]. This initiative was aimed at making social housing more available for those with greater needs. However, as the pressures on the housing system increased, the effectiveness of these reviews in freeing up social housing for people with a greater housing need has diminished.
9. In 2018, Cabinet agreed that the class of people who are not being considered for reviews, to be changed to exclude the following tenancies for a three-yearly social housing tenancy review [CAB-18-MIN-0442 refers]:
 - tenants or their partners aged 65 or older;
 - tenants or their partners with one or more dependent children aged under 18;¹
 - tenants or their partners receiving a Supported Living Payment due to restricted work capacity or total blindness, or for caring for another person; and
 - tenants with an agreed lifetime tenure with Housing New Zealand (now with Kāinga Ora).²
10. In 2020, in response to the COVID-19 pandemic, social housing tenancy reviews were paused. This provided security of tenure during the pandemic, and enabled resourcing to be diverted to responding to COVID-19.
11. Social housing tenancy reviews recommenced from 25 March 2024 with a focus on tenants paying market rent who had been in social housing for three years or more. Since 25 March 2024, 374 social housing tenancy reviews have been started. Of these, 146 tenancy reviews have been completed, which has resulted in 27 households being found to be ineligible for social housing.
12. In recent years the lack of suitable and affordable alternative housing options in the private housing market has limited the effectiveness of tenancy reviews in freeing up social housing places. In some areas rental price inflation is easing and there are some improvements in rental affordability, but opportunities in the private rental market remain constrained. Tenancy reviews, however, send a clear message to social housing tenants that where appropriate they should consider alternative housing options in the private housing market. Social housing tenants who are paying the market rent are in the best position to do this.
13. Reconsidering the tenant population who are eligible for a periodic tenancy review reflects a high demand for social housing and the need to free up social housing places for households in greater need, including those in emergency housing. It will help to ensure that social housing is provided to those who need it most (for the duration of that need), while also encouraging tenants who are more likely to be able to access and sustain private housing to move into alternative housing in the private market. With 20,833 households on the Social Housing Register (waitlist) and 4,704 households on the Social Housing Transfer Register (as at 29 November 2024), tenancy reviews support the more effective utilisation of social housing.

¹ These are the two largest groups of exempt tenancies that have held the tenancy for three years and paying market rent (dependent child tenancies by far the largest group and +65s a distant second).

² MSD can still conduct a tenancy review on these cohorts (except for those with agreed lifetime tenure) in cases where a client's circumstances have changed and potentially impacts their eligibility for social housing, or when requested by a social housing provider.

I propose increasing the exemption age from a periodic tenancy review for social housing tenants or their partners to 70 or older

14. I have considered a range of options to adjust the age-based exemptions, including:
- maintaining the exemption criteria for social housing tenants from periodic tenancy reviews for those aged 65 or older;
 - increasing the exemption age to 70; and
 - increasing the exemption age to 75.
15. I recommend increasing the exemption age from social housing periodic tenancy reviews for tenants or their partners in multiple bedroom properties with one or more spare bedrooms from 65 to 70 years, while retaining the exemption age of 65 for those in single bedroom properties. This will add 173 more tenants who are paying market rent and have held the tenancy for three years or more to the review pool. It does not take into account the single bedroom properties and this number is only for any multiple bedroom properties with one or more spare bedrooms. I indicated my interest in only including those between 65 and 69 years old for social housing periodic tenancy reviews where they are in multiple bedroom properties with one or more spare bedrooms.
16. On balance, I consider that increasing the exemption age to 70 for tenants in multiple bedroom properties with one or more spare bedrooms balances the need to make social housing more available for those with greater needs, while recognising that many older people on fixed incomes (New Zealand Superannuation) have limited ability to meet rising rental costs in the private market.
17. Increasing the exemption age from social housing periodic tenancy reviews for tenants or their partners from 65 to 70 will help with better utilisation of social housing, including transferring people to other social housing more suitable for their needs (e.g., smaller more accessible social housing). However, many tenants aged 65–69 years may be on the Transfer Register already.
18. There are some risks with this proposal, including a negative impact on housing stability for older tenants and their wellbeing by exiting them from social housing properties that could cause stress and disrupt the tenants connection to their community and/or services. There are also some risks that reviews interact with the relationship between housing providers and tenants. Clear communication and consultation between MSD, Housing Providers and tenants, and support approaches for social housing tenants, especially the older tenants affected by reviews and those with specific circumstances, such as grandparents caring for grandchildren, will mitigate the risk of a negative impact on this cohort.
19. I expect this proposal will have a low review-to-exit ratio³ among tenants 65-69 years old.
20. I considered the option of returning the exemption to the pre-2018 setting that tenants or their partners aged 75 and over were exempt from social housing periodic tenancy reviews. This option would bring tenants aged 65-74 into the social housing periodic tenancy reviews cohort. This option is not recommended at the time as it:
- poses an increased risk with the increased age of the 65-74 year old cohort compared with the proposed 65-69 year old cohort. This would also mean that a larger portion of this demographic residing in social housing relies on a fixed income, such as the New Zealand Superannuation;

³ It is expected that these reviews will have a lower review-to-exit ratio compared to the current social housing periodic tenancy review group due to the specific needs of older people potentially including:

- house accessibility requirements less commonly met in the private market
- greater proximity to their community and services required such as public transport, medical care, and dairies/supermarkets
- sustainability and ability to manage increasing rents in the private market with a fixed income
- long-term residence in their community when there are few suitable alternative housing options.

- would disproportionately impact housing stability for older tenants, resulting in uncertainty about the length of tenure; and
- could result in approximately 216 additional tenancies, which have been paying market rent and held for three years or longer, becoming eligible for reviews.

I propose limiting exemptions from periodic tenancy reviews to social housing tenants or their partners with dependent children aged under 14

21. The majority of tenancies that are paying market rent are not currently subject to social housing periodic tenancy reviews because they have a dependent child or children. I have considered a range of options to adjust the exemptions from social housing periodic tenancy reviews for tenants or their partners with dependent children, including:
 - maintaining the current setting of exemption from reviews with a focus on tenancies with children under 18;
 - changing the exemption to tenants or their partners with a youngest dependent child under 5;
 - changing the exemption to tenants or their partners with a youngest dependent child under 14; and
 - changing the exemption to tenants or their partners with four or more dependent children.
22. I propose to exempt classes of people (tenants or their partners) from a social housing periodic tenancy review where the youngest dependent child is under 14. This option reduces the age of the youngest child from 18 to 14 and helps to ensure secure social housing is available for tenants or their partners with younger dependent children that are in greater need. This option potentially expands the review pool by 284 tenants.
23. I consider that, compared to other options, limiting the exemption age for tenants or their partners with dependent children from 14 to 18 will make social housing more available for those with greater need. This option could mitigate some of the risk including a lack of secure tenure that can lead to social dislocation and negative impacts on children's health, education, and overall development. *Please note: the exemption age change is 18 to 14, not 14 to 18*
24. I expect that, compared to other options, flow-on impacts, such as adverse impacts on family stability and lowered school attendance and achievement, which could impact the Government's other priorities (e.g., the target to increase school attendance), would be smaller under this option. Also, this age setting will align with the current policy to transfer beneficiaries receiving Sole Parent Support to Jobseeker Support, when the youngest dependent child turns 14 years of age.
25. Some risks have been identified following the implementation of this option. These include:
 - the risk of disproportionate impact on tenants with younger children and specific populations (e.g., Māori, Pacific peoples, disabled individuals) paying market rent, since it will be complicated to ensure that social housing that will be freed up following the reviews will be allocated to families with children under 14. However, the aim is to support families with younger children (14 or less) to access social housing properties given that younger children would be more vulnerable compared to those over 14;
 - the potential risk for vulnerable tenants facing instability and challenges in the private rental market;
 - potential risk of unaffordability and unavailability of alternative housing options;
 - the potential risk of effective use of MSD resources;⁴

⁴ MSD's priority is Target 5 – 50,000 fewer people on the Jobseeker Support benefit. MSD will need to ensure no resources are diverted from this.

- higher levels of housing insecurity amongst those tenants who are least well positioned to meet the market;
- the potential risk of challenges to school and exam attendance and performance for children aged 14 and older; and
- the potential risk for social housing tenants aged 65-69 years old who provide care to their grandchildren on a daily or periodic basis.

26. I have considered the following approaches to mitigate the impact of the risks identified:

- the current social housing periodic tenancy reviews process which includes consideration of persistent housing need that is serious or severe and must be addressed immediately (as determined by affordability, accessibility, and sustainability);
- targeted support services, such as housing assistance, tenancy transition support, and community engagement for tenants affected by reviews;
- maintaining transparency in the review process and reduce tenant stress, including clear communication leading into and during the reviews about eligibility criteria and expected timelines for potential transitions; and
- deferring reviews for clients who are currently working with Oranga Tamariki.

Implementation

27. Operational changes will need to be made by MSD to implement the amended scope of social housing periodic tenancy reviews, including:

- updates to process and operational policy guidance to accommodate new cohorts and ensure consistent application of criteria;
- additional staff training to address specific cohort needs. No additional resource will be applied to social housing periodic tenancy reviews towards mitigation of the potential risk of effective use of MSD resources; and
- IT upgrades for effective tracking and additional resources for handling an expanded cohort, such as reporting and managing review outcomes. However, no additional funding is being sought.

28. Implementing the social housing periodic tenancy reviews according to the proposed new criteria will require developing a detailed operational policy design, which may require further decisions from the Minister. Following Cabinet agreement on this proposal, and upon the Minister's agreement, MSD will work through operational implications, including updating the operational policy design reflecting the parameters of policy change and implementation of the policy. The amendment of the Ministerial Direction would take at least 13 weeks from the agreement on the operational policy design.

29. I expect the implementation of the proposed changes to the social housing periodic tenancy reviews criteria to happen later in 2025.

Cost-of-living Implications

30. The expansion of social housing periodic tenancy reviews is unlikely to impact cost of living for social housing tenants paying market rent subject to a tenancy review. Mitigation of cost-of-living impacts is built-in to the social housing periodic tenancy review process, as a review considers the tenant's ability to sustain a tenancy in the private housing market.

Financial Implications

31. No additional funding is being sought for the proposal to expand the cohorts who are eligible for a periodic tenancy review. Some people who leave social housing as the result of a tenancy review may be eligible for financial support with their housing costs in the private rental market. This

could include recoverable assistance with the costs of entering a new tenancy (bond, rent in advance, moving costs etc) and ongoing assistance in the form of the Accommodation Supplement. As a result of more tenants who are eligible for a tenancy review, MSD will take longer to process the pool as resources will not be reallocated.

Legislative Implications

32. Following Cabinet agreement, an amendment to the Ministerial Direction on Application of Reviews of Continued Eligibility for Social Housing (the Ministerial Direction) under section 102 of the Public and Community Housing Management Act 1992 will be required to modify current classes of people who are not considered for a tenancy review. The Minister of Finance, the Minister of Housing, and the Minister for Social Development and Employment, have joint responsibility for the Ministerial Direction.

Impact Analysis

Regulatory Impact Statement

33. The Ministry for Regulation has determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts.

Climate Implications of Policy Assessment

34. The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

Population Implications

Population group	How the proposal may affect this group
Māori	Māori are disproportionately represented in social housing and the Housing Register. The housing disparities between Māori and other New Zealanders are significant. Māori face greater rates of homelessness, higher rent costs compared to income, and lower rates of home ownership resulting in lower equity and higher poverty rates. Māori are also disproportionately affected by the change in age because they have shorter life expectancy compared to the general population. Māori are likely to be disproportionately impacted by the proposed changes, as they are overrepresented in the expansion group. As at 31 January 2025, Māori make up 30.5 percent of the additional households in the cohort aged 65-69, and 30 percent of those with dependent children over 14, who are paying market rent and eligible for social housing tenancy reviews under the new settings. However, they may also disproportionately benefit from social housing places that are made available.
Pacific people	Pacific peoples are disproportionately represented in social housing. Pacific peoples are among the cohorts that face discrimination and social exclusion and often face barriers in the private rental market. Pacific peoples are also disproportionately affected by the change in age because they have shorter life expectancy compared to the general population. Pacific peoples are likely to be disproportionately affected by the proposed changes because they are overrepresented in the proposed expansion group. As at 31 January 2025, Pacific people make up 39 percent of the additional households in the cohort aged 65-69, and 56 percent of those with dependent children over 14, who are paying market rent and eligible for social housing tenancy reviews under the new settings.
Women	Women are disproportionately represented as social housing tenants. Lower earnings capacity and lifetime savings - for women generally, but particularly older women, contribute to difficulties in housing affordability. Single parents (who are predominantly women in New Zealand) regularly

	face difficulties and discrimination in the private market, making accessing alternative accommodation difficult. As at 31 January 2025, women make up 50.5 percent of the additional households in the cohort aged 65-69, and 84 percent of single parents with dependent children over 14, who are paying market rent and eligible for social housing tenancy reviews under the new settings.
Disabled people	Disabled people often experience difficulties accessing suitable housing due to a range of factors, including inaccessibility and discrimination in the private market. While disabled people receiving the Supported Living Payment are already exempt from social housing periodic tenancy reviews, not all people with a disability or long-term health condition who live in social housing receive this payment.
Children	From the first 1000 days of a child's life through to the school years, security of tenure provided to families and children can increase health and wellbeing and support greater educational engagement and performance through a reduction in transience. Security of tenure contributes to a reduction in family stress and a growth in important informal and formal community support networks. The first 1000 days are particularly important for a child's development. The proposed changes will not change the settings for tenancies with children under 14. Children and young people aged 14 and older may be impacted by reduced security of tenure, schooling challenges, more transience, and more stress imposed on their family. Children of families that are on the social housing register may benefit from increased security of tenure if they are placed into social housing as a result of an exit following a social housing tenancy review. As at 31 January 2025, couples with children over 14 make up 70 percent, and single parents make up 30 percent of the additional households who are paying market rent and eligible for social housing tenancy reviews under the new settings.
Members of the LGBTQ+ community	Currently, there is no consistent nationwide data collection system for the LGBTQ+ community in social housing. Members of the LGBTQ+ community often face discrimination when trying to access private rentals. It is essential to consider the challenges faced by this community when implementing periodic tenancy reviews in social housing.
Older people	Older tenants can experience housing stress in the private rental market due to their specific requirements and community connections. Tenants (or their spouse/partner) who are aged 65 years or older are currently exempt from social housing periodic tenancy reviews. Increasing the age of exemption to 70 years old may disproportionately impact older tenants. As at 31 January 2025, there are approximately 200 households aged 65-69 that would become eligible for periodic social housing tenancy reviews under the new settings.

Human Rights

35. Potential exists for discrimination under the New Zealand Bill of Rights Act 1990 (BORA), particularly regarding age and family status. The reviews aim, however, to better utilise social housing and ensure that social housing is freed up for people with a higher housing need, including those in emergency housing. s 9(2)(f)(iv)

Use of external Resources

36. This paper was prepared by the Ministry of Social Development. No external resources were used.

Consultation

37. This paper has been prepared by the Ministry of Social Development. The Office for Seniors, Ministry for Women, Te Puni Kōkiri, Ministry of Pacific Peoples, Ministry for Children (Oranga Tamariki), Ministry of Youth Development, Kāinga Ora, Ministry of Housing and Urban Development, and the Ministry of Disabled People (Whaikaha) have been consulted.

Communications

38. No public announcements are intended.

Proactive Release

39. I intend to proactively release this paper.

Recommendations

The Associate Minister of Housing recommends that the Committee:

- 1 **note** that in March 2024, the Ministry of Social Development recommenced periodic tenancy reviews for social housing tenants who are paying market rent and have been in social housing for three years or more
- 2 **note** that the following groups of social housing tenants are currently exempt from a periodic tenancy review:
 - 2.1 tenants aged 65 or older;
 - 2.2 tenants or their partners with a dependent child or children aged under 18 in their care;
 - 2.3 tenants or their partners receiving Supported Living Payment on the ground of restricted work capacity or total blindness;
 - 2.4 tenants or their partners receiving Supported Living Payment on the ground of caring for another person; and
 - 2.5 tenants with an agreed lifetime tenure with Housing New Zealand (now with Kāinga Ora).
- 3 **note** that the objectives of social housing periodic tenancy reviews include:
 - 3.1 helping to ensure that social housing is used by those who are most in need of it, including those currently in emergency housing;
 - 3.2 supporting households into private rentals where appropriate, so they can be safe, strong and independent; and
 - 3.3 ensuring that their current social housing is meeting the needs of the tenant.
- 4 **agree** to the following changes to expand the group of social housing tenants who are subject to a periodic tenancy review:
 - 4.1 increasing the age at which a tenant or their partner is exempt from social housing periodic tenancy reviews from 65 to 70 (but including only those between 65 and 69 years old for periodic tenancy review where they are in multiple bedroom properties with one or more spare bedrooms); and
 - 4.2 limiting exemptions from a periodic tenancy review to social housing tenants or their partners with dependent child or children aged under 14 (introducing eligibility for reviews for tenants or their partners with a dependent child or children aged between 14 – 18 years old).
- 5 **note** that following Cabinet agreement, an amendment to the Ministerial Direction on Application of Reviews of Continued Eligibility for Social Housing will be required and the Ministry of Social Development will need to complete the operational policy design before the changes are implemented in late 2025

- 6 **authorise** the Associate Minister of Housing, and other Ministers (the Minister of Finance, the Minister of Housing, and the Minister for Social Development and Employment), to make any final detailed decisions on the policy change outlined in recommendation 4 above.

Authorised for lodgement

Hon Tama Potaka

Associate Minister of Housing