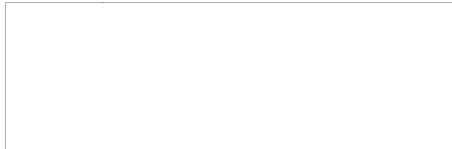




**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

19 JUN 2017



Dear 

On 2 March you emailed the Ministry requesting, under the Official Information Act 1982, information relating to the process for determining the emergency housing budget and adjustments to the budget process.

As you are aware, on 1 July 2016, the Government announced funding for 3,000 emergency housing places per year, allocating \$41.1 million over four years for both contracted emergency housing providers and the non-recoverable Emergency Housing Special Needs Grant (SNG). This new grant does not need to be repaid. This can be paid for up to seven days while people work with the Ministry to identify alternative housing options.

Additionally, recoverable assistance is provided to people on low incomes to help them meet immediate and essential needs like paying late utility bills or rent, buying essential household appliances, or meeting urgent needs for children. The Ministry can grant this to people where they meet the income and asset test and are unable to meet the cost from any other source. Repayments are negotiated with the client based on their circumstances. Repayment of the debt is set individually at levels which people can afford.

When the proposal for the Emergency Housing Special Needs Grant was developed, the Ministry had to estimate expenditure on the new SNG. Two sources of information were used to develop the estimate of expenditure of \$2 million per year. These were:

- The number of individuals/ families who are on the Social Housing Register with a current housing status defined as in 'insecure housing'. The precise number of households in this category fluctuates but it was between 800-950 households over the period during which we were developing our estimates for Budget 2016.
- The number of individuals/ families without habitable accommodation from severe housing deprivation data (4,197 at the time of the 2013 Census).

In Budget 2016, the Ministry sought funding for 1,400 places per year for the SNG. When combined with the funding sought to deliver 3,200 emergency housing contracted places per year (places for 800 households at any one time with a maximum stay of three months per household) this gave the Ministry funding for emergency housing for a total of 4,600 households per year. This was considered to be reasonable, given the insecure housing figures (800-900 households) and the data about those households living without habitable accommodation from the 2013 Census data.

The assumptions behind the \$2 million annual costing of the SNG were that the Ministry would be providing housing for:

- 700 singles per year at an average cost of \$175 per night (assumed a 1-bedroom motel rate) for 7 nights = \$860, 000
- 700 families per year at an average cost of \$240 per night (assumed a 2-bedroom motel rate) for 7 nights = \$1.18 million

As shown in the Ministry's December 2016 and March 2017 quarter Benefit Fact Sheets, the demand for Emergency Housing assistance has been higher than anticipated. However, it is important to note that expenditure on the SNG is not capped meaning that immediate assistance is, and will remain, available for those with an urgent housing need.

The Ministry revised the Hardship Assistance appropriation, of which the Emergency Housing SNG is just one part of that appropriation, in light of higher than expected demand for Emergency Housing SNGs. Forecasts of all Benefit or Other Related Expenses appropriations are updated twice-yearly which is a standard process as part of Treasury's Budget cycle (Budget Economic Fiscal Update/Half Year Economic Fiscal Updates) and these revisions will in some part reflect recent trends in the actual level of demand for social welfare assistance payments since the previous Budget update.

Please note that there were no additional documents used in the process for determining the initial SNG budget. The 2013 Census and Social Housing Register data can be found at: www.healthyhousing.org.nz/wp-content/uploads/2016/08/Severe-housing-deprivation-in-Aotearoa-2001-2013-1.pdf and housing.msd.govt.nz/information-for-housing-providers/register/housing-register.html

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

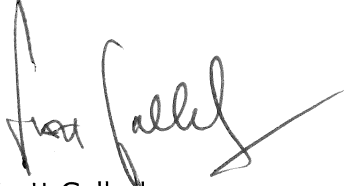
- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. 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 regarding emergency housing budget with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response, you have the right to seek an investigation and review by the Ombudsman. 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 'Scott Gallacher', with a long horizontal stroke extending to the right.

Scott Gallacher
Deputy Chief Executive, Housing