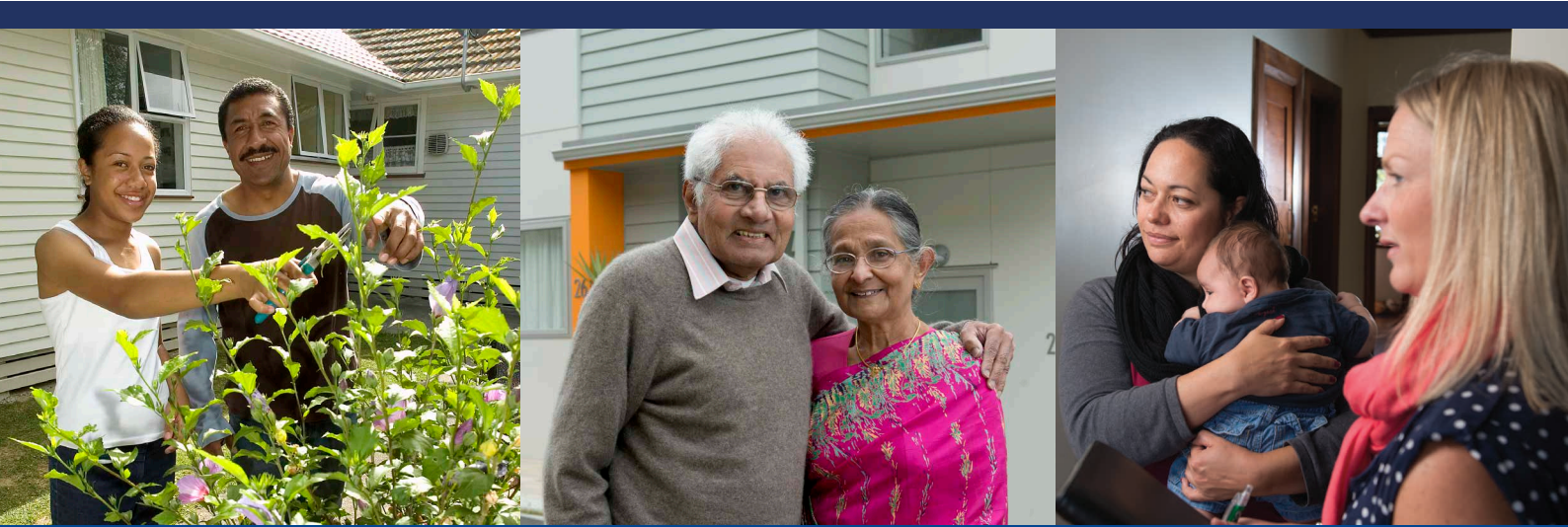


Overview of the Government's programme to improve social housing in New Zealand

October 2015



New Zealand Government

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Publisher

Ministry of Social Development for the Social Housing Reform Programme
comprising the Ministry of Social Development, the Treasury,
and the Ministry of Business, Innovation and Employment.

More information on the Social Housing Reform Programme
is available at www.socialhousing.govt.nz

The Social Housing Reform Programme

New Zealand has a long history of Governments providing low-cost housing for people in need of assistance. The goals and priorities have changed over the decades, but in general housing support has focused on those with low incomes.

“Social housing” today is designed to help people who are unlikely to either attain or sustain a tenancy in the private rental market. Usually, this is because of a combination of low income and other factors.

There is a growing understanding that people who need help with housing often need help in other areas of their lives. Providing a roof over their heads may not be enough to help them reach a sustainable level of independence.

In 2010, the Government generally accepted the advice of the Housing Shareholders Advisory Group that outcomes for social housing tenants could be improved if their housing could be provided by a wider variety of organisations to complement the efforts of Housing New Zealand Corporation (Housing NZ).



Key themes of the reforms:

- **Making housing support available to more people.**
The government is spending more to make its highest level of housing support available to more people. Social housing tenants pay income-related rent (generally 25% of their income), with the government paying the rest of the market rent through the Income-Related Rent Subsidy (IRRS).
- **The Ministry of Social Development (MSD) being an active purchaser of social housing tenancies.**
Eligibility for social housing is now assessed by MSD rather than by Housing NZ, and the IRRS can be paid both to Housing NZ and to registered community housing providers. MSD is helping to build a new market in social housing – for example, by publishing its current and future purchasing intentions by region, by actively seeking IRRS tenancies, and with more flexible contracts with social housing providers.
- **Better integrating tenants' housing with other services** that will help them have better lives and/or achieve independence – such as budgeting, help with finding work and accessing training, education, mental health services, etc. MSD already works with 80% of Housing NZ tenants because they receive a benefit or superannuation.
- **Encouraging and enabling people to achieve housing independence** where this will be sustainable. Tenancy reviews consider on a case-by-case basis whether a tenant might move out of social housing. A number of offers are available to help with any move, such as financial help with the costs of shifting house and paying the bond, and reference letters for people who have been good tenants. A household moving out of the IRRS frees up funding for others in greater need.
- **Ensuring we have the right kind of housing in the right places** to meet people's needs (for example, more one-bedroom places for the rising number of people living alone, and more places in high-demand areas like Auckland).

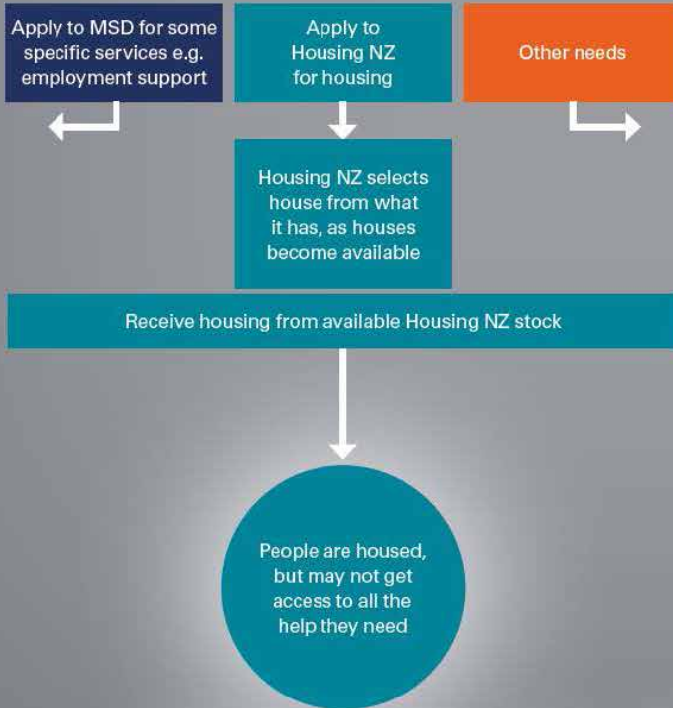


This is being done through:

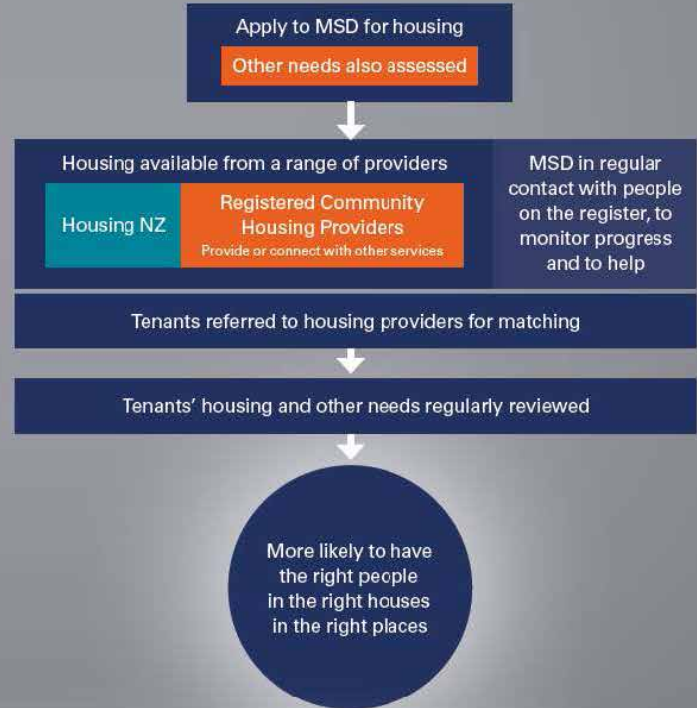
- Housing NZ buying and selling houses in different parts of the country, and redeveloping houses where appropriate, to better match people's needs (with more than 2,000 new houses now in Housing NZ's construction pipeline)
 - enabling community housing organisations to build 890 new units with \$139 million of capital subsidies from the Government from 2011/12 through 2014/15
 - large scale redevelopments such as the Tāmaki regeneration, which improve the quality of social housing and reduce housing pressure generally by increasing the number of affordable and market price houses
 - Housing NZ's ongoing programme of maintenance and upgrades to its existing houses
 - requiring specific quality standards of the community housing providers who provide social housing.
- **Enabling community housing providers to grow, including by transferring some Housing NZ houses and tenancies to them,** to encourage innovation and better combinations of housing and other services that meet people's needs. The proposed housing transfers to registered community housing providers will bundle together houses that are currently owned by Housing NZ, an obligation to continue the existing tenancies, and IRRS revenue paid to the new operator. The first transfers are being considered for about 1500 houses and tenancies in Tauranga and Invercargill. The current tenants' entitlement to social housing will be protected in any transfer, and the houses must be used for social housing unless the Government agrees otherwise.

THE TENANT EXPERIENCE

BEFORE



AFTER





The new system

Many elements that were done by Housing NZ are now provided by multiple and diverse suppliers of social housing.

Prior system	New system under the Social Housing Reform Programme (SHRP)
Housing NZ assessed applicants for their eligibility for social housing.	Ministry of Social Development (MSD) assesses applicants' eligibility for social housing.
Only Housing NZ tenants were eligible to benefit from the income-related rent subsidy (IRRS).	Eligible social housing tenants can benefit from the IRRS regardless of whether their landlord is Housing NZ or a community housing provider.
Housing NZ owned (or leased) all the social houses.	Social houses are owned (or leased) by both Housing NZ and community housing providers. The Government is considering transferring some Housing NZ properties (with their tenancies and IRRS revenue) to community housing providers, enabling the sector to grow.
No regulation of the community housing sector.	Community Housing Regulatory Authority regulates community housing providers.
Generally, once in a social house tenants could remain for as long they wanted.	Tenants are provided with social housing for the duration of their need. MSD reviews tenancies to ensure social housing is provided to those with greatest need. Increasingly, housing is linked with other needs and services to encourage better outcomes, including housing independence.

The Social Housing Reform Programme will cost the Government more. It is about improving the lives of tenants. The Government has budgeted to increase IRRS subsidies from 62,000 households currently to 65,000 by 2017/18. IRRS funding will rise from \$718 million in 2014/15 to \$880 million in 2017/18. Also, it is likely that the price of any houses that transfer to new owners will be less than their book value on Housing NZ's balance sheet. That is because the houses are not being sold on the open market, and come with the obligation to continue to provide social housing.

It will take several years for the new system to evolve fully. Its main elements are in place, but the change in the social housing system is small so far. For instance, community housing providers currently receive the IRRS for fewer than 300 tenancies – a tiny amount compared with the total of 62,000 IRRS tenancies.

Over time, the ownership and supply of social housing will become more diverse, with the expectation that this will lead to innovation that benefits tenants and taxpayers.

In every case, tenancy management must be provided by Housing NZ or a registered community housing provider. Some current community housing providers are national with regional presences; others are purely local. Many link housing with other services – eg. providing or linking to job search, training and education services, or drug and alcohol counselling. Some specialise in helping low-income people into affordable housing, including home ownership. The largest community housing provider currently has about 1,100 houses, compared with Housing NZ's 67,000.



THE NEW SYSTEM

Ensure social housing is the right design and size, and in the right place for people who need it

Increase affordable housing supply

Ensure people who need housing support can get it and receive social services that meet their needs

Encourage and develop more diverse ownership of social housing, with more innovation and responsiveness to tenants and communities

Help social housing tenants to independence, as appropriate

SUPPLY OF HOUSES

DIVERSITY OF SERVICES

TENANTS



MINISTRY OF SOCIAL DEVELOPMENT

Assesses tenants' needs

Manages the social housing register
Subsidises tenancies
Supports tenants

Forecasts future needs

Housing providers

HOUSING NZ

Other CHP services

CHPs

Transfers

Houses (Treasury)

Subsidised tenancies (MSD)

MBIE

Regulator

The Government's five objectives for the Social Housing Reform Programme at the top of this diagram require more supply of social houses and greater diversity of social housing services. Measures to achieve more supply and diversity include an active role by the Ministry of Social Development in funding and purchasing social housing tenancies, and strengthening the revenue and assets of registered community housing providers through the transfer of some Housing NZ houses and tenancies.





Who is involved

The key government agencies involved in social housing:

Ministry of Social Development (MSD) is the point of contact for potential social housing tenants and social housing providers.

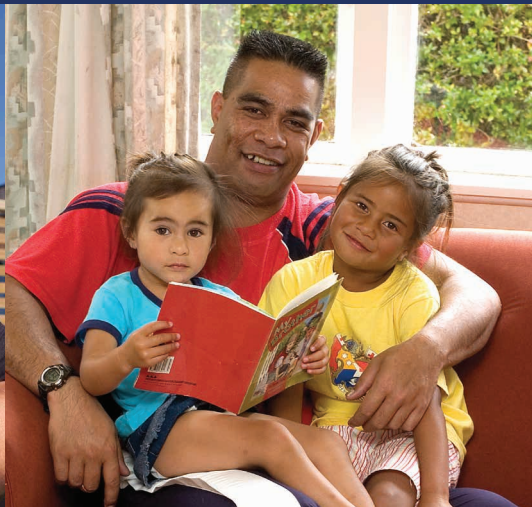
- Households apply for a social house at MSD, which assesses their needs. If eligible they are placed on the social housing register and are matched to a property by a housing provider.
- MSD contracts with housing providers for tenancy services, pays IRRS, ensures market rent is appropriate, and ensures tenancies are purchased where they are needed and configured for the people who need them.
- The Ministry is an active manager of government-funded social housing tenancies through the IRRS. Its role is to provide support for people with serious housing needs for the duration of their need, integrating housing assistance with other social assistance delivered by MSD.

- MSD also publishes the social housing Purchasing Intentions, which provides information to existing and potential housing providers on the current and likely future demand for social housing by region.

Housing New Zealand is the main provider of social houses in New Zealand. It is a Crown Entity and receives its revenue from MSD and tenant rent.

Community Housing Regulatory Authority (CHRA) within the **Ministry of Business, Innovation and Employment (MBIE)** is the regulator of community housing providers. Each community housing provider must apply for registration from CHRA and then, through the Authority's monitoring, demonstrate it continues to meet the regulator's performance standards.

Transactions Unit (TU) sits within the **Treasury**. It is responsible for designing and delivering the transactions within the Social Housing Reform Programme.



New Zealand Government