

Social Housing Reform Programme - Fact Sheet

Overview of the Social Housing Reform Programme

The Social Housing Reform Programme (SHRP) is designed to create a fairer, more effective and efficient social housing sector to improve outcomes for some of New Zealand's most vulnerable people.

It is designed to get more people in need into quality social housing - either through Housing New Zealand Corporation (HNZC) or registered Community Housing Providers (CHPs):

The objectives of the Social Housing Reform Programme are to:

- Ensure people who need housing support can get it and receive social services that meet their needs.
- Ensure social housing is the right design and size and is in the right places for people who need it.
- Help social housing tenants to independence, as appropriate.
- Encourage and develop more diverse ownership of social housing, with more innovation and responsiveness to tenants and communities.
- Increase affordable housing supply, especially in Auckland.

The SHRP will:

- Increase Government funding for social housing. The number of subsidised tenancies available through the Income-Related Rent Subsidy (IRRS) will increase from 62,000 to 65,000 by 2018 and spending will increase from \$718 million to \$880 million by 2018
- Include a transfer of houses to registered CHPs who are eligible for the IRRS along with the obligation to continue to look after their tenants
- Enable registered CHPs to provide more social housing in partnership with the Government
- Over time, integrate housing services better with other support tenants may need, e.g. budgeting, mental health services.

The Government has five bottom lines for the SHRP:

- HNZC and CHPs will provide more social housing places than currently exist, particularly in Auckland and Christchurch.
- HNZC will continue to own most of the country's social housing properties and will own at least 60,000 by 2017, down from around 68,000 in 2015.
- Properties will only be transferred if this results in better services for tenants and fair and reasonable value for taxpayers.

- Tenants in properties being transferred will be continue to be housed for the duration of their need – and their rights and interests will be protected, whoever owns the house.
- The Government will spend more on Income Related Rent subsidies and ensure HNZC has enough capital to build new social houses plus develop its existing properties.

Why do we need social housing reform?

Currently social housing is not meeting the needs of New Zealanders and is not sustainable:

- About 3,600 people assessed as in high need are waiting on the social housing register and another 1,300 Housing New Zealand tenants have applied for a transfer.
- Around one third of the \$18.6 billion Housing New Zealand portfolio is in the wrong place or of the wrong type to meet this need. For example, 30 per cent of people waiting for social housing require a one-bedroom house, but these make up only 9 per cent of Housing New Zealand properties.
- There are poor incentives for people to move into housing independence when they are capable of making this transition and/or for providers to help tenants to move.
- Over time, there is potential to integrate housing services better with other support tenants may need, e.g. budgeting, mental health services.
- More houses are needed in bigger cities – Auckland in particular.

Next steps

- The Social Housing Reform Programme includes a proposed initial transfer of 1000 - 2000 HNZC houses to registered Community Housing Providers over the next year, with further transfers if that is successful.
- The Government is proposing that an initial transfer of houses takes place in two locations – Invercargill and Tauranga.
- Before any decisions are made, the Crown is consulting with iwi and hapū in these regions to identify particular interests under the Treaty of Waitangi that may be impacted by a potential transaction.
- There will be ongoing stakeholder engagement to provide information on the proposed housing transfers.
- The process for the initial transfers includes market education to give potential participants time to learn about what's required and prepare.
- Once decisions are made, any commercial transfer process will be an open and competitive process that is likely to take 9-12 months.
- Regular updates on progress will be provided. More detail on the SHRP can be found at www.socialhousing.govt.nz

Transfer process – Draft outline

	Market Sounding	Expression of Interest(EOI)	Request for Proposal(RFP)	Preferred Bidder (PB)
Process	<p>Market sounding will focus on a smaller number of potential asset transfer transactions in specific regions.</p> <p>The purpose of market sounding is to engage with potential market participants to test their interest in a specific transaction and obtain feedback on key elements of the proposed portfolio and tender process.</p>	<p>Seek expressions of interest from the market.</p> <p>This phase ends with short listing suitably qualified organisations who will be invited to submit a response to the Requests for Proposal (RFP Response).</p>	<p>Issue tender documents and supporting information to the shortlisted bidders. Commence bi-lateral clarification process.</p> <p>This phase culminates in the receipt of RFP Responses from bidders for evaluation.</p>	<p>Selection of Bidder(s) based on RFP Responses.</p> <p>Negotiation may follow the Preferred Bidder(s) selection.</p> <p>This phase culminates with signing of the transaction documents and the transfer of selected social housing stock in exchange for agreed payment.</p>
Information	<p>An Information Memorandum for each transaction will typically contain:</p> <ul style="list-style-type: none"> • Key stakeholders and their roles. • Proposed procurement stages and timetable. • Overview of transaction assets and location. • Summary of the commercial and legislative framework. 	<p>EOI documents typically contain:</p> <ul style="list-style-type: none"> • Detailed outlines of the transaction assets and location. • A timetable for the proposed tender process. • The proposed risk allocation. • Outline of key terms in proposed contracts. • The evaluation criteria against which bidders will be shortlisted. • A guide to what is required in responses from bidders. 	<p>RFP documents typically contain:</p> <ul style="list-style-type: none"> • Information on the transaction, assets, the RFP process, expected format of the response and its evaluation. • Legal information, and draft contract documents • Financial / commercial information, relevant templates for bidders. 	<p>Announcement of Preferred Bidder(s) and then announcement of closing of the transaction-</p>

Social housing by the numbers

Social housing tenants

- The Government funds around 62,000 social housing places through the Income-Related Rent Subsidy. In total this supports more than 180,000 people.
- In total, there are around 193,000 people in Housing New Zealand houses.
- There are currently around 5,000 applicants on the social housing register. One in four of these are already in a social house and want to move to another one.

Housing New Zealand

- Housing New Zealand owns or manages around 68,000 houses.
- Of these, 3,300 Housing New Zealand houses are let at market rent.
- 2,300 Housing New Zealand houses are currently vacant. 70 per cent of these are unfit for use (for example because they are earthquake prone).
- Around 1,500 properties are used for Community Group Housing
- 4.5 per cent of all residential properties in New Zealand are Housing New Zealand properties.

Community Housing Providers

- It is estimated that the community housing sector provides about 5000 social and affordable homes.
- There are currently 30 registered Community Housing Providers.
- Many other organizations in the broader community-housing sector also provide social or affordable housing. A significant number work to help people move from subsidised housing to housing independence.
- Since becoming eligible to receive the Income-Related Rent Subsidy for new tenants in April 2014, registered CHPs are providing 131 social housing places through the IRRS. The remaining approximately 61,000 are still provided by Housing New Zealand.

Further Information

For further information on the Social Housing Reform Programme, please go to socialhousing.govt.nz

Regional information and statistics on social housing can be found at:

<http://www.msd.govt.nz/about-msd-and-our-work/work-programmes/social-housing/purchasing-intentions/regional-analysis/index.html>

You can register to receive regular email updates or ask questions at:

info@socialhousing.govt.nz