



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Briefing for Incoming Ministers

Minister of Housing

Associate Minister of Housing (Public Housing)

Ministry of Social Development

10 July 2019

Role of the Ministry of Social Development

On 1 October 2018, the Ministry of Housing and Urban Development (HUD) was established as the government's lead advisor on housing and urban development. Responsibility for policy advice on emergency, transitional and public housing was transferred from the Ministry of Social Development (MSD) to HUD. Other housing-related policy and monitoring functions were transferred from the Ministry of Business, Innovation and Employment, and Treasury, to HUD. A summary of Agency involvement in the New Zealand housing system is set out as **Appendix One**.

MSD continues to have a range of policy and service delivery housing-related roles that are outlined in this briefing.

MSD and HUD work together on housing-related policy matters to help ensure a systems perspective is undertaken. A number of agreements have been developed between MSD and HUD reflecting our respective roles and responsibilities for housing.

MSD also works closely with Housing New Zealand.

At the regional level, MSD has strong networks with a wide range of housing stakeholders.

Policy advice and service delivery

Policy advice

MSD has lead responsibility for policy advice relating to the Accommodation Supplement and Temporary Additional Support (as these are key components of the social security system). We also provide housing-related advice on matters impacting MSD clients and other vulnerable people, and provide MSD Service Delivery with policy advice to support their housing-related service delivery functions.

Service delivery

MSD has responsibility for a range of client-facing housing-related functions including:

- assessing eligibility for public housing
- emergency housing (non-contracted motels)
- managing the Public Housing Register (waitlist)
- calculating and reviewing the Income-Related Rent (HUD pays the Income-Related Rent Subsidy to public housing providers)
- referring prospective tenants to public housing providers
- reviewing public housing tenancies.

MSD has additional housing-related responsibilities including:

- assessing and paying a range of housing-related financial assistance (Accommodation Supplement, Temporary Additional Support, Housing Support

Products, Emergency Housing Special Needs Grants, Advance Payment of Benefit and Recoverable Assistance for non-beneficiaries)

- helping people to achieve stable housing as part of MSD's focus on improving the social and economic wellbeing of New Zealanders.

Legislation

MSD is the agency responsible for the administration of the Social Security Act 2018 and its associated legislative instruments, including the Housing Support Assistance Programme and Special Needs Grants Programme.

MSD is responsible for administering Parts 6, 7, 8 and 9 of the Housing Restructuring and Tenancy Matters Act 1992, including the Ministerial Direction on Eligibility for Social Housing, which contains the eligibility criteria for social housing, management of the Public Housing Register and the calculation mechanism for income-related rent.

Appropriations

Within Vote Social Development, expenditure on the Accommodation Supplement, Emergency Housing Special Needs Grant and Temporary Additional Support is forecast to be \$2.018 billion in 2019/20, increasing to \$2.211 billion by 2022/23.

In 2019/20, MSD will receive funding of \$36 million to provide services to support people to access accommodation¹.

¹ Assessing and reviewing eligibility for public, transitional and emergency housing, and income-related rent, and managing the Public Housing Register.

The housing context in New Zealand

Affordable and quality housing is critical to wellbeing and reducing child poverty

Affordable and appropriate housing is a cornerstone to wellbeing and reducing child poverty. There are clear linkages between poor housing and a range of negative social and economic outcomes.

Poor housing is linked to health problems for children, including respiratory diseases and infectious diseases. This is exacerbated by overcrowding which also impacts on school performance. Lack of stable housing can also impact on a child's development. Frequent relocation, or homelessness takes children out of familiar environments and may involve moving schools and school absences. It can also cause higher rates of stress, anxiety, depression and other mental health problems.

High outgoings for housing costs, relative to income, is often associated with financial stress for low to middle-income households. Low-income households can be left with insufficient income to meet other basic needs such as food, clothing, medical care and education for household members. For example, in New Zealand around 24 percent of households in the lowest income quintile spend more than half their income on housing. For the period 2007-2017 around 15-16 percent of all households spent more than 40 percent of their disposable income on housing, up from five percent in the late 1980s².

Major problems with dampness and mould, difficulty in keep the house warm, and overcrowding are all issues with housing quality that have impacts on health and wellbeing, especially for children. Overcrowding often goes hand in hand with other material hardships - poorer households, those containing children and those containing Māori and Pacific families are particularly vulnerable. Pacific peoples are more likely than other groups to be living in crowded households. Obtaining rental housing in the private sector is particularly difficult for larger low-income families.

Homelessness is a significant and growing problem

New Zealand's definition of homelessness is broad and includes situations from people living on the streets to those in temporary accommodation or sharing with other households (overcrowding). The 2013 Census indicated that there were approximately 41,000 New Zealanders in severe housing deprivation.

The homeless population is not a homogenous group. Some people are homeless solely due to an affordability issue (ie low income and high housing costs) while others exhibit a range of complex and inter-related issues (affordability, mental health, substance abuse, criminal history, anti-social behaviour, unemployment, family violence etc) and require on-going support to maintain stable housing. The 2013 Census indicates that Māori, Pacific people, young people and recent migrants are disproportionately affected by homelessness. Māori were five times more likely than Pakeha to be homeless. Many of the homeless with complex needs are likely to interact with a range of government

² *The material wellbeing of NZ households: Overview and Key Findings from the 2018 Household Incomes Report*, Ministry of Social Development, 2018.

agencies and NGOs, yet the way that agencies work with people is often focused on an immediate agency-based need. Addressing homelessness requires a wide perspective – the drivers of homelessness are numerous.

The current housing market is creating challenges

Housing in New Zealand is becoming increasingly unaffordable. Home ownership rates are falling and there is increasing demand for rental homes. One third of New Zealand households now rent, and the number of children living in rented accommodation has increased from 26 per cent to 43 per cent since the 1980s. Increasing demand for public housing and a growing reliance on emergency housing highlight the pressure on the private rental market and the lack of new supply, particularly affordable and secure rental housing for lower income households.

Increased competition for rental housing from a growing number of renters means that the most vulnerable renters (those on low incomes, those with complex needs, those with a poor rental history and those who potentially face discrimination in the rental market) are being increasingly excluded from the private rental market. Private sector rents are increasing, though the level of increase is not uniform across New Zealand.

There have been increases to the Accommodation Supplement. In 2018, changes from the Families Package increased the maximum amounts of Accommodation Supplement that could be paid. Temporary Additional Support can also provide additional financial support to people with high housing costs relative to their income and assets. Despite these supports there are a growing number of low-income people being 'priced-out' of the private rental market.

Constraints in the private rental market and the growth in the Public Housing Register mean that people are spending longer in transitional housing and as a result people are spending longer in emergency housing as there are insufficient transitional housing places available.

The New Zealand rental housing market is characterised by small-scale landlords (often people who have their retirement savings invested in one or two residential rental properties) and a lack of institutional investment. A relatively short-term investment horizon means that tenure security is an issue for many private sector renters. In recent times, some private rental stock has been re-purposed for travellers and short-term accommodation (eg Airbnb, Bookabach etc) contributing to increased competition for available rental housing. Investors selling residential rental property also face strong demand from first-home buyers, potentially removing stock from the private rental market, often at the lower end of the rental housing market. Alongside this, there is a lack of new supply of rental housing, specifically affordable rental housing for people at the lower end of the rental market.

While growing demand for rental housing is putting upward pressure on rents, landlords are also facing increasing costs. Rates and insurance costs are rising well in excess of the Consumers Price Index.

Local government provides subsidised housing, but its role is changing

Traditionally local Councils have provided social housing with a focus on pensioner housing, though, since the 1980s there has been little new supply built by Councils. People in need of housing must apply to their local Council and the eligibility criteria are set by each Council. Much of the existing social housing stock owned by Councils needs redevelopment or replacement. As a result of growing financial pressure, some Councils are exiting the provision of subsidised housing to vulnerable members of their communities.

The Ministry of Social Development is helping a growing number of people with housing issues

A growing number of people are facing housing unaffordability and instability, and are seeking assistance from MSD. This is creating pressure on the MSD 'front-line' – particularly the increase in demand for emergency housing and people wanting to be placed on the Public Housing Register.

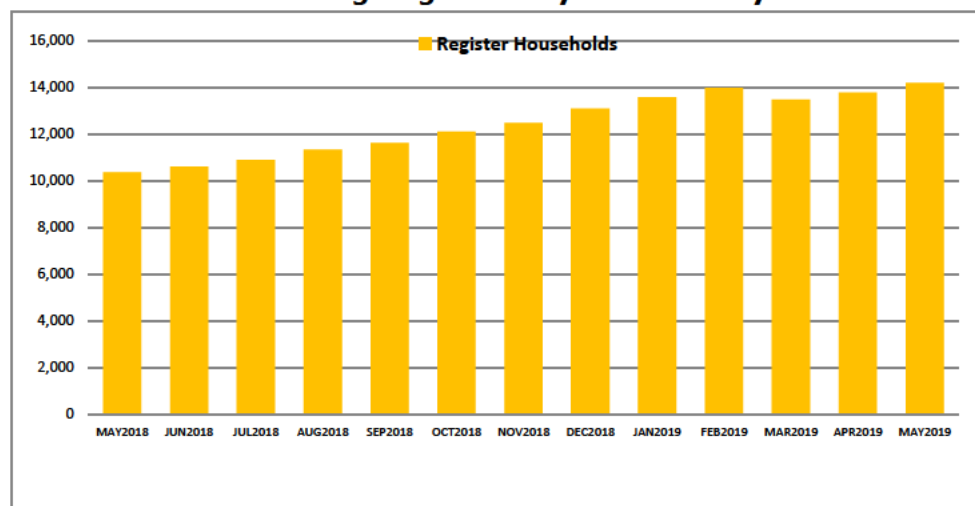
MSD provides a number of key housing supports which are outlined below. A summary of some of MSD's current housing-related service delivery projects is attached as **Appendix Two**.

Public Housing Register

There are currently around 67,500 public housing tenancies, of which Housing New Zealand provides around 61,100, with the remainder (6,400) provided by Community Housing Providers. In the 2018 Budget, Government committed to increasing public housing supply by 6,400 places by 2022 – 1,600 new places per year on average.

MSD manages the Public Housing Register. At the end of May 2019, there were 11,665 people on the Public Housing Register³. Of these, 9,623 were assessed by MSD as Priority A clients (at risk – a severe and persistent housing need that must be addressed immediately) and 2,032 were assessed as Priority B (serious housing need – a significant and persistent housing need). As shown in the following graph, the total register has increased by 3,822 applicants or 36.9 percent over the 12 months to the end of May 2019. Affordability (access to an income-related rent) and security of tenure are key drivers.

Public Housing Register May 2018 to May 2019



³ In addition, there are 2,535 people on the public housing transfer register.

Within its existing resources, MSD has implemented the first phase of its Public Housing Register management strategy. This is supporting a more efficient and effective management of the register, allowing frontline staff more time to help people with complex needs, deliver tailored housing solutions and, overall, improve outcomes for people. The first phase included:

- regular reporting to housing Ministers
- staff training.

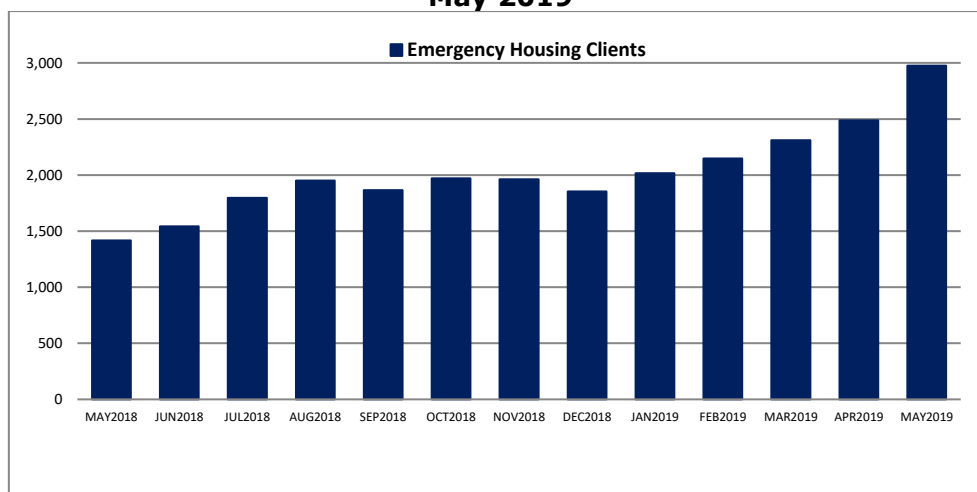
There will be further work on supporting people to maintain stable housing and improving client communications.

Emergency Housing Special Needs Grants

MSD administers Emergency Housing Special Needs Grants (EHSNGs) which provide financial assistance to eligible people to meet their emergency housing needs e.g. pay for emergency accommodation to stay in a motel. EHSNGs are generally not required to be paid back, except in circumstances such as when a client damages the property.

In May 2019, 8,824 EHSNGs were granted to 2,974 individuals, with the average grant being \$1,422.51 (per seven day grant). Total expenditure for the month was \$12.55 million. The graph below shows the number of people who received one or more EHSNGs each month, between May 2018 and May 2019.

Number of people who received one or more EHSNG by month, May 2018 to May 2019



The number of people who received one or more EHSNGs increased from 1,417 in May 2018 to 2,974 in May 2019 – an increase of 110 percent. The total number of EHSNGs granted increased from 3,375 in May 2018 to 8,824 in May 2019. Expenditure on EHSNGs was just over \$46 million in the first five months of 2019 – an increase of \$33.1 million (256 percent) over the first five months of 2018.

Housing Support Products

Housing Support Products (HSPs) are administered by MSD on behalf of HUD. These provide targeted financial support to people who come to MSD with a housing need (for example rent arrears) or need financial help to transition from public housing to a

private rental. HSPs aim to address barriers to accessing or retaining housing by meeting needs not covered by other forms of assistance. Some HSP grants are recoverable. While subject to a means-test, HSPs are available to people who would not generally qualify for MSD's standard housing-related hardship grants (see below) due to their income.

HSPs are currently available to around 1,500 people per year. In May 2019, 274 grants were made, with majority for tenancy bonds and rent in advance. The 2019 Budget provided additional funding (\$18.9 million over four years) to help up to 3,750 people to be assisted to retain housing, through support with rent arrears. MSD is currently working on the operational requirements to implement this change.

Housing-related hardship grants

People who are receiving a main social security benefit, and who require assistance to meet a particular immediate need for an essential item, may be eligible for an advance payment of their benefit (an advance) of generally up to six weeks of their benefit entitlement. They must meet an income and asset test and the advance is recovered from future benefit payments. Advances can be paid by MSD for a number of housing-related costs including:

- tenancy bonds
- rent arrears
- rent in advance
- urgent house repairs and maintenance.

In the 2018 calendar year, just over 92,000 housing-related advances were made with a total value of around \$58.8 million. Over half the total value of these advances were for tenancy bonds.

For people not receiving a main social security benefit (ie low-income working households), a similar level of means-tested recoverable assistance is available to meet immediate needs, including housing-related costs. In the 2018 calendar year around 19,000 recoverable grants were made to non-beneficiaries for housing-related costs, with a total value of just under \$14 million.

Accommodation Supplement and Temporary Additional Support

The Accommodation Supplement is paid to people who have high housing costs, relative to their income and cash assets. It provides a 70 percent subsidy on housing costs up to a regionally-based maximum, once housing costs exceed a proportion of income (25 percent for renters and boarders and 30 percent for home owners).

Temporary Additional Support is a non-taxable benefit paid as a last resort to help people with their regular essential living costs that cannot be met from their chargeable income and other resources. While housing costs are a key driver, other costs (eg health and disability-related costs) also influence take-up. Temporary Additional Support is

meant to be a temporary payment, but it is increasingly becoming a more permanent as it helps people to meet their on-going accommodation costs.

There is growing reliance on housing-related social assistance with over 297,000 people receiving the Accommodation Supplement and over 62,000 receiving Temporary Additional Support. As noted above, the Families Package in 2018 increased the Accommodation Supplement maxima to assist people with their housing costs. It is estimated that around 35 percent of private renters receive the Accommodation Supplement. The key policy settings for the Accommodation Supplement (maximum amounts and area boundaries) were adjusted as part of the 2018 Families Package, though these adjustments were based on 2016 rent data. The table below contains a summary of current recipients of the Accommodation Supplement.

Accommodation Supplement by Tenure Type (30 May 2019)

Tenure Type	Number	Average weekly housing costs	Average weekly AS payment
Renting	199,521	\$298.14	\$115.69
Boarding	65,165	\$204.27	\$39.99
Home Owners	32,592	\$338.86	\$102.26
TOTAL	297,278	\$282.03	\$97.62

Of current recipients of the Accommodation Supplement, around 196,000 (66 percent) are receiving a main working age benefit, 42,000 (14 percent) are superannuitants and 59,000 (20 percent) are low-income working families.

Between May 2017 and May 2019, there was an increase of nearly 13,000 people receiving the Accommodation Supplement. Expenditure on the Accommodation Supplement is forecast to reach \$1.69 billion in 2019/20, increasing to \$1.83 billion by 2022/23.

Under current settings, Councils cannot access the Income-related Rent Subsidy. Over the recent period, six Councils have leased or sold nearly 4,500 housing units to Community Housing Providers who are able to access the Income-related Rent Subsidy for new tenants. Between them, Auckland and Christchurch Councils have leased just over 4,000 units to two Community Housing Providers. In 2018, MSD estimated it would cost up to \$175.6 million per annum to extend the Income-related Rent Subsidy to all Council housing and eligible sitting tenants.

It is estimated that around 9,000 housing units remain owned and managed by Councils. Most of this housing is pensioner housing, with most tenants qualifying for the Accommodation Supplement. At a time when our population is ageing, and there is a growing number of vulnerable older people in the rental market, reductions in the availability of pensioner housing is a significant concern.

Opportunities to deliver sustainable housing solutions for lower income New Zealanders

Co-ordinated responses work

Addressing housing issues for lower income and vulnerable New Zealanders requires a cross-government response and working alongside NGOs, local authorities and iwi. There are some good examples of co-ordination at the local level, and we look to do more of this. For example, the Hastings Housing Project is led by Hastings District Council and is made up of a variety of stakeholders, including local iwi, local government, central government and the housing sector. The focus is on developing a housing plan, ranging in scope from homelessness through to home ownership, with an immediate focus on getting whānau out of motels. MSD's regional office is closely involved in the project.

Increasing the supply of public and transitional housing

HUD is partnering across New Zealand to increase the supply of public and transitional housing as well as funding additional Housing First places. In the 2018 Budget, the Government committed to increase public housing supply by 6,400 places by 2022 – around 1,600 places per year on average.

In the 2019 Budget, HUD received funding to maintain over 2,800 supported accommodation places through transitional housing. The 2019 Budget also provided funding for an additional 1,044 people through Housing First (total places funded is now 2,700).

Preparing for New Zealand's ageing population

By 2034, we expect that New Zealand will have more than 1.2 million people aged 65 and over (compared to around 747,600 in 2018) – almost a quarter of our population, and 180,000 of these will be aged 85 and over.

During the next decade we will reach the point where there will be more people aged 65 and over than children aged 0 to 14 years.

As part of the 2016 Healthy Ageing Strategy (Ministry of Health) MSD has committed to establishing a cross-government working group to identify and progress opportunities to improve housing options for older people.

Better Later Life: He Oranga Kaumātua 2019-2034

The Minister for Seniors is currently developing a strategy 'Better Later Life: He Oranga Kaumātua 2019-2034' to replace the 2001 Positive Ageing Strategy. During public consultation in 2018 about what should be included in the strategy, housing was the most mentioned theme, and is one of five Key Areas for Action in the Strategy.⁴

⁴ The Draft Strategy is available online at <http://www.superseniors.msd.govt.nz/about-superseniors/ageing-population/better-later-life-report/index.html#ForewordndashMinisterforSeniors0000>.

Agency involvement in the New Zealand Housing market/system

Ministry of Social Development

- Provision of services, including:
 - managing the Public Housing Register
 - calculating income-related rent for public housing tenants
 - reviewing public housing tenancies
 - providing access to emergency accommodation (non-contracted motels, Emergency Housing Special Needs Grants)
 - providing Housing Support Products and other housing-related grants (advance payment of benefit and recoverable assistance for non-beneficiaries).
- Lead advisor on the Accommodation Supplement/Temporary Additional Support and housing-related advice on matters impacting on MSD clients and other vulnerable people.
- Responsible for legislation including:
 - the Social Security Act 2018 and associated legislative instruments – Special Needs Grants Programme and Housing Support Assistance Programme
 - legislative instruments under the Housing Restructuring and Tenancy Matters Act 1982 – Ministerial Direction on Eligibility for Social Housing.

Ministry of Housing and Urban Development

- Lead advisor on housing.
- Regulatory Authority for Social Housing.
- Social Housing purchasing agency (social housing, transitional housing/contracted emergency housing, Housing First etc).
- Pays income-related rent subsidy to Housing New Zealand / Community Housing Providers.

Housing New Zealand/Community Housing Providers

- Providers of public housing (eligible for Income Related Rent Subsidy).

Local Authorities

- Some local authorities provide pensioner housing/social housing.
- Rates Rebate Scheme (reimbursed by the Department of Internal Affairs).

Ministry of Business, Innovation, and Employment

- Building and construction.

- Tenancy Services.

Appendix Two

MSD's housing-related service delivery projects

MSD is involved in a range of housing-related service delivery projects relating to its role in housing and to support other agencies. Below are examples of recent projects or projects underway.

Emergency Housing Stocktake and Emergency Housing Special Needs Grants

MSD recently completed a quality and service stocktake of the motels used with EHSNGs, which focused on motels where complaints had been received in relation to quality and/or service. Few problems with quality were found, with 29 issues identified for nearly 2,000 EHSNG users. Following the stocktake, MSD has changed its process to ensure that case managers are discussing with clients the standard and quality of the EHSNG accommodation as part of their regular contact.

Winter approaches

Winter is a time when there can be increasing need for emergency housing. MSD regions put plans in place to meet the emergency housing needs of their clients over the winter months. This includes putting in place mitigation strategies where there are risks of significant increases in the need for emergency housing, for example, closure of places like holiday parks or boarding houses where there are significant numbers of permanent residents, or when there is likely to be high demand for motels due to local events.

Tenancy Reviews

Tenancy Reviews for people in public housing were introduced in 2014 and aim to ensure that people living in public housing still need it, and that they are in a property suited to their needs. In 2018, the exemption criteria were broadened. In particular, Tenancy Reviews are not undertaken for tenants who are highly likely to remain eligible for public housing and who gain significant benefits from greater security of tenure. Currently, 81 percent of public tenancies are exempt from Tenancy Reviews.

Healthy Homes Initiative

MSD is part of a consortium involved in the Ministry of Health 'Healthy Homes Initiative (HHI)', which aims to reduce preventable illness among low income families with new-borns to five-year-olds, who are living in cold, damp and unhealthy homes. A key role for MSD in this initiative is to ensure clients are receiving their full and correct entitlement and, where appropriate, clients are referred to a HHI provider.

Operational improvements: Ministry of Social Development and Housing New Zealand

Housing New Zealand has a new Customer Strategy it developed last year, and which is now being implemented. As part of the implementation, MSD and Housing New Zealand are working together to identify opportunities for operational improvements that enhance the experience of mutual clients.

Methamphetamine Contamination Debt Recovery

MSD is administering the write-off of all recoverable assistance, including any recoverable emergency housing assistance, paid as a result of Housing New Zealand's previous zero tolerance to methamphetamine. Establishing the relevant debt incurred for each client requires a manual review of their record to determine the purpose of the recoverable payments made and whether they were attributable to Housing New Zealand's previous policy.

Appendix Three:

Key Agency Contacts

The table below provides contact details for MSD senior housing officials.

Name	Role	Contact phone number and email
Debbie Power	Chief Executive, MSD	s 9(2)(k) [REDACTED]
Viv Rickard	Deputy Chief Executive Service Delivery	s 9(2)(k) [REDACTED] [REDACTED]
Simon MacPherson	Deputy Chief Executive Policy	s 9(2)(k) [REDACTED] [REDACTED]
Justine Cornwall	General Manager Policy	s 9(2)(k) [REDACTED] [REDACTED]
Karen Hocking	General Manager, Housing	s 9(2)(k) [REDACTED] [REDACTED]