

SOCIAL HOUSING REFORM PROGRAMME – Media Qs and As

1. What is the main focus of the Government’s social housing reform programme?

The social housing reform programme builds on a number of measures taken over recent years to enable more New Zealanders in need to live in quality and affordable housing. It will increase the number of social houses provided by either Housing New Zealand or other providers; ensure that those houses better meet the needs of tenants; deliver Government assistance in a way that stimulates housing supply; and help more New Zealanders into housing independence when they are capable of making that transition.

2. What do you mean when you talk about social housing?

“Social housing” in this context refers to properties where tenants receive taxpayer support through the income-related rental subsidy. There is currently funding for around 62,000 of these households around New Zealand and we’re committed to increasing this by around 3,000 households by 2017/18. Until recently, only people living in Housing New Zealand properties qualified for this subsidy, but it was opened up to approved community providers last year. Many social housing tenants also have complex needs, which can be addressed through other services provided by community housing providers.

3. What is the income-related rent subsidy?

The Government’s income-related rent subsidy ensures low income social housing tenants pay no more than 25 per cent of their income towards rent (up to a threshold). The Government makes up the difference between a tenant’s income-related rent and the market rent of the property. The average subsidy is around \$209 a week. Only tenancies through Housing New Zealand or a registered community housing provider, after referral from the Ministry of Social Development, are eligible for the income-related rent subsidy. The accommodation supplement is another form of Government support, and provides financial assistance for people to find housing in the private rental market.

4. Who are community housing providers?

Community housing providers provide social housing and receive the income-related rent subsidy on behalf of their eligible tenants. They are regulated by the Community Housing Regulatory Authority, which is part of the Ministry of Business, Innovation and Employment. A list of the 36 community housing providers currently registered can be found at: <http://www.shu.govt.nz/chra-home/chra-register/>

5. How do the housing reforms fit within the Government's wider policy programme?

The reforms are part of the Government's wider approach of delivering better services to New Zealanders who rely on them – and to do this more effectively on behalf of taxpayers who pay for them. We've found that what's good for communities in terms of better services is also good for the Government's finances through lower costs. If we are to solve some of New Zealand's longstanding social challenges – such as housing those in need – the Government needs to be open to working with third parties, including community groups and non-government agencies.

6. What housing challenges is the social housing reform programme addressing?

There are a number of existing challenges, including:

- 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 \$18.7 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 place, 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.
- Given the changing housing needs of tenants – and the needs they often have beyond housing itself - we need to find better ways of meeting those needs.

7. What steps has the Government already taken to increase the supply of social housing?

After a report from the Housing Shareholders Advisory Group in 2010, the Government's programme has so far included:

- In 2011, we set up the Social Housing Unit, as recommended by the Advisory Group, to help grow the community housing sector. Some \$139 million has been allocated to the Social Housing Fund to provide capital grants to community housing providers for developing 890 housing units.
- In 2013, the law was changed to open up social housing to approved non-government providers, so they can receive the same subsidies as Housing New Zealand.

- In April 2014, the assessment of social housing applications moved from Housing New Zealand to the Ministry of Social Development. This allows the Ministry to draw on a larger number of housing providers and to coordinate housing assistance with other services for those in need (80 per cent of Housing New Zealand tenants have some involvement with Work and Income).
- During the 2014 election campaign, the Prime Minister confirmed there would be a shift away from a state housing monopoly to a range of social housing providers.

8. What housing support does the Government provide and will that continue?

The Government will continue to be the largest owner of subsidised houses and it will further increase subsidies for New Zealanders in housing need. Currently, around 290,000 households receive taxpayer support through the accommodation supplement, which totals \$1.2 billion a year. In addition, there is funding for another 62,000 households with the highest need to receive the income-related rent subsidy – a subsidy that has increased by almost \$200 million over the past five years to \$718 million this year.

9. What are the specific objectives of the social housing reform programme?

Our goal is a strong social housing system that creates a pipeline to independence for tenants and supports them when they are at their most vulnerable. Specifically, we will:

- Ensure that people who need housing support can access it and receive other social services that meet their needs.
- Ensure that social housing is of the right size, configuration and quality, and in the right areas, for those households that need it,
- Help social housing tenants to independence as appropriate.
- Encourage and develop a more diverse ownership of social housing, with more innovation and responsiveness to tenants and communities.
- Help increase the supply of affordable housing, especially in Auckland.

10. What bottom-line commitments can the Government give about the social housing changes?

Over the next few years:

- Housing New Zealand and community housing providers will collectively provide more social housing places than there are now – particularly in Auckland and Christchurch.

- Housing New Zealand will continue to be by far the largest owner of social housing and we will ensure that in 2017 its provides at least 60,000 properties compared with around 68,000 currently, as other providers come on board.
- Properties will be sold only if this results in better services for tenants and fair and reasonable value for taxpayers.
- Tenants in properties that are sold will continue to be housed for the duration of their need.
- The Government will spend more on income-related rent subsidies and ensure that Housing New Zealand has enough capital to build new social housing and to develop its existing properties.

11. Is this all about selling state houses?

No. It's about better meeting the needs of tenants by supporting the growth of community housing providers and ensuring there is more social housing overall for those in need. The Government aims to support around 3,000 more social housing tenants by 2017/18, taking the number to 65,000. That will require us to better manage and redevelop the stock of Housing New Zealand properties, as well as increasing the size of the community housing sector. Housing New Zealand will remain by far the largest owner of social houses for the foreseeable future.

12. Why are you selling state houses when we need more social housing?

The Government's social housing reform programme will deliver more social housing. To help community housing providers grow, there will be sales of Housing New Zealand properties and we will involve these providers in the redevelopment of Crown land. The Government is prepared to do that if we're satisfied we can get better services for tenants and fair and reasonable value for taxpayers. In addition, Housing New Zealand will continue with business and usual property sales in areas of low demand or where properties are of the wrong size or configuration.

13. How many state houses will be sold and in which locations?

Details will be determined after national engagement, including with community housing providers and iwi, over coming months. Providing we can achieve better services for tenants and fair and reasonable value for taxpayers, we will look to sell between 1,000 and 2,000 Housing New Zealand properties over the next year. Ministers will report progress to Cabinet in November 2015, when the programme will be reviewed and any further steps will be announced after that.

14. What will prevent buyers of Housing New Zealand properties selling them off for a quick profit?

Properties sold as social houses will have to stay in social housing unless the Government agrees otherwise. This and other conditions will be set out in contracts and officials are working through those details.

15. Will properties being sold be tenanted, and if so what happens to the tenants?

In most cases where houses transfer to a community housing provider, the properties will have tenants. The new owners will continue providing social housing with the income-related rent subsidy. Tenants in properties that are sold will continue to be housed for the duration of their need. Where redevelopment occurs, suitable accommodation for affected tenants will be arranged.

16. The Government promised there would be no more asset sales, so why are you now selling houses?

A year ago we said the partial float of Genesis Energy would be the final public share offer. As we also said at the time, this would not preclude SOEs continuing to buy and sell assets themselves, which they do all the time, or entering joint ventures or other arrangements with third parties. We gave state houses as a specific example of this – so we've been completely up-front with New Zealanders.

17. Why is the Government supporting more community housing providers, rather than investing in Housing New Zealand?

The Government is committed to doing both of these things. We are supporting a stronger community housing sector as well as investing significantly in Housing New Zealand properties and providing \$1.9 billion a year in accommodation support. Our focus is on housing more New Zealanders in need, rather than who owns the houses. We expect that tenants' needs will be better met through the innovation, diversity and choice that will result from greater involvement of community housing providers, which in many cases can also provide other wraparound services to tenants.

18. What will be the next steps in the social housing reform programme?

In the coming months, the Government will:

- Introduce a package of proposals to reduce pressure on social and emergency housing and support pathways to housing independence for those able to make the transition. This includes:
 - An initial increase in the number of income-related rental subsidy places provided by community housing providers in Auckland by

300. We expect funding for the number of households receiving this subsidy nationally to increase by around 3,000 to 65,000 by 2017/18.

- Providing another \$500,000 for emergency housing providers alongside a wider review of funding and introducing an emergency housing database.
- Completing 3,000 further Housing New Zealand tenancy reviews over the next two years, taking the number of planned reviews to almost 5,000 over the next two years.
- Start national engagement, including with community housing providers and iwi, followed by more specific consultation in areas where state house transfers are possible.
- Start the process for initial transfers of houses to be managed by community housing providers towards the middle of the year. The market process for transactions will start after regional consultation – so there will be time for receiving and considering feedback.
- Look at selling between 1,000 and 2,000 Housing New Zealand properties for continued use as social housing, run by approved community housing providers. These providers might buy properties on their own or go into partnership with other organisations lending them money, contributing equity, or providing other services.
- We will start a strategic review of Housing New Zealand in the first half of this year and provide more details when the review is completed.
- Assess progress in November 2015, when the Cabinet will review the programme and any further steps will be announced after that.