

DECEMBER 2018



Welfare and Housing Interface

CONTEXT AND BACKGROUND ON HOUSING ASSISTANCE

BACKGROUND PAPER

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Purpose of the report

This paper gives an overview of housing issues and then focuses on the main levers for housing assistance in the welfare system. It does not cover the supply and infrastructure of housing, any non-welfare demand-side policies, including taxes or levies and macroeconomic tools, apart from related areas that may have an impact. This paper draws on international and New Zealand literature and advice and data provided by the Ministry of Social Development (MSD) and Ministry of Business, Innovation and Employment (MBIE).

Context and framework

Housing costs are the biggest household expense and take a higher proportion of income for low-income households.¹ According to the OECD, New Zealand had the highest standardised house price-to-income ratio (with a 41% increase since 2010) and the highest standardised house price-to-rent ratio in 2017.² The latest *Demographia International Housing Affordability Survey* ranked New Zealand overall as “severely unaffordable”. The survey ranked Auckland as the ninth least affordable market among the 92 housing markets in the survey, after Hong Kong, Sydney, Vancouver, San Jose (California), Melbourne, Los Angeles, Honolulu and San Francisco (Demographia, 2018). Average housing costs as a proportion of average income are higher now than in the 1980s (Perry, 2017).

A wellbeing framework for thinking about the housing and welfare interface

The following section is based on the WEAG’s discussions about how they view the purpose and role of the welfare system and how housing assistance might fit with those values.

There is a nuance in distinguishing between a house and a home. In the literal sense, a house is a structure made of a floor, walls and a ceiling, and it provides basic shelter. A home may be a permanent place of abode, where someone lives and spends time, feels safe and contributes to building communities. In the context of kaupapa Māori values, the values of whakamana tangata and manaakitanga can be seen as consistent with the concept of kāinga. Kāinga means home or village and is important to Māori cultural identity, as is the association with land and its links to whakapapa (genealogy) (Menzies, 2018). A home gives people a degree of control and autonomy, which could have positive impacts on work and life decisions and reduce transience and poverty.

To quote the OECD, “access to good-quality affordable housing is a fundamental need and key to achieving a number of social policy objectives, including reducing poverty and enhancing equality of opportunity, social inclusion and mobility.”³

One of the fundamental purposes of the welfare system is to support wellbeing by ensuring social and financial security that is sufficient for an adequate standard of living. As part of this, addressing the adequacy of housing is important, which starts with ensuring people have access to a home at the minimum. Government policies addressing housing need should be designed with that objective, ensuring that homes are affordable and residents and tenants can rely on the security and tenure of their homes.

- 1 Statis NZ housing cost to income ratio tables, retrieved from http://archive.stats.govt.nz/tools_and_services/nzdotstat/tables-by-subject/housing-affordability-tables.aspx#hcir-low-income
- 2 OECD Economic Outlook Database No. 103, version May 2018. Retrieved from <https://stats.oecd.org/Index.aspx?DataSetCode=EO> on 31 August 2018.
- 3 OECD Affordable Housing Database <http://www.oecd.org/social/affordable-housing-database.htm>

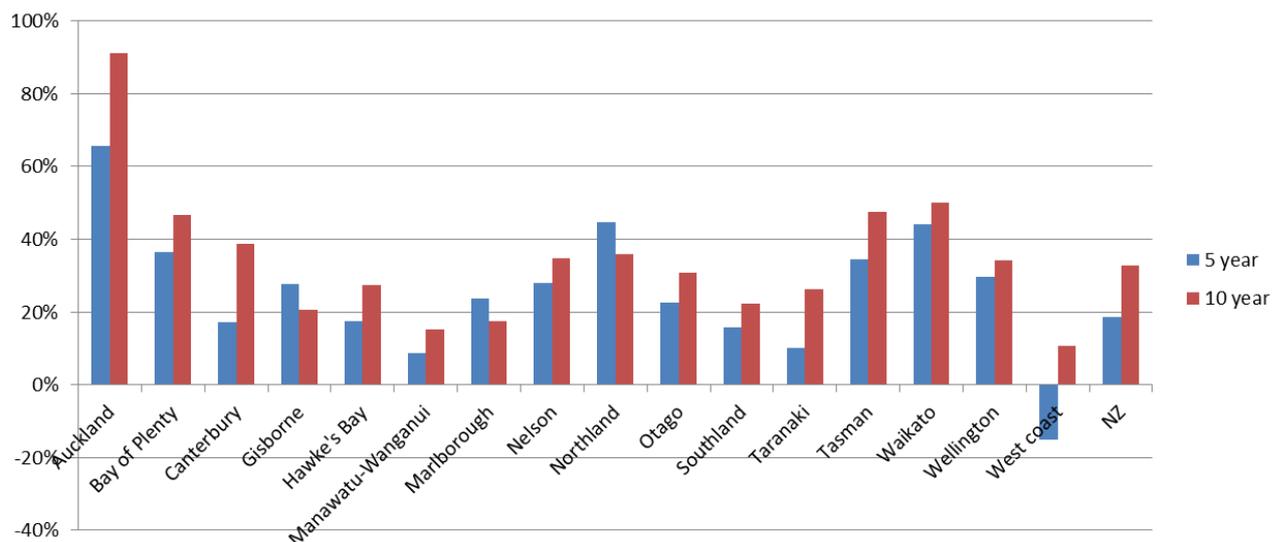
In a wellbeing framework, housing is a basic need, and ensuring its access will contribute to a household's wellbeing. Existing literature has shown that stable housing can be associated with positive outcomes, including improved physical and mental health, lower crime rates and lower welfare dependency. However, the significance and magnitude of these impacts can vary (Waldegrave & Urbanova, 2016). Home tenure, whether owning or renting, can support family and child development and health and provides stability for making life decisions.

The current state of housing affordability

There are numerous reports, reviews and academic papers on the problems that New Zealanders have with securing a house. Recent reports, including A Stocktake of New Zealand's Housing (Feb 2018), MBIE's Briefing to the Incoming Minister for Housing and Urban Development (Oct 2017) and MSD's Briefing to the Incoming Minister for Social Development (2017), provide comprehensive summaries of the current state of housing. The main factors that contribute to the housing problems in New Zealand include:

- *Home ownership rates have declined since their peak in 1991.* In 2013, around 65% of households owned their own home, down from the peak of around 74% in 1991 (Johnson, Howden-Chapman, & Eaquib, 2018).
 - Pacific People experienced the greatest decline in home ownership of –35% between 1986 and 2013. Māori also experienced a decline of –20%. The average decline was –15%.
 - Declines in home ownership rates also occur later in life. This could be because income assistance for retirees (for example, New Zealand Superannuation) is inadequate to support those who still have a mortgage.⁴
- *There has been significant house-price inflation.* Between 2007 and 2017, the national median house sales prices increased by 40% – and by 30% in the last five years. Auckland's house prices have increased 90% over the past 10 years and 65% in the past five years. Using a housing-affordability measure that compares average wages of employees with median house prices, to buy a median house in Auckland in 2016 required 60% more income than it did in 2012. Median house prices for the rest of New Zealand have increased more modestly in the past five years, with the highest increases in Northland and Waikato, which is shown in Figure 1 below.⁵

Figure 1: The change in house prices over five years and ten years



Source: Using Corelogic data taken from Stocktake report

4 Research also suggests that it could be a result of declining home ownership rates among the younger population, although this would not show up in the data for some time (Morrison, 2008).

5 Taking into account low interest rates on mortgages can moderate this impact, but the extent depends on changes in housing prices. See Home Loan Affordability reports from interest.co.nz.

- *There has been an increase in homelessness.* There were an estimated 41,000 people who were considered to be “severely housing deprived” in 2013, including those in temporary accommodation, sharing accommodation and those living rough (Amore, 2016). Of those, 34% were European or other, 32% were Māori, 29% were Pacific People and 20% were Asian. The level of homelessness is higher than the number of housing places available for assistance. The Stocktake report states that the number of homeless in Auckland is unknown,⁶ there are approximately 215 homeless people in Christchurch, 35 in Napier and 60 in Wellington. We note that figures on homelessness are subject to wide variability depending on the methods and sources used.
- *Housing costs are a cause of poverty and declining standards of living.* As housing costs increase, there is less discretionary income for other goods and services, with low-income families needing to rely on housing subsidies or public-housing placements. In New Zealand, 29% of households had high housing costs relative to disposable incomes (that is, their outgoings-to-income ratios was more than 30%) on average over 2015 and 2016. This compares with 20% in the early 1990s and 10% in the late 1980s (Perry, 2017). A recent study showed that of those receiving the Accommodation Supplement, residual incomes (after housing costs) went down the most between 2006 and 2016 for those without children (Rea & Thompson, 2017). Rising housing costs have been correlated with increasing wealth inequality in developed countries (Rognlie, 2015). In the United States, higher costs of living are strongly correlated with higher housing costs relative to incomes (Demographia, 2018).
- *Poor housing and overcrowding has negative impacts on health and wellbeing.* These issues are more prevalent in lower-income households and are concentrated in the lowest income quintile, and they are more prevalent in rental accommodation. Overcrowding is also correlated with other material hardships (Perry, 2017).

6 We understand a headcount is being proposed.

Current settings and policy initiatives

Income-support payments and services

The two primary income-support payments designed to help with housing costs are Accommodation Supplement (AS) and Income-Related Rent Subsidy (IRRS). Temporary Additional Support (TAS) can also be used for housing costs. All three payments have increased as housing costs have gone up. AS maxima rates have not been adjusted (until recently). All are generally provided to low- to middle-income people who meet the eligibility criteria. They are administered by Ministry of Social Development (MSD).

- AS is a non-taxable payment (second-tier or supplementary assistance) that provides cash assistance for a person's accommodation costs in the private market (both owners and renters). The amount paid is 70% of the recipient's rent above an entry threshold and are capped for each regional area.
- IRRS is a non-taxable payment paid to landlords of public housing (either Housing New Zealand or community housing providers). The amount paid is the difference between what the tenant is paying and the assessed market rent. Tenants pay 25% of their income, plus 50 cents in the dollar for any income in excess of the single or couple rate of New Zealand Superannuation, depending on whether the tenant is single or partnered.
- TAS is a non-taxable payment that provides temporary cash assistance for someone who cannot meet their essential living costs. While it is for any financial hardship, the most common reason is to meet accommodation costs. TAS is set to a maximum of 13 weeks, after which recipients must reapply.

In addition to income-assistance payments, New Zealand has a range of housing services and support for low-income and vulnerable families, primarily administered by MSD and Housing New Zealand. These include:

- Housing First – This targets chronic homelessness by first moving people into appropriate housing and then immediately providing wraparound services, such as services for mental health and substance abuse. It includes long-term, flexible support services and is based on approaches that have been successful overseas. The initiatives include housing providers, local councils, Housing New Zealand, community housing providers, iwi and other community services.
- Emergency Housing Special Needs Grants – These hardship grants are for short-term accommodation costs (for example, motels, hotels or campgrounds) for people with an urgent need and with no access to alternative accommodation in the next seven days. Clients are expected to look for longer-term accommodation when they have the grant. Māori are significantly over-represented in receiving these grants, making up 54% of individual clients in the June 2018 quarter.
- Transitional Housing – This provides temporary accommodation and wrap-around services for around 12 weeks or longer, if required, to help people find long-term housing. It is managed by contracted providers who maintain properties and provide social and tenancy-related services. People pay up to 25% of their income as rent up to an income threshold.
- Sustaining Tenancies – This programme supports public housing tenants to stay in their tenancy. This is a two-year pilot with Housing New Zealand, MSD and community providers and offers practical support, depending on the tenants' needs, with the goal of helping them sustain their tenancies. Examples of support include addressing mental health and

addiction issues, debt management, supporting communications with their landlords, finding employment and dealing with maintenance issues. The goal is to help people remain in stable accommodation.

- Housing Support Products – This is assistance, above other hardship payments, to support clients to retain or move into alternative housing or within social housing. These include payments to help with bonds, letting fees, moving and other tenancy costs. These can be particularly helpful for people who don't qualify for other assistance. A summary of these products is provided in Appendix 2.
- Other affordable housing support products – These include first-time buyer grants and loans (such as KiwiSaver Home Start grants and Welcome Home Loans) and public housing for tenant home ownership (First Home Scheme and Tenant Home Ownership). These are administered by Housing New Zealand.
- Healthy Homes Initiatives – These are implemented through the Ministry of Health. They are free services to eligible families (generally those with high health needs) to carry out housing assessments and individualised action plans to create warmer, drier and healthier homes. The services include specific interventions, including finding alternative accommodation when needed.⁷

Public housing is primarily provided by Housing New Zealand (HNZ) and community housing providers (CHPs). HNZ is a Crown entity and is the largest residential landlord, with a \$25.2 billion portfolio. It manages around 60,000 tenancies. Approximately 184,000 people live in their managed properties. CHPs are non-government agencies that provide community and affordable housing. CHPs provide a further 5,300 properties to tenants eligible for public housing. Not counted in these figures is housing provided by local government.

To live in public housing or receive the AS, people must register with MSD and be assessed for eligibility according to age, income, cash assets, residency status and housing situation. The specific eligibility criteria differ between the AS and public housing, which will be discussed in the section on known issues with the current system.

Spending on public housing payments have steadily increased over time as market rents have significantly increased. Below are the most recent figures for spending in the public housing sector (MSD, 2018):

- In the last week of June 2018, 284,686 AS recipients received a total of \$27.1 million. The 2017/18 spend on AS is \$1.2 billion and is estimated to be \$1.5 billion in 2018/19. The increase is due to the increase in AS maximum payments as part of changes in the Families Package.
- In the last week of June 2018, 60,945 TAS/Special Benefit recipients received a total of \$3.2 million.
- In the June 2018 quarter, 9,245 people received a total of \$10.4 million via emergency housing special needs grants.
- There were 64,312 public housing places, with IRRSs totalling \$890 million in 2017/18.
- There are 2,341 transitional housing places, with payments totalling \$35.4 million in 2017/18. A further \$36.8 million was appropriated for support services in those places in 2017/18.

7 Further information can be found on the Ministry of Health website. See <https://www.health.govt.nz/our-work/preventative-health-wellness/healthy-homes-initiative>

Table 1: Summary of housing-related assistance spending and recipients, in \$ millions

# recipients (point in time) ^o	2016/17	2017/18	2018/19 Forecast ⁺
Accommodation Supplement	\$1,100 284,572	\$1,200 248,686	\$1,500
Temporary Additional Support (including Special Benefit)	\$245 67,317	\$225 60,945	\$168
Income-related Rent Subsidy	\$900 62,926	\$890 64,312	\$978
Transitional housing (spaces tenanted or available)	\$49 1,123	\$35 2,341	\$49
Emergency Housing Special Needs Grants	\$29* 3,108	\$32 2,879	\$26

- o taken from housing quarterly report (June 2017) or MSD benefit fact sheets
- + figures taken from estimates of appropriations for various years
- * for last three quarters

In its 2018 *Annual Report on the Public Housing System*, Taylor Fry projects that the current value of future lifetime housing support payments for those in public housing or on the register in 2016/17 is \$18.4 billion (Taylor Fry, 2018). The bulk of these payments are future IRRS payments for those in public housing.

Government expenditure for AS, TAS and IRRS totalled \$2.3 billion in 2017/18, or 2.8% of total core Crown baseline expenditure. These housing subsidies represent 8.9% of Crown baseline expenditure within the "Social security and welfare" classification in 2017/18.⁸ A summary of government spending on housing in the 2017/18 financial year is provided in the Appendix.

Accommodation Supplement

The AS is paid at 70% of the recipient's rent above an entry threshold and is capped at set maxima amounts for each regional area. The entry threshold is based on a combination of income and benefit, family type and housing type (renting, boarding or owning). The entry threshold for renters and boarders is 25% of the sum of the maximum main benefit the recipient is entitled to and the maximum Family Tax Credit rate for the eldest child (if applicable). For non-beneficiaries, the Jobseeker Support benefit is used as a proxy. If partnered, the partner's benefit is included. For home-owners, the entry threshold is 30% of the relevant main benefit (and maximum Family Tax Credit rate if applicable).

The entry thresholds are adjusted up each year as main benefit rates are adjusted. Because the maxima are not adjusted annually, but thresholds are tied to benefit levels which do adjust annually, this means that the level of AS support decreases each year, holding all else constant.

A graphic representation of how the AS is calculated is provided below in Figure 2. Non-beneficiaries are also subject to abatement of AS above certain income thresholds, which effectively reduces the amount of the government contribution as their income increases.

Figure 2: Graphic illustration of AS calculation for beneficiaries



* There are four AS areas. Each area has a different maximum dependent on regional median rental rates, and the maxima differ by size of households.

** Entry thresholds differ by a household’s income including benefits, whether they are renting, boarding or owning, and by family type.

Current Accommodation Supplement maxima payment schedule

The current weekly AS maxima payments and entry thresholds are shown in Table 2.

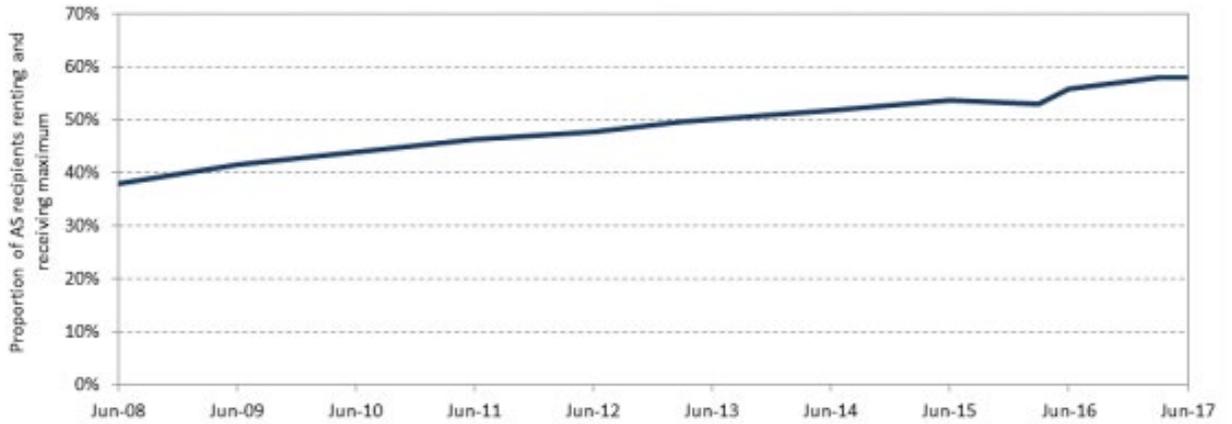
Table 2: Current weekly entry thresholds and maximum payment rates for the AS – 1 April 2018⁹**

Family type	Entry threshold – rent	Entry threshold – mortgage	Area 1 max	Area 2 max	Area 3 max	Area 4 max
Single	\$54	\$65	\$165	\$105	\$80	\$70
Couple	\$90	\$108	\$235	\$155	\$105	\$80
Couple, 1+ child	\$119	\$143	\$305	\$220	\$160	\$120
Sole parent, 1 child	\$107	\$128	\$235	\$155	\$105	\$80
Sole parent, 2+ children	\$107	\$128	\$305	\$220	\$160	\$120

A growing number of people have received the maximum rates of AS over time, as shown in Figure 3.

9 These entry thresholds reflect the amounts for people receiving Jobseeker Support, Sole Parent Support and for non-beneficiaries. The entry thresholds for recipients of New Zealand Superannuation and the Supported Living Payment are higher.

Figure 3: Proportion of tenant households receiving maximum AS payments 2008–2017



Source: (Howden-Chapman, Viggers, Chapman, O’Sullivan, Barnard, & Lloyd, 2011).

Other research indicated that 44% received the AS maximum rate in September 2016 (Rea & Thompson, 2017).

The increases to AS maximum payments on 1 April 2018 (see Table 3) are likely to be the cause of a decline in the number receiving the maximum rate. Of those receiving AS at the end of June 2018, 23% received the maximum rate, and 12% received TAS to help cover housing costs.¹⁰

10 Data from MSD.

Table 3: Changes to weekly AS maxima on 1 April 2018, in dollars:

	1 person		
Area:	Before 1 April 2018	After 1 April 2018	% increase
1	145	165	14%
2	100	105	5%
3	65	80	23%
4	45	70	56%
Average			24%

	2 people		
Area:	Before 1 April 2018	After 1 April 2018	% increase
1	160	235	47%
2	125	155	24%
3	75	105	40%
4	55	80	45%
Average			39%

	3+ people		
Area:	Before 1 April 2018	After 1 April 2018	% increase
1	225	305	36%
2	165	220	33%
3	120	160	33%
4	75	120	60%
Average			41%

AS cut-out points

The AS is abated at 25% above the benefit cut-out point (that is, the income at which a person is no longer eligible for a benefit). This means that everyone receiving a benefit (and who is eligible for AS) receives the full amount of AS.

The current cut-out points for AS (that is, the point at which people are no longer entitled to AS) are provided in Table 4:

Table 4: Weekly (annualised) income cut-out points for families receiving the maximum payment rates for the AS

Family type	Area 1	Area 2	Area 3	Area 4
Single	\$1,048 (\$54,496)	\$808 (\$42,016)	\$708 (\$36,816)	\$668 (\$34,736)
Couple	\$1,553 (\$79,716)	\$1,213 (\$63,076)	\$1,013 (\$52,676)	\$913 (\$47,476)
Couple, 1+ child	\$1,850 (\$96,200)	\$1,510 (\$78,520)	\$1,270 (\$66,040)	\$1,110 (\$57,720)
Sole parent, 1 child	\$1,498 (\$77,896)	\$1,178 (\$61,256)	\$978 (\$50,856)	\$878 (\$45,656)
Sole parent, 2+ children	\$1,778 (\$92,456)	\$1,438 (\$74,776)	\$1,198 (\$62,296)	\$1,038 (\$53,976)

The AS can also reduce with the amount of cash assets a person has. It will abate at 25% if cash assets exceed \$2,700 for a single person and \$5,400 for couples. These thresholds were set in 1989, are not indexed and have not increased since then.

People are not entitled to AS if their cash assets exceed \$8,100 for singles and \$16,200 for couples. These thresholds were set in 1989, are not indexed and have not increased since then. Using the Reserve Bank calculator for house price index, \$8,100 worth of housing in quarter 1 of 1989 would be worth \$46,815 in quarter 1 of 2018. In comparison, using the Consumer Price Index (CPI) the amount would be \$15,268.

At 30 June 2018, 285,000 people received AS. Of these, 35,000 also received TAS for housing-related costs.¹¹ Out of all AS recipients, 66% received a main benefit, 20% did not receive any main benefits and 14% were superannuitants. In comparison, 64,000 people currently live in public housing, paying a subsidised rate of rent and receiving IRRS.

Renters and boarders make up 88% of AS recipients, and 11% are home-owners. Singles and couples without children represent 63% of recipients, 9% are couples with children and 28% are sole parents.¹²

Earlier research from 2010 showed the split of AS recipients by ethnicity: 45% were Pākehā, 28% were Māori and 7% were Pacific People.¹³ This distribution could be similar for current recipients but is likely to be more skewed to Māori and Pacific People given the increased levels of housing distress in the Māori and Pacific communities. Data analysis on the distribution of AS by ethnic group was not available in time for this report.

The numbers of recipients receiving AS and TAS have been increasing over time as housing costs have outpaced increases in general prices and wages. Although TAS was intended to be third-tier (that is, last resort) assistance for those in hardship, most who receive TAS, use it to cover housing costs because their income and AS entitlement are not sufficient. Table 5 shows the percentage increase of recipients from June 2008 to June 2018.

11 People can also receive TAS for other costs.

12 (Rea & Thompson, June 2017).

13 (Fletcher, September 2010).

Table 5: Increase in AS and TAS clients 2008–2018¹⁴

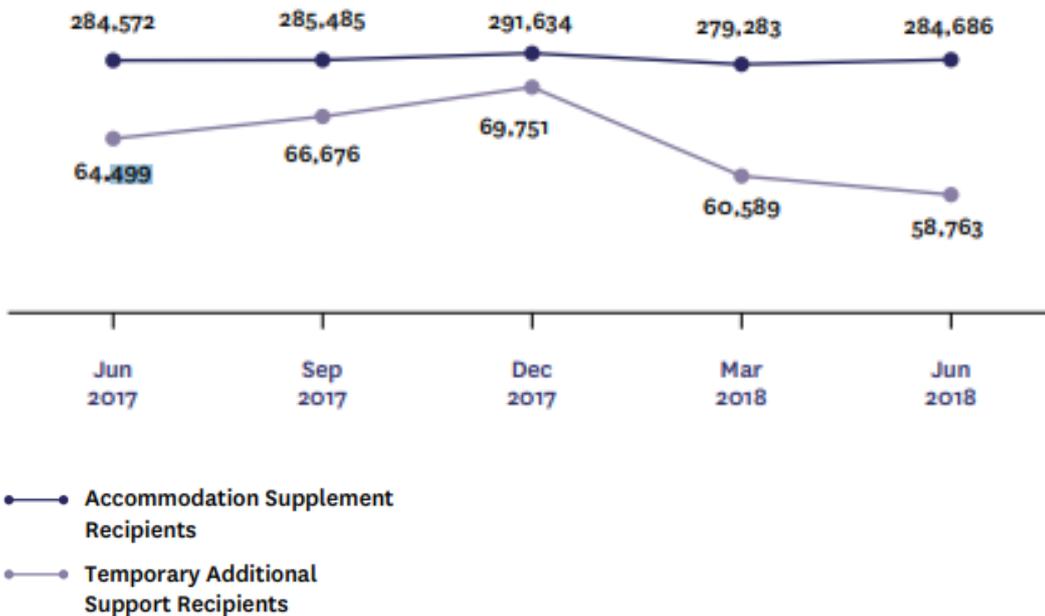
Number of recipients	June 2008	June 2018	% increase
AS	245,510	284,686	16%
TAS (including Special Benefit)	42,514	58,763	38%

The maxima increases on 1 April 2018 have also reduced the number of TAS recipients at the AS maxima by 60% (from 117,000 in the 12-month period to March 2018 to 47,000 in the three months to June 2018). The biggest decrease in TAS recipients who received AS at the maximum was for couples with children, dropping from 6,000 in the year before the changes to 1,200 in the first three months after the changes (an 80% decrease).¹⁵

The cost of administering TAS is higher than the cost of administering a main benefit. The number of TAS recipients at September 2018 is now back to the 2013 figures primarily because of the AS maxima increases on 1 April 2018.¹⁶ The effect of the AS increases is shown in Figure 4.

Figure 4: Number of AS and TAS recipients from June 2017 to June 2018¹⁷

Accommodation Supplement and Temporary Additional Support recipients



14 (MSD, 2012) and (MSD, June 2018).

15 To calculate these figures, clients were prioritised according to whether they were ever at the AS maxima during this time period even if, during other TAS spells, they were not at the AS maxima.

16 (MSD, September 2018 quarter).

17 (MSD, June 2018). Note that, operationally, the AS changes were administered in the last week of March 2018, which means that we began to see decreases in TAS recipients in the March 2018 quarter.

Temporary Additional Support

TAS is calculated to be the difference between a person's essential living costs and their income. It is paid up to a limit of 30% of the net rate of their main benefit. Because it is based on a gap between income and expenses, it is effectively abated at 100% on any additional income, that is, any increase in income will result in an equivalent reduction of TAS. The cash asset threshold above which people are not entitled to TAS are:

- \$1,076.96 for a single person
- \$1,794.51 for a couple.

Unlike those for the AS, these cash-asset limits are annually indexed to the CPI.

Advances of benefit

In addition to housing subsidies and additional assistance via housing support products, MSD estimates that around 35% of all advance payments of benefit are due to accommodation-related costs.¹⁸

Social housing register

MSD assesses people's needs for social housing through the social housing register, which is comprised of the housing register (people waiting for public housing) and the transfer register (people already in public housing, but whose house no longer meets their needs). These needs are assessed according to:

- their ability to afford alternative private housing
- the standard of their current housing
- the extent to which the applicant's current housing meets their needs (including overcrowding)
- factors such as accessibility or discrimination that may prevent them from finding housing
- their ability to afford non-social housing in the long term.

The provider is responsible for matching the applicant to properties based on their needs. People with the greatest needs are placed in housing that meets their requirements first. If a client has identified particular health or disability needs, the information will be noted in the referral.

The number of people waiting for social housing has increased steadily (MSD, 2018). Currently, the social housing register has 10,289 applicants, which is more than double the number of applicants from 2016 (at 5,012). However, in 2017, the register had 5,353 applications, showing that most of the increase has occurred in the past year. This may be due to a combination of recent changes in how MSD assesses applications, increased publicity regarding the public housing system and the government encouraging people to contact MSD (Taylor Fry, 2018).

18 MSD Service Delivery, May 2018. Included in induction notes prepared for the WEAG.

Of these applicants:

- around 80% already receive a main benefit
- 41% are single adult households without children
- 38% are single adult households with children
- 68% are female
- 38% are between 25 and 39 years old
- 28% are between 40 and 54 years old
- 44% are Māori
- 75% need either a one- or two-bedroom place

According to MSD, the most common reasons given on applications are inadequate or unsuitable current accommodation, homelessness and their tenancy ending or eviction. The underlying causes could include the lack of a job or redundancy, health deterioration or changes in family circumstances.

Government housing policy initiatives and work programmes

In its latest annual survey, Demographia identifies the most severely unaffordable major housing markets as those that have the most restrictive land-use regulation, usually around urban containment. It notes New Zealand's recently announced plans to increase housing supply in Auckland, including urban fringe and infill development, and implementing affordable infrastructure financing options for new development.

In response to the housing-affordability problem, the Government has announced its housing and urban development work programme. As part of this, it has established a new Ministry of Housing and Urban Development, which will operate from 1 October 2018. This ministry's work programme prioritises:

- ending homelessness through strengthening and expanding Housing First services to more regions and increasing transitional housing places in areas of high need
- increasing public housing supply through the delivery of around 6,400 more public housing places over the next four years (1,600 a year on average)
- delivering affordable housing through KiwiBuild and developing products to support KiwiBuild, including options such as progressive home-ownership schemes (for example, rent-to-buy, shared equity, leasehold arrangements) as a means of enabling people to participate in ballots to purchase KiwiBuild homes¹⁹
- developing advice on institutional investment in new-build rental houses (build-to-rent investment, providing stable tenure, building high-quality houses for renters) and investment in subsidised rentals

¹⁹ To be eligible to purchase a KiwiBuild home, purchasers must be a first-home buyer or in a similar financial position, be a New Zealand citizen or permanent resident, have no more than \$120,000 annual income, intend to own and live in the home for at least three years. There are also asset limits depending on the region and other qualifications depending on circumstance. <https://www.mbie.govt.nz/info-services/kiwibuild/buying-a-kiwibuild-home/who-is-eligible>.

- supporting whānau, hapū and iwi needs and aspirations
- making life better for renters by improving security of tenure and introducing minimum quality standards for rental properties
- managing demand for housing by reducing speculative demand in residential property investment and improving affordability for owner-occupiers
- investing in infrastructure
- building construction sector capacity and improving the building regulatory system
- progressing the Urban Growth Agenda.²⁰

The Minister of Housing and Urban Development has established a Ministerial Advisory Group to provide advice on a range of urban and housing issues associated with the Government's policy agenda. It will allow engagement with stakeholders from the industry, public sector and academia.

The Government's Urban Growth Agenda will address land supply, development capacity and infrastructure issues from now through the long term. The primary aim is to improve housing affordability, underpinned by affordable urban land. Wider objectives include:

- improving choices for location and type of housing
- improving access to employment, education and services
- assisting emission reductions and building climate resilience
- enabling quality build environments while avoiding unnecessary urban sprawl.

The work for the Urban Growth Agenda will focus on five main streams: infrastructure funding and financing, urban planning, spatial planning (which will involve new partnerships with Auckland and Waikato councils and iwi), transport pricing and legislative reform. Agencies responsible for the work programme intend to report back to Cabinet in early 2019 on the results of the work and on a package of options on the nature and degree of reform.

In 2014, the Māori Housing Strategy was implemented. He Whare Āhuru He Oranga Tāngata sets out six directions (for a period up to 2025) to improve housing for Māori and their whānau and to increase their housing choices by growing the sector. The strategies included tenancy management and wraparound services, insulation and improving housing conditions, assistance to enable home ownership, partnering CHPs with iwi and other land-holding Māori organisations, developing housing on Māori land and large-scale developments.²¹

The Māori Housing Network was established in Te Puni Kōkiri to support Māori-led housing initiatives. The Network shares information and advice, manages government funding for Māori housing projects and works with other agencies to improve Māori housing. The Government set aside \$15 million for Māori housing as part of Budget 2018, which will be used for repairing existing housing and building new housing. Te Puni Kōkiri is also managing \$9 million over three years (2017/18 to 2019/20) to trial new models to assist low- to median-income whānau Māori to move towards home ownership (Te Ara Mauwhare).²²

20 More details on the approach can be found at: <http://www.mbie.govt.nz/info-services/housing-property/urban-growth-agenda/document-and-image-library/urban-growth-agenda-cabinet-paper.PDF> (accessed 13 Aug 2018).

21 More details can be found at: <https://www.mbie.govt.nz/info-services/housing-property/maori-housing-strategy>

22 More information can be found at: <https://www.tpk.govt.nz/en/whakamahia/maori-housing-network>.

Current problems and areas for improvement

Housing subsidy interactions

The income-support system is highly complex, arising from changes to the welfare system when policy reform was focused on targeted assistance for those on low incomes, along with economic and social changes that impacted the welfare system.²³ A consequence of the continual reforms is that income-support payments have become more interlinked – new payments are based on existing payment settings in an effort to target entitlements and their amounts. As payment levels are adjusted, they will have flow-on impacts to other payments. One example is the formula to calculate the entry threshold for AS which is linked to Family Tax Credit rate increases, and main benefit payment rate increases.

In housing assistance, the three main payments – AS, IRRS and TAS – create a complex environment that increases the difficulty of providing adequate access for low-income people to afford housing or create a savings or asset base. In a similar way to the broader income-support system, people have commented on the difficulty of understanding their entitlements.

The WEAG work stream on the adequacy of income and the role of the income-support system will consider how the main transfer payments in the welfare system are interlinked. The specific issues on housing subsidies are summarised next, with further detail and options to be discussed in Paper 3 of this work stream.

AS cash-asset test

Renters pay 25% of their income as their entry threshold; for home-owners, the rate is 30%. The income definition is narrow and does not include certain assistance payments and is different from the income definition used for IRRS. There is also a cash-asset test to be eligible for the AS.

Because the cash-asset test for AS has not been adjusted in nearly 30 years, it has two direct impacts. First, it creates a disincentive for saving, and secondly, it creates an inequity between private market renters in need and social-housing tenants.

The cash-asset threshold at which a person is no longer entitled to receive IRRS is \$42,700, which is substantially higher than the AS cash-asset threshold. The IRRS cash-asset threshold was based on 10% of the median national house price (when it was introduced following the reintroduction of IRRS in 2000). The median national house price was used as a basis for the cash-asset threshold as the government did not want to preclude social-housing tenants from saving for their own homes, and 10% was considered to be a sufficient deposit for mortgage lending at the time.²⁴

23 MSD. May 2018. History of the welfare system. Induction notes prepared for the WEAG.

24 Ministry of Social Development, "Information on non-recipients of Accommodation Supplement", 10 February 2017, accessed from <https://treasury.govt.nz/sites/default/files/2017-11/b17-3662098.pdf>

Low take-up of AS and TAS

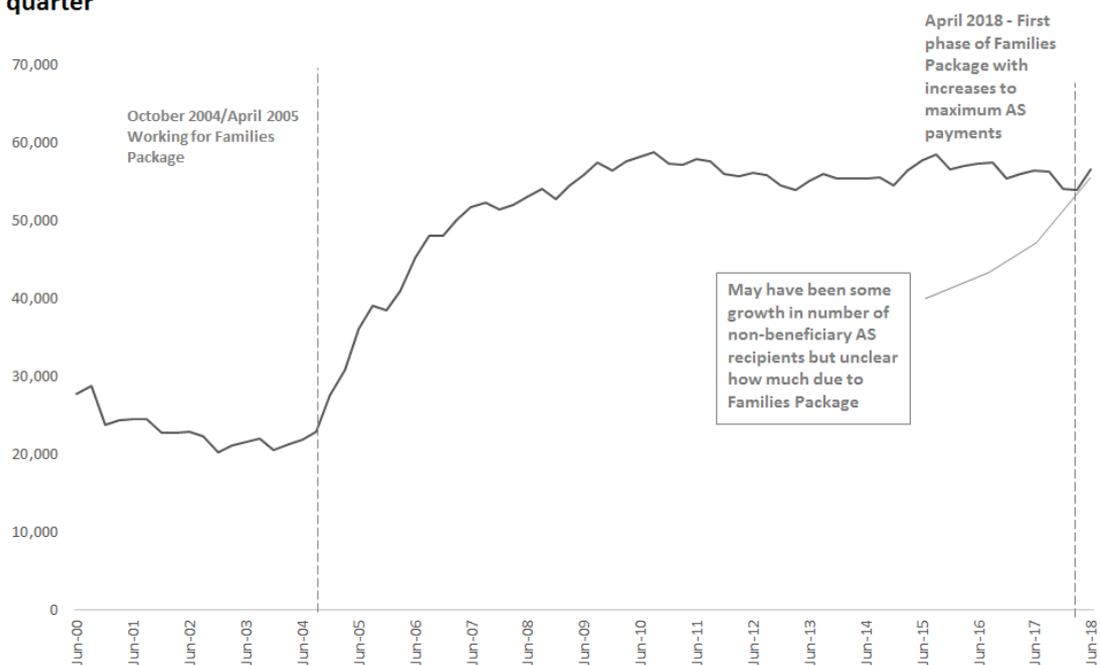
Of those receiving AS, about 80% are either receiving a main benefit or New Zealand Superannuation. The rest do not receive any benefit payments via MSD. Of everyone receiving a main benefit, 66% also receive AS.²⁵ In 2016, 50,000 low-income families and individuals who received a benefit did not receive any housing subsidies (Rea & Thompson, 2017).

Because MSD holds information on their income, job and family, AS take-up tends to be high for those receiving main benefits. Because MSD does not hold income or family information for non-beneficiaries, it is difficult to estimate their take-up of AS. Indicative estimates using population-based survey data and modelling from Treasury suggests that up to 106,000 people may not be receiving AS (MSD Report, 3 May 2018). It is likely these people are not receiving any income assistance. For TAS, there are potentially between 33,000 and 53,000 people who are eligible, but who do not receive it. Reasons for low take-up could include lack of awareness about AS, or the complexity of the rules may make it difficult for people to understand the requirements.

Figure 5 shows the increasing numbers of non-beneficiary AS recipients since 2000.

Figure 5: Recipients of Accommodation Supplement among non-beneficiaries

Number of non-beneficiary Accommodation Supplement recipients per quarter



AS and IRRS inequities

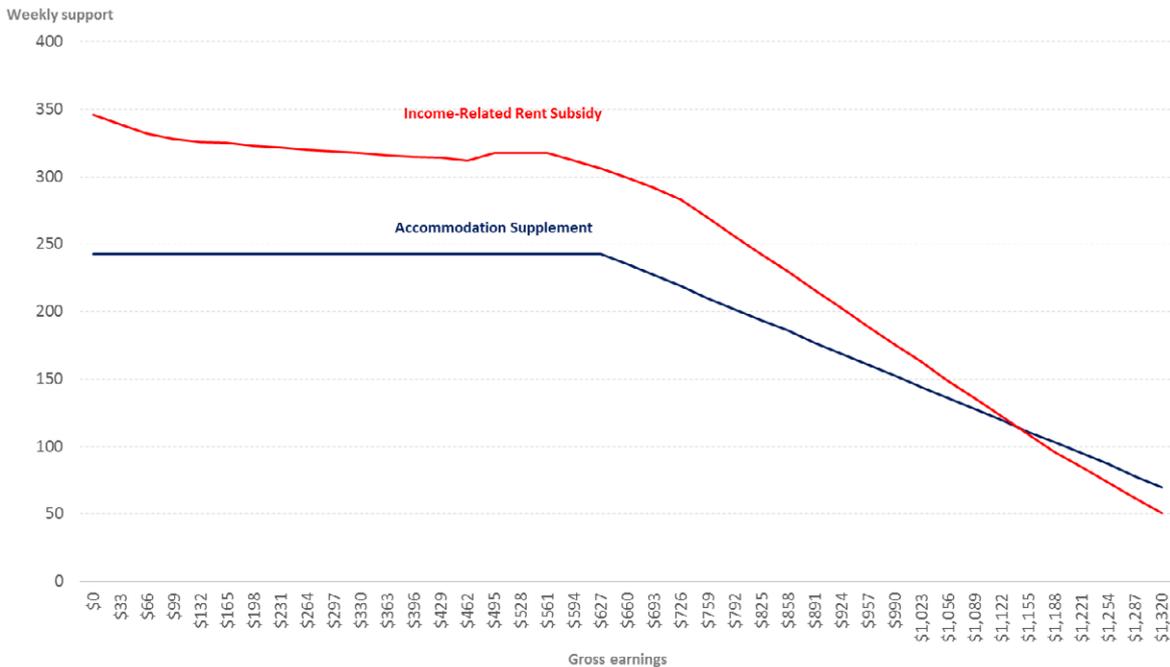
People paying an income-related rent pay no more than 25% of their after-tax income on rent, up to an income threshold, and then 50% after that up to market rent rates. In practice, this means that those in public housing receive a significantly higher level of support for their housing costs than those in the private market who receive AS. As discussed above, the cash-asset tests are significantly higher for IRRS relative to AS.

25 MSD. May 2018. Introduction to Income Support System. Induction notes prepared for the WEAG.

Figure 6 below illustrates the difference in support received for a couple with two children under 12, receiving Jobseeker Support and living in South Auckland, earning a weekly minimum wage.

Figure 6: Difference between AS and IRRS for couple with two children

Difference in AS and IRRS for a Jobseeker Support couple, two children, living in Area 1 (South Auckland) with \$470 rent



The graph illustrates a significant gap between AS and IRRS at the point where they have no income from work. The gap gradually declines as the family works and earns more weekly income. This pattern generally holds for different family types and locations.

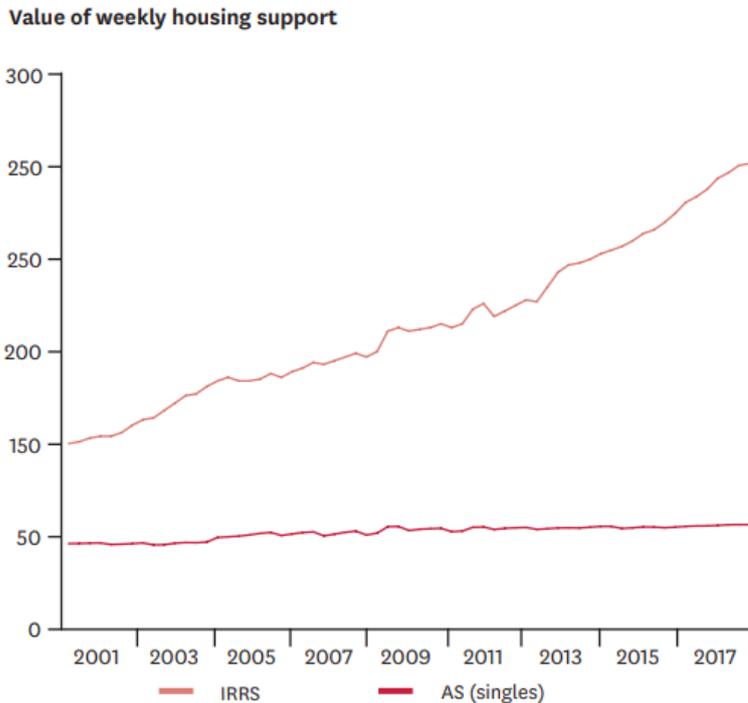
In this example, a family could receive between \$60 and \$100 more per week of IRRS compared with AS (assuming the same circumstances whether in public or private rental).

As their weekly earnings increase, IRRS reduces more quickly than AS, and the gap between the payments closes more quickly. On the graph, the crossover point indicates the income level when AS becomes more generous. In that situation, the family is better off moving into private rental accommodation.

As mentioned earlier, the number of social-housing applicants has increased significantly in the past year. Forecast spending on IRRS significantly outpaces that for AS (see figure 7)²⁶ and will continue despite the increase to AS payments on 1 April 2018. The increase is driven by market rental price growth relative to tenants’ incomes, compounded by sustained tenancies in social housing.

26 Insights from the 2017 Housing and Benefit System Reports. Retrieved 20 August 2018 from <https://www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/modelling/insights-from-the-2017-housing-and-benefit-system-reports.pdf>

Figure 7: Value of weekly housing support



The average length of tenancy for those already in social housing is 13.4 years, with exit rates slowing. Several factors contribute to slow exit rates, including low or no income growth for tenants, an ageing tenant population, the disincentive to move to private market rentals because of the higher level of support provided by IRRS versus AS and tight rental markets.

Another consideration in the equity of AS is that eligible home-owners receiving it are also building equity at the same time in comparison to those who rent or board. An option proposed previously has been to time-limit AS to home-owners. However, in the broader objective of improving housing affordability, this may be a secondary consideration.

Temporary Additional Support

Because it is meant to be a “payment of last resort”, TAS is intended to cover a temporary shortage of income to cover essential costs or any “income deficiency”. Income includes main benefits, AS or Family Tax Credit rates. Essential costs include rent and living costs (living costs are estimated by using 70% of benefit and Family Tax Credit receipt).²⁷ Recipients must reapply after 13 weeks if they still need temporary support.

TAS has an effective abatement rate of 100%, which could impact on incentives to work. The payment is limited to 30% of the net rate of the client’s main benefit (or Jobseeker Support if they are not receiving a benefit). Those with high disability costs may be able to access more.

The link to benefit and Family Tax Credit rates means that any changes to those settings will have flow-on impacts to TAS. As rental rates increase relative to benefit and transfer payments, TAS payments increase.

The number of people receiving TAS at the end of June 2018 was 58,763 (or 60,945 if it includes people still receiving the Special Benefit, which was its predecessor). This was a decrease of around 6,000 people from the previous year, primarily as a result of the Families Package, which

²⁷ TAS = 30% of (benefits and Family Tax Credit) + AS – rent.

included increases to AS and Family Tax Credit.²⁸ Prior to the Families Package changes, there was an increasing trend of AS recipients needing a “top up” of TAS to meet housing costs – as a result of reaching or surpassing their AS maxima. This highlights the current deficiencies in the welfare system to meet rising housing costs. Even with TAS, some recipients do not have enough income to meet their essential living costs as they have surpassed the TAS maximum.

Landlord capture of AS

A criticism of housing subsidies in private rental markets is their potential to be captured by landlords by setting higher rents. Using a simple economic framework, higher incomes, whether through earnings or with housing subsidies, contribute to higher house prices and rents by increasing demand for housing.

International research has shown mixed results on whether housing subsidies are captured by landlords. Research on the AS in New Zealand is limited and also indicates that the impacts on rents are ambiguous (Brackertz, de Silva, & Fotheringham, 2015). One study empirically tested the impacts of the 2005 AS increases in Auckland and found small increases in rents of about \$2.44 per week on average (Hyslop & Rea, 2018). On the whole, around one-third of increases to housing subsidies was absorbed by rent increases, with the remaining two-thirds going to recipients’ incomes. Importantly, however, the authors were not able to identify whether the increases in rent were attributed to landlord capture or whether recipients paid more rent because they were able to move into better housing with higher rental rates.

It is worth noting that while Hyslop and Rea’s results do not necessarily indicate landlord capture of AS, their study was based on relatively small boundary changes. The results may also be different and more pronounced, given that the housing rental market was less stressed at that time, particularly in Auckland.

Given the limited research available, it is unclear whether increasing assistance for housing costs will lead to higher rental rates in the private market.

Security of tenure and renters’ rights

Moving houses has been correlated with negative impacts on health and education, particularly for children. As home ownership becomes less affordable, it is likely that there will be an increase in the rate of people moving houses. The frequency of moving in New Zealand has become more common (Statistics NZ, 2006), with relatively weak regulation and enforcement around rental quality and short fixed-term tenancies.

There is currently a programme of work on legislative changes to improve rental regulations. Landlord and renters’ rights are governed by the Residential Tenancies Act 1986. MBIE has undertaken a review of the Act to ensure it is fit for purpose. The overarching objective for the reform is to ensure that “everyone in New Zealand has somewhere they can feel at home”. MBIE has just released a discussion document to seek public submissions at <https://www.mbie.govt.nz/info-services/housing-property/residential-tenancies/rta-reform>. The proposals include changing the criteria for landlords to end a tenancy, setting a 90-day notice period for landlords to end a tenancy and limiting rent increases to once per year.

Currently, the Residential Tenancies Amendment Bill (No 2) is before Parliament. It amends the Act in relation to liability for damage caused by a tenant, rental premises that are unlawful for residential use and protection for tenants and landlords from harmful effects of contaminants such as illicit drugs. The Bill is expected to have its second reading shortly.

28 MSD Benefit Fact Sheets. June 2018 Quarter. Retrieved from <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/benefit/2018/benefit-fact-sheets-june-2018.pdf>

The Residential Tenancies (Prohibiting Letting Fees) Amendment Bill was introduced in March 2018. The Bill aims to reduce the up-front costs faced by tenants when they enter into a new tenancy by prohibiting the requirement of letting fees. The Bill is currently at the Select Committee stage and will be reported back to Parliament by 5 October 2018.

Quality of housing

The existing average quality of housing stock in New Zealand is arguably of poor quality. Damp and cold have been identified as major issues (Howden-Chapman, Viggers, Chapman, O'Sullivan, Barnard, & Lloyd, 2011) and studies have shown that policies that intervene to improve housing quality have benefits that exceed costs, such as grants for insulation (Keall, et al., 2017). However, benefits typically go to home-owners rather than renters, in that modifications improve the value of the house.

The Healthy Homes Guarantee Act 2017 was passed in late 2017. It enables the government to make standards for healthy homes that landlords must comply with. The healthy homes standards can include indoor temperature standards that must be capable of being achieved in the home and standards for insulation, ventilation, dampness, draughts and drainage.

MBIE will be consulting on the healthy homes standards by releasing a discussion document in September.

Housing for Māori and for Pacific People

Research has shown that Māori and Pacific families are over-represented in low-income households and in areas of poorer quality and crowded housing, increasing the risk of respiratory issues and other preventable health conditions (Waldegrave, Thompson, & Love, 2013). Low-income rates for Māori and Pacific children are higher than the European/Pākehā group. Using the After Housing Cost 60% anchored line measure for poverty, 28% of Māori children and 26% of Pacific children lived in low-income households, compared with the average of 20% for all children. The higher poverty rate for Māori children reflects the relatively high proportion of Māori children living in sole-parent beneficiary families and households (Perry, 2017).

Māori population

Waldegrave, et al. (2013) discuss the importance of housing and home in Māori culture and identity. Māori typically choose housing to accommodate whānau and for intergenerational needs. Whānau often live near relatives and build neighbourhood clusters in cities. The layout of a home is designed to accommodate Māori values in separating eating, sleeping and cleaning.

People who identify as of Māori descent are over-represented in housing stress. About a third of public housing is occupied by Māori tenants, even though they made up 14.9% of the population in the 2013 Census. Māori also represent 28% of households receiving the AS.²⁹

Johnson, et al. (2018) report that between 1986 and 2013, the proportion of Māori households in public housing decreased by 29 percentage points, while the proportion in private rental houses increased by 36 percentage points. In 1986, half of Māori children lived in an owner-occupied dwelling, and in 2013, this had dropped to 39% (Johnson, Howden-Chapman, & Eaube, 2018).

29 MBIE. 2014. The Māori housing strategy. Retrieved from: <http://www.mbie.govt.nz/info-services/housing-property/maori-housing-strategy/document-image-library/strategy.pdf>

Pacific population

The Pacific population is younger and growing faster than other groups, and Pacific People generally have lower incomes.³⁰ Pacific households tend to be larger than the average in New Zealand, partly because of extended family living arrangements. They also have lower homeownership rates. "... data show that Europeans/Pākehā have enjoyed higher homeownership rates than other ethnicities; in 2013 this rate was 57% compared with Māori at 28% and Pacific Island peoples at 19%." (Johnson, Howden-Chapman, & Eaquib, 2018). According to a study by Beacon (2014), members of Pacific communities prefer to live in close proximity (including communal living), with access to church, school and work (Berry, 2014).

The combination of larger households, low incomes and the preference to live in close communities means that Pacific households are often unable to afford suitable homes. Within the Pacific community, there is a strong sense of reciprocal support, which includes a financial support model (that is, income sharing) available when needed. Previous work has highlighted both the advantages and disadvantages of such an arrangement, particularly in acquiring housing, which should be considered when developing housing initiatives. Improved education (particularly in financial literacy and seeking information about housing services) has been suggested based on previous studies.

Johnson, et al. (2018) report that between 1986 and 2013, the proportion of Pacific households in public housing decreased by 27 percentage points, while the proportion in private rental houses increased by 29 percentage points. In 1986, half of Pacific children lived in an owner-occupied dwelling, and in 2013, this had dropped to 28% (Johnson, Howden-Chapman, & Eaquib, 2018).

30 MSD. May 2018. Induction notes prepared for the WEAG.

International trends and models

Global housing prices have increased steadily since at least 2000.³¹ Because of the acknowledged positive impacts of home ownership, many countries have implemented various programmes to alleviate hardship associated with rising accommodation costs, as well as supporting paths to enable home ownership and other forms of housing tenure.

The OECD reports a range of demand-side instruments that countries use to assist with housing costs for home owners, including grants to first-time home buyers, subsidised loans or mortgages (for example, down-payment assistance), mortgage guarantees, mortgage relief schemes for over-indebted home-owners and tax relief. Supply-side measures include subsidies for development of affordable homes and rental housing and construction, management and maintenance of public housing.³²

Of the OECD member countries, 34 have at least one housing assistance scheme in place with most focusing on demand-side subsidies. In 2015, the UK had the highest spending at 1.4% of GDP. New Zealand's spending was 0.5% of GDP; however, this figure does not include IRRS spending.³³

Design and administration

Design of housing assistance generally covers the costs of rent, heating and other utilities, insurance and services, waste collection fees and other charges and other home ownership costs, including land or property taxes and mortgage interest payments. Entitlement is usually based on household income, rent paid and household type. Broadly, there is variation in the design of payments, but most countries provide some form of housing assistance.

In the United States and Chile, benefits are contingent on available funding, and eligible households are prioritised according to set criteria. Australia, Ireland, New Zealand and the United States do not provide a separate allowance for those in public housing (as distinct from a co-pay based on income).

Administration is generally complex, with a mix of regional or state, federal, local and sometimes municipal authorities involved.

In nearly all countries, housing assistance payments are targeted to low-income households. Some countries focus on specific groups, although not exclusively, for example:

- indigenous people in Australia and Canada
- elderly in Austria, Finland, Japan and Sweden
- people with special needs or disabilities in Bulgaria, Finland and Switzerland
- young persons in Czech Republic, Japan, Romania and Sweden
- families with children in Czech Republic, Japan, Latvia and Poland.

31 IMF Global Housing Watch, version 1 May 2018. Retrieved from <http://www.imf.org/external/research/housing/>

32 OECD Affordable Housing Database Indicators, version December 2016. Retrieved from <http://www.oecd.org/social/affordable-housing-database.htm>

33 Ibid.

Obstacles

OECD countries face common obstacles, including lack of funding, limited housing construction, growing house prices and limited access to land for residential construction.

In its latest survey, Demographia attributes the high levels of unaffordability to restrictive land-use policies that are predominant in most countries in their sample. Of the nine countries with major housing markets, it identifies Singapore as having success at limiting house price increases with policies aimed at increasing public housing supply as well as providing broad-ranging subsidy entitlements. New Zealand has now been mentioned as “demonstrating a serious public policy priority to restore and maintain middle-income housing affordability” with the change in government in 2017 (Demographia, 2018).

Some specific country models of housing assistance payments³⁴

In the United Kingdom, low-income people were eligible to receive the Housing Benefit. The benefit was similar to the AS in that there was a maximum level, was means tested, but there was no co-payment from tenants under the maximum. The abatement rate was 65%. It was incorporated into the Universal Credit in 2013.

France has the *Allocation Logement* available to all low-income renters who are under a set income threshold. Some people with mortgages are also eligible. The amount varies according to family type, tenure of household and rent. The formula is similar to the AS, in that there is a co-payment required from the tenant and an entry threshold. The payment also covers a flat amount above the maximum. France also has rent control.

Finland has a housing allowance that is available to low-income people and includes related housing costs, such as water and heating costs, in addition to rent. The payment is 80% of expenditure. The maximum is dependent on the size of housing, location, construction year and heating system.

34 (Brackertz, de Silva, & Fotheringham, 2015).

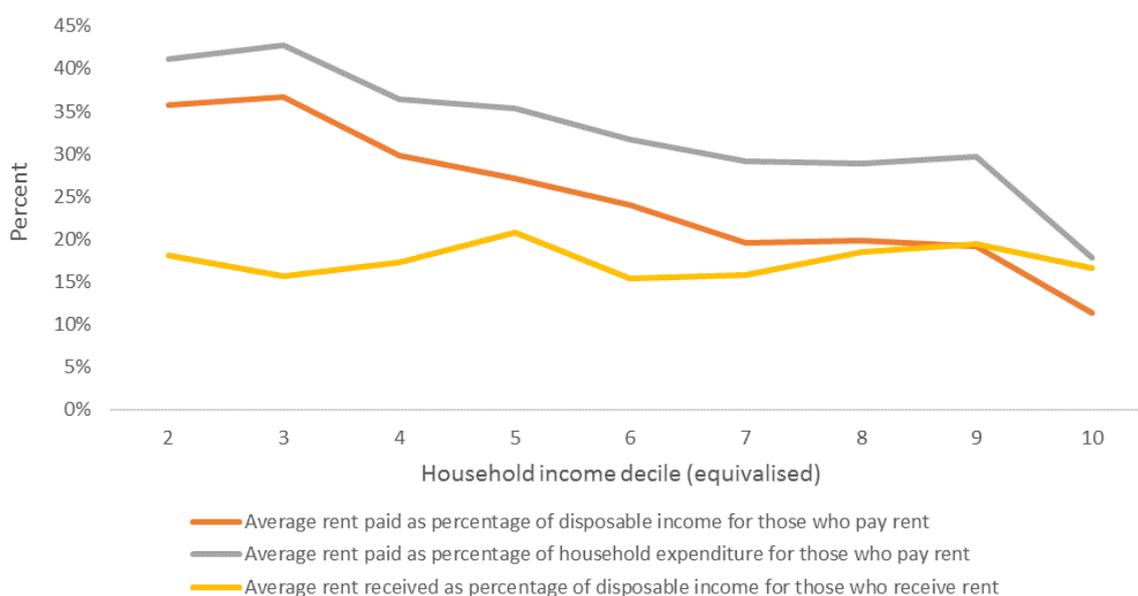
Related work

Tax Working Group and a potential capital gains tax

The Tax Working Group (TWG) was set up in late 2017 to consider improvements in the structure, fairness and balance of the tax system. Among other objectives, the TWG was asked to look at extending tax to income from capital that isn't already taxed, in particular property and housing (excluding the family home). The TWG will provide its interim report to Ministers in early September 2018.

There is a theoretical possibility that taxing capital income from house sales may cause an increase in rental prices. Given the distribution of rents paid as a proportion of income, this would have a larger impact on low-income households, holding all else constant. Preliminary analysis in Figure 8 shows the distribution of rents paid by income decile at the status quo.

Figure 8: Percentage of rent as a proportion of income



Source: Tax Working Group background paper: Distributional analysis and incidence (Aug 2018). Source data from Statistics New Zealand (HES 2015) with subsequent Treasury calculations.

If rental rates increase, there would be flow-on impacts on AS and IRRS. While AS would adjust for rental-rate increases, the incidence would fully fall on people who are already at the AS maxima in their area.

While a tax on capital gains may increase rental rates in theory, this has not been reflected in data from countries that have implemented such a tax. Many models also indicate that a tax on capital gains may reduce the price of housing, increasing affordability. However, this is not a consensus view. The TWG considers that extending the taxation of capital income would make the tax system more progressive overall, holding all else constant. The impacts of the tax, if implemented, will depend on its final design as well as how the revenue is redistributed. The TWG will release its interim report in late September for public consultation. Its final report is due in February 2019.

Appendix 1: Breakdown of government spending on housing programmes

Table 1 provides an overview of Vote Social Housing for the fiscal year 2017/18, while Table 2 provides a breakdown of the Housing and Urban Development appropriations, which are currently part of Vote Building and Construction. Note that there will be changes to the vote structure as part of the upcoming institutional changes.

Table 1: Vote Social Housing fiscal year 2017/18

Appropriation (2017/2018 financial year)	Amount
Accommodation Assistance appropriation (primarily the Accommodation Supplement)	\$1.2 billion
Emergency Housing MCA	\$62.6 million
Community Group Housing MCA	\$20.4 million
Social Housing Purchasing MCA (primarily Income-Related Rent Support Subsidy)	\$978.9 million
Social Housing Outcomes Support: MCA	\$58.9 million
Administering the Social Housing Legacy Fund	\$0.600 million
Social Housing Provider Development	\$11.2 million
Total	\$2.34 billion

Table 2: Housing and Urban Development Appropriations from Vote Building and Construction fiscal year 2017/18 (actuals)

Appropriation (2017/2018 financial year)	Amount
Community Housing Regulatory Authority	\$0.850 million
KiwiBuild Unit	\$3.350 million
Redevelopment of Surplus Crown Land	\$2.503 million
Residential Tenancy and Unit Title Services	\$29.551 million
HNZC Housing Support Services	\$11.698 million
KiwiBuild Operations	\$5.000 million
Management of Crown Properties Held Under the Housing Act 1955	\$1.395 million
KiwiSaver HomeStart grant	\$90.451 million
Housing Assistance	\$1.159 million
Christchurch City Council Home Ownership Initiative	\$3.071 million
Impairment of Crown Assets	\$0.020 million
Policy Advice and Related Outputs: MCA	\$16.423 million
Temporary Accommodation Services: MCA	\$6.616 million
Subtotal	\$172.087 million
Multi-Year Appropriations	
Tenant Health and Safety Information	\$0.917 million
KiwiBuild Capital	\$0.050 million
Vacant or Underutilised Crown Land Programme	\$51.050 million
Subtotal	\$52.017 million
Total	\$224.104 million

Appendix 2: Housing support products

Housing Support Products is a set of individual products that aim to address barriers to accessing or retaining housing by meeting needs not covered by other forms of assistance.

This assistance is available to people who could secure alternative housing (notably private housing) but require assistance to access it. This includes people who are existing social-housing tenants, on the register for social housing or people who have contacted MSD about social housing but who could retain alternative housing with some help.

Assistance is approved on a discretionary basis, considering the client's individual circumstances. Generally Housing Support Products are considered only after all other options have been exhausted. This does not apply to the Statement of Satisfactory Tenancy or transitional assistance for those previously eligible for Relocation from Auckland Assistance.

More detail on eligibility and assessment information can be found at: <https://www.workandincome.govt.nz/map/income-support/extra-help/housing-support-products/index.html>. A table summarising the maximum amounts payable and repayment requirements is provided at the end.

Housing support products

Bond Grant – A non-recoverable payment that goes towards the cost of rent bonds for people moving from social housing into alternative housing, where there is a gap between the client's existing bond using income-related rent and bond payable at usual rent amounts. The maximum payable is the lesser amount of the bond payable for alternative housing, the equivalent of four weeks' rent or \$2,000. It is paid only once in a 52-week period. There are also income and cash-asset tests to meet.

Letting Fees Assistance – Non-recoverable non-taxable financial assistance available to help clients meet the cost of letting fees. It is generally only available to non-beneficiaries. The maximum amount payable is one week's rent plus GST and is paid only once in a 52-week period. There are also income and cash-asset tests to meet.

Moving Assistance – Helps with the physical cost of moving. It is recoverable to ensure that people find the most economical way to move. The maximum amount is the actual costs up to \$1,500 per household and is paid only once in a 52-week period in relation to one move. There are also income and cash-asset tests to meet.

Relocation from Auckland Assistance (transitional assistance only, from 15 January 2018) – Relocation from Auckland Assistance was discontinued for new applicants from 15 January 2018. However, transitional assistance is available for some people (in specific situations) who were assessed as eligible and suitable for Relocation from Auckland Assistance before 15 January 2018. For the clients who fall into the eligible transitional group, the following assistance may continue to be available. Clients can receive both grants at the same time.

Relocation Moving Grant – Non-recoverable assistance to help with actual and reasonable moving costs when moving from the Auckland area. Up to \$5,000 is paid to the moving company or supplier. Any assistance for relocation to Christchurch through the Employment and Work Readiness Assistance will be considered. There are also income and cash-asset tests to meet.

Relocation Establishment Grant – Generally non-recoverable assistance to establish the household in an area outside of Auckland. The grant is \$2,000 per household if the client is moving into social housing in another area or \$3,000 if moving into alternative housing. The grant may be recovered if the client or their partner is added to the social-housing register for placement in the Auckland area within 52 weeks of the grant being paid or if the grant is not used for the purpose of re-establishing the household in the new area.

Rent in Advance – A non-recoverable payment to assist clients moving into sustained alternative housing. It is intended to reduce the need for the client to borrow to pay for rent. The maximum is the lesser amount of the rent payable for alternative housing, four weeks' rent or \$1,000. It is paid only once in a 52-week period. There are also income and cash-asset tests to meet.

Statement of Satisfactory Tenancy – A written tenancy reference from social-housing providers that addresses landlords' three core concerns (rent arrears, damage and behaviour). It is targeted at tenants with a good tenancy record who are leaving public housing.

Tenancy Costs Cover – A conditional grant that a client can use to give landlords an assurance that they will be able to meet any tenancy-related costs in excess of the bond (up to a maximum amount) if owed at the end of the tenancy. It aims to reduce the (perceived) risks for landlords of letting to clients who experience barriers to accessing alternative housing. The payment is the total costs claimed, less four weeks' bond, and is up to four weeks' rent. It is payable to the landlord at the end of the tenancy, but recoverable from the client. It covers only the first 12 months of the tenancy. There are no income or cash-asset tests.

Transition to Alternative Housing Grant – A one-off, non-recoverable incentive payment of \$3,000 that may be offered to low-housing-need clients in public housing who are living in areas with high waiting lists and who voluntarily exit their public housing, or it can be used to speed up movement in the Independence Planning phase of tenancy reviews. It is conditional on the household vacating the public housing within six months. It is not intended to meet the costs of moving out. There are no income or cash-asset tests.

Table 1: Summary of housing support products

Assistance	Maximum amount payable	Repayment required?
Bond Grant	Up to \$2,000	Non-recoverable
Letting Fees Assistance	One weeks' rent plus GST	Non-recoverable
Moving Assistance	Up to \$1,500 per household	Recoverable
Relocation from Auckland Moving Grant (transitional payment)	Up to \$5,000 per household	Non-recoverable
Relocation from Auckland Establishment Grant (transitional payment)	Up to \$2,000 to move into public housing Up to \$3,000 to move into alternative housing	Generally non-recoverable
Rent in Advance	Up to \$1,000	Non-recoverable
Statement of Satisfactory Tenancy	N/A	N/A
Tenancy Costs Cover	Up to four weeks' rent	Recoverable
Transition to Alternative Housing Grant	\$3,000	Non-recoverable

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