



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

20 SEP 2018



Dear 

On 23 August 2018, you emailed the Ministry requesting, under the Official Information Act 1982, a copy of the document REP/18/5/647 – *'Update on Tenancy Review Exemptions'*.

On 29 March 2018, the Minister for Housing and Urban Development announced a pause to periodic tenancy reviews while consideration was given to a potential expansion of those groups of tenants who are exempt from the review process. More information regarding this announcement is available on the Beehive website at www.beehive.govt.nz/release/further-tenancy-review-exemptions-be-considered.

Please find attached a copy of the document requested. Please note that information is withheld from the document under section 9(2)(f)(iv) of the Act as it remains under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest in effective government would not be served.

The names of some individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter and attachments on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

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Please note, the Cabinet Paper into which this feeds is intended to be released shortly. This release will contain significantly more information, as much of the information that is here withheld in order to protect the active consideration of advice will be able to be released.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response regarding the document '*Update on Tenancy Review Exemptions*', you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M Beecroft', written in a cursive style.

Megan Beecroft
Acting General Manager, Housing Policy



Report

Date: 8 June 2018

Security Level: IN CONFIDENCE

To: Hon Phil Twyford, Minister of Housing and Urban Development

Update on tenancy review exemptions

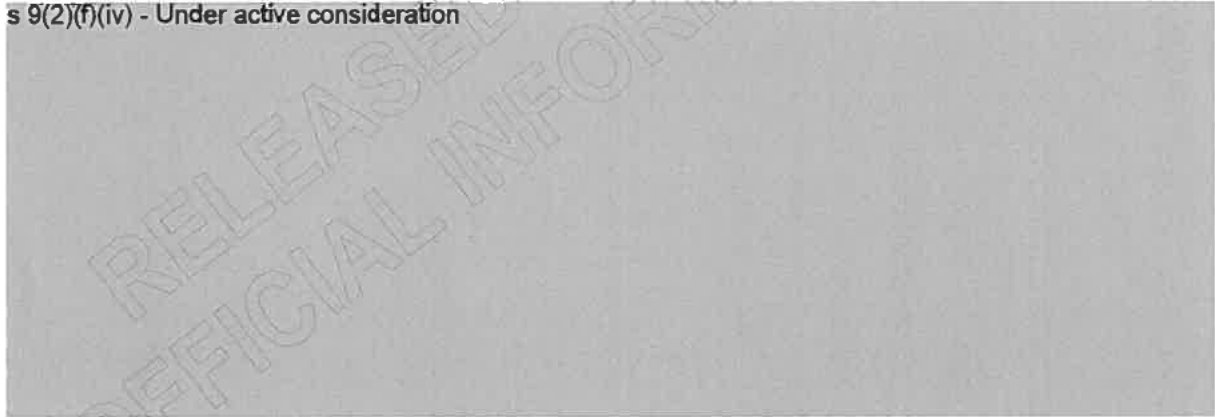
Purpose of the report

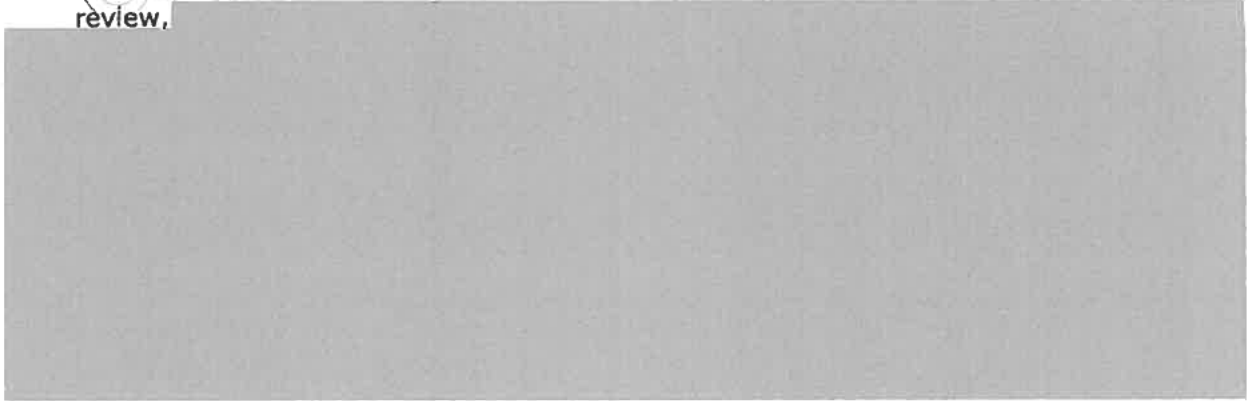
- 1 This report responds to your request for further information on the impact of the proposed exemptions (on both tenants and exit rates), and updates you on the number of tenants proposed for exemption from tenancy reviews.

Recommended actions

It is recommended that you:

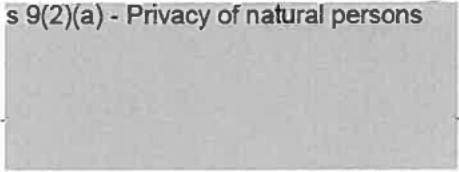
s 9(2)(f)(iv) - Under active consideration



- 3 **note** that 8,967 tenancies (14 percent of all tenancies) are currently exempt from review.
- 

8 **note** that if you agree, we will provide you with a Cabinet paper on tenancy review exemptions in July 2018.

s 9(2)(a) - Privacy of natural persons



Policy Manager, Housing Policy
Ministry of Social Development

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8/6/18

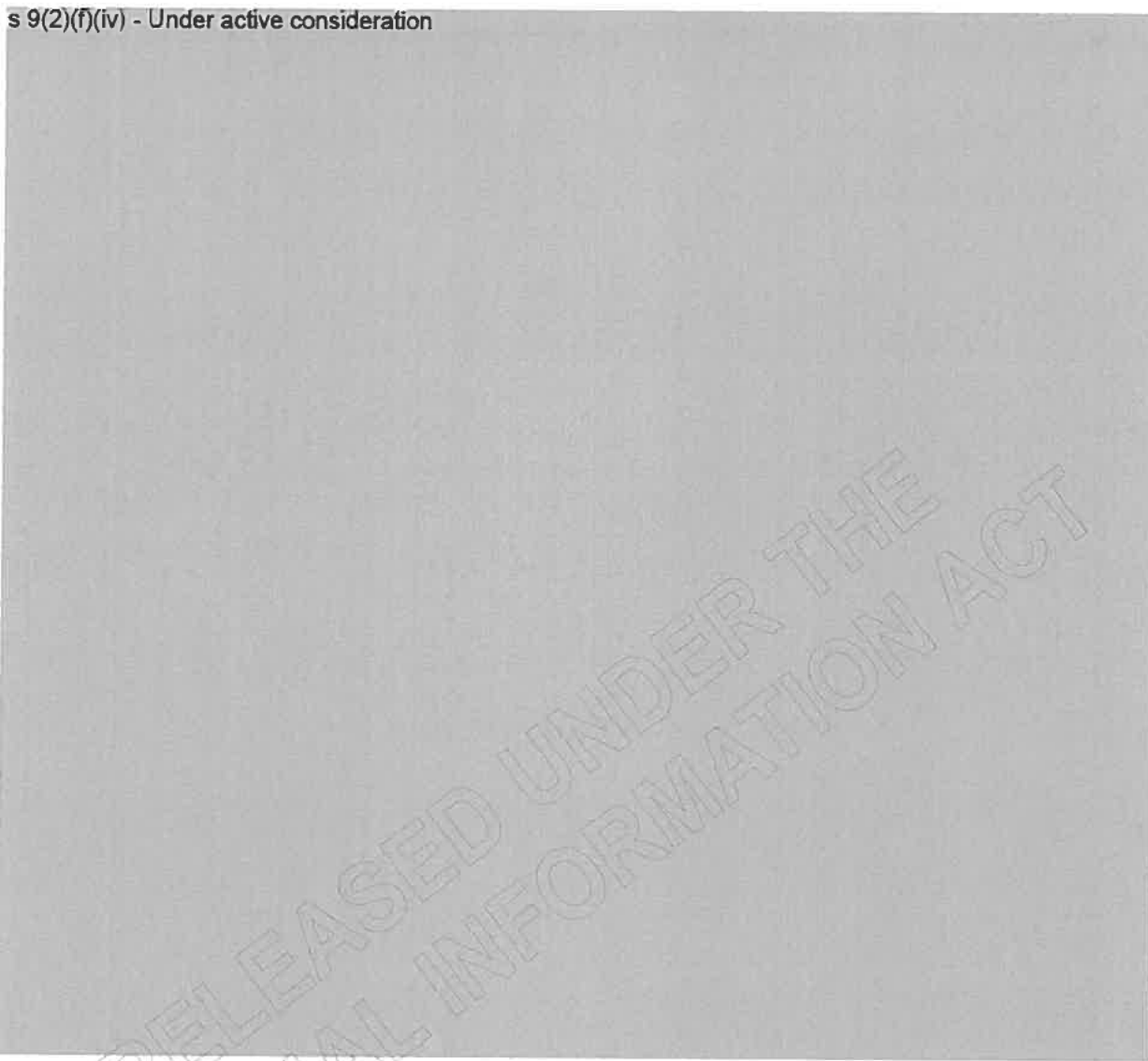
Date

Hon Phil Twyford
Minister of Housing and Urban Development

11.6.18

Date

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Current settings around public housing tenancy reviews

- 7 Sections 117 and 118 of the HRTMA provide powers to review a tenant's continued eligibility for public housing, and to review their "housing needs" (ie property suitability). Both these reviews are carried out as part of MSD's tenancy review process.
- 8 The purpose of the tenancy review process is to ensure the right people are in the properties best suited to them for the duration of their need. Tenancy reviews are also fundamental to the effective utilisation of public housing, in that they can free up more supply as tenants become able to move into the private market, or transfer to another property better suited to their need.
- 9 As at December 2017, there were 65,188 public housing tenancies. Of these, three groups of public housing tenancies (8,967 tenancies, or 14 percent of all tenancies) are currently exempt from tenancy reviews, as they are highly likely to have continued eligibility for public housing:
 - those in which the signatory or their partner is aged 75 years or older
 - those in houses modified for their needs, eg wheelchair-accessible properties
 - those with agreed lifetime tenure with Housing New Zealand Corporation (HNZC).

- 10 Exemptions look to strike a balance between providing stability for public housing tenants, and ensuring places are available for people on the Social Housing Register.
- 11 Operationally, tenancy reviews target groups who are least likely to have continued eligibility for public housing, or who are in a house not best suited to their need. In practice, this means there is a higher priority placed on reviewing tenants paying market rent or near-market rent, and tenants living in under-utilised properties. A tenant outside of these groups may rarely (if ever) have a tenancy review.
- 12 However, all public housing tenants, including those exempt from review, are required to inform the Ministry of Social Development (MSD) if their circumstances change in a way that could impact their eligibility for public housing.
- 13 Currently, around 56,221 tenancies (86 percent of all public housing tenancies) are able to be selected for a tenancy review.
- 14 MSD is currently funded to undertake 3,000 tenancy reviews per year. At this rate, a tenant can potentially face having a tenancy review roughly once every **eighteen** years (although the MSD website states that public housing tenants can expect to be contacted for a tenancy review every three years).¹
- 15 On 29 March 2018, you publicly announced that tenancy reviews would be paused until the end of June 2018, while you consider whether the groups of tenants exempt from the review process should be widened.

s 9(2)(f)(iv) - Under active consideration



¹ <http://www.housing.msd.govt.nz/forms/factsheets/tenancy-reviews-for-social-housing-tenants.html>

s 9(2)(f)(iv) - Under active consideration

Figure 1: Comparison of current exemption figures, previous advice and updated exemption figures

<i>Exemption figures</i>	<i>No. of tenancies exempt from tenancy reviews</i>	<i>No. of tenancies eligible for tenancy reviews</i>
<i>Baseline figures (pre-pause)</i>	8,967 (14 percent of all tenancies)	56,221 (86 percent of all tenancies)

s 9(2)(f)(iv) - Under active consideration

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- 35 The demand for public housing is significant and growing. As at March 2018, there were 7,980 people on the Housing Register (the register), up from 6,182 in the quarter to 31 December 2017. This is the highest level the register has been at since public housing system changes were implemented in April 2014.

- 36 Our data shows exits from public housing are slowing. This is due to a mix of flat incomes for public housing tenants, an ageing tenant population, differing incentives between accommodation support products, and rising unaffordability of housing in the private market. Slowing exits have a flow-on impact to the register in that:
- it takes longer to house people who are on the register
 - the bottleneck around availability of public housing places contributes to faster growth of the register.
- 37 In the current climate, it is key to understand the impact of exemptions in terms of the number of public housing places becoming available.

Tenancy reviews are not the main driver of exits from public housing

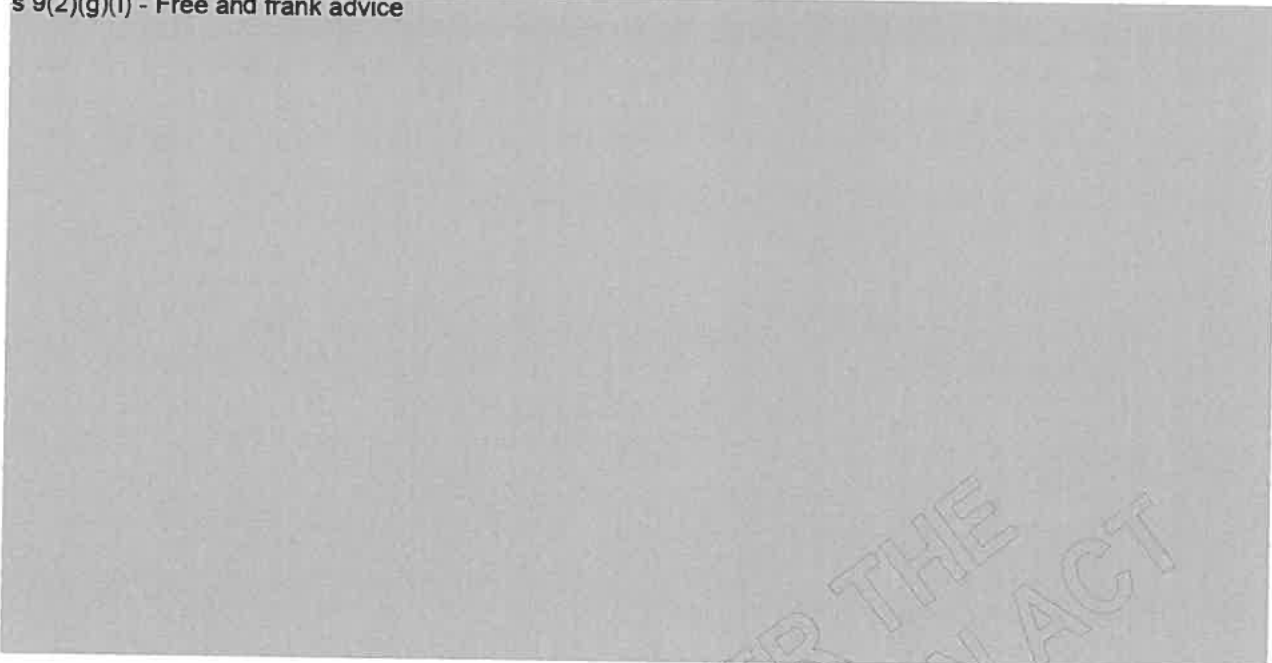
- 38 Most exits from public housing are not due to the tenancy review process. Around 94.5 percent of the 25,721 exits from public housing between January 2015 and March 2018 were **not** directly attributable to a tenancy review.
- 39 Our modelling for the 2016/17 year shows that, of the tenancy reviews in that year resulting in an exit from public housing:
- the majority of sustained exits from public housing were people who were already paying market rent, or close to it
 - 89 percent of tenants who left public housing were not receiving further accommodation support after 12 months, including Accommodation Supplement.

s 9(2)(f)(iv) - Under active consideration



- 44 In response to your request for more detail on the impact of reviews on exit rates, we have developed the following scenarios modelling the potential impact on exit rates if MSD were to a) **maintain** or b) **reduce** the frequency of tenancy reviews (Figure 3 refers).
- 45 The availability of MSD frontline resourcing will determine how many tenancy reviews can reasonably be undertaken once the current pause is removed.

s 9(2)(g)(i) - Free and frank advice



- 46 As indicated by officials in earlier discussions with you, Budget 2018 decisions could have an impact on the number of tenancy reviews MSD is able to undertake.
- 47 MSD did not secure the full amount of funding sought through Budget 2018 to meet increased demand for housing services. s 9(2)(f)(iv) - Under active consideration



Next steps

- 49 If you agree, we will provide you with a Cabinet paper on tenancy review exemptions in July 2018, which will reflect decisions indicated in this paper. Any announcements around exemptions and restarting tenancy reviews would follow Cabinet decisions.

File ref: REP/18/5/647

Author: s 9(2)(a) - Privacy of natural persons Senior Policy Analyst, Housing Policy

Responsible Manager: s 9(2)(a) Policy Manager, Housing Policy

Please note that page 9 is withheld in full in order under section 9(2)(f)(iv) of the Official Information Act as it pertains to decisions under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.