



Report

Date: 1 October 2021

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment
Hon Poto Williams, Associate Minister for Housing (Public Housing)

Demand for the Public Housing Register and Emergency Housing Special Needs Grants in 2021

Purpose of the report

- 1 To provide you with information on the current state of the Public Housing Register and Emergency Housing Special Needs Grants (EHSNGs), including how demand has changed over time, who is accessing this support, clients' needs, and the influence of broader factors.

Executive summary

- 2 In 2018, we reported to the Ministers of Housing and Urban Development and Social Development on increases in demand for housing support observed at that time. Since then, the environment around housing has changed significantly and the provision of housing support has become a key area of interest.
- 3 Given this context, we have updated our previous analysis to understand how the situation has changed since the original report. This analysis includes information up to May 2021, so does not reflect any impact of the second nationwide lockdown in August 2021.
- 4 Key findings from this analysis include:
 - The number of applications on the Public Housing Register continued to increase in 2021. For Emergency Housing, grants have decreased from 2020, but a similar number of households are being supported by EHSNGs for a longer period
 - Overall, people accessing housing support are mostly females, are disproportionately Māori and are generally under 40. People accessing support are generally single clients (adults without children) or sole parents
 - Single clients are the largest group accessing housing assistance and have needed more support since the pandemic. In contrast to the overall demographics of people accessing support, particularly sole parents, single clients are generally older males. This group also have particularly high needs and are most reliant on emergency housing support
 - People supported by emergency housing generally have high needs, with the priority scores of people on the Register increasing and households being supported by EHSNGs for a longer duration
 - People accessing EHSNGs may have particularly acute levels of need and are more likely to have experienced challenging situations such as needing acute healthcare, support with mental health and addiction, low incomes, or spending time in prison
 - Accessibility is the most common reason for being on the Register but is intertwined with affordability issues

- Rental affordability has improved since last year, but the proportion of houses considered affordable for our clients remains low
 - There are several 'hotspot regions' across the country – including Auckland, Wellington, Hamilton and Rotorua - where rents are particularly unaffordable for our clients
 - There is a relationship between the number of households in Emergency Housing and the available supply of motels.
- 5 The analysis presented in this paper has several implications, which can support a range of related policy work underway within MSD and HUD, along with decisions around how to support people accessing emergency and public housing. For example, this analysis highlights the importance of providing tailored support to single clients, who face greater affordability challenges than two-income households. The report also indicates that people accessing housing support can have acute needs, which should be addressed by holistic support from different agencies.
- 6 Alongside our partner agencies, we will continue to explore questions related to demand for public and emergency housing through our recently established MSD Housing Analytics function. We welcome your feedback on any key areas of interest you would like us to explore within this broader work-programme.

Recommended actions

It is recommended that you:

- 1 **note** the key findings in this report, which explores how demand for public and emergency housing has changed since 2018, who is accessing this support, clients' needs, and the influence of broader factors like rental affordability
- 2 **note** this information is supporting a range of housing policy work underway within MSD and our partner agencies
- 3 **agree** to forward this paper to the Minister for Housing, the Associate Minister for Housing (Māori Housing) and the Associate Minister of Housing (Homelessness).

agree/disagree

Fleur McLaren

01/10/2021

Fleur McLaren
General Manager
System Performance

Date

Hon Carmel Sepuloni
Minister for Social Development and
Employment

Date

Hon Poto Williams
Associate Minister for Housing (Public Housing)

Date

Background

- 7 In 2018, we reported to the Minister of Housing and Urban Development and the Minister of Social Development on demand for the Public Housing Register¹ and Emergency Housing Special Needs Grants (EHSNGs) [REP/18/10/1445 refers].
- 8 The report discussed increases in demand for housing support and identified three key contributors - broader housing market pressures, the expanded role of central government in providing public housing, and higher visibility and accessibility of the support available. At that time, it was expected that demand would continue to outstrip supply and the number of people seeking support would continue to increase.
- 9 Since then, the environment around housing has changed significantly and the provision of housing support has become a key area of interest for Government. Given this context, we have updated our previous analysis to understand how the situation has changed since the original report. This analysis includes information up to May 2021, so does not reflect any impact of the second nationwide lockdown in August 2021.
- 10 We have also included several new areas of analysis within the report, including the duration of time people spend supported by EHSNGs, the characteristics of people accessing housing support, and how housing affordability has changed over time for different groups.
- 11 This analysis is supporting a range of policy work underway within MSD, including:
 - The review of the Accommodation Supplement
 - s 9(2)(f)(iv) [REDACTED]
 - The introduction of the new Contracted Emergency Housing in Rotorua and the review of emergency housing that is underway
 - MSD recommending management of the Register and advice being developed on short-to-medium term changes to the Public Allocation System for public housing
 - s 9(2)(f)(iv) [REDACTED]
- 12 When talking about the demand for housing provided by MSD, it is important to recognise the impact of broader housing market pressures. Outcomes for our clients are affected by supply and demand in the housing market generally, particularly for private rentals. While these broader issues are outside MSD's scope of influence, they have implications for our clients, who may become reliant on emergency housing support if it becomes more difficult to participate in the private rental market.

How has demand for housing support changed over time?

The number of applications on the Public Housing Register continued to increase in 2021, the growth almost entirely coming from people with significant housing need

- 13 The Public Housing Register² has increased, reaching 29,044 people in May 2021, compared to 21,380 people in May 2020, a 36% increase³.

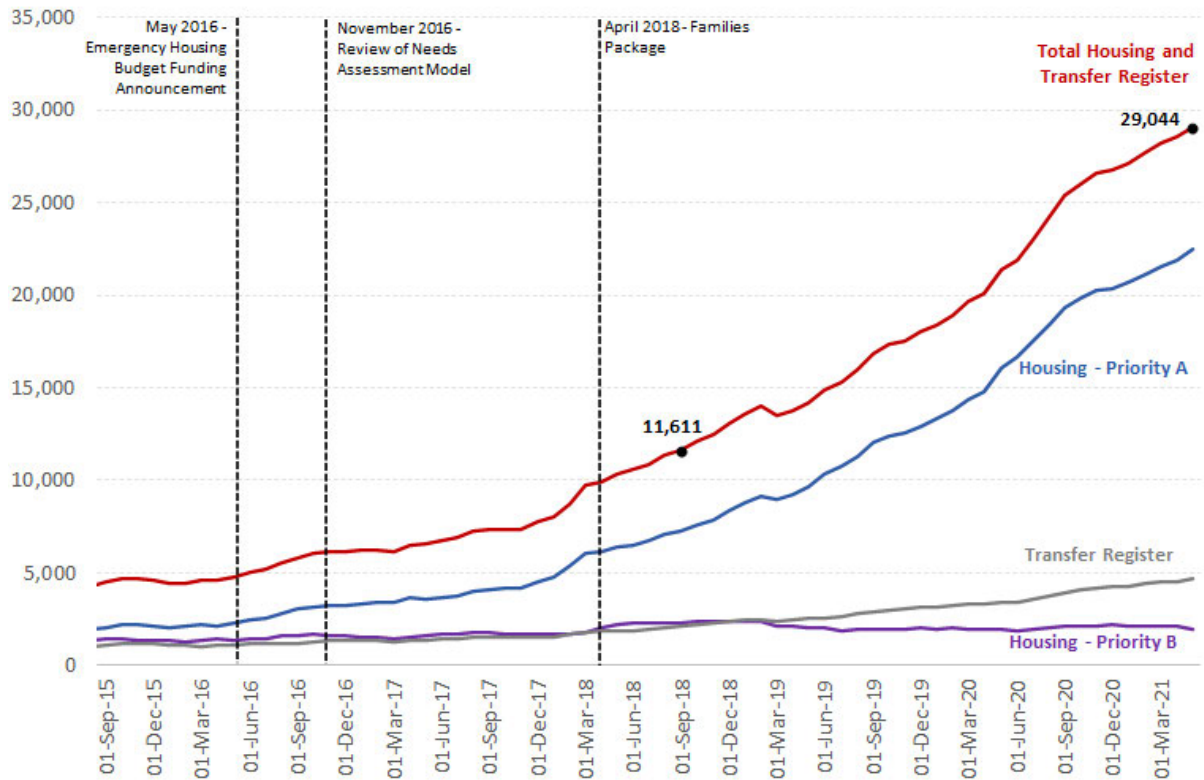
¹ At the time, the Register was called Social Housing Register.

² The Public Housing Register includes both the Housing Register and the Transfer Register.

³ In May 2021, MSD recommenced active management of the Public Housing Register, which has had an impact on Register numbers. Prior to this, Register Management was paused in early 2020, because of COVID-19.

- There has been a 150% increase in the number of applications on the Register from September 2018, when the previous report was completed.
- The increase in the number of applications on the Register is mostly made up of those who are ranked as a Priority A (those with a significant housing need). This group is approximately 84% of the total increase in the Register. This is shown in Figure 1.

Figure 1 – The number of applications on the Public Housing Register in May 2021 increased by 150% when compared to September 2018



Since 2020, a similar number of households have been supported by EHSNGs for a longer period, even though grants have decreased

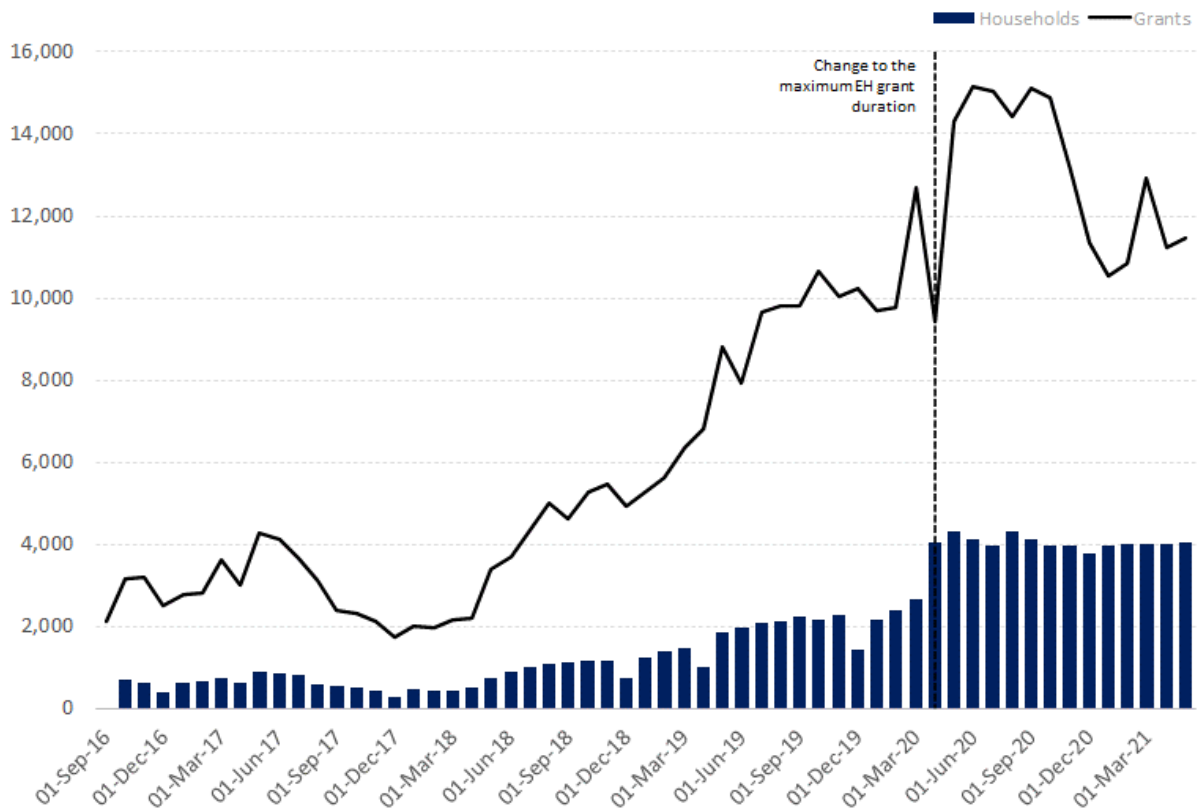
- 14 The number of EHSNGs increased rapidly in 2020, reaching a record high of 15,143 grants for the month of June 2020, following the impact of the first COVID-19 nationwide lockdown. Economic factors and the increased supply of motels because of the lockdown are both expected to have contributed to this increase.
- 15 In March 2020, operational changes were made to the maximum duration of EHSNGs, allowing them to be granted for up to 21 nights⁴. Following this change, the monthly number of grants reduced to 11,453 in May 2021, reflecting that people are generally staying for a longer duration.
 - Compared to the original report, the number of grants has increased 147% from 4,639 grants in September 2018.

⁴ Between 30 March and October 2020, changes to our case management system enabled grants to be made for a longer duration. The first COVID lockdown was deemed an “exceptional circumstance”, which allowed case managers to use their discretion and grant longer grants. On 19 October 2020 we made a legislation change to formally allow for this longer grant duration.

In October 2020, we also introduced a client contribution for those in Emergency Housing, which totals 25% of people’s income. It is not possible to determine whether this change has impacted the number of EHSNGs at this stage.

- The number of households in Emergency Housing has remained consistent since 2020 (approximately 4,000 in emergency accommodation at any time), although the number of grants has reduced. This is shown in Figure 2.
- The length of stay that households get for each grant has increased from an average of 9 days in June 2020 to 11 days in May 2021.

Figure 2 – The number of Emergency Housing Special Needs Grants has reduced since the peak in 2020, while the number of households remained stable



Throughout 2020, these increases in demand have been slightly offset by some clients no longer accessing support

16 In the 12 months to May 2021 (1 June – 31 May), growth in the number of applicants on the Public Housing Register has been slightly offset by a total of 15,340 applicants exiting the Register.

- Of this group, around half (49%) left the Register after being housed in Public Housing.
- Around 18% of these applicants accessed the Accommodation Supplement in the 90 days prior to or after exiting the Register, indicating they moved into a more secure form of accommodation, such as a private rental arrangement.
- The remaining 33% of applicants left the Register for some other reason, including experiencing a change in circumstance or no longer being eligible.

17 Throughout the same period (1 June – 31 May), approximately 19,000 clients also exited emergency housing⁵.

⁵ The number of clients exiting emergency housing is based on the number of unique clients who exited between 1 June 2020 and 31 May 2021. The proportions in the bullet-points below this are based on the number of unique exits from Emergency Housing. The same client can have multiple exits from Emergency Housing, if they came back into Emergency Housing more than once during the time period, so this information is not directly comparable.

- Approximately 5% of client exits occurred after being housed in Public Housing.
- Around 41% of these clients accessed the Accommodation Supplement between seven days prior to or 90 days after leaving Emergency Housing accommodation, indicating they moved into a more secure form of accommodation, such as a private rental.
- Another 9% of clients initially left Emergency Housing, then received another EHSNG within 90 days.
- The remaining 45% of exits occurred for some other reason, including clients experiencing a change in circumstance or moving to Transitional Housing.

Who are the groups accessing housing support?

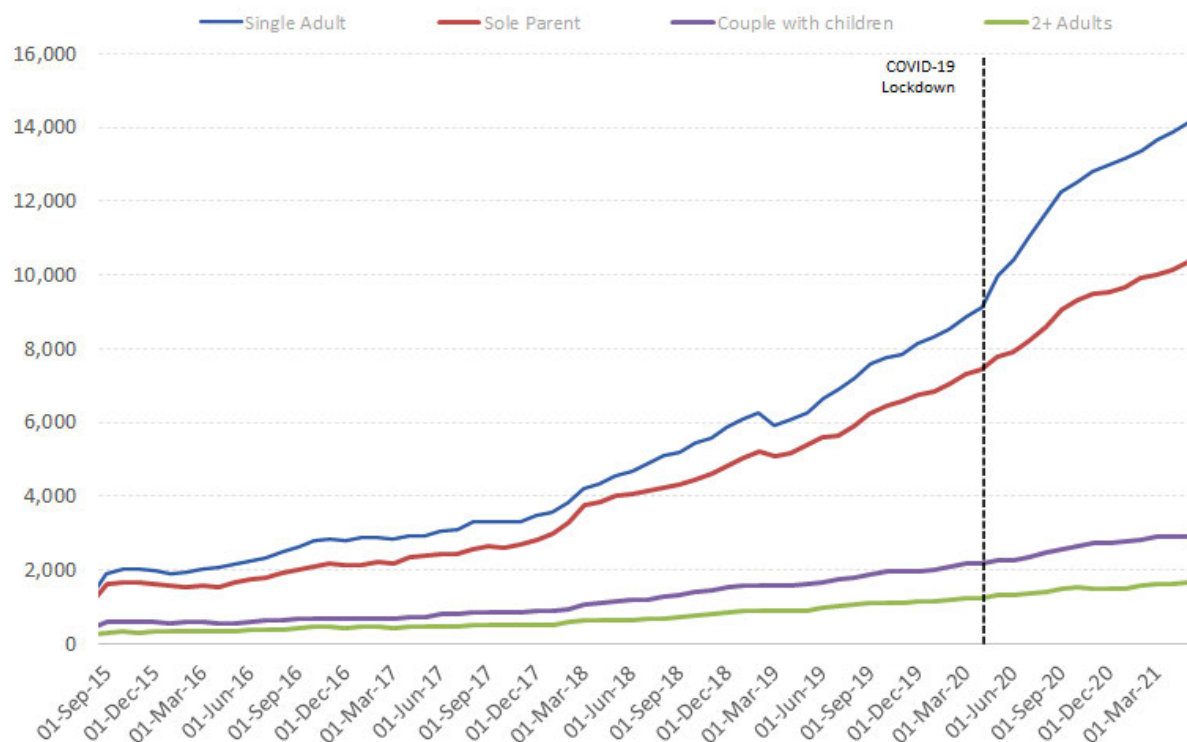
People accessing housing support are mostly females, are disproportionately Māori and are generally under 40

- 18 People accessing housing support are generally females (65% of Register applications and 64% of EHSNGs). The proportion of female applicants for the Register has reduced compared to 2018 (when it was 68%), while the proportion of female EHSNG clients has remained largely unchanged.
- 19 When looking at ethnicity, Māori clients are the largest group accessing support (49% of Register applications and 59% of EHSNG recipients). Since 2018, there has been growth in the proportion of Māori clients on the Register (up from 45%), while the proportion of other ethnicities has remained largely the same.
- 20 Most people accessing support through the Register or EHSNGs are aged under 40 (52% of the Register and 63% of EHSNG recipient). Approximately 9% of all Register applications are for clients aged 65+, while those under 30 represent approximately 26% of all applications. Approximately 3% of all EHSNGs were for clients aged 65+, compared with 34% for those under 30. Clients receiving EHSNGs are generally younger than those on the Register.
- 21 The large number of younger female clients accessing support reflects the household types of those on the Register and accessing EHSNGs, particularly the number of sole parents. These demographics vary when looking specifically at different household types. Appendix One includes a full breakdown of demographic information for people on the Register and accessing EHSNGs.

Single clients continue to be the largest group requesting housing assistance and have needed more support since the pandemic

- 22 The growth in the number of people on the Public Housing Register over the last year is made up primarily of people who are single clients or sole parents. This group made up 84% of all clients on the Register in May 2021.
 - Single clients remain the largest group on the Register. This group is also the fastest growing, making up approximately half of the increase in the Register over the last year.
 - The number of sole parents has also increased over the last year, making up one third of the increase.
 - There was a significant shift in the number of single clients coming on the Register in 2020, showing that COVID-19 had a bigger impact on singles compared to sole parents. This is shown in Figure 3.
- 23 The growth in single clients on the Register has resulted in a mismatch between the current configuration of public housing stock and the type of demand. Currently, there are a limited number of one-bedroom public houses (around 13%), with most of the housing stock comprised of 2-3-bedroom houses. If single people are housed in larger houses this can also result in underutilisation.

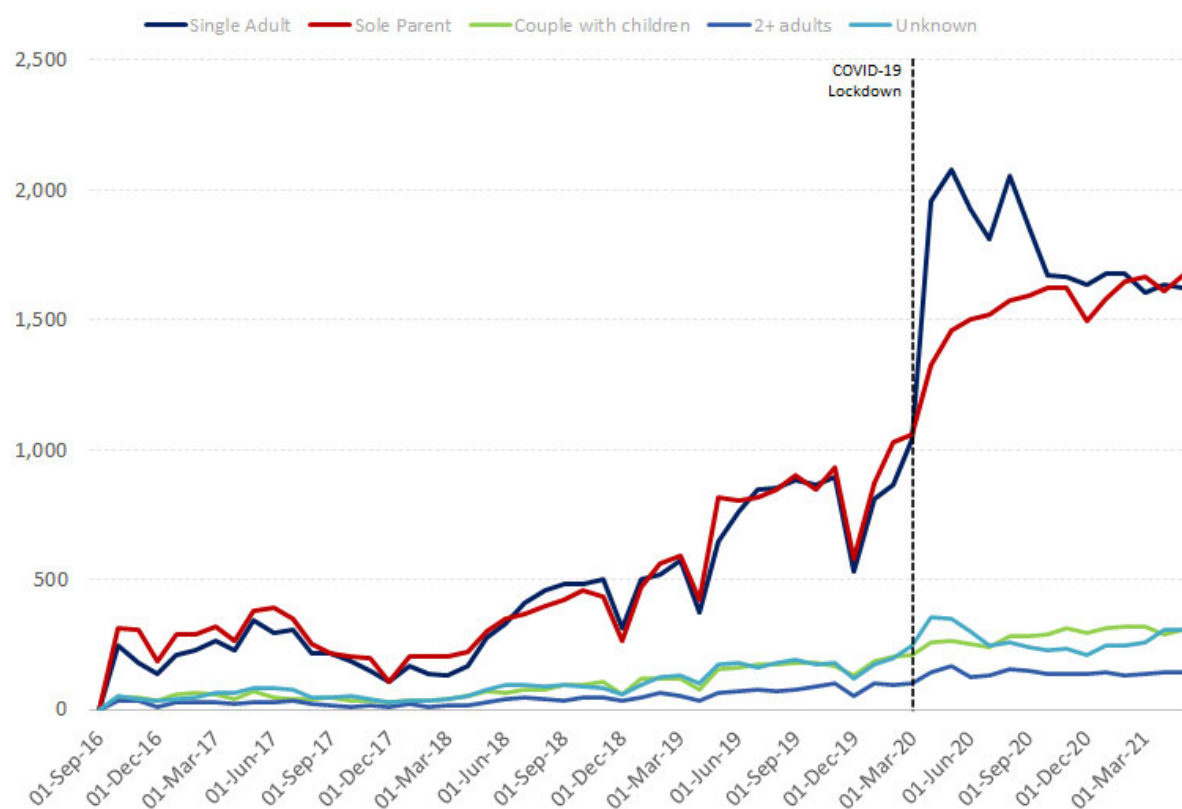
Figure 3 – Single clients and sole parents are the two largest groups on the register, with singles experiencing a significant increase following the first COVID-19 lockdown



24 Households receiving EHSNGs are primarily single clients or sole parents. Each group makes up approximately 40% of all households in Emergency Housing in May 2021.

- While the number of households in Emergency Housing was largely stable over 2021, single clients had a significant increase following the COVID-19 lockdown. At the peak in June 2020, they made up 47% of all households in Emergency Housing, as household 'bubbles' during the lockdown made it more difficult to search for private accommodation or to stay with friends and family. This increase will also reflect the explicit decision to house vulnerable homeless people throughout the lockdown period.
- The number of single clients receiving EHSNGs has reduced since 2020 and is currently in line with sole parents. Both groups are still at a higher level than they were before the lockdown. This is shown in Figure 4.

Figure 4 – Single clients and sole parents are the main recipients of EHSNGs, with a significant increase following the first COVID-19 lockdown



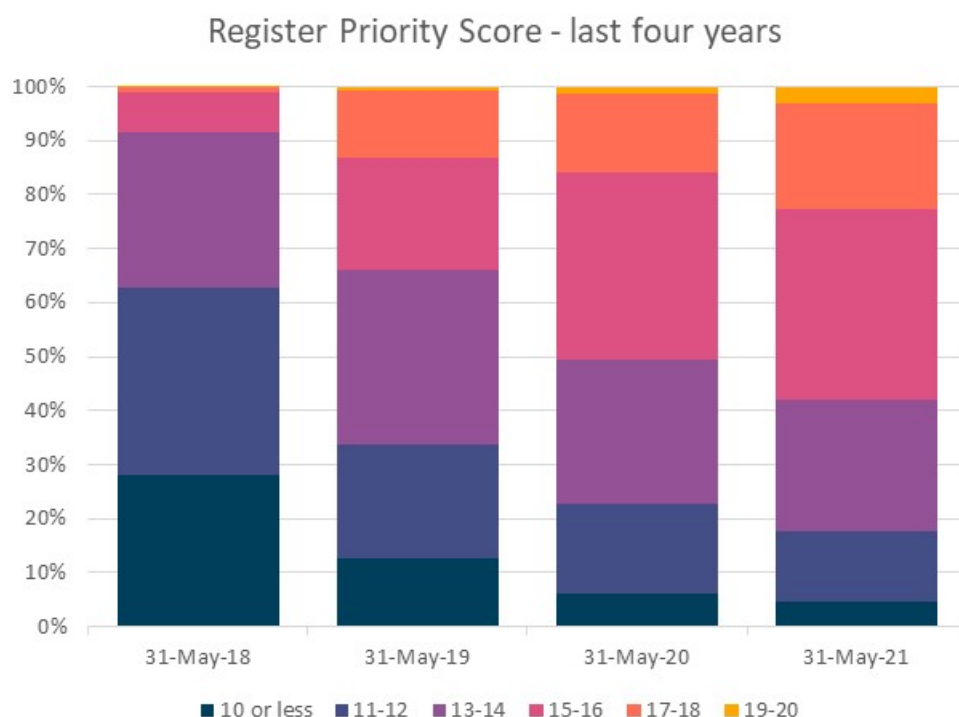
What are the needs of people accessing housing support?

The priority scores of people on the Register have increased

25 Clients accessing the Register in 2021 appear to generally have higher needs than those who accessed it in 2018. Based on the SAS criteria priority score, applications with a priority of 15 or above made up 48% of the Register in May 2021, compared to 40% a year ago or only 13% in 2018. This is shown in Figure 5.

- The increase in the number of applications over the last year was made up primarily of applications with scores of 15-16 (34% of the increase) and those with scores of 17-18 (28% of the increase).
- Those with very high housing need (scores of 19 and 20) made up 3.2% of the Register in May 2021, compared to 2.2% in May 2020 and only 0.03% in September 2018.
- The number of applications with a score of 10 or below has decreased, as either clients' housing need has escalated, or they have left the Register entirely.

Figure 5 – The need of applicants on the Register has increased, as those with higher priority are making up an increasing share



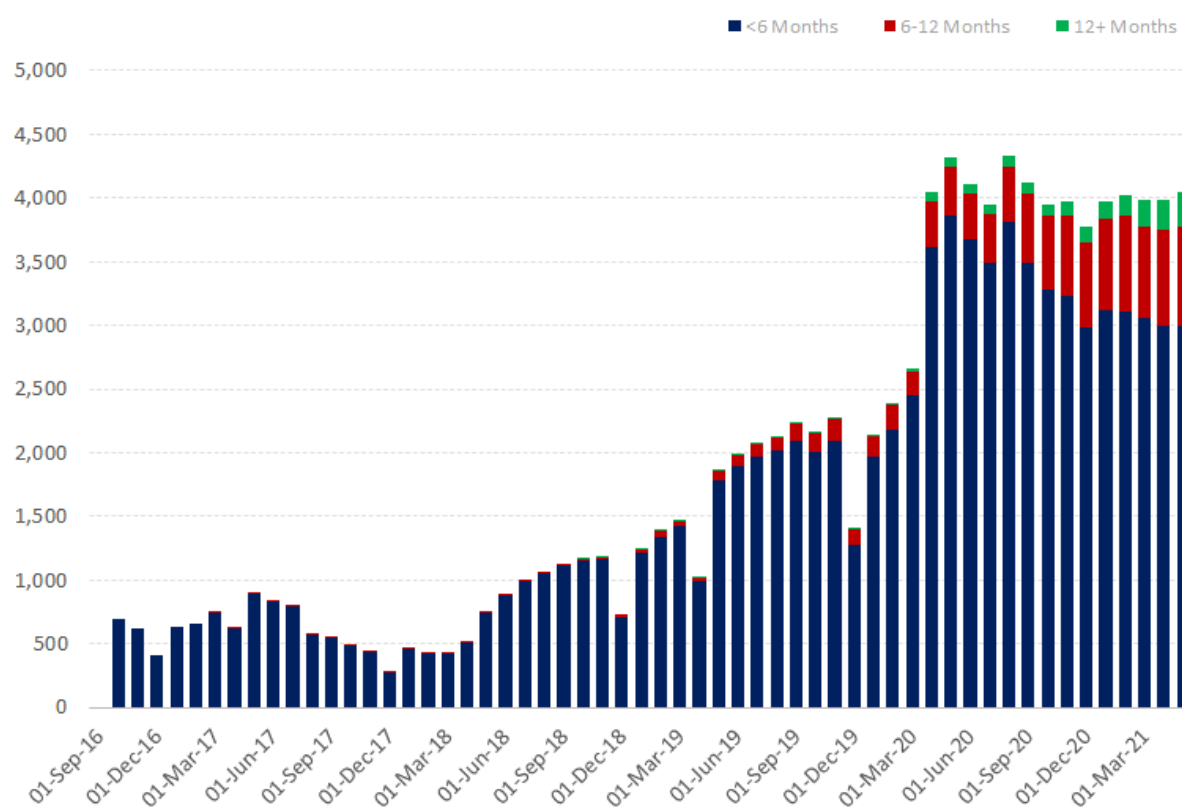
- 26 There is some uncertainty around the drivers for this growth in high need clients accessing support. For example, it is not clear the extent to which these changes represent an increase in clients' needs, or alternatively, whether existing need has become more visible over time. Client and operational practice will also react to increasing need, which makes it more difficult to identify trends in Register Priority scores.
- 27 When looking at another proxy for 'need', the proportion of those supported by a benefit has remained relatively constant (approximately 89%⁶ of all Register applications). Further work is therefore required to better understand these dynamics and how they relate to level of need for those on the Register.

Households are being supported by Emergency Housing for a longer duration

- 28 The housing situation of the approximately 4000 households supported by Emergency Housing also appears to have worsened, with people relying on this support for a longer duration on average.
- Those in Emergency Housing are staying for longer and the average stay is now 18 weeks in May 2021, compared to 11 weeks in May 2020 and 5 weeks in September 2018.
 - Approximately 26% of all households in Emergency Housing have been there for more than 6 months and 7% for more than a year in May 2021. In May 2020, 10% of households were there for over six months and 2% for over a year, while in September 2018, only 1% of households were there for more than six months. This is shown in Figure 6.
 - This suggests it may be increasingly difficult for these households to transition to more sustainable forms of housing.

⁶ This includes all main benefit types, including NZ Superannuation.

Figure 6 – There has been a significant increase in the number of households remaining in Emergency Housing for longer than six months



People accessing EHSNGs may have particularly acute levels of need

29 Information from the Integrated Data Infrastructure (IDI)⁷ also suggests those accessing EHSNGs represent a group with particularly acute levels of need. Clients receiving these grants are more likely to have experienced challenging situations such as needing acute healthcare, support with mental health and addiction, low incomes, or spending time in prison⁸.

- In the year prior to receiving a grant, 25% of EHSNG clients had an acute hospitalisation. This is higher than the rates of Register and Main Benefit clients (21% and 15% respectively).

⁷ These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit <https://www.stats.govt.nz/integrated-data/> The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes and is not related to the data's ability to support Inland Revenue's core operational requirements.

This analysis looks at people aged over 16 who received an EHSNG between September 2016 and March 2020. They're compared to over 16-year olds who were on the Public Housing Register or received a Main Benefit over that same period.

⁸ Note that the data below does not show those who face multiple disadvantages. For example, some of the 70% of clients who have a care and protection event will also have had a youth justice event and been supported by a benefit as a child.

- 53% of EHSNG clients had accessed a mental health or addiction service⁹ in the year prior - a similar rate to Main Benefit clients (50%) but higher than Register clients (45%).
 - 59% had received no taxable income (excluding Main Benefits or NZ Superannuation) which is a similar rate to Main Benefit clients (59%) but slightly lower than Register clients (62%). The majority (94%) of EHSNG clients had received a main benefit in the last year, higher than the rate of Register clients (79%)¹⁰.
 - 10% of EHSNG clients had been in prison in the last year. This is much higher than the rate for Main Benefit clients (3%) and people on the Register (4%).
- 30 In addition, over their lifetime, many people aged under 30 who receive an EHSNG have faced challenges as a child.
- 70% of these clients had a Child Youth and Family/Oranga Tamariki care and protection event. This is higher than comparable Register clients (60%) and Main Benefit clients (49%).
 - 26% had a youth justice interaction. This is much higher than comparable Register clients (16%) and Main Benefit clients (13%).
 - 77% were supported by a parent receiving a Main Benefit when they were aged 13-18. This is higher than clients on the Register (75%) and those receiving Main Benefits (62%).
- 31 However, while EHSNG recipients experience challenging circumstances at a higher rate than Register and Main Benefit clients, it is important to recognise that not all clients will have an acute level of need. For example, the majority of EHSNG recipients have not experienced acute hospitalisation, time in prison or a youth justice interaction.

Single clients are generally older males, who have particularly high needs and are most reliant on emergency housing support

- 32 As noted, single people represent a large and fast-growing group of those accessing housing support, including through the Register and EHSNGs. As at May 2021, single people made up approximately 49% of the Register and 40% of those accessing EHSNGs. Given their size, we explored the characteristics of this group in more detail, including their demographics, duration of time accessing support and complexity of need.
- 33 Single people on the Register or accessing EHSNGs tend to be older than the overall population and are generally males.
- Clients aged 65+ on the Register make up 9% of all applications. When looking at single adults only, 14% are 65+. Similarly, while 26% of the Register is under 30, singles under 30 make up only 17% of the Register. This suggests that single adults on the register tend to be older than the overall Register population. These proportions are largely unchanged when compared to 2018.

⁹ Mental health or addiction services include specialist mental health services, mental health hospitalisations, pharmaceuticals generally prescribed for mental health and addictions, or having a mental health or addiction reason coding as a main reason for reduced capacity to work on a medical certificate for benefit support.

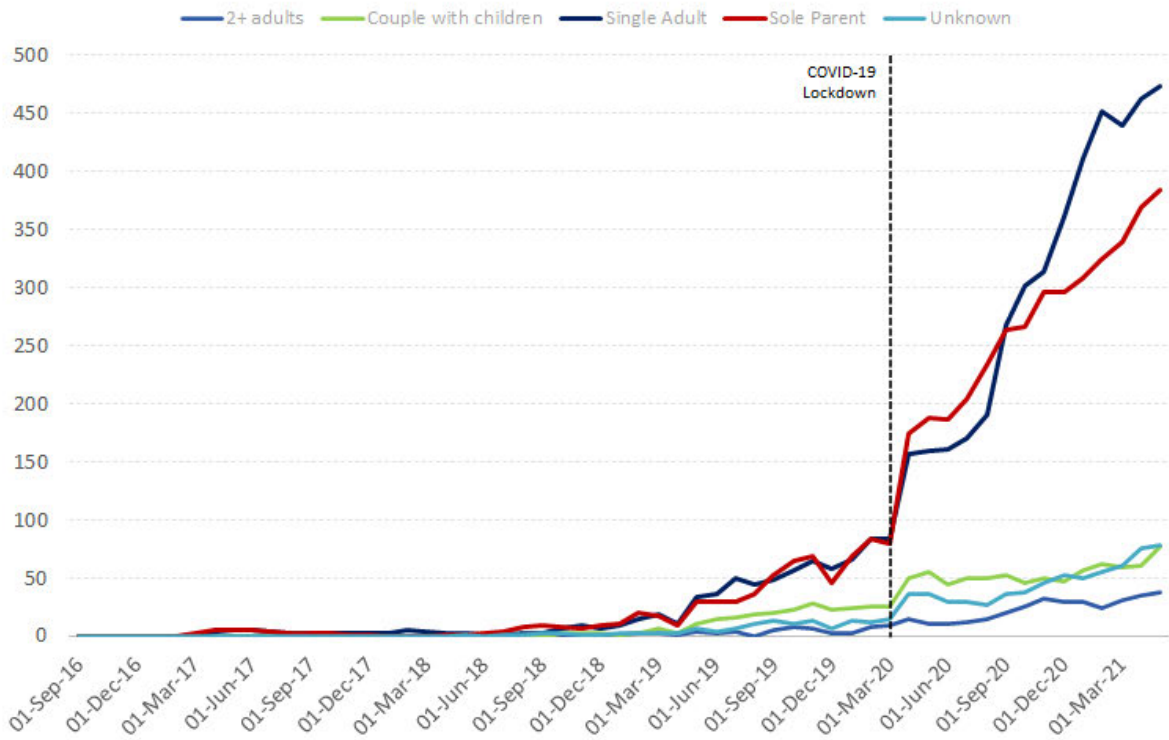
¹⁰ This number (79%) differs from the one reported in paragraph 25 (89%) mainly because it excludes clients receiving NZ Superannuation. A small amount of the difference will also be due to differences between benefit data in the IDI and official benefit statistics (see footnote 6 for more information).

- In contrast, clients accessing emergency housing tend to be younger than those on the Register, with approximately 34% of them being under 30. When looking at single clients only, approximately 26% of them are under 30. Clients over 65 represent 3% of all EH households and 7% of all singles. Similar to the Register, single clients receiving EHSNGs tend to be older. Compared to 2018, the proportion of single adults over 65+ that receive EHSNGs has increased from 4% to 7% of all EH clients.
 - Approximately two thirds of all applications on the Register and accessing Emergency Housing have a female primary client. When looking just at single clients, only approximately 45% of clients are female. This shows that single clients are primarily male compared to the overall population on the Register and in Emergency Housing.
- 34 Single people on the Register also have particularly high needs when compared to other household types.
- 53% of singles on the Register have a priority of 15 or above, compared to 48% for all households on the Register. Of all single clients on the Register, approximately 5% are of very high need (19 or 20) compared to 3% for the entire Register.
 - IDI analysis of single people on the Register¹¹ also shows that this group have an acute level of need, which is more similar to ENSNG recipients, than the overall Register population. For example, singles on the Register have comparable rates of acute hospitalisation (26%) and imprisonment (7%), and those under 30 have comparable rates of care and protection involvement (69%) and youth justice interaction (26%).
 - Single people on the Register also have notably higher uptake of mental health and addiction services, when compared to EHSNGs and the overall Register. Seventy per cent of singles on the Register have accessed a mental health or addiction service, compared to 53% of EHSNG clients and 45% for the overall Register population. This suggests that single people on the Register, along with EHSNG recipients, represent a group with an acute level of need.
- 35 Single people are also more reliant on Emergency Housing support.
- Singles receiving EHSNGs are more likely to remain in emergency housing accommodation for longer. They represent approximately 40% of all households in emergency housing (slightly below Sole Parents at 41%). However, they represent 45% of those in emergency housing for 6+ months and 50% of those with 12+ month durations. This is shown in Figure 7.
 - Notably, singles that have been in emergency housing for more than a year tend to be older, as only 8% are below 30 and 51% are between 30 and 50 years old.

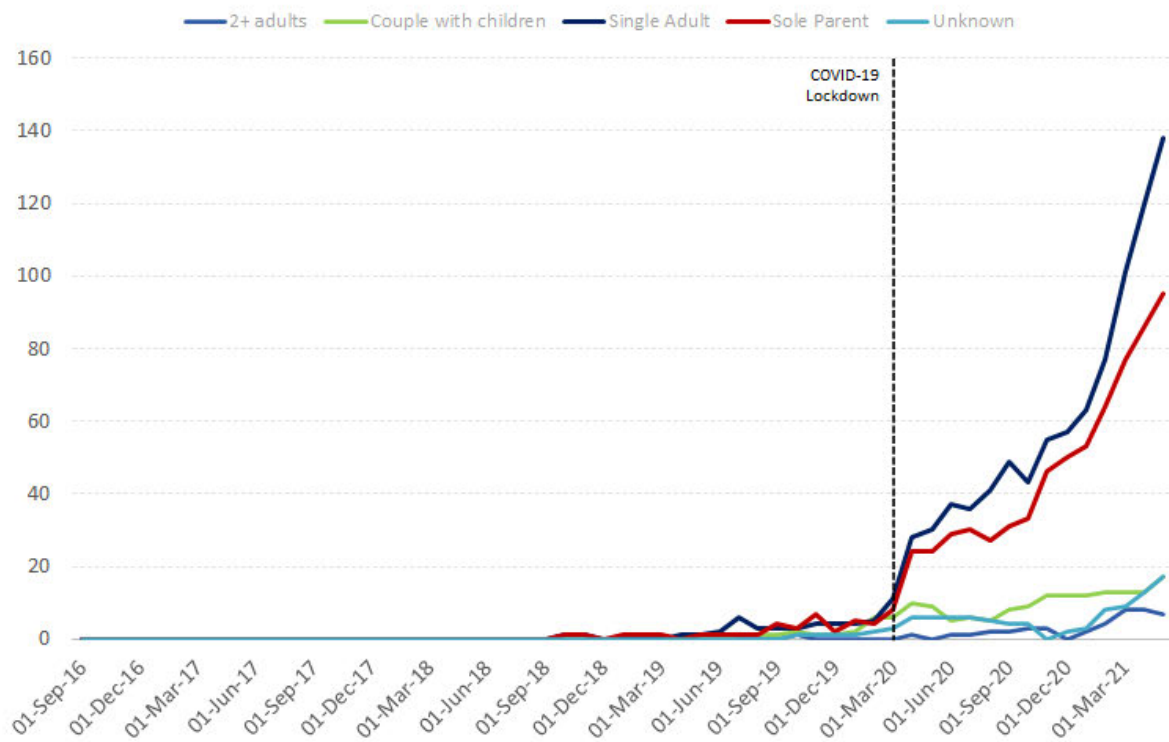
¹¹ We are not currently able to provide a breakdown of single people accessing EHSNGs due to data limitations.

Figure 7 – Number of households in Emergency Housing that stay for more than 6 or 12 months consecutively.

EHSNG Households - 6+ months



EHSNG Households - 12+ months

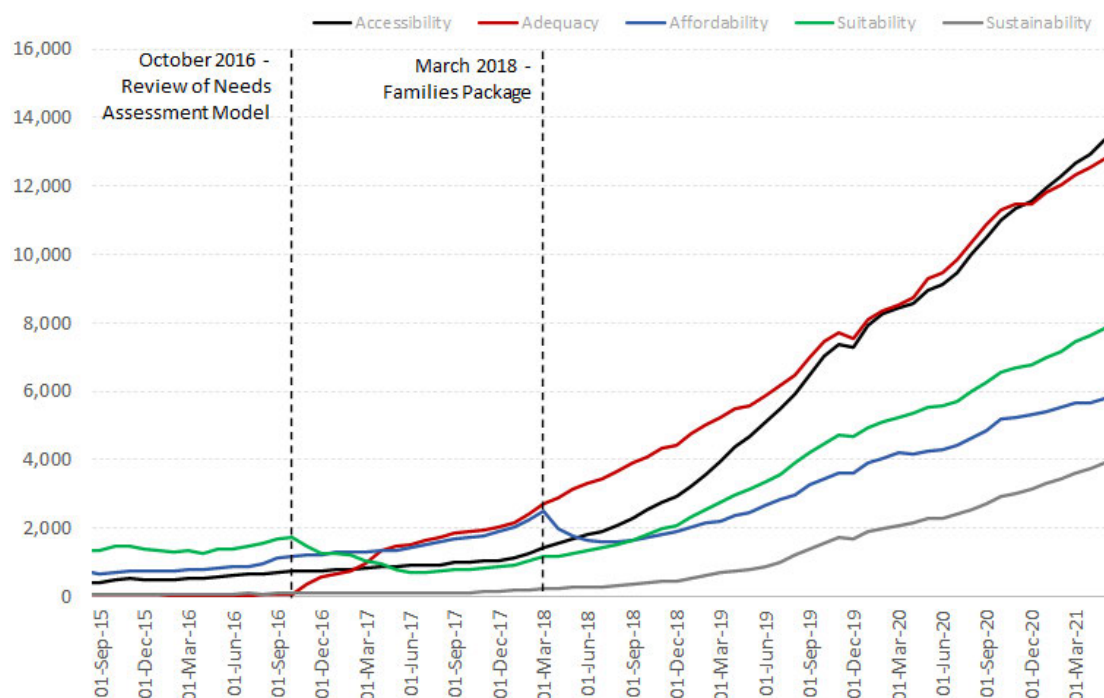


How do broader factors influence the need for housing support?

Accessibility is the most common reason for being on the Register but is intertwined with affordability issues

- 36 The Social Allocation System (SAS) is used to determine client’s housing need based on their circumstances. It is measured across five criteria – Adequacy, Suitability, Affordability, Accessibility and Sustainability. More detailed information on these criteria is provided in Appendix Two.
- 37 Having a high Accessibility score has become the most common criteria for people on the Register. In May 2021, 59%¹² of clients on the Register had a maximum score in Accessibility, compared to 51% in May 2020 and 25% in September 2018. This indicates the increasing difficulty our clients have in finding appropriate accommodation in the private market.
- 38 The Accessibility criterion can overlap with Affordability and capture the same issues that the client is facing, as increasing rents can impact what housing our clients can realistically access, reducing their options.
- 39 A high Adequacy score is the second most common criteria, after being the most common historically until 2021. It measures how safe/secure their current accommodation is or if they have no permanent accommodation. In May 2021, 57% of clients had a maximum score in Adequacy, compared to 52% in May 2020 and 43% in September 2018.
- 40 Most notably, high Affordability is the second least common criteria, with only 26% of clients getting a maximum score (24% in May 2020 and 18% in September 2018). This is despite housing affordability concerns often being described as a key issue for these clients. This is shown in Figure 8.

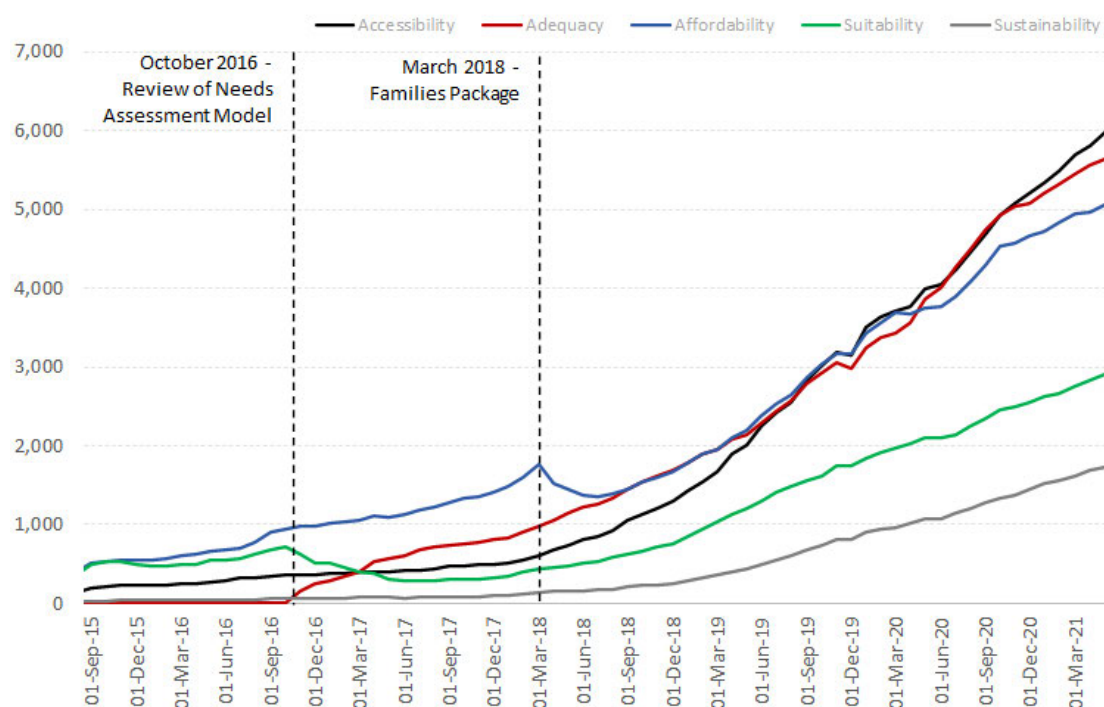
Figure 8 – High scores in Accessibility and Adequacy are the two most common SAS criteria



¹² These proportions are based on the number of clients with a maximum score of 4 in any of the criteria. Some clients (approximately 6,500) do not have individual scores and are excluded for this analysis.

41 However, affordability is a more important criterion when looking only at single people. For this group, a high Affordability score is much more frequent. In May 2021, 49% of all singles had a maximum score in Affordability, compared to 47% in May 2020 and 37% in September 2018. For single people, Affordability closely follows Adequacy and Accessibility as key issues. This is shown in Figure 9.

Figure 9 – Having a high Affordability score is significantly more common for applicants who are single



Rental affordability has improved since last year, but the proportion of houses considered affordable for our clients remains low

42 In addition to looking at the SAS affordability criteria, we have completed some additional exploratory analysis to better understand changes in client income and rents over time. This analysis looks at the broader group of clients who receive Accommodation Supplement and how their incomes have changed when compared to rents. It also looks at the proportion of places that are affordable for these clients and for those on the Register¹³.

43 This analysis suggests that while affordability has improved compared to last year, reflecting recent policy changes like changes to abatement thresholds and benefit rate increases, the proportion of private rentals that our clients can afford remains low. It also suggests that while affordability has also improved for Register clients, the proportion of houses considered affordable is lower than for clients accessing the Accommodation Supplement. This is shown in Figure 10.

¹³ This analysis is based on MBIE bond data compared to total incomes for AS clients and assessable incomes for Register clients. Assessable income is defined as a client’s base benefit and some additional supplementary payments they are entitled to (e.g. the Accommodation Supplement). It excludes other temporary supplementary payments like Temporary Additional Support and the Winter Energy Payment. There are some differences in methodology that contribute to the difference between the affordability of different client groups. This information should be treated as subject to change, as it is based on a new methodology and doesn’t account for differences in the household composition of our clients and those renting in the private market.

§ 9(2)(g)(i)

■ AS Clients - inc. TAS (no WEP) ■ AS Clients - exc. TAS (no WEP) ■ Register Clients

20%

§ 9(2)(g)(i)

§ 9(2)(g)(i)

There are several 'hotspot regions' across the country, where rents are particularly unaffordable for our clients

- 46 Government has recently established a new Contracted Emergency Housing model in Rotorua, recognising the level of demand for housing in that region and the need to meet the needs of people accessing this support. § 9(2)(f)(iv) we analysed regional data to understand whether any other 'hotspots' exist, where demand for emergency housing is likely to be high.

¹⁴ We have used a 65% threshold in this analysis as this is consistent with the SAS criteria definition of severe unaffordability.

- 47 To do this analysis, we examined the data behind the Affordability calculation that compares clients' assessable income and the lower quartile rent of a private market property appropriate to their circumstances¹⁵. This comparison should provide an overview of how affordable the market is based on the specific circumstances of our clients, which may be different when looking at the private market data overall¹⁶.
- 48 This analysis shows average rent for adequate properties increased faster than income nationally over the last five years. This is especially true for clients who are single or sole parents. In contrast, couples are better off as their income is generally higher.
- 49 As shown in Figure 11 and Figure 12, some locations, like Wellington and Auckland, have seen lower quartile rent levels rise above average assessable incomes of our clients, suggesting severe unaffordability issues. Both regions are showing rent to income ratios above 100%. These areas also have higher proportions of clients with high Affordability scores, especially for single clients.
- 50 Other locations, like Rotorua or Hamilton, have experienced significant rent growth so that lower quartile rent levels are almost in line with incomes. This has further contributed to the need for emergency housing support.
- 51 More recently, as noted, increases in unaffordability have slowed, as benefit increases since 2017 have offset increases in rents for many clients and the overall proportion of affordable places has increased. However, in the long term, if rents grow faster than benefit incomes, it is likely that affordability will continue being a concern in these areas, especially for single clients.
- 52 It is important to note that this analysis provides one view on how to determine 'hotspot' regions, based predominately on housing affordability. ^{s 9(2)(f)(iv)} [REDACTED]
[REDACTED]
[REDACTED] Kāinga Ora are also building more public housing in several of these regions, which may reduce the criticality of need for support longer-term.

¹⁵ This analysis accounts for the different size requirements of different household types, e.g. single adults only requiring a one bed property.

¹⁶ This analysis is intended to give a general overview of housing affordability over time in different regions; it does not compare clients' income to actual rent. Therefore, in some cases, rent to income ratios are over 100%. We have used the lower quartile for this analysis, as it is more in line with accommodation costs our clients are likely to face. We also note that 'assessable income' excludes some additional supplementary payments, such as Temporary Additional Support, the Winter Energy Payment, along with IRD tax credits.

Figure 11 – Historically, rents have increased compared to client incomes in major ‘hotspot regions’, but this growth has now slowed

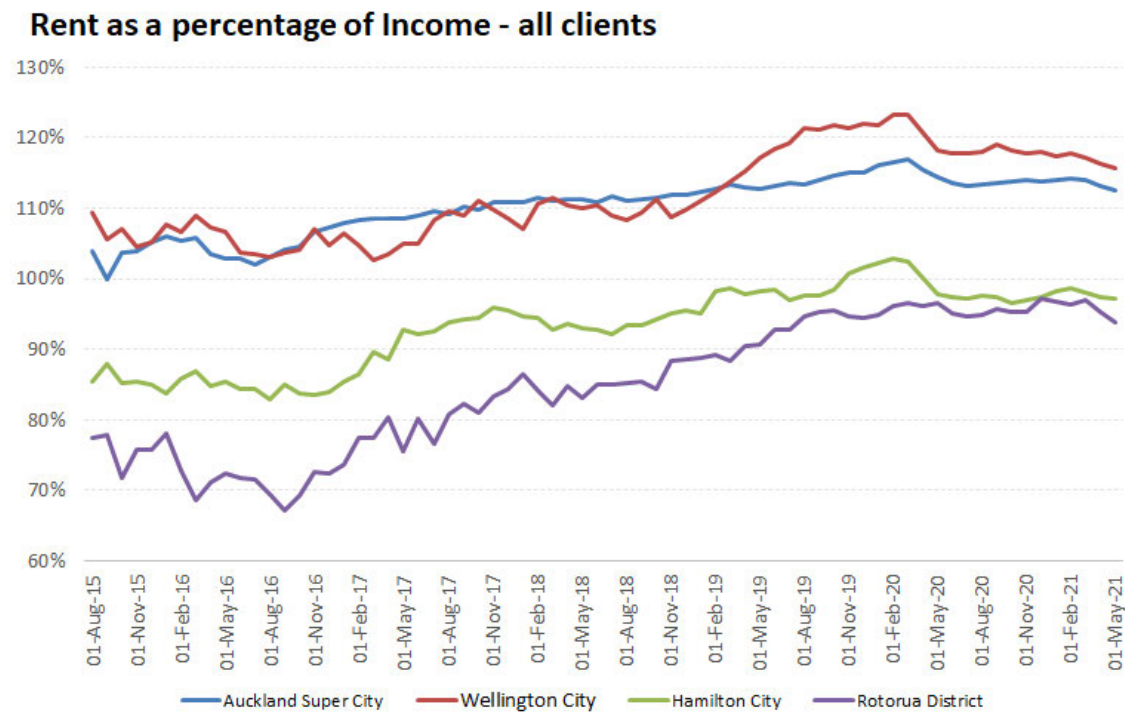
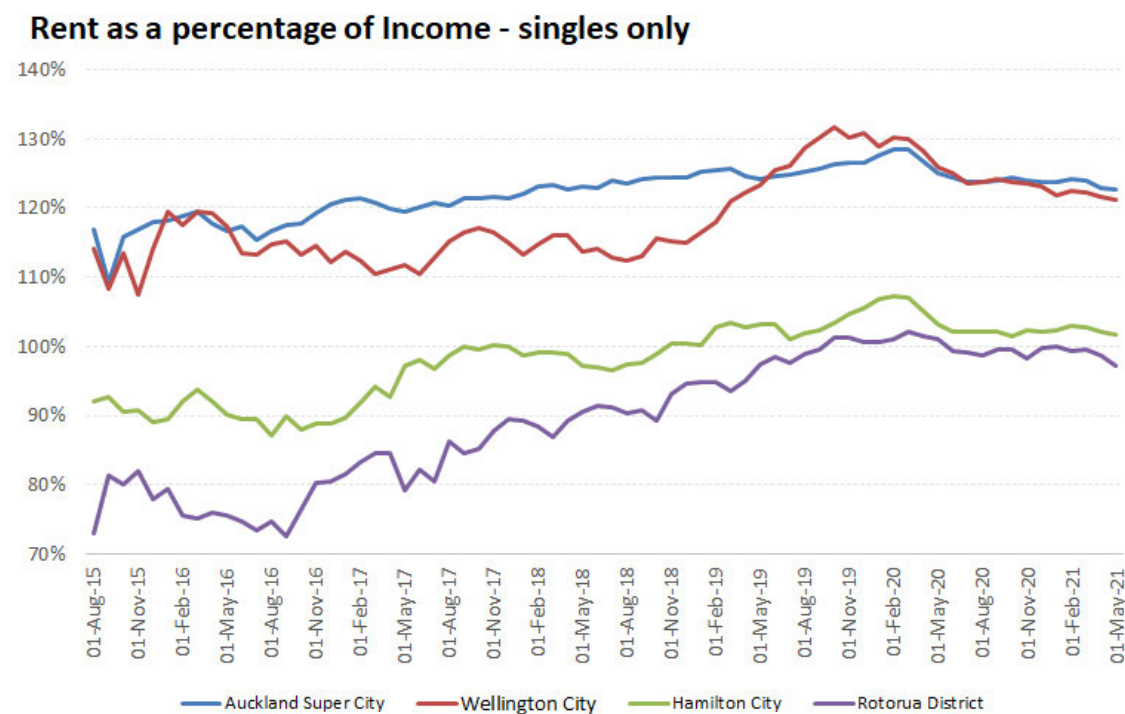


Figure 12 – Rents for singles with and without children are significantly higher than their incomes compared to all clients



There is a relationship between the number of households in Emergency Housing and the available supply of motels

- 53 While the number of households in Emergency Housing has stabilised, this does not necessarily indicate that demand has been met. Along with duration of grants, the level of supply of emergency accommodation can influence the number of EHSNGs.
- 54 Following COVID-19 border closures, a significant number of accommodation suppliers switched to offering Emergency Housing places, and we saw a steady increase in the number of suppliers up to June 2020. As the restrictions eased, some of these suppliers stopped providing their services.
- 55 There was a reduction of on average 20 unique suppliers each month over the last year, compared to an increase of 11 and 12 per month in the two years prior. The number of households housed by these suppliers has reduced by 14 households a month on average, compared to an increase of 27 and 23 a month in the two years before.
- 56 However, while the number of suppliers has decreased from the peak in 2020, it remains higher than in previous years, as the number of new suppliers was greater than the number that stopped dealing with us. Our current suppliers also have larger capacity and are housing more families than in the past.

Next steps

- 57 The analysis presented in this paper has several implications, which can support policy work and future decisions around supporting people accessing emergency and public housing. These findings will be of particular importance to the review of the emergency housing system, which is currently underway.
 - **Single people may be an underserved group who would benefit from tailored support.** While the number of single people has reduced from the peak observed during the pandemic, they remain the largest group accessing Emergency Housing Specials Needs Grants and continue to access this support at a higher level than before the lockdown. A focus on supporting families may result in this group being underserved, as they will have a different set of needs.
 - **People accessing housing support generally have acute needs, which should be addressed by holistic support from different agencies.** Our analysis demonstrates that many people accessing housing support have an acute level of need, which presents across a range of domains - including mental health and addiction, corrections and youth justice, and care and protection. Other agencies have a role in meeting these complex needs, alongside MSD.
 - **Barriers to housing are complex and income is not the sole factor.** While recent income increases have improved housing affordability for beneficiaries, the proportion of houses considered affordable remains low. We expect the proportion of affordable houses to grow in the future, following the impact of Budget 21 benefit increases. However, demand for housing support remains high, reflecting the influence of factors other than income, including the accessibility of affordable housing within the private rental market and the complex needs of clients seeking support.
 - **There are several hotspot regions, where access to affordable housing may be particularly difficult for our clients.** Rotorua has recently been identified as an area where the need for housing support has reached a critical level. In response, Government has proposed a new emergency housing model in this area, which will provide enhanced wrap-around support. Our analysis has identified several areas where access to affordable housing is also limited, including Auckland, Wellington, and Hamilton.

- 58 The analysis presented in this report excludes the impact of the second nationwide lockdown in August 2021. Following the lockdown, there was an increase in the number of households receiving EHSNGs. However, at this stage, this growth is not as substantial as what we saw in the 2020 lockdown.
- 59 This analysis also excludes the impact of MSD resuming Active Register Management in May 2021. After this was resumed, there was a reduction in the number of applicants on the Register from June to July, as some lower priority applicants experienced a change in circumstances. The number of applicants increased again in August (but remained lower than in previous months), following the lockdown.
- 60 More detailed reporting on these recent changes will be provided in the upcoming Monthly Housing Update, which will shortly be provided to your office [REP/21/9/1007 refers]. This update is a new version of the monthly housing reporting you regularly receive and provides information on EHSNGs and the Housing Register up to the end of August 2021.
- 61 This new reporting has been developed by the recently established Housing Analytics function within MSD. This function was stood up following growing demand for data and insights that improve our understand of the housing support system. This function will work closely with our partner agencies, such as Kāinga Ora and Te Tūāpapa Kura Kāinga - the Ministry of Housing and Urban Development, to identify and explore enduring questions related to public and emergency housing. We welcome your feedback on any key areas of interest you would like us to explore within this broader work-programme.

REP/21/9/992

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Appendix One – demographic information (as at end of May 2021)ⁱ

Register Demographic Details

		Age											
Gender	Ethnicity	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+	Total
Female	Māori	231	1,425	1,869	1,800	1,179	852	657	564	507	333	345	9,762
	NZ European	63	279	381	477	357	309	345	333	327	279	489	3,639
	Other	18	111	222	270	288	177	147	132	144	114	312	1,935
	Pacific Island	42	366	594	555	354	270	177	174	117	99	174	2,922
	Unspecified	48	204	102	60	54	39	30	18	12	18	48	633
	Total		396	2,385	3,165	3,162	2,232	1,647	1,350	1,221	1,107	849	1,374
Male	Māori	39	288	498	621	591	549	498	396	393	231	276	4,380
	NZ European	24	93	204	267	249	276	309	360	333	267	486	2,868
	Other	S	S	96	150	168	162	138	159	141	117	312	1,500
	Pacific Island	S	S	105	108	117	132	126	117	87	78	159	1,074
	Unspecified	9	48	36	S	33	S	24	S	18	18	42	312
	Total		78	S	936	S	1,161	S	1,098	S	969	714	1,275
Gender Diverse	Māori	S	S	S	S	S	S	-	S	-	-	-	15
	NZ European	-	S	S	S	-	-	-	S	-	-	-	6
	Other	-	-	S	-	S	-	-	-	-	-	-	S
	Pacific Island	-	-	S	-	-	-	-	-	-	-	-	S
	Unspecified	-	-	-	S	-	-	-	-	-	-	-	S
	Total	S	S	9	S	6	S	-	S	-	-	-	-
Grand Total		477	2,916	4,110	4,338	3,396	2,802	2,448	2,271	2,076	1,563	2,646	29,043

EHSNG Household Demographic Details

		Age											
Gender	Ethnicity	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+	Total
Female	Māori	108	228	321	315	207	141	114	75	54	27	21	1,611
	NZ European	18	30	66	63	63	42	42	42	21	15	18	420
	Other	33	60	48	33	33	27	18	18	12	6	9	297
	Pacific Island	18	54	63	51	33	24	18	18	9	S	S	288
	Unspecified	-	-	-	-	-	-	-	-	-	-	-	-
	Total		177	372	498	465	333	228	192	153	96	48	48
Male	Māori	30	57	90	126	105	111	90	54	48	33	30	774
	NZ European	S	S	27	42	30	45	51	42	33	18	33	351
	Other	15	21	18	21	21	18	15	9	9	6	12	165
	Pacific Island	S	S	S	21	18	S	21	9	15	6	6	147
	Unspecified	-	-	-	-	-	-	-	-	-	-	-	-
	Total		63	S	S	210	174	S	177	114	99	63	81
Gender Diverse	Māori	-	S	S	-	-	S	-	-	-	-	-	S
	NZ European	-	-	S	-	-	S	-	-	-	-	-	S
	Other	-	-	S	-	-	-	-	-	-	-	-	S
	Pacific Island	-	-	-	-	-	-	-	-	-	-	-	-
	Unspecified	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	S	S	-	-	S	-	-	-	-	-	-
Grand Total		240	477	657	675	504	423	369	267	195	111	129	4,050

Appendix Two – SAS criteria

Adequacy – *How safe/secure is your current place?*

Focuses on whether the client needs accommodation or needs to move from their current accommodation due to:

- not currently living in any accommodation, or living in emergency housing for the time-being
- the physical condition/structure or lack of basic facilities of the accommodation
- over-crowding or
- lack of security of tenure of their current accommodation.

Suitability – *How badly do you need to move?*

Focuses on needing to move due to:

- medical, disability or personal needs or
- family violence or neighbourhood tension (including tension within the household) or other violence relating to the client's current living situation.

Affordability – *Can you afford a private rental?*

Focuses on the ability to afford alternative, suitable housing in the private market.

Accessibility – *How difficult is it to access a private rental?*

Focuses on the ability to access and afford suitable and adequate housing as a result of discrimination, lack of financial means to move and availability of alternative, affordable suitable housing in the private market.

Sustainability – *Could you keep a private rental?*

Focuses on financial management difficulties and difficulties in social functioning and lack of social skills.

ⁱ This data is randomly rounded and suppressed.