



27 April 2023

Tena koe

On 28 March 2023, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

Hi I work for Stratford District Council and we have 10 pensioner units. I would like to talk to someone in regard to how Work and income come up with the rental amounts for social housing or the amounts they provide pensioners for accommodation. Kind Regards Sara

Please find below information about how the Ministry calculates Income Related Rent (IRR), which is the Ministry's subsidised rent scheme for social housing tenants with low incomes. New Zealand Superannuation (NZS) recipients may potentially be eligible for IRR, Accommodation Support (AS) or Temporary Additional Support (TAS). For the sake of clarity, I will provide information about each scheme in turn.

Income Related Rent

IRR is a government subsidised rent scheme for social housing tenants with low incomes. The Ministry has responsibility for assessing the amount of IRR a tenant of social housing is required to pay. All tenants in social housing have a duty to inform us of any change in circumstance that might impact on the amount of rent they need to pay. More information about this is available at the following link: www.workandincome.govt.nz/map/social-housing/income-related-rent/change-in-circumstances.html.

Low-income social housing tenants pay no more than 25% of their income on rent. The balance of 75% (for market rent charged) remaining is paid directly to Community Housing Providers (CHP's). The Ministry for Housing and Urban Development (HUD) is responsible for registering and managing contracts for CHP's. More information can be found here:

www.workandincome.govt.nz/documents/providers/housing-providers/public-housing-providers/irrs-tenancies/operational-guidelines-chps.pdf

Tenants in social housing will not pay more than market rent. Even when an IRR calculation results in a higher dollar amount, the market rate will always be the maximum payable rent. Social housing landlords determine the market rent for their properties. A small number of social housing tenants are paying market rent rates. Tenants are obligated to provide information relating to their income, so this can be assessed annually. If the information is not provided, then tenants will need to pay the market rent rate set by the landlord.

The rate of IRR is calculated using both:

- the applicable rate of Jobseeker Support and
- the household income.

The rate of IRR needs to be calculated using both methods and then the higher rate is selected.

Review of IRR occurs annually, as well as when a client requests a review, or there has been a change in circumstances, for example an increase in assessable income, or a change in number of children in the client's care. Generally, where there has been an increase to benefit rates, a client's IRR would not be reviewed immediately, and would be captured in the next annual review, change in circumstances review, or client requested review, whichever is earlier.

A new increased rate of IRR is only activated and notified to social housing providers if the change makes a material difference to the amount of IRR the client needs to pay. For more information see:

www.workandincome.govt.nz/map/social-housing/income-related-rent/material-difference-to-the-rate-of-income-related-01.html

You can find more information about IRR including the formula for calculating IRR at the following link:

www.workandincome.govt.nz/map/social-housing/income-related-rent/index.html

The income that is used to calculate the rate of IRR is known as 'assessable income'. Assessable income is the estimate of a client's net weekly income (i.e. after tax) from all sources, and after the deduction of any Accident Compensation Corporation premiums or levies. The assessable income of all applicable people in the household is used to calculate the rate of Income Related Rent. NZS is included as an assessable income for the purposes of assessing IRR. More information about other forms of assessable income is available here:

www.workandincome.govt.nz/map/social-housing/income-related-rent/benefit-new-zealand-superannuation-and-veterans-pension-payments.html

Accommodation Supplement

AS is paid weekly in order to assist clients with the costs of their accommodation. AS is supplementary assistance that is income and asset tested. NZS clients with no other income are entitled to the maximum rate of AS for their costs if they meet the relevant criteria. The qualifications for AS are available online here:

www.workandincome.govt.nz/map/income-support/extra-help/accommodation-supplement/qualifications.html

The amount payable to NZS clients will vary based on the following circumstances:

- The income limit
 - o the income limits for NZS and Veterans Pension (VP) clients are available here: www.workandincome.govt.nz/map/deskfile/extra-help-information/accommodation-supplement-tables/income-limits-for-new-zealand-superannuation-and-v.html
- Entry thresholds based on a client's circumstances
 - o entry thresholds and maximum rates for NZS and VP clients are available here: www.workandincome.govt.nz/map/deskfile/extra-help-information/accommodation-supplement-tables/new-zealand-superannuation-and-veterans-pension-current-01.html
 - o entry thresholds and maximum rates for NZS and VP clients who have a partner on a different rate of benefit is available here: www.workandincome.govt.nz/map/deskfile/extra-help-information/accommodation-supplement-tables/couples-on-different-benefits-current-01.html
- Accommodation costs
 - o more information about accommodation costs is available here: www.workandincome.govt.nz/map/income-support/extra-help/accommodation-supplement/accommodation-costs-01.html

Accommodation costs are calculated against an entry threshold and 70% of the result can be paid to the client.

For example, a rate of \$150 would be subtracted by the entry threshold (of \$124.00 as at 1 April 2023), which equals \$26.00. The client would then be entitled to 70% of this amount, which is \$18.20. This is then rounded up to the nearest whole dollar. This would result in the AS payable being \$19.00.

Temporary Additional Support

TAS is non-taxable extra help paid for a maximum of 13 weeks. This payment is to help with essential living costs that cannot be paid based *off* a client's chargeable income and other resources. NZS clients can receive TAS if their allowable costs are in excess of their disposable income. There are no specific differences between an NZS client and any other client for TAS as eligibility is a simple calculation of total allowable costs minus the disposable income of the client.

These allowable costs must be ongoing and regular expenses, that are calculated on a weekly basis. A full list of allowable costs for TAS is available here:

www.workandincome.govt.nz/map/income-support/extra-help/temporary-additional-support/allowable-costs-01.html

The rate of payment is the lesser of:

- the client's income deficiency; or
- the upper limit of temporary additional support.

Calculating the TAS rate is the total essential costs minus the total disposable income of the client. More information about calculating TAS is available here:

www.workandincome.govt.nz/map/income-support/extra-help/temporary-additional-support/calculating-the-rate-of-payment-01.html

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

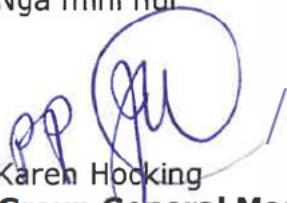
- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter available to the wider public. The Ministry will do this by publishing this letter on the Ministry'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.

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, about accommodation support for NZS recipients, 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.

Ngā mihi nui



Karen Hocking
**Group General Manager
Housing**