



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

# 2017/18 Social Housing Investment Strategy

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# Purpose

The 2017/18 Social Housing Investment Strategy is MSD's first investment strategy for social housing and is an integral part of implementing an investment approach.

The Ministry of Social Development (MSD) is enhancing its approach to social housing through the embedding of an investment approach. This will mean:

- knowing who our current and potential clients are and centring responses on them
- understanding how interventions elsewhere in the social sector affect our clients and affect demand for social housing, as well as the impact of our interventions on the rest of the social sector, and
- forming a strong evidence base of effectiveness.

The 2017/18 Social Housing Investment Strategy is MSD's first investment strategy for social housing and is an integral part of implementing an investment approach in this area.

The key purpose of the Investment Strategy is to give clear information to the housing sector about where MSD will focus investments to achieve the best possible outcomes from social housing. Specifically, it identifies which groups of clients will be an investment priority in the upcoming year and the outcomes we are seeking through this investment.

While the Investment Strategy is produced separately from the Social Housing Purchasing Strategy, the two are intrinsically linked. The Investment Strategy can be used by other agencies and the wider housing sector to understand MSD's objectives for emergency and social housing. The Purchasing Strategy is one tool to achieve the Investment Strategy objectives, by providing detail of the social housing that is needed and how MSD will fund and contract for these houses.

# Executive Summary

MSD's long-term goal is for social housing to provide a strong platform from which people can achieve positive outcomes.

In 2017/18, we will focus on increasing supply and expanding tailored service offerings for people along the housing continuum.

MSD's long-term goal is for social housing to provide a strong platform from which people can achieve positive social and economic outcomes. At the same time we are focused on working across the social sector to intervene earlier where possible, before people need social housing.

We will do this by implementing an investment approach, where we use information and technology to better understand the people who need social housing, and then prioritise effectively – including targeting and tailoring of services - to get the best possible outcomes.

However, a number of the elements necessary for the successful delivery of an investment approach are still under development – including a robust understanding of how social housing contributes to broader outcomes and a way to measure success in achieving these outcomes.

The 2017/18 Investment Strategy will help MSD start to address the following intermediate outcomes, which support the achievement of the new Better Public Services target for housing:

- Improve transitions along the housing continuum so that people in need are able to access social housing and there is tailored support for people to move into private housing, where appropriate.
- Address the drivers of social housing demand so that people's support needs are met earlier and fewer people need social housing.

MSD is in the process of shifting how it invests in emergency housing and social housing in a number of ways to achieve the best possible outcomes:

- Rather than focusing on one particular area (managing demand for social housing through the administration of Income-Related Rent Subsidy and purchasing social houses), funding is shifting to support a range of transitions.
- Spend on supply is focused on increasing emergency and transitional housing, as well as more social housing.
- More funding is being invested in services for clients, and these services are more tailored rather than taking a one-size-fits-all approach.

In 2017/18, MSD will focus on increasing supply and expanding its tailored service offerings to improve the responsiveness, effectiveness and support available for people along the housing continuum. Our investment priorities are informed by information from the 2015 social housing valuation and the Social Investment Agency's (SIA) social housing test case.

There are six priority areas for 2017/18.

MSD's approach will mature over time so that future investment strategies take a more complete view of social housing's role and value.

The six priority areas for 2017/18 are:

- Increasing the range and supply of social housing options
- Responding to the need for emergency and transitional housing
- Supporting people who may be at risk of an adverse exit to remain as successful social housing tenants
- Supporting people who are homeless into sustainable housing
- Supporting people who are close to the private market to exit social housing
- Supporting people exiting prison into sustainable housing.

The 2017/18 Investment Strategy is MSD's first Investment Strategy for social housing and is a starting point based on the information we currently have. Our approach will mature over time as:

- available data becomes richer and data quality improves
- we gain more insights into what influences social housing demand, for example risk factors
- we continue to build our evidence base on how social housing affects broader outcomes, and
- we can more effectively measure what 'works' and for whom.

This will enable future investment strategies to take a more complete view of the role and value of social housing within New Zealand society.

# Introduction

MSD works closely with other agencies to support New Zealanders in need and to make sure social housing can be used as a pathway towards independence.

MSD plays a part in supporting people at different stages of housing need.

Housing support is an area of significant Government expenditure.

Government is focused on making sure that people who need social housing get appropriate support, and that individuals and families are able to use social housing as a pathway to greater independence.

Across Government, the goal is to have as few people as possible needing to rely on social housing (for example, supporting young people from families with intergenerational benefit receipt to gain skills and sustainable employment). Where this is not possible, MSD's role is to provide assistance for New Zealanders at different stages of housing need, and support people back to independence. MSD also works closely with other agencies that have an important role in social and affordable housing, including the Ministry of Business, Innovation and Employment; the New Zealand Treasury; and Housing New Zealand.

Increasing diversity in social housing and related services is one of the objectives of the Social Housing Reform Programme. Community Housing Providers and other non-government organisations now play an increasingly important role, and MSD is committed to supporting further growth of the community housing sector.

Housing affordability has flow on impacts for social housing

The housing continuum spans the different stages of housing need. MSD is involved in supporting a number of different transitions along the continuum, shown in the white boxes below. While 'social housing' refers specifically to houses available through approved providers for Income-Related Rent Subsidy (IRRS), the different stages are interlinked and should not be viewed in isolation from each other.

Figure 1: Housing continuum



Housing support is an area of significant Government expenditure. In the quarter to 31 March 2017, MSD provided a total of \$549.6 million in housing support through IRRS, Accommodation Supplement (AS) and Temporary Additional Support (TAS); a further \$8.8 million was provided in emergency housing special needs grants. In addition, while social housing supply is growing and the average time to house people decreased over the last quarter, the number of people on the Social Housing Register remains high – as at 31 March, there were 4,865

Affordability and availability of housing are significant drivers of demand for emergency and social housing.

Other social factors also affect people's ability to access and sustain housing. With more effective services earlier, some of the factors driving demand could be prevented, leading to reduced demand.

households on the Housing Register and 1,289 households on the Transfer Register.<sup>1</sup>

There are a number of areas contributing to this demand, most significantly the cost of private rental housing and limited housing availability in some areas. New Zealand has seen growth in house prices over the past decade which has significantly exceeded both inflation and household income growth. This has had a flow-on effect to the private rental market, where demand is also higher than supply, leading to increasing rents and higher up-front costs.

Pressure in the private market is felt most acutely by low-income households and households with higher social support needs. More people competing for private rentals means that landlords have a greater selection of tenants and low-income households or households with higher social support needs are more likely to miss out. More of these households may therefore need to rely on emergency or social housing.

Affordability pressures also affect transitions along the housing continuum. It is more difficult to sustainably transition people out of social housing when rents in the private market are high or options are limited; consequently fewer social houses become available for those on the register and this impacts on the need for emergency housing.

Social housing needs to be considered as part of the bigger picture

Other social factors also contribute towards a person's ability to access or sustain housing such as addiction issues, mental health conditions and having a history of offending. Many people with unmet housing needs or people who are in social housing have mental health conditions, including drug or alcohol dependency; many people who require emergency housing have a Corrections history.

Some of the social reasons people need social housing are preventable. With **more effective services earlier**, government can reduce need for social housing.

Stable housing provides **pathways to better outcomes** for individuals, whānau and communities. Social housing should play a role in supporting those in need.



Increasing the **supply and quality of affordable housing** is also a priority.

<sup>1</sup> The Social Housing Register comprises a Housing Register and a Transfer Register. The Housing Register is prioritised by need and consists of applicants assessed as eligible for social housing. The Transfer Register is made up of people already in social housing who are eligible for a transfer to another property.



Government has a range of initiatives underway to address social factors driving demand and to improve housing affordability.

The BPS target for housing will drive agencies to make wider changes and help vulnerable households into secure housing sooner.

In addition to MSD's investment priorities (detailed later in this document), Government also has on-going cross-agency work to address a number of the social factors driving need for social housing. These include the cross-agency work programme to reduce family violence, the Gang Action Plan, work to support the achievement of the Better Public Services target to reduce serious crime, and \$100 million set aside in Budget 2017 to trial early interventions for people with mental health conditions.

A range of work is underway to improve housing affordability, including the Family Incomes Package which was also recently announced as part of Budget 2017. The package will increase take-home pay for people who are working, help lower-income families with young children meet their living costs and improve incomes for those with high housing costs. It sees increases to the weekly amount of Accommodation Supplement for around 136,000 households and to Accommodation Benefit for around 41,000 students.

Work is also underway to increase private market supply. Government is committed to delivering 34,000 houses through its Crown Building Programme over the next ten years - an addition of 25,700 houses, replacing 8,300 existing Housing New Zealand properties. This will include redeveloped Housing New Zealand properties build on currently vacant or underutilised Crown Land. Of the new houses delivered, 13,500 will be newly-built social housing and 20,600 will be new affordable and market homes.

As well as interventions to address both the social factors driving demand and housing affordability, Government has recently announced its first BPS target for housing – to reduce the time to house for Priority A clients on the register by 20 per cent by 2021.

Establishing the target will drive wider changes that make a real difference to the lives of the most vulnerable New Zealanders by helping ensure that people with the most complex needs get access to secure housing sooner – either in social housing or the private market. In practice, the median time to house will be reduced by:

- addressing the circumstances driving need for social housing – thereby reducing demand
- increasing social housing supply
- supporting people to live more independently.

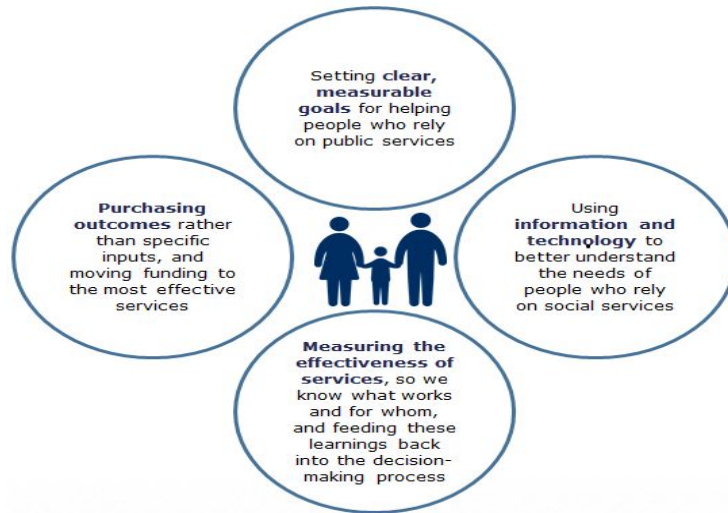


# Achieving the best possible outcomes from social housing

Social investment is about placing the needs of people at the centre of decision making.

Government is taking a social investment approach to improving the lives of New Zealanders by applying rigorous and evidence-based investment practices to social services. Social investment places the needs of people at the centre of decision making and is built on four components.

Figure 2: Components of a social investment approach



## Taking an investment approach to social housing

Social housing is a vital part of an integrated social support system to help vulnerable New Zealanders lead better and more independent lives.

MSD is embedding an investment approach to social housing. The long-term goal is to use social housing as a platform for achieving positive social and economic outcomes.

MSD is enhancing its approach to social housing through the embedding of an investment approach. The long-term goal is for social housing to provide a strong platform from which people can achieve the best possible life outcomes. Other objectives shown below contribute to this goal. Increasing the supply of affordable housing is included as an objective because availability of affordable housing affects how many people need social housing.

Figure 3: Social housing objectives



The first social housing valuation is a key building block for embedding an investment approach.

Other work is underway to understand how social housing contributes to broader outcomes.

The 2017/18 Investment Strategy is based on the information currently available. Future strategies will take a more complete view of social housing's role and value.

An integral component of an investment approach is using information and technology to better understand drivers of need. The completion of the first valuation of the social housing system (the 2015 valuation) is a critical step in enhancing the evidence base on which high-quality investment decisions are made, as it provides MSD with information on people's projected lifetime costs and pathways through the housing system for the first time. Valuations will now be completed annually, allowing us to create feedback loops. Valuations will become a richer source of information over time as more data becomes available.

While the valuation does provide robust evidence on long-term social housing dynamics, costs and risk factors, it does not provide us with all the information we need to make investment decisions that achieve key social outcomes. MSD and other agencies are in the process of extending this evidence base, including through the following initiatives:

- The SIA's test case analysed social housing's impact on cross-sector spend by showing differences between a cohort of people who are in social housing and those who are not. More work will be completed between MSD and Treasury to further understand and quantify these impacts in terms of child and adult outcomes.
- The 2016 welfare valuation has been completed and the 2016 social housing valuation is being finalised. They provide further insight into the functioning of these systems, and how factors influence each other across both systems.
- The SIA is leading cross-agency work to develop an outcomes and evaluation framework that focuses appropriately on a wide set of social outcomes, not just avoided costs.

The 2017/18 Social Housing Investment Strategy is a starting point based on the information we currently have and will help to start addressing of the following intermediate outcomes:

- Improving transitions along the housing continuum so that people in need are able to access social housing and there is tailored support for people to move into private housing, where appropriate.
- Address the drivers of social housing demand so that people's support needs are met earlier and fewer people need social housing.

These intermediate outcomes will also support the achievement of the new Better Public Services target for housing.

MSD will build its evidence base on how social housing impacts on broader outcomes as it implements the first Investment Strategy. Future strategies will take a more complete view of the role and value of social housing.

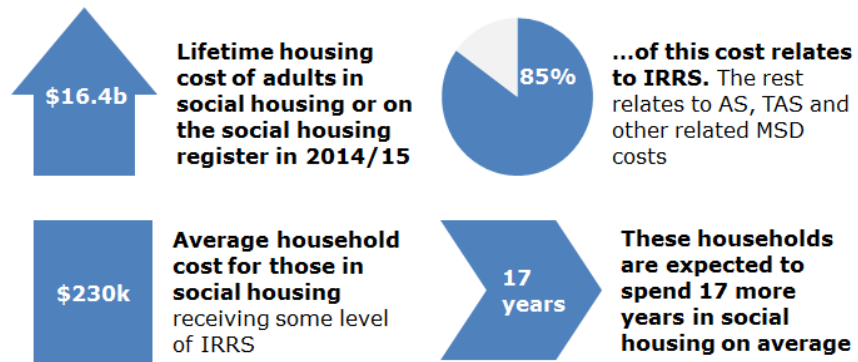
# Who is in social housing?

The 2015 valuation provides information on the projected lifetime costs and pathways of people in social housing.

Information in the valuation is broken down into segments based on household characteristics and proximity to the private market.

The 2015 baseline social housing valuation is an estimate of future housing-related costs for households currently in social housing, on the register or who left social housing in the previous year.<sup>2</sup>

Figure 4: Findings of the 2015 baselines social housing valuation



## Breaking down the valuation information

So that we can tailor services to different groups and track changes in projected lifetime pathways and costs, the valuation population is broken down into segments, based on characteristics and proximity to the private market. The proximity to market measure uses the amount of IRRS paid to the household – households receiving less than \$150 a week are included in the ‘closer to the market’ segments, whereas those receiving more than \$150 are defined as ‘less close’.

As at 30 June 2015, there were approximately 150,100 adults in social housing, on the social housing register or who had left social housing in the previous year. Figure 5 below shows the number of adults in each segment and demonstrates the relative size of each segment.

Figure 5: Approximate number of adults by segment

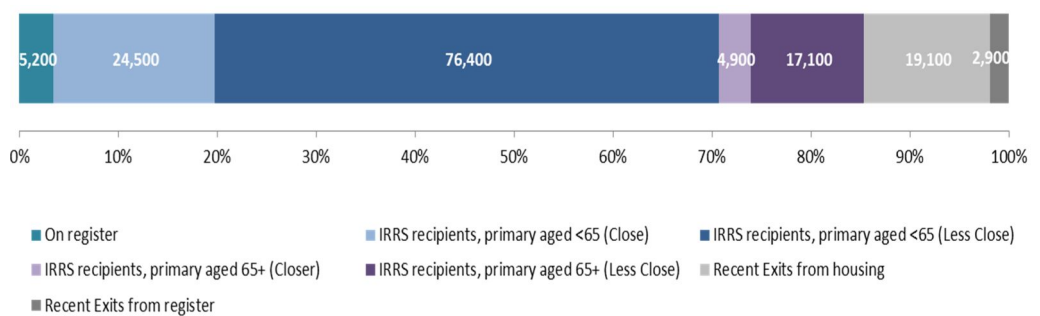


Figure 6 that follows provides a regional view of the percentage of ‘closer’ and ‘less close’ segments, as well as the number of people on the register. It also shows the projected future years in social housing (for people in social housing and excluding those on the register) by region.

<sup>2</sup> The estimate of future housing-related costs in the valuation does not include the cost of capital.

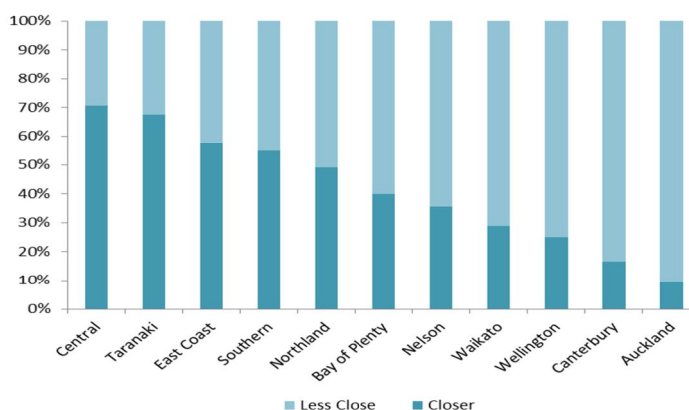
Figure 6: Percentage of 'closer' and 'less close' households and average projected future years in social housing by region



Proximity to the private market varies greatly by region.

As shown in figures 6 and 7, the proportion of households that are 'closer' to the private market varies greatly by region, with 90% of households in Auckland receiving more than \$150 IRRS per week, and therefore being considered 'less close' to the private market. However, in some regions there is a much more even split.

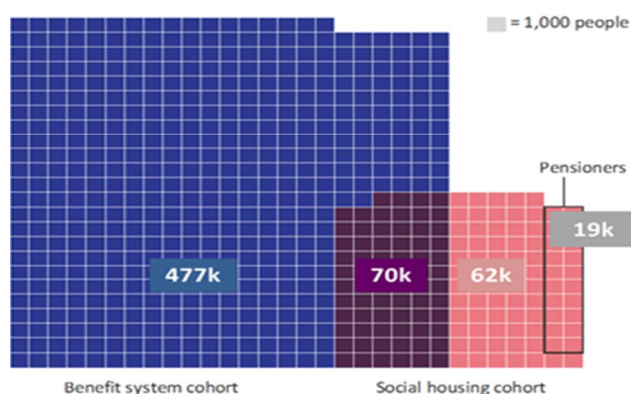
Figure 7: Percentage of 'closer' and 'less close' households by region



MSD has recently released the 2016 valuation of the welfare system. The 2016 welfare valuation included social housing data for the first time, showing the overlap between the two populations and how risk factors (such as Corrections history or intergenerational benefit receipt) influence across both systems.

There is a large crossover between the social housing and welfare populations, as shown in figure 8 below. Almost half of the people who are in or close to social housing also receive a benefit<sup>3</sup>, and approximately a quarter of those not receiving a benefit receive NZ Superannuation.

Figure 8: Crossover between welfare and housing populations



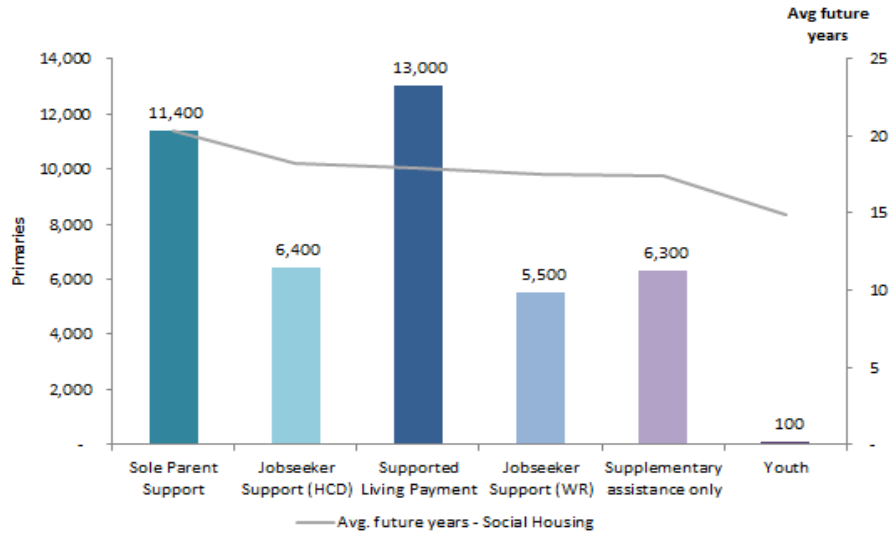
Almost half of people in social housing are receiving a benefit.

There are approximately 67,500 separate households in social housing or on the register – these households may have multiple adults living in them and many also have children. The graphs that follow provide demographic information at a household level as at 30 June 2015, using the benefit type, ethnicity and gender of the primary tenant.

<sup>3</sup> The social housing cohort for the welfare valuation includes all adults who have been in social housing or on the social housing register at any point during the 12 month valuation period.

There is little difference in projected future years in social housing regardless of benefit type.

Figure 9: Approximate number of primary tenants receiving a benefit and average projected future years in social housing by benefit type<sup>4</sup>



More than half of primary tenants on a benefit and in social housing are receiving Sole Parent Support or Supported Living Payment. Although people receiving Sole Parent Support are projected to remain in social housing the longest, there is little difference in duration regardless of benefit type.

Note that the people in the 'Supplementary assistance only' group included in figure 9 above do not receive a main benefit but do receive some other assistance from MSD, such as Disability Allowance or Childcare Assistance. Figure 9 does not include people in social housing who are receiving NZ Superannuation or who receive no financial assistance (other than IRRS) from MSD.

Almost two thirds of households have a Māori or Pacific primary tenant. Two thirds of households have a female primary tenant.

Figure 10: Ethnicity of primary tenants in social housing

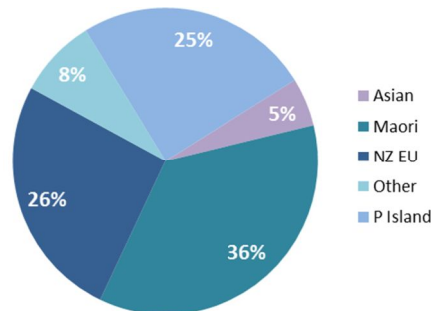
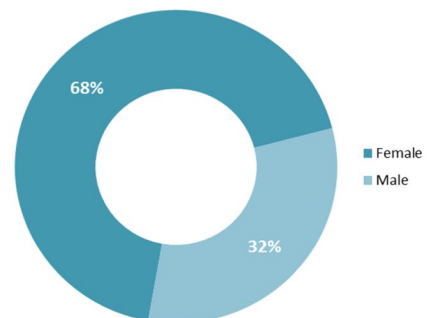


Figure 11: Gender of primary tenants in social housing



One in three households has a Māori primary tenant, and one in four has a Pacific primary householder. Two-thirds of households have a female primary tenant, which correlates to the benefit type as shown in figure 9.

<sup>4</sup> People receiving Jobseeker Support are split between those with a health condition or disability (HCD) and those who are 'work ready' (WR). 'Youth' includes people receiving Youth Payment and Young Parent Payment.



Segments have been designed so that they can be aligned with appropriate outcomes.

## Aligning segments to outcomes

Our segmentation approach has been designed so that different segments can be aligned with appropriate outcomes. Broadly, the segments align to the following high-level outcomes:

- **People who may be at risk of needing social housing or with an unmet need:** This group may have short-term or more complex needs which, if not met, may result in them requiring emergency or social housing. It includes people in emergency housing, on the register, and people who have recently exited social housing or the register. For some, their need may be met without requiring social housing; for others, the desired outcome is a quick, supported transition into social housing.

*"I lost my job and couldn't afford to pay rent. I have nowhere to go."*

- **People near a positive exit from social housing:** This group has less complicated social circumstances and a housing need which may be met with other options. In general, they will be able to exit social housing into the private market (and sustain this exit) with little additional intervention.

*"I'm working full time now and could get my own place, I just need a bit of help with the up-front costs."*

- **People where a positive exit may be possible in the medium term:** This group have complex social circumstances, a complex housing need, are only likely to need social housing for a certain period of time or affordability presents a large barrier. They may have barriers to positive outcomes in the private market. However, with active support, it is possible for them to have a positive exit from social housing in the medium term. Support may also be necessary to help this group sustain their tenancy in social housing.

*"I'm a sole parent. I want our family to have a safe, stable home, but when my kids are a bit older and I can work more hours I'd love to find our own place."*

- **People with a near permanent social housing need:** This group has a specific set of social factors or a unique housing need that means they are very unlikely to ever achieve a positive exit from social housing. Support may be necessary to help households in this group sustain their tenancies in social housing and achieve good social outcomes.

*"I'll be on a benefit and in a wheelchair for the rest of my life. My housing provider has made changes to my house so I can get in and out easily."*



## Portfolio of investment

There are a number of social housing appropriations administered by MSD and other agencies.

The majority of social housing spend is currently allocated to purchasing social and emergency housing.

A comparatively small amount of funding goes towards supporting transitions along the housing continuum.

MSD manages a number of housing appropriations, including three Multi-Category Appropriations (MCAs) and demand-driven funding through Vote Social Development. The Ministry of Business, Innovation and Employment also administers some housing appropriations.

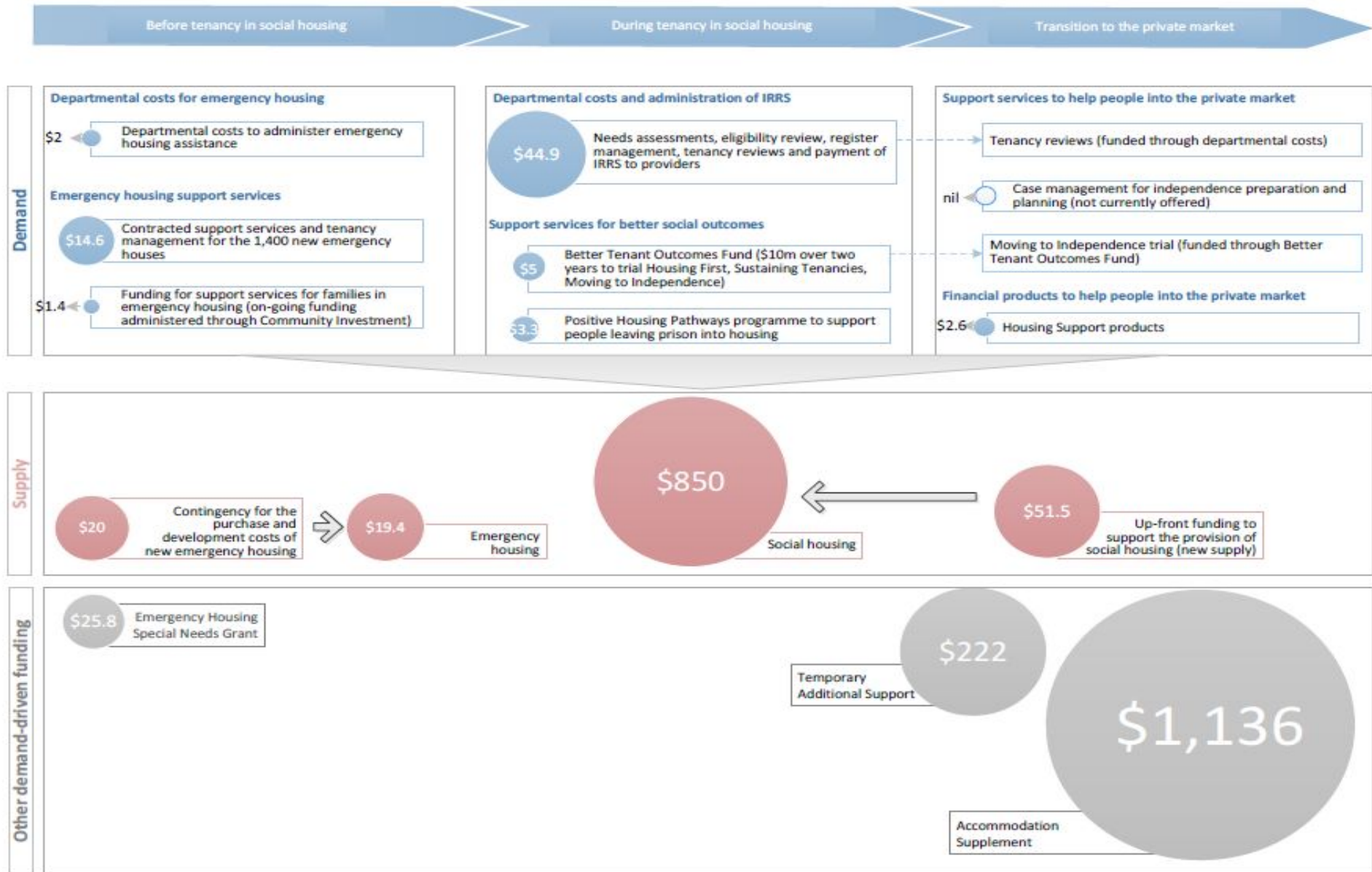
Figure 12 that follows shows at a high level how funds are currently allocated across different stages of housing need, split between supply-side management and demand-side management:

- The majority of spend is currently allocated to purchasing social housing - \$850 million for social houses and additional funding of \$51.5 million for up-front funding to support the provision of new supply. MSD signals the price, quantity, location and configuration of the social houses it intends to purchase in the Purchasing Strategy, based on projected demand for social housing.
- A significant amount of funding is also currently required for emergency housing - \$19.4 million is allocated to emergency housing, and a further \$20 million is in contingency for the purchase and development of new emergency houses.
- MSD also has financial levers to address demand. \$44.9 million is allocated to departmental costs and the administration of IRRS. Largely this currently goes towards triaging demand for social housing through needs assessments, eligibility reviews, register management and the payment of IRRS to providers.
- A comparatively small amount of funding currently goes towards supporting transitions, with 3,000 tenancy reviews funded through departmental costs and a further \$2.6 million allocated to Housing Support products, which aim to help people move into the private market.<sup>5</sup>
- \$1.136 billion is budgeted for AS in 2016/17 and \$25.8 million for Emergency Housing Special Needs Grants through Vote Social Development.

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<sup>5</sup> The Housing Support Products aim to address barriers to accessing or retaining alternative housing by meeting needs not covered by other forms of assistance. They are available to existing social housing tenants, people on the register, or people who have contacted MSD about social housing but who could retain alternative housing with some assistance. Assistance available includes bond grants, letting fees assistance and rent in advance.

Figure 12: Existing housing funding across different stages of housing need



Note: All figures in millions and for 2016/17 relevant housing appropriation unless otherwise specified.

Social housing spend is shifting from focusing on purchasing housing and administering IRRS to support a range of transitions. More funding is being invested in tailored services for clients.

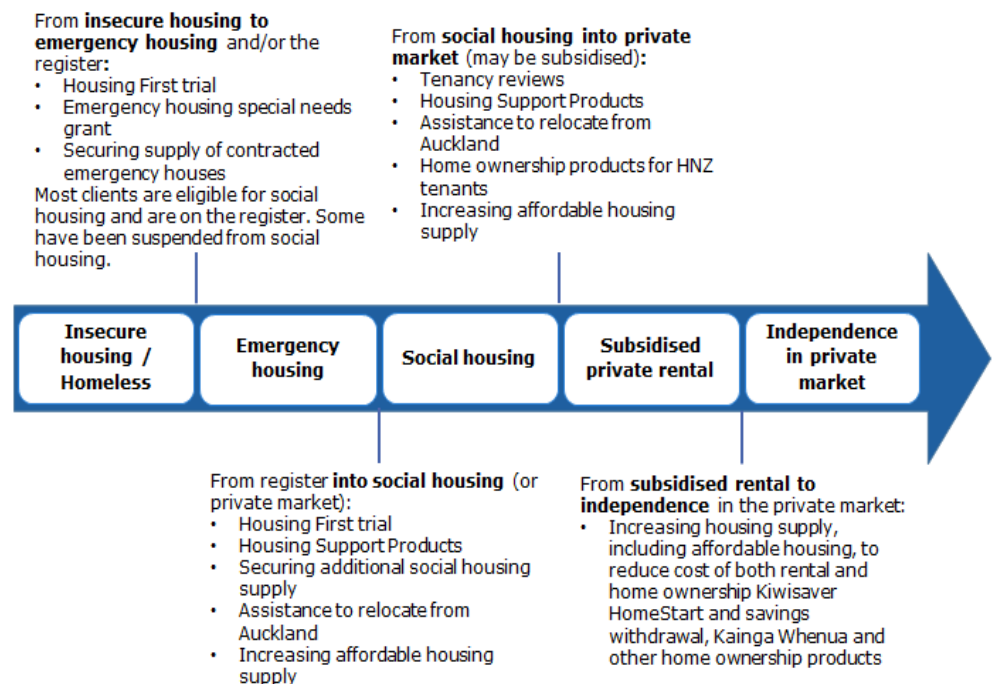
## Directional shift in spend

Overall, government has increased its investment in social housing. MSD is shifting the direction of its portfolio of investment in a number of ways to achieve the best possible outcomes from social housing:

- Rather than focusing spend only in a particular area (managing demand for social housing through administration of IRRS and purchasing social housing), funding is shifting to also support a range of transitions.
- Spend on supply is focused on increasing emergency and transitional housing, as well as more social housing. There is a focus on price and volume growth through IRRS.
- More funding is being invested in services for clients, and these services are tailored around households' circumstances and needs rather than taking a generic, one-size-fits all approach.

The initiatives currently underway across government agencies to support transitions along the housing continuum are shown below. This includes the more tailored services that are being tested and which are detailed in the 'Investment priorities for 2017/18' section that follows. These services will be added to in the upcoming year.

*Figure 13: Initiatives underway to support transitions across the housing continuum*

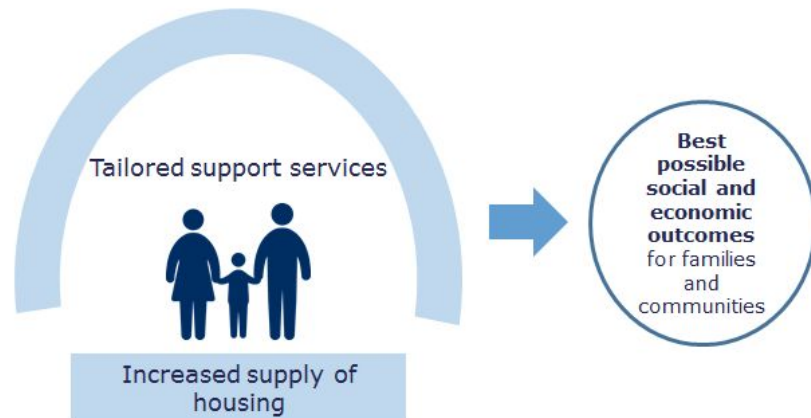


# Investment priorities for 2017/18

MSD's focus in 2017/18 is on increasing supply and expanding tailored service offerings to support transitions along the housing continuum.

Investment priorities for 2017/18 have been determined using the information currently available – the 2015 valuation and SIA test case. We will continue to build our evidence base on how social housing contributes to broader outcomes.

In 2017/18, MSD is focused on increasing supply and expanding its tailored service offerings. The focus is an integrated support system where supports are well targeted, so that people can access what they need and are supported towards achieving the best possible outcomes.



We are moving away from a one-size-fits-all approach to housing. This shift will ensure that responsive support is available that helps to increase positive transitions (such as supporting people to increase their income so that they are able to sustain themselves in the private market) and prevent negative transitions (for example, churn between social and emergency housing). This is in line with MSD's broader shift over recent years, which has seen a growth in the number of tailored services aimed at supporting employment outcomes and has resulted in an increase in the number of positive exits from the welfare system.

In late 2016 and early 2017, we began trialling new housing initiatives aimed at improving outcomes for different groups and gaining a greater understanding of the most effective ways of supporting people. In 2017/18, we will continue filling out these more-tailored service offerings – this will involve continuing the trials currently underway and introducing new initiatives.

MSD's priorities are determined using information on the needs and projected future pathways of people in the housing system, and on how housing can be used to support people towards the best possible outcomes. As previously discussed, we are building this evidence base and information will become richer and have more operational value over time.

Priorities for 2017/18 are detailed below. They have been selected using the information currently available, specifically the 2015 social housing valuation and the high-level findings from the SIA's analysis of social housing's impact on cross-sector spend.

We are focused on increasing the supply of social housing, and ensuring that social houses are the right size, configuration and in the right location.

Responding to need for emergency and transitional housing is also a priority

The Sustaining Tenancies initiative aims to support people who may be at risk of a poor exit from social housing.

### Increasing the range and supply of social housing options

In order to improve transitions along the housing continuum and address key drivers of need, MSD must have the right housing stock to meet demand. A key priority in 2017/18 is ensuring that there is a sustainable supply of good quality housing that meets the long-term needs of social housing tenants.

Up-front funding has been allocated to the provision of new social housing supply, and we have already signalled our intention to purchase over 6,400 additional social houses (including where and what size to match changing demographics) by June 2020 through the 2016 Social Housing Purchasing Strategy. We will update these purchasing intentions each year to reflect changes in demand.

In the long-term, if we are successful in tailoring our service offerings to improve transitions along the housing continuum and addressing drivers of housing need, demand for social housing will reduce. Over time, this will be reflected in the Purchasing Strategy, as fewer social houses will be needed overall.

### Responding to need for emergency and transitional housing

Over time, increasing the supply of social housing will help reduce the need for services which provide temporary support to people in housing crisis.

We have established a panel of providers to deliver a target of 2,158 transitional housing places in 2017, with associated support services. Transitional housing is for an average of 12 weeks while tenants' needs are assessed and longer-term housing and support is organised. As more transitional housing becomes available across New Zealand, we expect need for Emergency Housing Special Needs Grants (for motel stays) to decline.

### Supporting people who may be at risk of an adverse exit to remain as successful social housing tenants

The 2015 social housing valuation highlighted that 21% of exits from social housing were socially poor outcomes related to household circumstances, such as termination of a tenancy or prison, and that these negative outcomes could potentially be improved with more active support.

The Sustaining Tenancies initiative, a partnership between MSD and Housing New Zealand, was launched in early 2017 and provides tailored support for people in Auckland, Wellington and Christchurch who may be at risk of an adverse exit from social housing. People participating in the initiative are supported to maintain their tenancy, with the aim of using stable housing as a platform to address underlying social issues and improve the household's broader outcomes. It is also expected to reduce

Housing First aims to support homeless people into stable housing and to use this as a platform for improving social outcomes.

We are providing tailored support for people who are close to the private market to transition from social housing.

churn through social housing, as people will be supported to remain in their house rather than exiting and re-entering the Housing Register.

The Sustaining Tenancies initiative will continue in 2017/18. Evaluation will help us better understand the additional needs of social housing tenants who may be at risk of an adverse exit, and whether a stable housing base and other support services contributed towards improved social and economic outcomes.

#### Supporting people who are homeless into sustainable housing

The Housing First initiative was launched in Auckland in late 2016. It is an international model which has been successful in Canada, the USA and the United Kingdom. It is based on evidence that when people are housed first, then aligned with other support services they need to be successful in their lives, the cycle of homelessness stops.

The initiative seeks to support people to sustain longer-term housing and improve their social and economic outcomes over time, for example through employment or education opportunities and access to healthcare. As well as improving individual household outcomes, supporting homeless people into stable housing will reduce demand for emergency housing, and is expected to result in cost savings to government and society more broadly.

We will continue the Housing First initiative in 2017, and have secured funding through Budget 2017 to expand to different regions outside of Auckland. Evaluation will focus on whether people remained housed or returned to homelessness, as well as whether people secured other benefits, such as stable (or increased) income or better education.

#### Supporting people who are close to the private market to exit social housing

There are some households in social housing paying market rent for their property for a range of reasons. Through segmentation of data in the social housing valuation, it is also evident that there are a number of households that are 'closer' to the private market based on the amount of IRRS they receive, and who could potentially be supported to transition out of social housing.

We have had success in supporting people into the private market through the tenancy review process. In 2017/18, a new initiative will be designed that leverages off this success to provide more tailored support to people who are close to a positive exit from social housing to move into the private market.

Through this intervention, we expect to see improved transitions, as more positive exits from social housing will mean that households with a greater housing need are able to enter.



Funding has been secured to provide stable housing and support services for people exiting prison.

### Supporting people exiting prison into sustainable housing

The SIA's research into social housing's impact on cross-sector spend found that there is reduced cost to Corrections for people in social housing, compared to a cohort with similar characteristics but not in social housing. The research also found that, on average, being in social housing appears to shorten the durations of community service, home detention, remand and prison. Further research is needed to understand why.

Funding has been secured through Budget 2017 for an initiative that provides sustainable housing for people exiting prison and supports successful integration into the community through tailored services.

We expect to see those who are supported through this initiative remaining in housing long-term, and achieving positive social outcomes such as reduced reoffending, increased educational or employment participation and increased pro-social connections in their communities.

## Working in partnership with the housing sector

We have begun testing innovative ways of working with providers and tenants, and will continue to do this as it implements new initiatives.

MSD has strong partnerships with the housing sector. Through the initiatives already underway (Housing First and Sustaining Tenancies), we have begun testing innovative ways of not only better supporting people in social housing, but also in the way we work with providers of social housing.

The housing sector can use this Investment Strategy as a clear indication of the direction in which we intend to develop our housing function. As signalled in this document, we will trial new initiatives for different groups of clients in 2017/18. Housing providers have played and will continue to play an important role not only in delivering these initiatives, but also in co-designing them with MSD and with social housing tenants. Strong collaboration with the housing sector will be critical for the success of these initiatives.



## Enhancing and integrating the investment approach

MSD is putting the building blocks for an investment approach in place. As these develop, our approach will mature and the capability to prioritise potential investments will deepen.

In future years, we will better integrate housing and welfare to take a more holistic view of need.

MSD is in the process of embedding an investment approach to social housing. Each year our approach will mature – both in identifying which investments and services generate the most value in terms of social outcomes and in better integrating social housing with other areas. This has been the experience in the welfare system, where each subsequent valuation has given greater insight into the drivers of long-term benefit receipt and allowed us to better target interventions.

A number of the key components for the successful delivery of an investment approach to social housing are still being developed, most significantly a more robust understanding of how social housing contributes to broader outcomes and a way to measure success in achieving these outcomes. Feedback loops from the initiatives already underway and those that result from the Investment Strategy will contribute towards building this understanding, as will research underway between MSD and other agencies.

Over time, as the investment approach matures, we will further deepen our capability to prioritise potential investments and make high-quality investment decisions that maximise a wider set of outcomes.

In future years, we will also increasingly consider the welfare and housing systems together. This will mean designing and evaluating interventions across both systems and enhancing how we deliver services across both welfare and housing, based on a more holistic view of the drivers of need.