# The 2015 Social Housing Valuation:Frequently Asked Questions

The valuation covers the period 1 July 2014 to 30 June 2015. It therefore does not reflect changes implemented as part of the Social Housing Reform Programme beyond 30 June 2015.

**What is the valuation and what will it be used for?**

The purpose of the valuation is to provide information about New Zealanders’ projected lifetime housing pathways and costs to assist MSD to manage the social housing system.

This first valuation sets a baseline that will become the point of reference for understanding how the social housing system is evolving over time.

Specifically, the baseline valuation will help MSD:

* understand what factors are likely to increase clients’ needs for social housing and what the lifetime cost of these needs will be
* focus our efforts on those areas that will make the biggest difference for our clients
* identify the most effective use of our spend on social housing places
* understand what demand for social housing will look like in the future, including the types of places that will be required
* understand how housing support, including accommodation support and the income-related rent subsidy (IRRS), work together
* provide benchmarks which in future years can be used to understand the impact of policy changes and MSD’s performance.

Looking at future liability enables us to move towards a longer-term perspective of service needs when helping people, rather than just focusing on shorter-term outcomes. Incorporating a future liability focus into social housing is about better targeting of services to people who will benefit most from them, and who are in greatest need of assistance.

The use of an actuarial valuation helps us identify the clients we should focus on and gives us useful information to guide how we work.

This valuation captures the first full year that MSD had some responsibility for social housing and builds on similar valuations done annually since 2011 on the benefit system.

**What is included in the valuation and what is the valuation population?**

The valuation is an estimate of the future housing-related costs for households currently in or ‘close to’ the social housing system. Households ‘close to’ the social housing system are defined as those in a social housing property, or on the social housing register, at any time during the year ending 30 June 2015. In all, this equates to about 150,000 adults and 67,500 households in scope for the 2015 valuation.

The valuation reports household lifetime housing cost (which is the sum of individual lifetime costs for adults in a given household), as movements in housing state typically occur at a household level.

**Surely if you’re helping the right people liability will go down?**

We won’t be looking to reduce liability each year, in fact if we do the right thing and house the people who are most in need, this liability will go up. We’ll group the clients in each year’s valuation and measure the liability of each group over time.

**Why hasn’t this been tied in with the welfare valuation?**

The benefit system and social housing valuation models are joined up in so far as we are taking a person-centric approach to people’s benefit and housing needs. There is a large crossover between the social housing and benefit system populations. About half of the people in social housing also receive a benefit, and a quarter of those not receiving a benefit receive NZ Superannuation.

**How does the valuation affect people already in or needing social housing?**

There is no change to people’s entitlement to, or provision of, social housing. The valuation will change how we work with clients in helping to house those most in need.

**What is an ’actuary’, and what is a ’valuation’ in this instance?**

Actuaries are professionals who measure the long-term financial impact of risk and uncertainty, typically in the context of either private or public insurance.

An actuarial valuation is an estimation of how much something is ’worth’. In this case, it provides information about New Zealanders’ projected lifetime housing pathways and costs.

**How will it be used to improve performance?**

This first baseline valuation provides a benchmark which we can look back at in future years to track progress and measure how effective new initiatives, policy and projects have been at helping those most in need.

It gives us the data to better understand the factors which are likely to increase our clients’ needs for social housing, and focus our efforts on those areas that will make the biggest difference for our clients.

**Will the liability be reported on the Crown Accounts?**

No. The future cost of the social housing system will not be reported as a liability on the Government’s balance sheet. The purpose of the valuation is to estimate the future cost in order to shift the focus of the social housing system toward improving outcomes over the long term.

**Will the Government be partially or fully ’forward funding’ the liability in social housing system?**

It is simply not feasible to put aside $16.4 billion now to meet the future cost of adults currently in social housing or on the register. Instead we can get the gains from an investment approach by tracking the long-term costs without necessarily setting aside New Zealanders’ tax money.

**Is the valuation used to measure the first Better Public Services (BPS) result for housing (BPS Result 8) which has a target to reduce the time to house for Priority A clients from the social housing register by 20 per cent by 2021?**

The valuation won’t be used to measure BPS 8 as it does not separate out clients who are housed by priority status. Also, the valuation is only produced once a year – for BPS 8 we will use more up-to-date information from other sources.

**How does the valuation link to MSD’s Social Housing Purchasing Strategy?**

The valuation is one of the tools used to support evidence-based decision-making, including on the types and locations of properties required for social housing in the future. The Purchasing Strategy draws on the valuation as well as other information.

**How has valuation informed the Social Housing Reform Programme response and shows we’re on the right track?**

Initiatives underway now are addressing some of the valuation’s key findings. The Government has moved to address issues of increased demand for housing which has impacted on affordability. For example,

* MSD through its purchasing intentions has signalled its intention to purchase an additional 6400 social housing places by 2010, which will increase the number of places from 66,00 to 72,000
* New funding of $354m has been introduced to respond to an increase in demand for emergency and transitional housing to support people with nowhere to live.
* The government’s Crown Building Project will deliver an extra 34,000 houses in Auckland, including 13,500 new social houses and 20,600 affordable and market homes.
* The government has signalled its intention to increase Accommodation Supplement rates for people in private accommodation.

A range of initiatives have been introduced to meet the needs of particular groups of tenants in social housing now, on the register or are homeless.

* Housing First in Auckland is targeting people with high and complex needs and who are homeless or sleeping rough. Evidence shows that stable housing is a vital step to helping them turn their lives around. Government has signalled its intention to roll this out to other centres around New Zealand.

Positive Housing Pathways will provide social housing for people leaving prison, to help them reintegrate successfully into society and stop reoffending.