

## Housing and jobs – Budget 2020 CHA analysis

The housing appropriations for the 2020/21 financial year are a continuation of the previously announced approaches and priorities. No transformational changes are indicated at this time. The implementation of the Homelessness Action Plan is a clear priority and CHA supports this effort to ensure homelessness is rare, brief and non-recurring. High level numbers include a commitment to 6,000 additional public homes and 2,000 transitional housing places. How many of these 8,000 are targeted for new builds is not indicated.

In our media release last week, we indicated our initial assessment of the housing Budget is that it was half of what is needed to see all New Zealanders well-housed. With the opportunity to further review the details, our assessment appears to be correct. Here are some numbers for context.

Current Housing Register	16,309	(March 2020 Housing Quarterly Report)
Budget new public homes	<u>6,000</u>	
Unmet need	10,309	
Prior budget public homes	6,400	
Less homes delivered	<u>4,670</u>	(11/1/2017-31/03/2020)
Additional supply remaining	1,730	
Remaining unmet need	<b>8,579</b>	<b>or 53% of current Housing Register</b>

The main funding commitment is \$5 billion of additional borrowing authority to Kāinga Ora. This brings the total borrowing authority to \$12.1 billion, with \$11.02 billion approved under the current Government (<https://kaingaora.govt.nz/investor-centre/>). For community housing providers, the Income Related Rent subsidy is still the sole source for delivery of new supply. The Budget provided an increase of \$115 million to total \$1.2 billion. No announcements have been made to indicate the re-introduction of upfront funding, despite the findings of the Public Housing Expenditure Review report (<https://www.hud.govt.nz/news-and-resources/statistics-and-research/public-housing-funding-review-2019/>) stating the cost to Government is equivalent to the current Operating Supplement approach.

Resourcing to support those who are homeless or at risk of homelessness is ramped up. The transitional housing places are supported by an allocation of just over \$150 million, with \$31 million of that allocated to supportive services. Emergency Housing Special Needs Grants (EHSNG) are increased by nearly \$42 million to total just under \$240 million. The Emergency Housing Support Package, which provides products and services to help families with children who are living in emergency housing with

EHSNG support, has doubled to \$2.6 million. The Sustaining Tenancies programme (inferred as not specifically named) is budgeted at nearly \$50 million, an increase of \$13 million. Housing First appears to also have received increases for both places and services. However, the budget information is still under review to confirm exact numbers. Locally driven initiatives to respond to and prevent homelessness received just under \$6 million.

Increasing support for Māori housing provider supply and capability is a welcome sign in the Budget. Minister Nanaia Mahuta announced \$40 million to tackle the housing challenges Māori face through the MAIHI (Māori and Iwi Housing Initiative) programme. It is unclear if this amount includes the allocation of \$13 million to increase supply (up from estimated actual of \$2 million in 2019/20) and \$3 million to increasing capacity of Māori housing providers to contribute to homelessness prevention in the HUD budget. There are also on-going programmes in Te Puni Kokiri supporting Māori housing delivery.

Progressive home ownership allocations signal a commitment to the continued implementation of the \$400 million announced in September 2019. Community Group Housing received a flat level of funding across all its categories.

The Accommodation Supplement (AS) is increased by \$630 million to total \$2.367 billion to support private renters and, to a lesser extent, home owners. The number of AS recipients is projected to reach 431,400 in 2020/21; an increase of almost 110,000 recipients over 2019/20. It is then projected to gradually decrease as the economy recovers and employment increases. CHA continues to question whether the Accommodation Supplement is delivering the quality and affordability of homes commensurate with the huge spend. We believe a similar spend dedicated to permanently affordable rental homes will achieve better outcomes.

We are still trying to clarify points related to the Budget and we will add more information as it comes to light.

**Chris Glauzel, CHA Deputy Chief Executive**

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