



MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

National Office, Bowen State Building, Bowen Street, Wellington 6011, PO Box 1556, Wellington 6140 - Facsimile: 0-4-918 0099

19 July 2011

IN CONFIDENCE

Inquiry into Housing Affordability
Productivity Commission
PO Box 8036
WELLINGTON 6143

Dear Inquiry Team

HOUSING AFFORDABILITY ISSUES PAPER

Thank you for providing us with an opportunity to comment on this document. Housing affordability is an important issue for many New Zealanders, particularly those whom MSD works with on a daily basis. Tim Hughes and Nick Carroll from my team are happy to meet with you to discuss how we can support your inquiry.

There are several areas you may want to consider, or explore in more depth, for your subsequent report:

- Many high-needs households rely on social housing. Social housing, in turn, shapes the general affordability of housing for low-income people. As such, the recent report of the Housing Shareholders Advisory Group is relevant to your work. Following this report, Government has established the Social Housing Unit, which is preparing a Social Housing Investment Strategy. You may wish to place your recommendations in this context.
- Work and Income administers the Accommodation Supplement. As at June 2011, 308,551 beneficiaries, New Zealand Superannuation recipients, and low-income non-beneficiaries received this support. For these recipients, the Accommodation Supplement plays an important part in determining what standard of housing they can afford.
- The Office for Disability Issues advises that, particularly for older people and people with disabilities, housing design affects safety and accessibility. Some design features can reduce the upfront construction cost, thus appearing to improve housing affordability, but can impose higher retrofit costs later on. Similarly, poorly designed houses can have lower building costs, but pose higher lifecycle costs in terms of heating, maintenance requirements, and health effects.
- Declining levels of home ownership have the potential to substantially affect people's wellbeing over the life course. In particular, wellbeing in retirement is linked to home ownership.


- Housing markets can affect labour market flexibility. If the housing stock can not easily expand in areas where employment growth is strong, then it becomes more difficult for people to move in response. In turn, this can limit beneficiaries' ability to enter employment.

You may wish to consider the following documents:

- Social housing – Government plans to increase third-sector provision of social housing:
 - <http://www.dbh.govt.nz/vision-for-social-housing-nz-press-release>
- Welfare Working Group – Government plans to reduce long-term benefit dependency:
 - <http://ips.ac.nz/WelfareWorkingGroup/Index.html>

We look forward to seeing detailed analysis and recommendations from your next report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Bunny', with a long horizontal flourish extending to the right.

Chris Bunny
General Manager
Employment Skills and Income Support