

THE ECONOMICS OF SOCIAL HOUSING at least according to Housing New Zealand



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**Review the financial information
in HNZC's 2013/14 Annual Report**

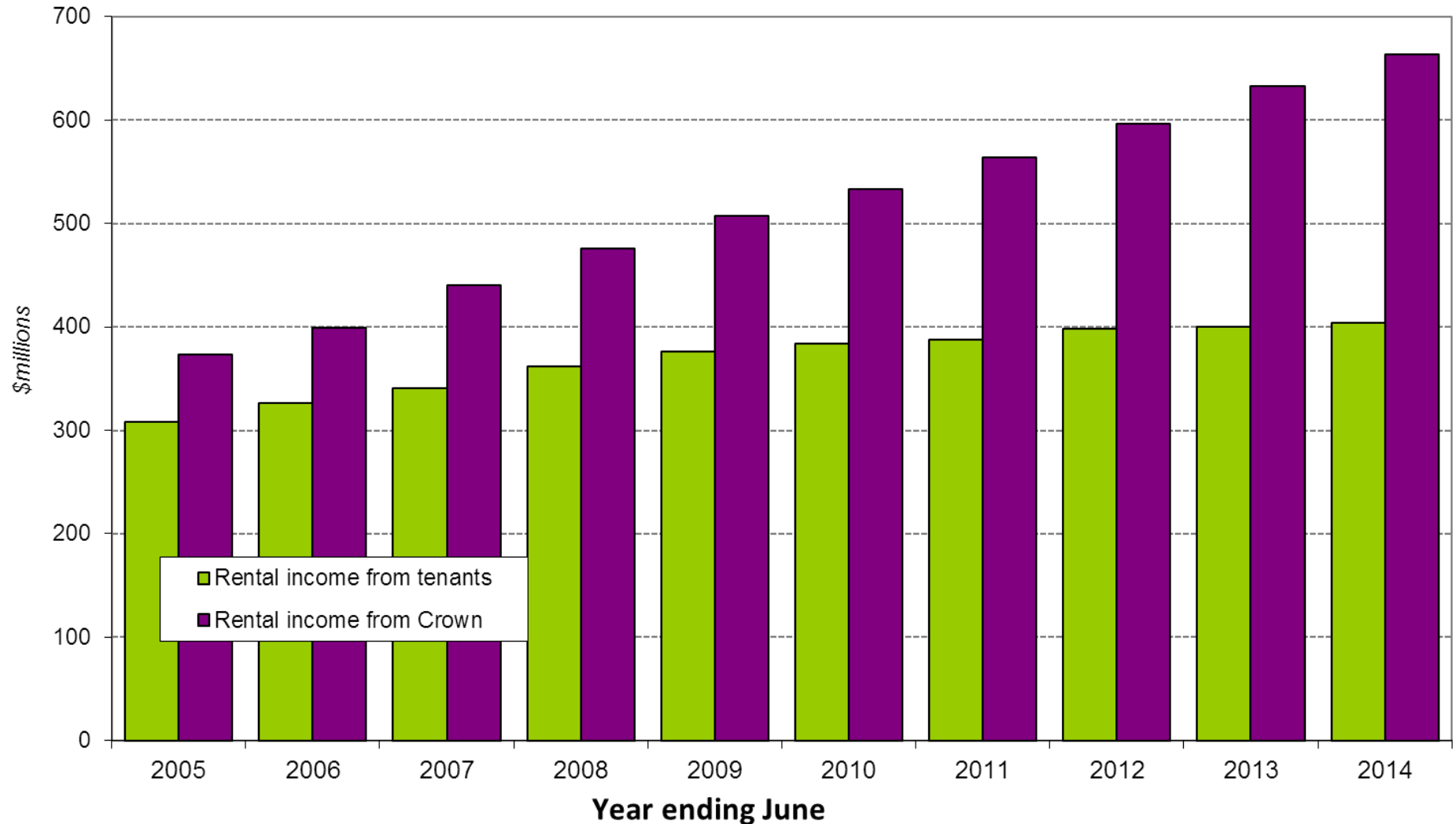


**Build a simple funding model for social
housing based on this information**



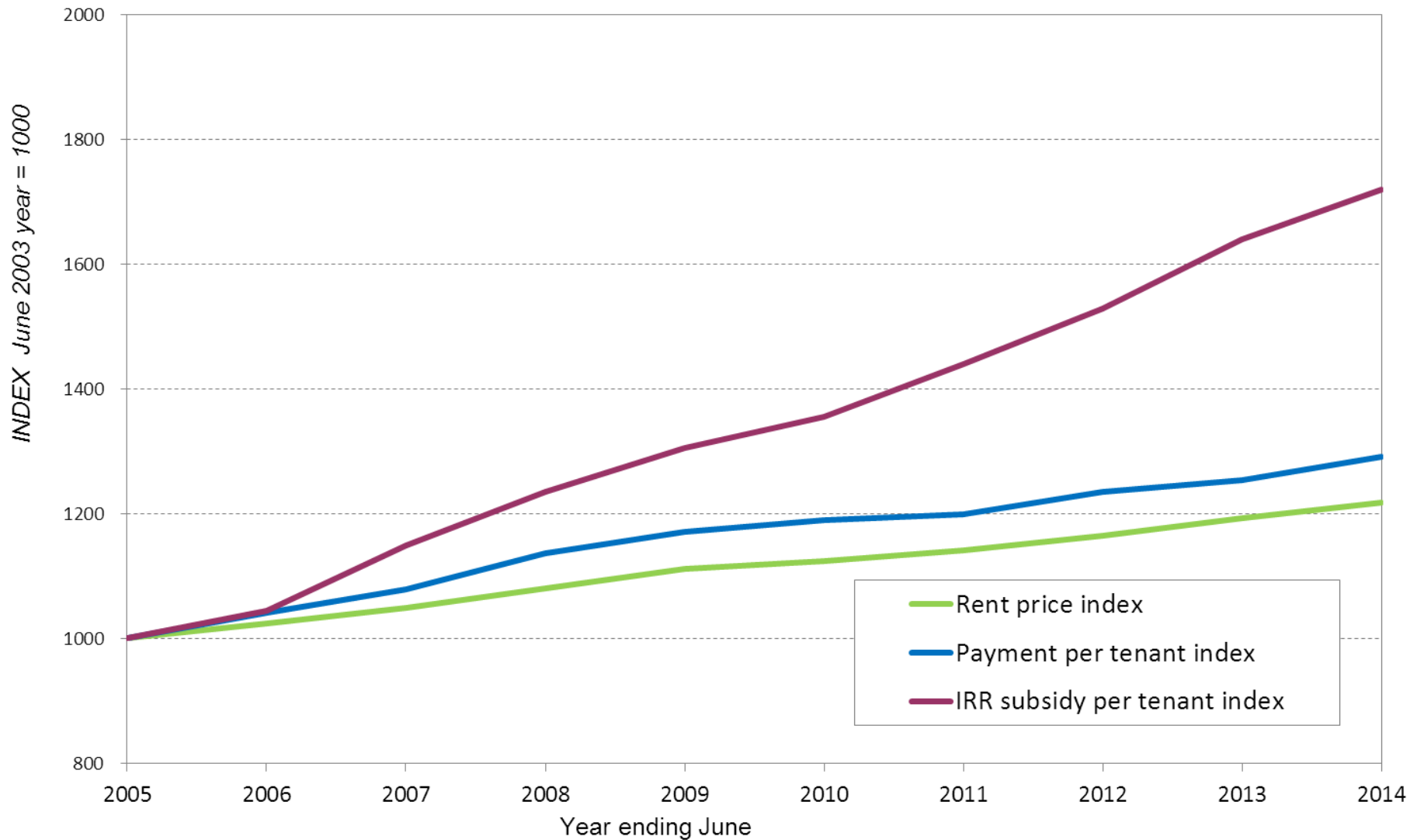
**Reflect on what this funding model
means for the development of third
sector social housing**

Housing New Zealand revenue by source



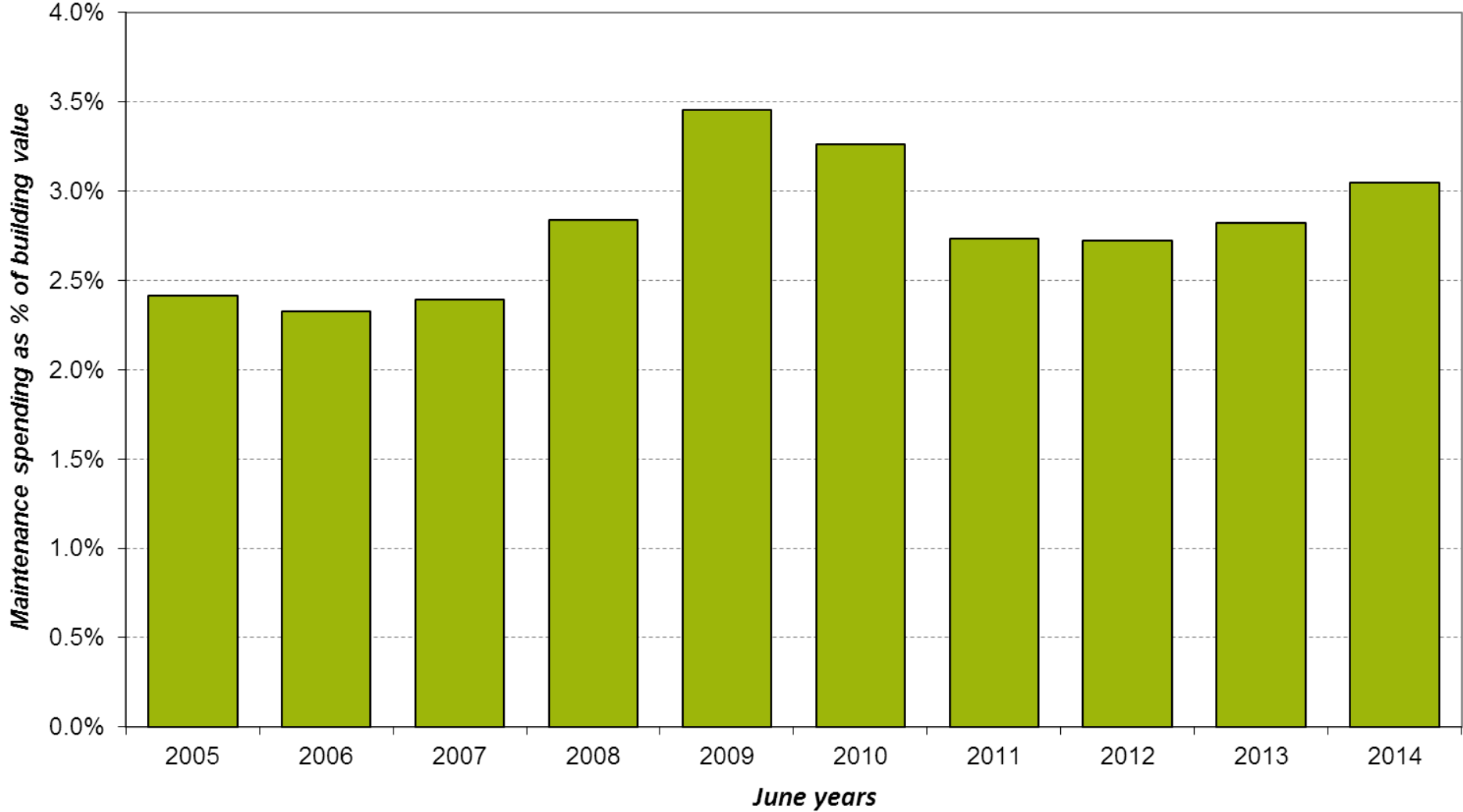
HNZC's revenue by source

The value of income related rent subsidies & rent inflation



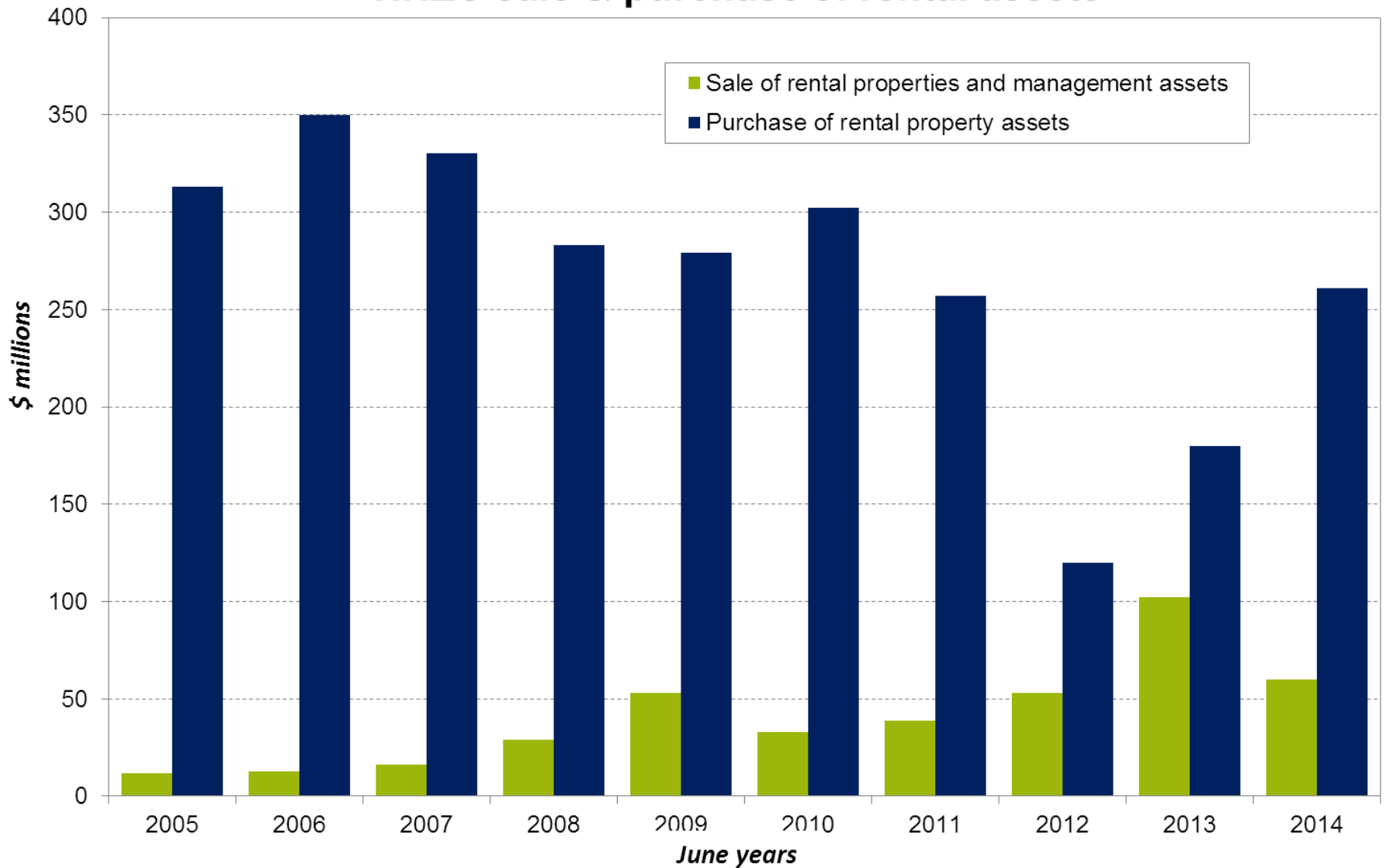
Income related rents & inflation

HNZC spending on maintenance



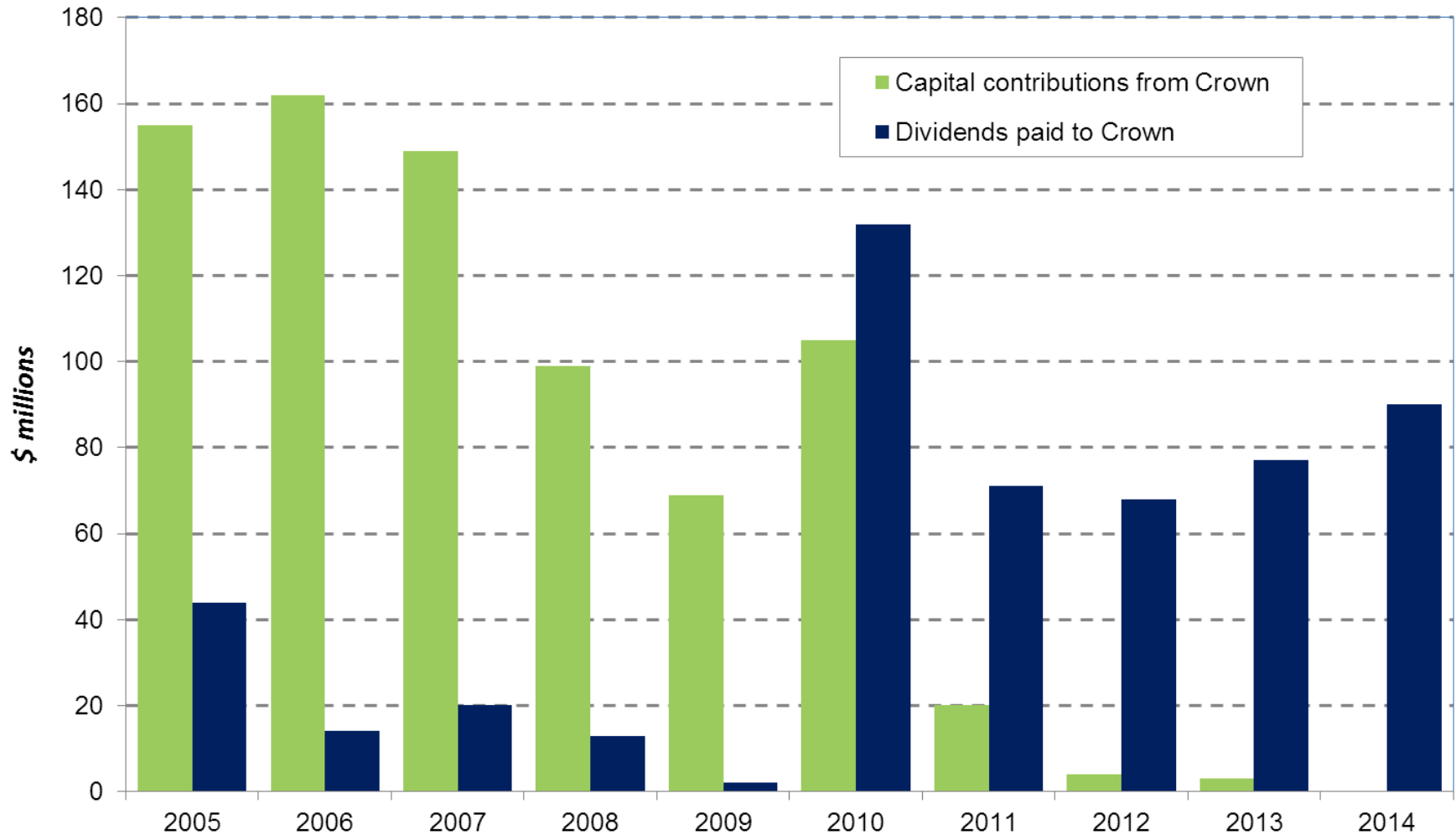
Keeping up with maintenance

HNZC sale & purchase of rental assets



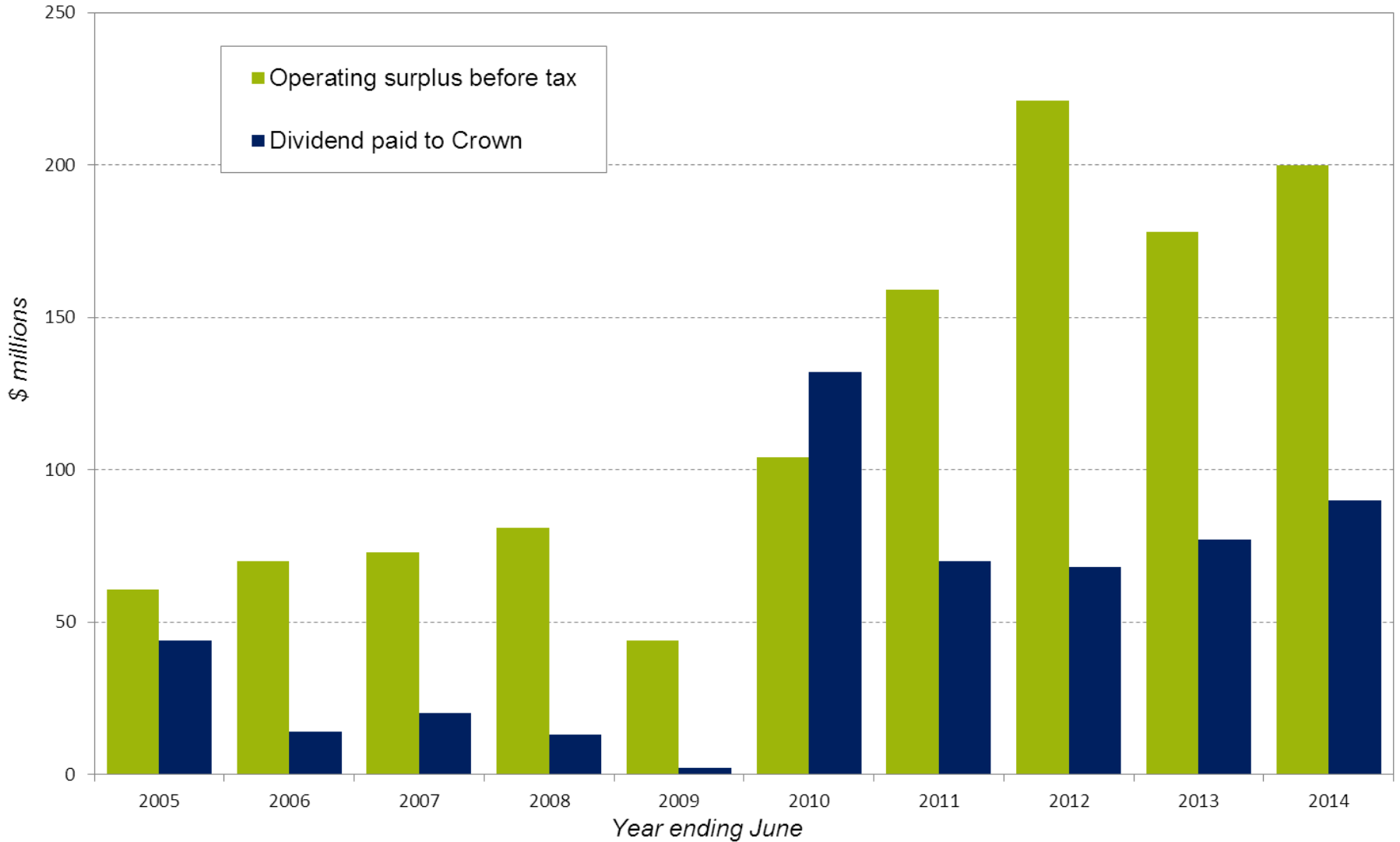
What of the big sell off so far?

Crown capital contributions to Housing New Zealand



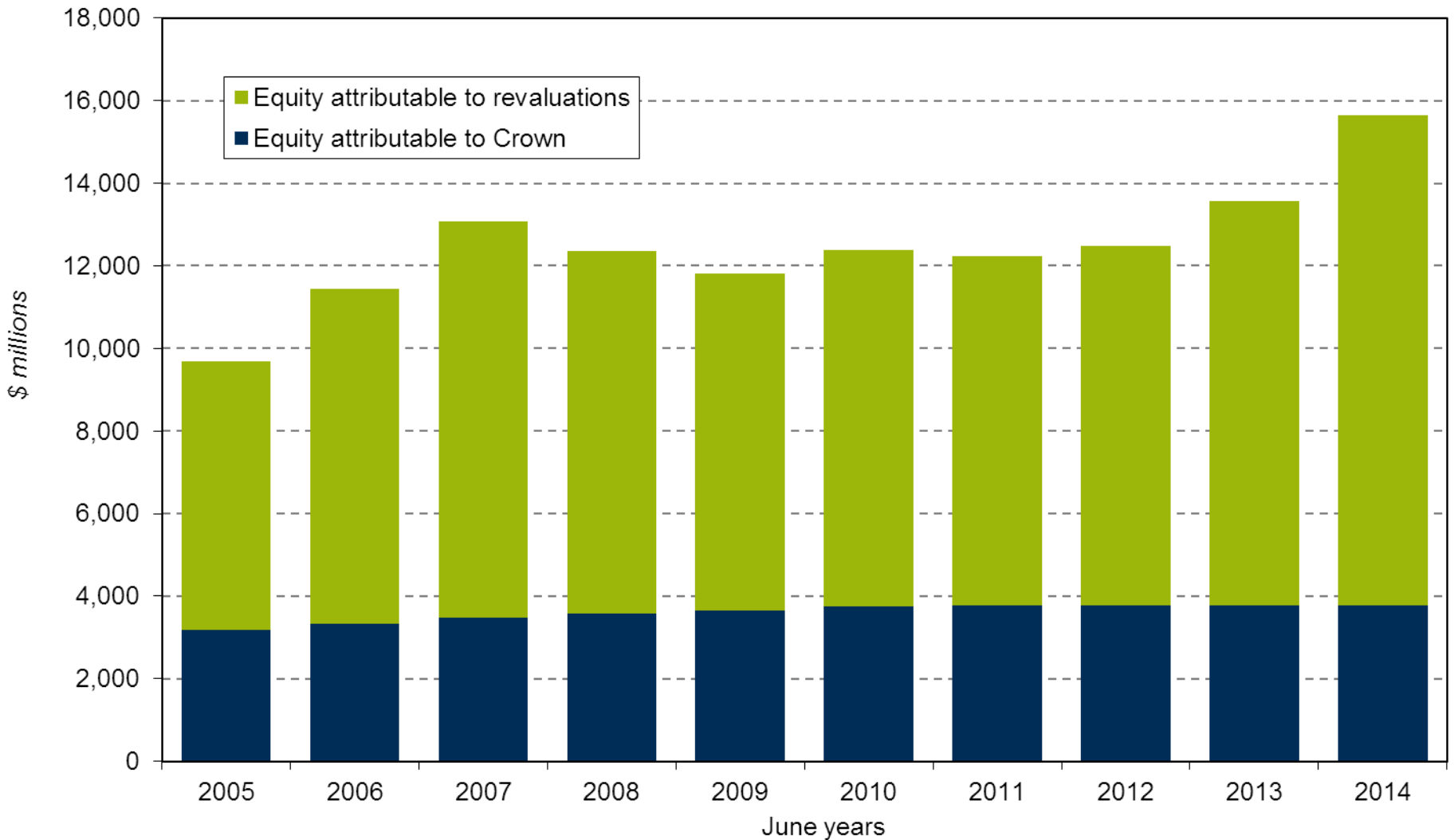
HNZC dividends & capital contributions

HNZC's surplus & dividends

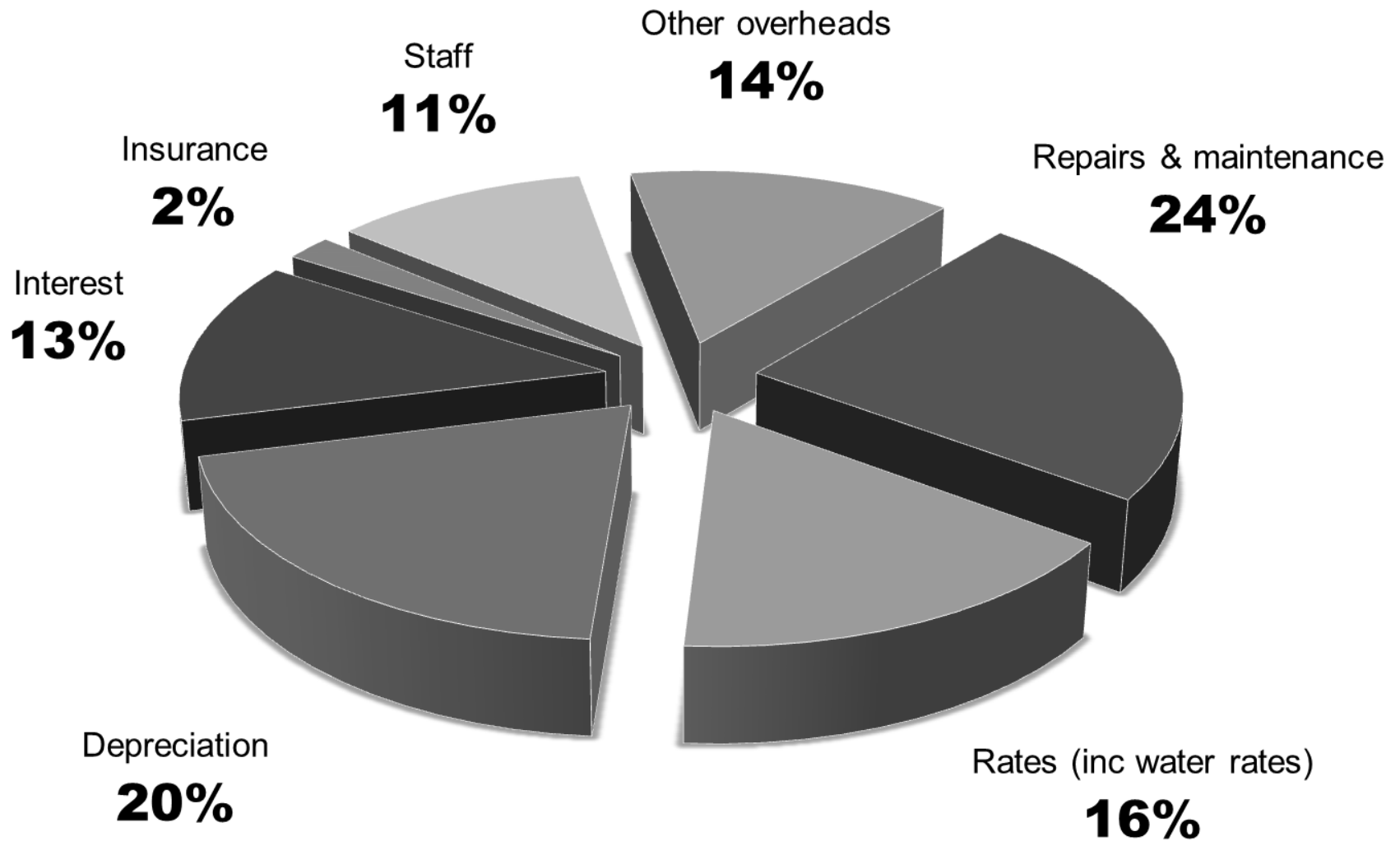


HNZC surplus & dividends

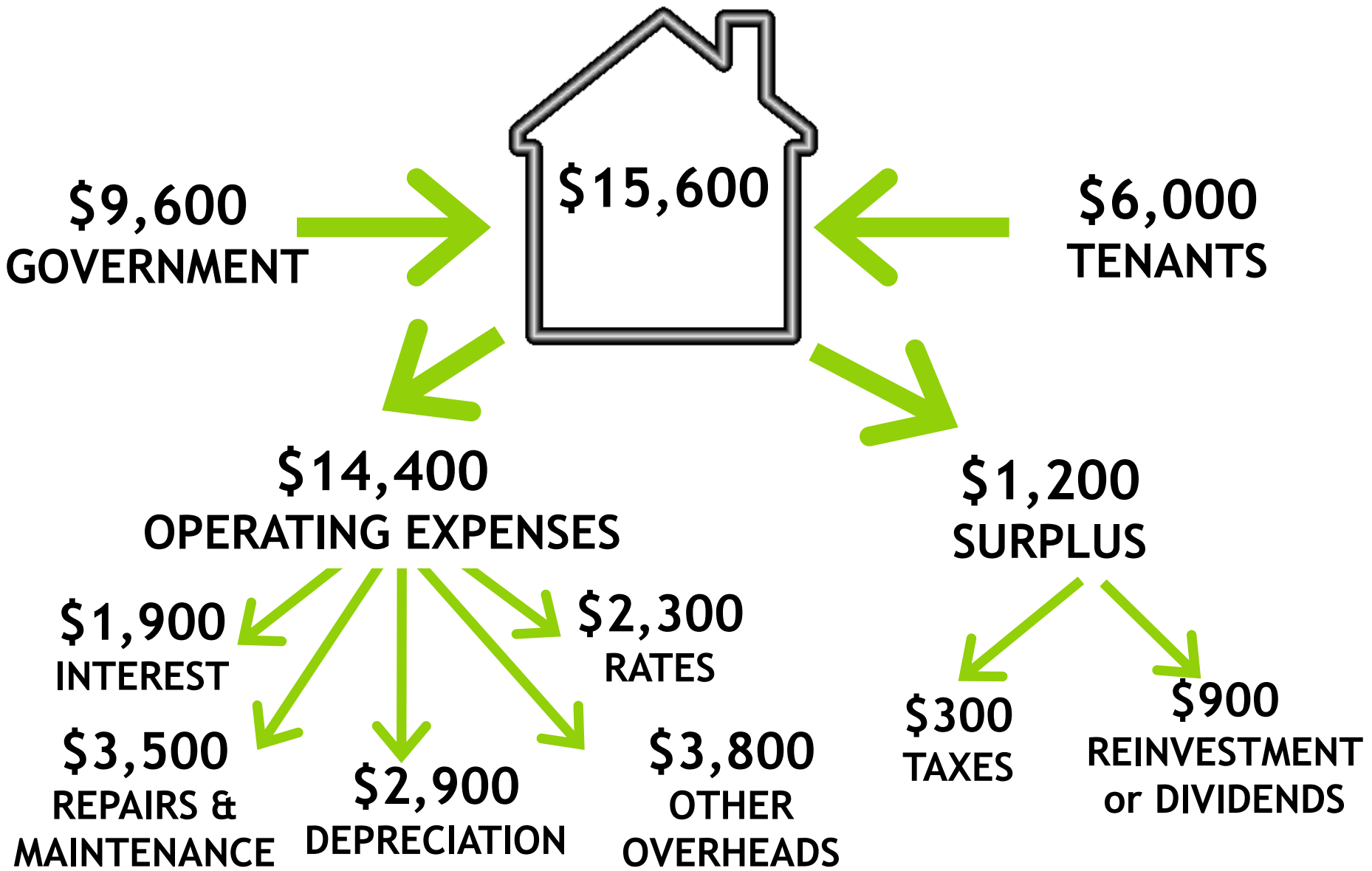
HNZC's equity by source



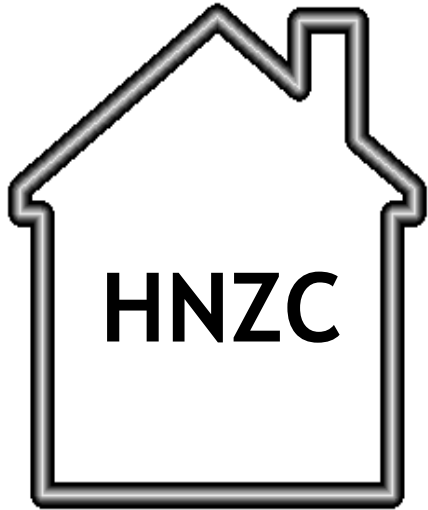
Where has HNZC's equity come from?



Distribution of HNZ operating costs



How is a state house funded?



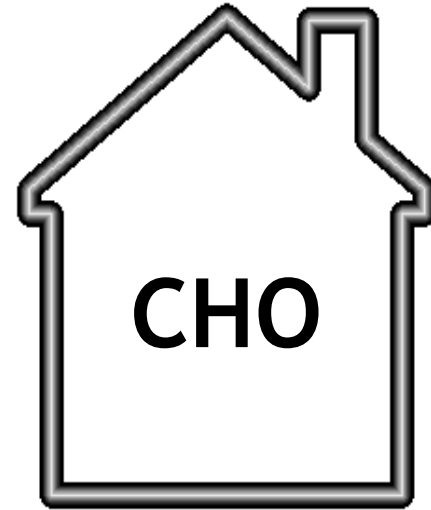
\$1,900
INTEREST

\$3,800
OTHER OVERHEADS

\$1,200
SURPLUS



2.0
TIMES



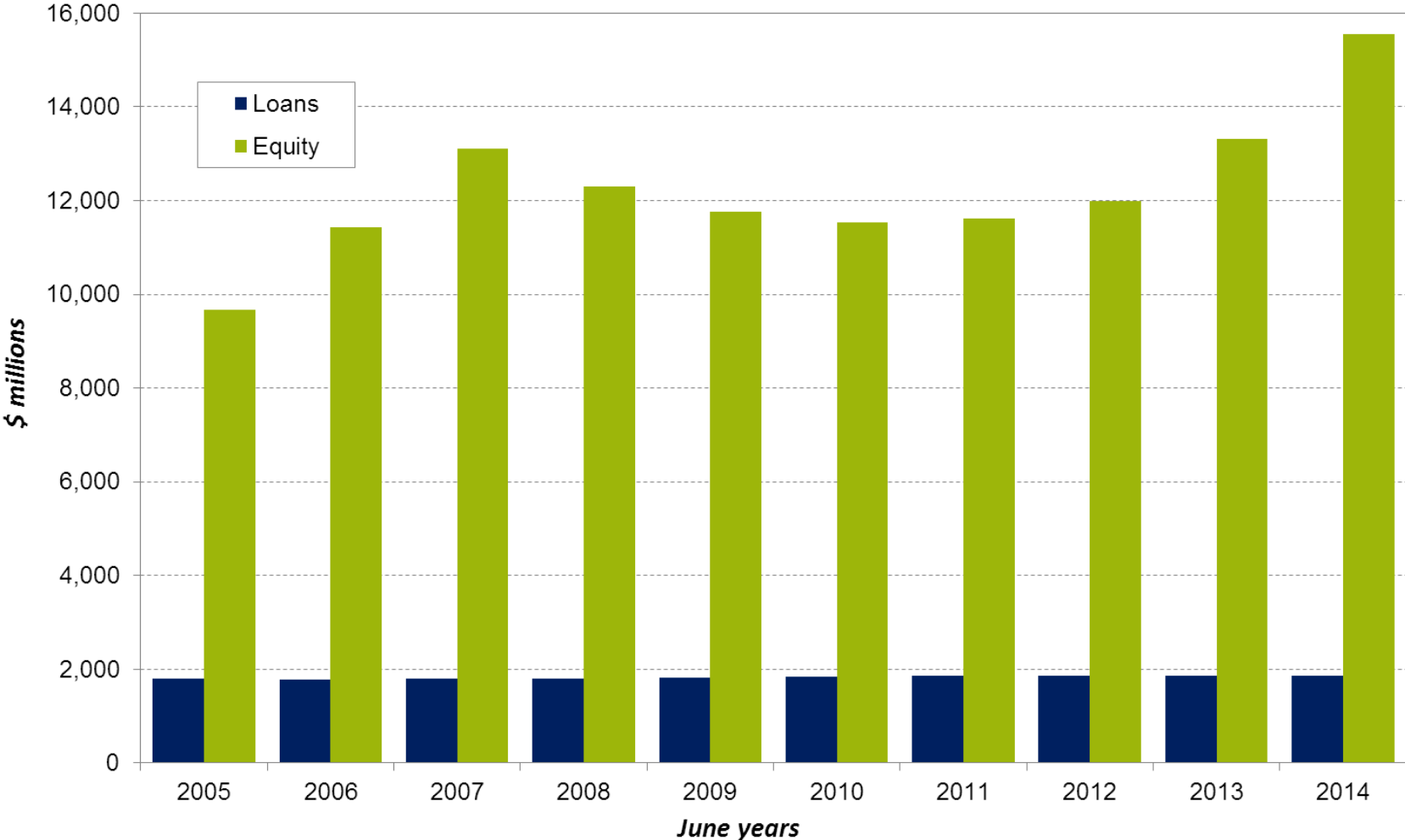
\$3,900?
INTEREST

\$2,500?
OTHER OVERHEADS

\$500?
SURPLUS

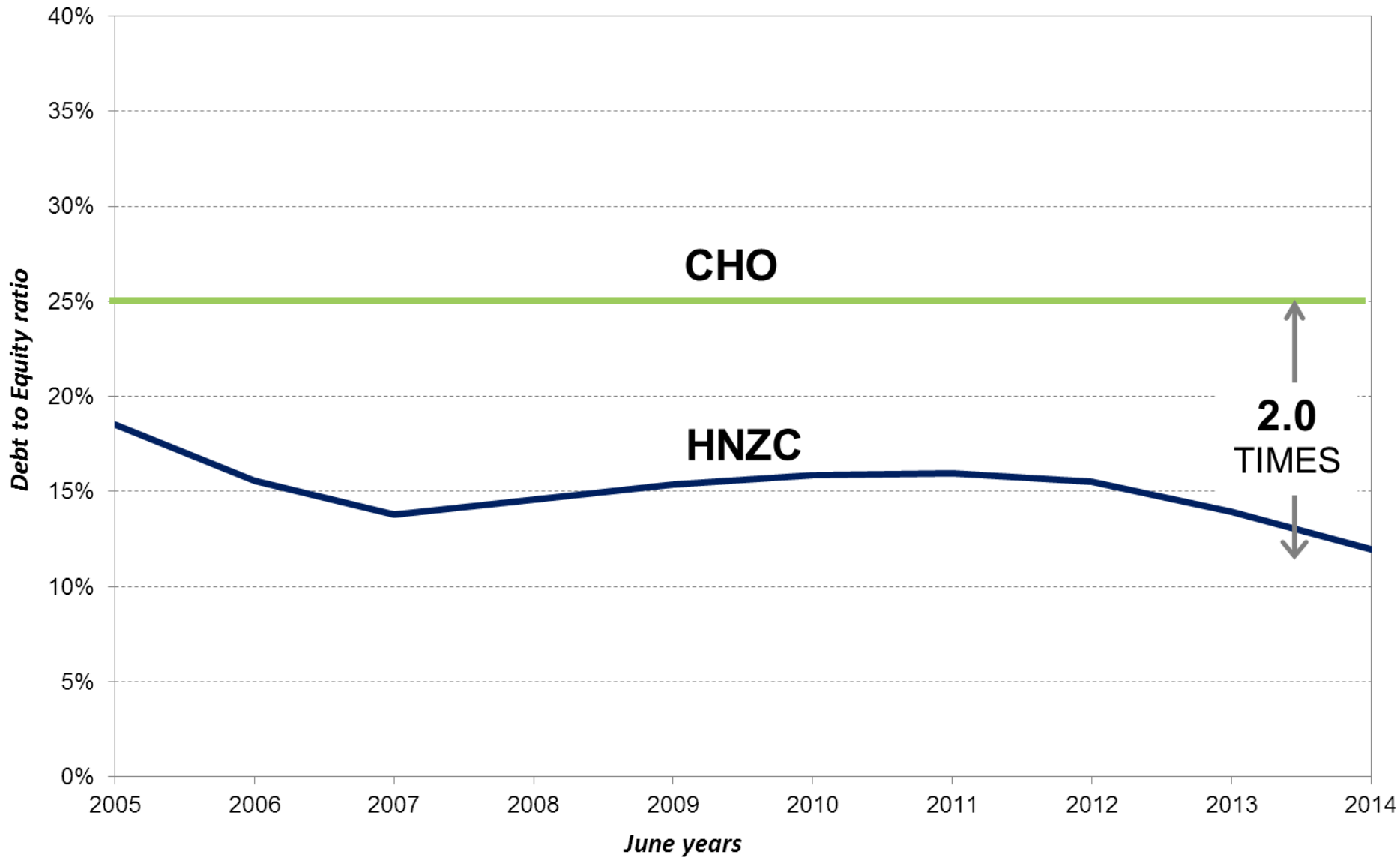
Funding other social housing?

HNZC's debt & equity



Social housing + debt

Debt-Equity ratios for social housing



Social housing + debt

THE ECONOMICS OF SOCIAL HOUSING

a conclusion of sorts



HNZ has pursued a business as usual approach to date and there is no evidence to date of any divestment



The Canterbury earthquake re-builds may however be masking other activities



HNZ's funding model has been propped up by extraordinary increases in IRR subsidies. These may not continue

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a conclusion of sorts



The viability of alternative social housing models depends on the big numbers around debt and operating subsidies



Economies of scale might work at different levels for different inputs so it cannot be assumed that CHO's will have lower overheads than HNZ



At current operating subsidies it appears unlikely that CHO's can sustain debt of more than \$70K per unit