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Report

Date:	14 April 2026	**Security Level:**	
To:	Hon Chris Bishop, Minister of Housing Hon Louise Upston, Minister for Social Development and Employment; Minister for Child Poverty Reduction Hon Tama Potaka, Associate Minister of Housing		
File Reference:	HUD2026-009593; REP/26/4/253		

Distributional analysis to support the Budget 2026 Housing package

Purpose of the report

1 To support Ministers ahead of final Cabinet decisions for Budget 2026, this report:

- seeks to confirm decisions on the housing initiatives for the Budget 2026 housing package
- provides analysis of the combined distributional impacts for the three housing initiatives
- provides additional information requested by the Associate Minister of Housing at the 31 March multilateral meeting.

Executive summary

2 At the Budget multilateral meeting on 31 March 2026, ministers agreed to a Budget 2026 package of housing-related income support initiatives to:

- improve pathways to housing independence by narrowing the income gap between social housing tenant and private market renters
- improve financial incentives to work

- reduce reliance on Temporary Additional Support (TAS).

3 Ministers agreed to pursue these objectives through three mutually reinforcing changes:

- increasing the amount that people in social, transitional and emergency housing pay toward their rent to 30% of their income (and increasing the contribution that people in emergency housing and transitional housing pay to 30% of their income), bringing this closer to (but usually still more favourable than) the levels paid by low-income private renters
- redeploying these savings to increase all maximum rates of the Accommodation Supplement (AS) – lifting the incomes of private renters and improving equity and incentives
- reducing the maximum rate of TAS to 25% to reflect the above inflation increases in main benefit rates that occurred over the previous two terms of parliament, reducing reliance on this payment helping to make work pay. There is also a proposal to remove Child Support as an allowable cost from TAS to ensure TAS does not cover personal liabilities.

4 Ministers have received advice previously on each of these proposals [REP/26/3/197; REP/25/7/580; REP/25/7/573; REP25/11/898], but there are key differences in the TAS and AS options that are being progressed.

5 The combined package impacts 240,000 families. There are 111,000 families who gain income (on average $14.91 per week), and 129,000 who lose income (on average $24.04 per week). Some key points to note below:

- 84,000 families with losses are in social housing and these families have an average loss of $31.02 per week. This reduction reflects the current advantage social housing tenants have compared to renters in the private market.
- 31,000 working families gain up to $25 per week, while 8,000 gain more than $25 per week. The average income gain for working families is $16.71 per week.
- Large number of main beneficiary families (approximately 94,000) lose as a result of the housing initiative package. This is due to the impacts of the Income Related Rent (IRR) and TAS initiatives.
- A small number of families (approximately 300) lose over $50 per week due to the removal of Child Support as an allowable cost from TAS.
- Compared to their proportion of the New Zealand population, Māori are over-represented in families with losses and in families that gain from the package. The average loss for Māori families is $23.85 per week and the average gain for Māori families is $15.53 per week.

- For families with losses, Pacific Peoples have the highest weekly loss of $30.75 per week. This is due to a large proportion of Pacific Peoples in social housing and larger family sizes, which means they are more likely to be impacted by the TAS maxima change.

6 Taken together the full impact of the housing initiatives is an average savings of $52 million per year, or $209 million over the forecast period. The net fiscal impact of the package is shown in Table 1.

- The changes to IRR would save an average of $92 million per year, while increasing the contribution for Transitional Housing would save an average of $5 million per year, and for emergency housing $0.7 million per year. Combined these changes result in $97 million in savings per year.
- The targeted increase to AS maxima would cost an average of $94 million per year, which includes around $35 million per year in savings to TAS as increases to AS will decrease TAS entitlements.
- The changes to reduce the TAS maximum rate and remove Child Support as an allowable cost would save an average of $49 million per year.

Table 1. Net fiscal impact of housing-related initiatives

	Fiscal year				**Four year total $m**	**Annual average $m**
	2026/27 $m	**2027/28 $m**	**2028/29 $m**	**2029/30 $m**		
Income Related Rent: Increase the tenant contribution for Social, Emergency and Transitional Housing to 30%	0.545	(89.101)	(147.282)	(151.677)	(387.515)	(97)
Accommodation Supplement: maxima increase net of consequential reduction in TAS	27.982	114.533	113.084	118.748	374.347	94
Temporary Additional Support: reduce maximum rates and remove child support as an allowable cost. Includes consequential savings from AS and IRRS	(10.397)	(59.312)	(60.998)	(64.850)	(195.557)	(49)
Total	**18.130**	**(33.880)**	**(95.196)**	**(97.779)**	**(208.725)**	**(52)**

* All figures are net of operational costs where applicable.

Recommended actions

It is recommended that you:

1 **note** that this paper provides distributional and fiscal information for initiatives for the housing-related income support changes for Budget 2026

2 **note** that the initiatives in this paper are consistent with what was discussed at the Budget multilateral on 31 March

3 **agree** to the following housing-related income support changes for Budget 2026 initiatives which will be implemented on 1 April 2027:

Initiative	Annual average ($m)	Total over forecast period ($m)
Increase tenant contribution for social housing (IRR) to 30%	**(92)**	**(367)**
Increase contribution for Transitional Housing to 30%	**(5)**	**(22)**
Increase contribution for Emergency Housing to 30%	**(0.7)**	**(3)**
Increase the Accommodation Supplement maxima by between $10 and $30 per week	**94**	**374**
Temporary Additional Support – Maxima change and removal of child support as an allowable cost	**(49)**	**(196)**
Total	**(52)**	**(209)**

AGREE / DISAGREE

4 **note** Final Cabinet policy decisions on these proposals will be made when Budget 2026 decisions are taken.

Jeremy Steele

General Manager, Housing Supports and Supply, Ministry of Housing and Urban Development

14/04/2026

Date

Hayley Hamilton

General Manager, Housing, Employment and Labour Market Policy, Ministry of Social Development

Date

Hon Chris Bishop

Minister of Housing

Date

Hon Louise Upston

Minister for Social Development and Employment; Minister for Child Poverty Reduction

Date

Hon Tama Potaka

Associate Minister of Housing

Date

Confirmed components of the package

7 Ministers discussed a package of changes to housing-related income support subsidies as part of Budget 2026. Collectively these initiatives begin to transform this system in line with the Review of the Social Housing System objectives of improving equity, pathways to independence and making work pay.

8 At the Budget multilateral meeting on 31 March 2026, ministers agreed that this package would involve three mutually reinforcing changes:

8.1 increasing the amount that people in social, transitional and emergency housing pay toward their rent to 30% of their income (and increasing the contribution that people in emergency housing and transitional housing pay to 30% of their income), bringing this closer to the levels paid by low-income private renters

8.2 redeploying the savings achieved by 8.1 into an increase in all of the AS maximum rates – lifting the incomes of private renters and improving equity and incentives

8.3 reducing the maximum rate of TAS to 25% to reflect the large above-inflation increases in benefit rates that occurred over the last two term of parliament, reducing reliance on this payment helping to make work pay. There is also a proposal to remove Child Support as an allowable cost from TAS to ensure TAS does not cover personal liabilities.

9 The implementation of the IRR changes will be phased over 14 months. The IRR will be reassessed at the tenant's annual review or change in circumstances, whichever comes first. MSD then advises the housing provider of the new rate of IRR and the provider is required to give the tenant 60 days' notice of any rent increase

10 The AS and TAS proposals differ from those that have been the subject of previous advice, but are consistent with the draft Reviewing the Social Housing system Cabinet paper you received on 2 April 2026 [REP/26/4/251]. Further detail on the AS and TAS changes is provided below.

Accommodation Supplement (AS)

11 At the 31 March meeting, Ministers agreed to reinvest the savings from the increase to IRR, into increases in the maximum rates of AS. The proposal is to increase all maximum rates by between $10 and $30 per week, based on what would be required to increase maxima by 20% of what a full update for rent growth since the last maxima increase would require.

12 The confirmed costs of the maxima change on its own is $94m annually, when averaged over four years, which is close to the savings generated by

the IRR increase ($92m annually, averaged over four years). The proposed increases for each AS Area and family type are set out in Table 2 below. All AS areas would rise by at least $10 per week, with increases of $10 for a 1 person family, $15-20 for a 2 person family, and $20-30 for a 3+ person family. The increases are scaled so that there are larger proportionate increases in locations where rent growth has been highest since the last maxima adjustment. To note, this update does not reallocate locations between AS Areas, where rents may have significantly increased.

Table 2. Changes to AS maxima by household size and AS area

Household size	**AS area**	Status quo	New rate	Increase
1 person	**1**	$165	$175	$10
	2	$105	$115	$10
	3	$80	$90	$10
	4	$70	$80	$10
2 people	**1**	$235	$250	$15
	2	$155	$175	$20
	3	$105	$125	$20
	4	$80	$100	$20
3+ people	**1**	$305	$325	$20
	2	$220	$245	$25
	3	$160	$190	$30
	4	$120	$145	$25

13 When considered alongside the TAS proposal the group of people that benefit from the AS change will depend on individual circumstances. The group of recipients most likely to directly gain from the package are people currently receiving AS at the maxima but who are not also receiving TAS (most likely non-beneficiary AS recipients). Receipt of TAS will reduce the gains from the AS initiative in two ways:

- due to the way the TAS formula works, any increase in AS will result in a direct reduction in TAS due to its 100% abatement from additional income
- for people who are at the TAS maxima and the AS maxima, the increase to AS will mean they gain but they will lose more from the reduction in the TAS maxima.

14 The proposal reduces TAS use by $35m annually, when averaged over four years.

Temporary Additional Support (TAS)

15 TAS is a hardship payment, intended as a last resort to help people with their regular ongoing essential living costs that cannot be met from their income

and other resources. It is intended to be temporary, and is paid for 13 weeks, after which people may reapply for support.

16 TAS has a complex formula which compares a person’s income from all available sources to their essential costs, and pays a portion of any resulting income deficiency, up to a maximum.

17 The number of TAS recipients increased from 97,137 in September 2018 to 113,706 at the end of February 2026. Expenditure rose from $227.510 million in 2017/2018 to $601.625 million in 2025/2026. The use of TAS on an ongoing basis (longer than the intended 13 weeks) is largely driven by increases in housing costs and exacerbated by the non-adjustment of the AS. This has meant increasing numbers of people are eligible for TAS, due to their housing costs and these costs cannot readily be reduced within a 13-week period. More recently, increases to main benefit rates which were not completely reflected in the TAS formula and the new category of allowable costs for child support arrears, have exacerbated reliance on TAS.

Proposal to reduce the maximum payment rates of TAS

18 Like AS, TAS is subject to a maximum rate to control costs and avoid situations where excessive costs are subsidised by the government. The maximum rate is 30% of the applicable rate of main benefit.

19 Over the previous two parliamentary terms main benefit rates have had discretionary increases and have been increased by significantly more than inflation. The rate of benefit for a single adult aged 25 or over on the Jobseeker benefit, for instance, rose by around $85 per week over and above inflation. Due to the link between the TAS maxima and the main benefit rate, this has led to an increase in the maximum rates of TAS, and therefore increased TAS entitlements. This is despite the significant additional income that was made available to recipients via increases to main benefits. It is worth noting that some of the additional expenditure on TAS is the result of the non-update of the AS maxima during the same period. The proposal in this paper is to account for how those benefit rate increases flowed through into the TAS formula, by reducing the maxima from 30% of the main benefit rate, to 25% for main benefit recipients only.

20 The maxima change will not apply to those receiving New Zealand Superannuation/Veteran’s Pension as they did not get the same discretionary increases over that time.

21 This proposal will reduce the degree of reliance on TAS, particularly for those with higher housing costs. It will also improve financial incentives to work as it increases the gap between benefit and work, and reduces the income range of which TAS’ dollar-for-dollar abatement occurs. In the absence of other changes, it does however widen the gap between private renters receiving

the TAS maximum rate and those in social housing, working against the objectives of the Review of the Social Housing.

Proposal to remove Child Support liability as an allowable cost

22 There are around 8,000 people receiving TAS to help pay their unpaid Child Support liability. This is a recently added allowable cost category that was introduced into the TAS formula alongside the decision to pass-on Child Support payments to beneficiaries. This provision is contrary to the general policy intent that TAS (and government support more generally) is not available to cover personal liabilities (such as court fines, child support or student loans). Formula-assessed Child Support liability will be removed as an allowable cost for TAS.

How the TAS Formula works

23 We have provided a worked example in Table 3 below to show the functioning of the formula, and how both the AS and TAS proposals interact with the calculation of TAS.

24 The example shows the situation a sole parent with one child (aged two) in Auckland would be in if they were receiving the maximum rate of TAS. The family receives Best Start Tax Credit, to be consistent with the example families used in previous advice.

Table 3. Worked example of proposed TAS changes

	Weekly income (outgoings)		
	Status quo	**Proposed changes**	**Change**
Sole Parent Support benefit	$532.00	$532.00	-
Family Tax Credit	$152.00	$152.00	-
Accommodation Supplement	$235.00	$250.00	+$15.00
Temporary Additional Support	$160.00	$133.00	-$27.00
Best Start Tax Credit	$78.00	$78.00	-
Total weekly income	**$1,156.00**	**$1,145.00**	**-$11.00**

25 In this example, the sole parent is receiving both the maximum rate of AS and the maximum rate of TAS. The increase in AS maxima in Auckland means that the family's income increases by $15 per week. That extra $15 of income from AS is then recognised as additional income in the TAS formula, and the maximum rate of TAS is reduced due to the TAS policy change by $11, resulting in an overall reduction of TAS by $27 per week.

26 Assuming that the person has only rent as an allowable cost (other common costs include disability related costs) they will have an overall reduction in their income by $11 per week.

27 Appendix 1 shows how TAS entitlement is calculated for the example in Table 3, step by step.

Impacts on the key policy objectives

28 This package has three main objectives:

- improving pathways to greater independence from social housing by narrowing the income gap between social and private market renters, consistent with the Review of the Social Housing system objectives
- improving financial incentives to work
- reducing reliance on TAS.

29 There will be many different individual circumstances, and a wide range of possible outcomes from the combined package.

30 Table 4 below sets out the impacts of the package against scenario families used in previous reports [HUD2026-009151 & REP/26/2/077; HUD2026-009424 & REP/26/3/166]. It sets out 1 April 2027 total weekly incomes after housing costs comparing the status quo to the housing initiatives package.

31 The example families below are designed to be reasonably ‘typical’. The sole parent is assumed to live in South Auckland, the single beneficiary lives in provincial New Zealand, and the couple lives in Christchurch. Rents are based on average rents paid by AS recipients, with the exception of scenarios 1a(i) and 2a(ii) which have higher rents (ie above the median) to illustrate the impact of the proposed change to the TAS maximum rate. Employment earnings are based on the 2025 minimum wage for the sole parent and single person and $30 per hour for the couple family.

Table 4. Impacts across scenario families as at 1 April 2027[1]

	Total weekly income after housing costs				
	Status quo	**Combined package (IRR, AS and TAS)**	**IRR impact**	**AS impact**	**TAS impact**
1a: Sole Parent with 1 child, benefit, private rental in South Auckland ($620 pw), AS Area 1	$444	$444 No change		+$15	-$15
1a(i): Sole parent with 1 child, benefit, AS Area 1, higher rent that triggers TAS changes ($720pw)	$436	$425 (-$12, -2.7%)		+$15	-$27
1b: Sole parent with 1 child, benefit, social housing	$591	$557 (-$34, -5.8%)	-$34		No TAS entitlement
1c: Sole parent with 1 child, in work (25 hours at minimum wage), private rental in South Auckland, AS Area 1	$643	$658 (+$15, +2.3%)		+$15	No TAS entitlement
2a: Single person, on benefit, private rental ($320 pw) in AS Area 3	$231	$231 No change		+$10	-$10
2a(i): Single person, on benefit, higher private rental ($400 pw) in AS Area 3	$174	$165 (-$9, -5.2%)		+$10	-$19
2b: Single person, working (40 hours at minimum wage), private rental in AS Area 3	$490	$500 (+$10, +2.0%)		+$10	No TAS entitlement
3a: Couple, 4 children, on benefit, private rental in Christchurch, AS Area 2	$810	$829 (+$19, -+2.4%)		+$25	-$6 TAS reduces to zero
3b: Couple, 4 children, on benefit, social housing	$1,076	$1,034 (-$42, -3.9%)	-$42		No TAS entitlement
3c: Couple, 4 children, working (1 partner works 40 hours at $30 per hour), private rental, in Christchurch, AS Area 2	$1,093	$1,118 (+$25, +2.3%)		+$25	No TAS entitlement

32 Table 5 below illustrates the impacts of the package on the key objectives for three example families. In each case the differential in outcomes between social housing and private market renters is narrowed (for example by $22 per week in the sole parent example) and the return from exiting the benefit for paid employment is increased ($27 per week in the same example).

[1] These comparisons use MSD's Effective Marginal Tax Rate (EMTR) model to illustrate impacts on common household types. The scenarios are modelled as at 1 April 2027. Results have been rounded to the nearest dollar

Table 5. Difference between social housing and private rental and difference between benefit and work incomes

	Difference between social housing and private rental (AHC income)		Difference in income between benefit and work (AHC income)	
	Status Quo	**Package**	**Status Quo**	**Package**
1: Sole parent with 1 child aged 2 years, benefit, AS Area 1, rent = $720 per week	$154	$132 (+$22)[2]	$107	$133 (+$27)
2: Single person, on benefit, AS Area 3, rent = $400 per week	$111	$101 (+$10)	$236	$255 (+$19)
3: Couple, 4 children, on benefit, private rental in Christchurch, AS Area 2, rent = $700 per week	$266	$205 (+$61)	$283	$289 (+$6)

33 Qualitatively, there are different possible impacts depending on individual circumstances.

- Low-income working households receiving AS will benefit from the AS maxima increases, and are unlikely to see offsetting reductions in TAS as this group has generally low receipt. For work incentives, there are improvements in moving from benefit to work.
- People at the AS maxima but not receiving TAS, will see the benefit of the AS maxima increase without any offset. Those receiving TAS will see any increase in AS maxima offset by a corresponding reduction in TAS, while for those at the TAS maxima the increase in AS is likely to be smaller than the reduction in TAS due to the reduction in the TAS maxima. The TAS maxima changes further impact people who are already in hardship.

34 The combination of the changes to TAS and AS maxima will reduce reliance on TAS by reducing expenditure by 15% (or $107m) by the 2029/30 year, which is the third stated objective of this package of changes.

[2] For this table, a difference is represented as a positive number as the gap between status quo and the package has narrowed

Distributional Impacts

35 This section sets out the combined impacts on weekly income from the housing initiatives package.

- Income Related Rent changes are designed to address inequities and poor incentives between subsidies. The change negatively impacts those in social housing including people receiving a main benefit but this loss in income is in proportion to the relative income advantage they currently have compared to those in AS in the private market. To note, this group will include some people impacted by the 2025 AS boarder initiative.
- Changes to the TAS maxima are designed undo the significant increases seen in these maxima as a result of relatively large above-inflation increases in benefit rates. Due to its role as an income deficiency hardship payment, this change impacts people already in hardship.
- Changes to AS are to support RoSH objectives - to improve incentives for housing independence and to narrow the gap between the two housing subsides. For TAS recipients with high housing costs, increases to the AS maxima provides some mitigation to the impact of the TAS maxima.

36 We have used MSD's models to estimate the combined impacts of the package as at 1 April 2027, when all the changes begin to come into effect.

37 For the purposes of the modelling, we have defined people who gain or lose income support from a package by comparing their income support on 1 April 2027 to what they would have been receiving if there were no changes to policy. The impacts are cumulative for the combination of all three changes to payments. Note impacts for this report have been developed using MSD's MicroSim (MSim) model, which differ from previous advice which used Treasury's Tax and Welfare Analysis (TAWA) model.[3,4]

Distributional impacts by weekly gain or loss

38 Table 6 below sets out the number of families with gains and losses, broken down by family type, benefit type and for families with and without children.

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[3] TAWA provides analysis of clients over the whole year, while MSD provides the analysis at the point the Policy change is introduced. This means that the numbers of families winning or losing will be lower in MSD results, and the average gain/loss would generally be higher.

[4] Due to capacity constraints, it was not possible to use TAWA modelling for this report.

It also includes the number of families receiving support from MSD[5], that will experience no change in income as a result of the package. The 'no change' group includes families that do not receive the maximum rates of AS or TAS, or in social housing who do not pay an IRR.[6] It also includes people who receive an increase from the AS maxima, but experience a corresponding drop in their rate of TAS.

Table 6. Breakdown of gain and loss by family type by amount per week

	Families with losses			Families with no change	Families with gains	
	-$50+ per week	$25 - $50 per week	$0 - $25 per week		$0 - $25 per week	$25-50 per week
Family type						
Single no children	900	23,000	54,000	612,000	51,000	
Sole Parent	200	22,000	11,000	55,000	26,000	13,000
Couple, no children	1000	14,000	2,000	385,000	9,000	
Couple, with children	300	7,000	1,000	18,000	7,000	6,000
Benefit type						
Beneficiary	700	30,000	64,000	267,000	46,000	11,000
Non-beneficiary[7]	100	500	3,000	32,000	31,000	8,000
No benefit[8]	2,000	9,000	1,000	52,000		
Superannuation	30	19,000	500	718,000	15,000	
Children						
With children	500	26,000	12,000	73,000	33,000	19,000
Without children	2,000	32,000	56,000	997,000	59,000	

39 Some key points to note from the table above:

- For sole parent families – slightly more families gain from the package than those that lose, however there are approximately 22,000 sole parent families with losses between $25 and $50 per week.
- For beneficiary families – more families lose than gain, reflecting the higher take up of TAS and residence in social housing in this group. The majority of beneficiary families that lose, will have a reduction of income of between $0 and $25 per week.

[5] Includes main benefit recipients, New Zealand Superannuation/ Veteran's Pension recipients, AS recipients, TAS recipients and people living in social housing
[6] Social housing tenants paying market rent.
[7] Non-beneficiaries are not receiving a main benefit but could be receiving supplementary assistance or extra help from MSD (for example, Accommodation Supplement or Temporary Additional Support).
[8] For the purposes of this analysis, no benefit includes clients only paying Income Related Rent and not receiving any other payment from MSD.

- For families with children – slightly more gain from the package than lose. The majority of families with children that gain from the housing initiatives package gain between $0 – $25 per week. The majority of families with children that lose from the package lose between $25 - $50 per week.
- There are approximately 19,500 New Zealand Superannuation / Veteran's Pension recipients that loose up to $50 per week.
- Across the approximately 2,500 families with losses of more than $50 per week, the majority (approximately 2,200 families) are losing between $51 - $52 per week as a result of the IRR change. The remaining 300 families in this group are impacted by the change to remove child support as an allowable cost for TAS and these losses are more significant, over $100 per week or more.

Distributional impacts by geographic location

40 Table 7 sets out the number of families with gains and losses, broken down by MSD region. There are small differences between regions.

Table 7. Breakdown of gain or loss for families by MSD region

	Families with gains		Families with losses	
MSD Region[9]	**Number of families**	**Average weekly impact**	**Number of families**	**Average weekly impact**
Northland	6,000	$15.11	5,000	-$20.46
Auckland	31,000	$13.92	54,000	-$26.28
Waikato	11,000	$15.67	10,000	-$21.66
Bay of Plenty	11,000	$15.05	9,000	-$20.13
East Coast	6,000	$15.14	7,000	-$24.34
Taranaki	6,000	$15.57	4,000	-$19.39
Central	7,000	$16.30	5,000	-$20.56
Wellington	9,000	$14.37	13,000	-$24.55
Nelson	4,000	$15.14	3,000	-$22.47
Canterbury	11,000	$15.52	13,000	-$24.28
Southern	7,000	$15.37	5,000	-$21.75

[9] Work and Income has 11 geographical regions: Northland; Auckland; Waikato; Bay of Plenty; East Coast; Taranaki, (Taranaki, King Country and Whanganui); Central; Wellington; Nelson, (Nelson, Marlborough and West Coast); Canterbury; and Southern. "Other regions" refers to people managed by national units, for example, contact centres and processing centres.

Other[10]	2,000	$14.45	700	-$25.47
Total	**111,000**	**$14.91**	**129,000**	**-$24.04**

Distributional impacts by benefit type

41 Table 8 sets out the number of families with gains and losses, broken down by benefit type. There are large number of families who receive a main benefit with losses from the package of changes. This reflects the high proportion of social housing tenants and TAS recipients receiving a main benefit. Families with New Zealand Superannuation/Veteran's Pension recipients and the "no benefit" group have the highest average losses from the package. This reflects the impact of the IRR initiative and the higher incomes of these groups compared to main benefit recipients.

Table 8. Breakdown of gain or loss for families by benefit type

	Families with gains		Families with losses	
Benefit type	**Number of families**	**Average weekly impact**	**Number of families**	**Average weekly impact**
Main benefit recipients				
Jobseeker Support - Health Condition or Disability	12,000	$11.03	25,000	-$17.47
Jobseeker Support - Work Ready	12,000	$11.69	19,000	-$19.16
Sole Parent Support	21,000	$20.12	23,000	-$26.18
Supported Living Payment	10,000	$12.61	26,000	-$21.84
Youth Payment / Young Parent Payment	200	$15.27	200	-$27.92
Emergency Benefit	500	$12.76	800	-$22.12
Emergency Maintenance Allowance	200	$18.26	200	-$25.57
New Zealand Superannuation or Veteran's pension recipients				
New Zealand Superannuation / Veteran's Pension	16,000	$10.60	20,000	-$30.77
Non-beneficiaries				
Non-beneficiaries[11]	39,000	$16.71	3,000	-$15.33
No benefit[12]	-	-	12,000	-$37.41

[10] Other refers to people managed by national units, for example, contact centres and processing centres.
[11] Non-beneficiaries are not receiving a main benefit but could be receiving supplementary assistance or extra help from MSD (for example, Accommodation Supplement or Temporary Additional Support).
[12] For the purposes of this analysis, no benefit includes clients only paying Income Related Rent and not receiving any other payment from MSD.

Total	**111,000**	**$14.91**	**129,000**	**-$24.04**

Distributional impact by social housing status

42 Table 9 presents the families that gain and lose from the package based on whether they are in social housing. Note under this table, a person in social housing could be either a tenant or the primary tenant, so overall numbers do not match the number of social housing places.

Table 9. Families with gain or loss by social housing status

	Families with gains		Families with losses	
Social Housing status	**Number of families**	**Average weekly impact**	**Number of families**	**Average weekly impact**
In social housing	400	$11.89	84,000	-$31.02
Not in social housing	111,000	$14.92	45,000	-$10.82
Total	**111,000**	**$14.91**	**129,000**	**-$24.04**

43 As expected, the vast majority of families with losses because of this package are in social housing and nearly all families with gains are not in social housing. The approximately 400 families in social housing with gains are likely to be boarders receiving the AS.

Advice on impacts for Māori

44 Due to the over-representation of Māori in recipients of subsidies included in the housing package, Māori are disproportionately impacted in both families with losses from the housing package and in families that gain from the housing package. Compared to the total population of families, Māori make up approximately 40% of the number of families who are worse off (but make up 20% of the national population). These families have an average loss of $23.85 per week compared to average loss for the total population of $24.04 per week. The impacts are shown in Table 10.

Table 10. Impact on Māori families from the package

	Families with gains		Families with losses	
	Number of families	**Average weekly impact**	**Number of families**	**Average weekly impact**
Māori families	34,000	$15.53	51,000	-$23.85
Total	**111,000**	**$14.91**	**129,000**	**-$24.04**

45 Māori are slightly overrepresented in the families that gain from the housing package. Māori families represent approximately 31% of the families that gain from this package. These families have an average gain of $15.53 per week, compared to an average gain of $14.91 for all families with gains.

46 The IRR initiative in particular has a greater impact on Māori families. On the other hand, some initiatives such as the intention to improve social housing mobility can potentially improve outcomes for Māori by improving access to social housing for those with the greatest access needs. Similarly, increases to the AS maxima can provide better pathways to independence.

Distributional impacts by ethnicity

47 Table 11 below sets out the impacts by ethnicity, for MSD clients with recorded ethnicity. Pacific Peoples have the highest weekly loss when compared with other ethnic groups. This is due to the high proportion of Pacific Peoples in social housing and also reflects higher impacts due to the change to the TAS maxima.

Table 11. Families with gains and losses by ethnicity

	Families with gains		**Families with losses**	
Ethnicity	**Number of families**	**Average weekly impact**	**Number of families**	**Average weekly impact**
European	61,000	$14.65	52,000	-$20.62
Māori	34,000	$15.53	51,000	-$23.85
Pacific Peoples	11,000	$15.79	26,000	-$30.75
Asian	10,000	$15.25	8,000	-$25.21
Middle Eastern, Latin American, African	2,000	$15.58	4,000	-$28.79
Other	4,000	$14.39	5,000	-$25.15
Total	**111,000**	**$14.91**	**129,000**	**-$24.04**

Advice on child poverty impacts as package

48 We have not been able to undertake TAWA modelling of the child poverty and material hardship impacts of the package in this paper, due to time constraints and other demands on TAWA. Modelling of the final package will be available for the Budget Child Poverty Report.

49 Based on previous modelling of the constituent components of this package, officials advise that in contrast to the packages previously considered, there is unlikely to be a statistically significant impact on income measures of child poverty.

50 There will, however, be both positive and negative impacts on different groups of children experiencing material hardship and income poverty. From the data available we can say that 33,000 families with children will receive an income gain of up to $25 per week and 19,000 receive a gain of more than $25 per week. On the other hand, 12,000 families have a loss of up to $25 per week and 27,000 have a loss of more than $25 per week. The

average losses are slightly more than the average gains, and many or even most children on both sides of this equation will be experiencing material hardship with those receiving TAS and IRR having higher rates than AS recipients.[13]

51 Impacts on families experiencing material hardship are mitigated to a degree by the intended policy benefits of the package – particularly improving the incentives for housing independence created by the IRR initiative and improving the incentives to exit benefit into work by the TAS initiative.

[33]

52 [33]

53

Next steps

54 Final Cabinet policy decisions on these proposals will be made when Budget 2026 decisions are taken. Information on distributional impacts provided in this report can be used to prepare supporting material for any Budget-related announcements.

Appendix

55 Appendix 1: Calculation of TAS entitlement.

56 Appendix 2: Additional information requested by the Associate Minister of Housing

[13] Based on 2023 published MSD data, material hardship rates for children living in social housing are approximately 45-50%, compared to 33% of AS renters.

Appendix 1: Calculation of TAS entitlement

Formula step			Notes
Step 1: Calculate person's disposable income	Weekly income	$996.00[14] (includes main benefit, AS, Family Tax Credit and Best Start Tax Credit)	Available income after tax from all sources.
	Minus allowable costs	$720.00 rent	Only certain essential costs are allowed.
		$685.87	Allowable accommodation costs are reduced by a flat amount of $34.13
	Equals Disposable income	$310.13	What you've got left to cover the basics.
Step 2: Calculate the person's income deficiency	Standard costs (set at 70% of main benefit plus family tax credit)	$479.00	This is a proxy for everyday expenses (groceries, power, telecommunications, etc).
	Minus: Disposable income	($310.13)	From the calculation in Step 1.
	Equals: Assessed income deficiency	$169.90	How much your expenses exceed your income by.
Step 3: Apply the TAS maximum	TAS payments are capped at this amount	$160.00	Currently set at 30% of main benefit. The proposal is to reduce this amount to $133 per week.
Final TAS entitlement		$160.00	

[14] Income based on 1 April 2027 amounts

Appendix 2 – Additional information requested by the Associate Minister of Housing

The following provides additional information requested by the Associate Minister of Housing following the 31 March Ministers meeting. Note the data in the tables below reflects current point in time data (ie February 2026) which differs from the data used in the body of the report which presents forecast recipients as at 1 April 2027.

Number of beneficiaries of the IRR, AS and TAS

As at month end, February 2026, there were:

- 381,990 people receiving the Accommodation Supplement
- 113,361 people receiving the Temporary Additional Support
- 84,792 social housing tenants paying Income Related Rent
    - 14,850 in CHP housing (18 percent)
    - 69,942 in KO housing (82 percent)
- 1,044 social housing tenants paying market rent
    - 141 in CHP housing (14 percent)
    - 903 in KO housing (86 percent)

Breakdown of IRRS recipients staying in Kāinga Ora properties or CHPs

Table 1: Breakdown of social housing tenants by provider type and rent type

	February 2026		
	Community Housing Providers	**Kāinga Ora Public Housing**	**Total**
Households paying market rent	141	903	**1,044**
Households paying Income Related Rent	14,850	69,942	**84,792**
	14,991	**70,845**	**85,833**

Breakdown of IRR, AS and TAS recipients by…

… household composition

Table 2: Social housing tenants as at month end February 2026, by type of provider, rent type, and household composition.

Household Composition	February 2026				Total
	Community Housing Providers		Kāinga Ora Public Housing		
	IRRS	Market Rent	IRRS	Market Rent	
2+ adults with child(ren)	987	30	6,858	297	**8,169**
2+ adults	966	27	5,778	204	**6,972**
Single age 24 years or younger	327	3	708	3	**1,038**
Single age 25 years +	9,279	66	34,641	249	**44,232**
Single with child(ren)	3,291	18	21,963	150	**25,425**
Total	**14,850**	**141**	**69,942**	**903**	**85,833**

Table 3: AS recipients as at month end February 2026, by household composition.

Household Composition	Total as at end of February 2026
Married with children	23,682
Married without children	21,813
Single with children	91,311
Single without children	245,181
Total	**381,990**

Table 4: TAS recipients as at month end February 2026, by household composition.

Household Composition	Total as at end of February 2026
Married with children	3,390
Married without children	5,664
Single with children	28,257
Single without children	76,047
Total	**113,361**

… by region

Table 5: Regional breakdown of social housing tenants as at month end February 2026, by type of provider and rent type (IRRS or market rent)

Housing Region	February 2026				Total
	Community Housing Providers		Kāinga Ora Public Housing		
	IRRS	Market Rent	IRRS	Market Rent	
Auckland	7,335	75	31,956	411	**39,780**
Bay of Plenty	1,791	15	2,262	27	**4,095**
Canterbury	1,941	15	8,148	96	**10,200**
Central	174	3	2,520	27	**2,721**
East Coast	219	3	4,527	75	**4,824**
Northland	423	6	2,343	33	**2,799**
Southern	150	0	1,995	18	**2,163**
Taranaki	39	0	1,329	12	**1,380**
Unknown/Other	24	0	75	3	**96**
Waikato	465	3	5,406	51	**5,922**
Wellington	2,094	27	7,587	135	**9,843**
West Coast Tasman	198	3	1,797	15	**2,013**
Total	**14,850**	**141**	**69,942**	**903**	**85,833**

Table 6: AS recipients as at month end February 2026, by region.

MSD Region	Total as at end of February 2026
Northland	19,050
Auckland Metro	130,290
Waikato	32,859
Taranaki	19,284
Bay of Plenty	37,104
East Coast	18,732
Central	20,343
Wellington	28,188
Nelson	12,858
Canterbury	35,817
Southern	20,604
Other	6,858
Total	**381,990**

Table 7: TAS recipients as at month end February 2026, by region.

MSD Region	Total as at end of February 2026
Northland	6,450
Auckland Metro	38,733
Waikato	10,323
Taranaki	6,096
Bay of Plenty	11,913
East Coast	5,409
Central	6,852
Wellington	8,229
Nelson	3,633
Canterbury	9,201
Southern	5,898
Other	621
Total	**113,361**

… by ethnicity

Table 8: Social housing tenants as at month end February 2026, by type of provider, rent type (IRRS or market rent), and ethnicity.

Ethnicity	February 2026				Total
	Community Housing Providers		Kāinga Ora Public Housing		
	IRRS	Market Rent	IRRS	Market Rent	
Māori	5,955	42	27,933	303	**34,236**
European	5,301	30	21,954	165	**27,450**
Pacific Peoples	3,108	57	18,114	408	**21,687**
Asian	906	9	3,588	36	**4,533**
Middle Eastern, Latin American, and African	387	3	2,505	18	**2,913**
Other	498	9	2,565	21	**3,093**
Unknown	582	6	2,004	30	**2,625**
Total	**14,850**	**141**	**69,942**	**903**	**85,833**

Table 9: AS recipients as at month end February 2026, by ethnicity

Ethnicity	Total as at end of February 2026
Māori	122,238
European	190,104
Pacific Peoples	41,796
Asian	30,102
Middle Eastern, Latin American, and African	5,259
Other	13,671
Unknown	28,119
Total	**381,990**

Table 10: TAS recipients as at month end February 2026, by ethnicity

Ethnicity	Total as at end of February 2026
Māori	40,611
European	59,718
Pacific Peoples	11,196

Asian	6,675
Middle Eastern, Latin American, and African	1,842
Other	3,759
Unknown	5,769
Total	**113,361**

Number of people who receive TAS and who also receive IRRS, AS and/or stay in CHPs

Close to 99% (111,897) of all TAS recipients were also receiving the AS. This represents 29% of all AS recipients.

Only 0.5% (528) social housing tenants paying IRR were receiving also TAS. Of these tenants, 90 were in CHP housing and 441 were in KO housing.

Table 11: Temporary Additional Support recipients in Social Housing paying Income Related Rent Subsidy as at end of February 2026, by ethnicity

Ethnicity	February 2026		Total
	Community Housing Providers	Kāinga Ora Public Housing	
Māori	42	192	**234**
European	36	168	**201**
Pacific Peoples	15	93	**111**
Asian	3	21	**24**
Middle Eastern, Latin American, and African	3	15	**18**
Other	3	18	**18**
Unknown	3	6	**12**
Total	**90**	**441**	**528**

Table 12: Temporary Additional Support recipients in Social Housing paying Income Related Rent Subsidy as at end of February 2026, by MSD region

MSD Region	February 2026		Total
	Community Housing Providers	Kāinga Ora Public Housing	
Northland	3	15	**21**
Auckland Metro	45	183	**231**
Waikato	3	42	**42**
Taranaki	0	21	**21**
Bay of Plenty	12	15	**27**
East Coast	0	27	**27**

Central	3	9	**12**
Wellington	9	57	**63**
Nelson	3	15	**18**
Canterbury	9	30	**36**
Southern	0	21	**24**
Other	3	6	**9**
Total	**90**	**441**	**528**

Table 13: Temporary Additional Support recipients receiving Accommodation Supplement as at end of February 2026, by ethnicity

Ethnicity	Total as at end of February 2026
Māori	40,254
European	59,220
Pacific Peoples	11,007
Asian	6,522
Middle Eastern, Latin American, and African	1,788
Other	3,720
Unknown	5,451
Total	**111,897**

Table 14: Temporary Additional Support recipients receiving Accommodation Supplement as at end of February 2026, by MSD region

MSD Region	Total as at end of February 2026
Northland	6,411
Auckland Metro	37,992
Waikato	10,221
Taranaki	6,051
Bay of Plenty	11,838
East Coast	5,352
Central	6,810
Wellington	8,133
Nelson	3,600
Canterbury	9,126
Southern	5,847
Other	513
Total	**111,897**

Do landlords adjust prices if AS goes up? Based on previous times AS was changed, how do we know it will benefit AS recipients?

The design of AS includes features to mitigate landlord capture - such as the maximum rate of subsidy, co-payment, and the fact that AS is generally paid to the tenant and provides only a partial subsidy toward actual housing costs.

Two studies published by Motu Economic and Public Policy Research found limited landlord capture when examining the impact of different changes to the maximum weekly payment across AS boundaries:

- A 2018 study - *Do housing allowances increase rents? Evidence from a discrete policy change* examined the impact of the establishment of a AS boundary in 2005 and found that in the second year after the reform the subsidy was on average $6.81 per week higher on the inside of the boundary, while rents were $2.44 higher. This suggested about one-third of the increase in AS was absorbed by rent increases, with almost two thirds of the increase benefiting recipients in the form of higher after-housing costs incomes. The study notes that observed rent increases may have been due to increased expenditure on better quality housing rather than increased rental returns for landlords.[15]

- A 2020 study - *The impact of the 2018 Families Package Accommodation Supplement area changes on housing outcomes* found that rent increases were negligible, after accounting for observed and unobserved factors. After two years an estimated 90 percent of the extra increase in accommodation assistance was captured by Accommodation Supplement recipients as an extra increase in after-rent income. The study finds that the reform led to very little increase in rents among individuals who remained in the same dwelling, but higher rents among new tenancies in those areas where the relative maxima increased.[16]

[15] Hyslop, D. R., & Rea, D. (2018). Do housing allowances increase rents? Evidence from a discrete policy change (Motu Working Paper No. 18–10). Motu Economic and Public Policy Research.
https://motu-www.motu.org.nz/wpapers/18_10.pdf

[16] Hyslop, D. R., & Maré, D. C. (2022). The impact of the 2018 Families Package Accommodation Supplement area changes on housing outcomes (Motu Working Paper No. 22-01). Motu Economic and Public Policy Research.
https://motu-www.motu.org.nz/wpapers/22_01.pdf