



# Product overview for affordable rentals under the flexible fund

## Overview

### Purpose

This document provides an overview of the key operational parameters, roles and responsibilities and expectations for providers of affordable rentals under the flexible fund.

### Affordable rentals

Affordable rentals under the flexible fund provide homes at lower-than-market rents for households unable to access private rentals due to barriers or circumstances beyond affordability and who are unlikely to be able to access social housing. These homes are intended to bridge the gap between rents in social housing and private rentals to help households move towards housing independence.

## Household eligibility

### Managing referrals, applications and placements

Providers are responsible for managing referrals, prioritising applications and determining placements into affordable rentals. Eligible households may be identified through providers' community relationships or outreach, referrals from local support services, self-referrals or any other means. Households cannot be referred directly into an affordable rental place by the Ministry of Social Development (MSD).

Providers may determine their own approach to managing affordable rental applications and allocation. This process must be fair, transparent, legally compliant and based on housing need. It should also be outlined in an affordable rental policy document and cover, at a minimum, the organisation's approach to referrals, assessing applications against the eligibility criteria, letting, waitlist management and handling appeals.

## Eligibility criteria

Affordable rentals are for households who meet the following income and asset thresholds.<sup>1</sup> As of February 2026, this generally means that households will have cash assets worth less than \$42,700 and earn less than:

- \$807.63 per week (after tax) for single people with no children
- \$1,242.51 per week (after tax) for people with a partner or children.

Households must also have a high housing need. This means that they are unable to access an appropriate private rental due to barriers beyond affordability, such as discrimination, poor rental history, lack of appropriate housing in the area, or instability in their circumstances. Households must also meet at least one of the following criteria:

- The household is unlikely to be placed into social housing due to a low rating on the housing register or limited availability in their area.
- The household has previously accessed a housing support, such as social housing, transitional housing or emergency housing.
- An affordable rental would prevent the household from needing to enter social housing, transitional housing or emergency housing.

Households do not need to be on the housing register to be eligible for an affordable rental.

## Eligibility assessments and information collection

Providers may determine their approach for assessing applications against the eligibility criteria. This may involve targeting certain cohorts for placement but must not exclude groups from being eligible. The process should be outlined in an affordable rental policy document and detail the type of information that will be requested from applicants and assessed to determine their financial circumstances and housing need.

Providers must ensure that any personal information is collected and managed in accordance with the Privacy Act 2020 and that written consent to use that information is obtained from prospective applicants. Providers should have suitable systems in place for collecting, storing, using, correcting and disposing of personal information.

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<sup>1</sup> These are currently set at the same levels as those for social housing:

<https://www.workandincome.govt.nz/housing/find-a-house/who-can-get-public-housing.html>

# Managing rent contributions

## Eligibility assessments and information collection

Households in affordable rentals will pay a rent between 50 to 70 percent of the median market rent for the location of the property and number of bedrooms. Providers may vary individual rent contributions within this range in response to individual and place-based circumstances but must not average above a 60 percent contribution across their affordable rental portfolio.

Providers must have a documented system and process for determining individual rent contributions within the 50 to 70 percent range. This should be detailed in an affordable rental policy document or similar. Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development will review this process during the procurement process to ensure that it aligns with the following principles.

- **Appropriate and responsive:** Rent contributions may be varied across the provider's portfolio to account for individual household needs. Providers must have an appropriate process for setting and reviewing household contributions that is timely, responsive to changing household needs and respects the household's privacy and right to quiet enjoyment.
- **Fairness and consistency:** Rent contributions must be determined in a way that is consistent and evidence based. The provider must have a process that is fair and impartial, including having appropriate accountability procedures to support decision making and manage appeals.
- **Transparency:** Households in affordable rentals should be provided with an information sheet or tenant handbook that helps them understand what affordable rentals are, the rent contribution setting approach of their provider and the appeals process.

## Rent setting

Households pay a rent contribution based on the median market rent of the location of the property and number of bedrooms. The Ministry will draw the median market rent for the property at the start of the services agreement. This will then be indexed to the consumer price index (CPI) for rental housing and updated on an annual basis. Every five years, the rent will be revised and rematched with the latest median market rent for the property.

Revised rents should be passed on to the household as soon as practicable under the terms of their tenancy agreement.

# Eligibility reviews and transition process

## Annual eligibility reviews

Providers must undertake annual reviews of household eligibility to ensure that affordable rentals remain targeted to those with the highest housing need. Households are deemed ineligible should they no longer meet the eligibility criteria. This means that:

- the household's income and assets exceed the thresholds
- the household no longer has a high housing need and is not at risk of becoming homeless, entering transitional or emergency housing due to barriers beyond affordability.

## Ineligible households

Once a household has been deemed ineligible, they must be moved to a market rent as soon as practicable under the terms of the household's tenancy agreement. Ineligible households will be expected to move to a private rental no longer than 12 months after becoming ineligible. Households who have been deemed ineligible should be notified of this expectation and may be referred to support services who can assist in this transition.

Providers may exercise their discretion to extend the transition period if:

- the household's circumstance change and they are eligible for an affordable rental
- no suitable alternative property is available for the household in the area
- a transition to a private rental is unlikely to be sustainable and an extension would avoid the household becoming homeless or moving into transitional or emergency housing.

Should providers choose to extend the transition period, they should notify the Ministry in the first instance.