

AH 23 009

24 March 2023

Minister of Housing

cc: Vui Mark Gosche, Board Chair

Kāinga Ora – Homes and Communities sustaining tenancies approach

Purpose

This paper provides you with an overview on the sustaining tenancies approach adopted by Kāinga Ora – Homes and Communities and the additional tools implemented early last year to support this way of working, with a focus on how Kāinga Ora uses these tools to address rent debt and disruptive behaviour.

The Kāinga Ora operating context

In late 2016, early 2017 the Emergency Housing system was established by the Ministry of Social Development (MSD), with the intention being to ensure all New Zealanders had a roof over their head every night. Alongside that work, Kāinga Ora (then Housing New Zealand) implemented a sustaining tenancies approach, which began in 2017. This approach was adopted to reflect the role Kāinga Ora plays in the housing sector, the customer base it serves and the impact of its approach with its customers on the rest of the public sector.

When a tenancy is ended and the household has nowhere else to live there is substantial additional cost to government, as a tenant moves from an Income Related Rent Subsidy (IRRS) into Emergency Housing. Research shows that a lack of housing stability reduces the effectiveness and increases the cost of services in the health system, education, employment, policing and the justice sector. Quite simply, having a home matters.

The people that come to Kāinga Ora are identified based on having the highest housing needs in the country – which is why, unlike many private landlords, Kāinga Ora provides more than just a roof over someone's head. Some tenants and their whānau are facing complex and challenging life circumstances, including a range of social and health issues, and are experiencing significant disadvantage and need.

Kāinga Ora is very aware of the urgent need for housing in communities throughout the country, with public, private and emergency housing all experiencing significant demand and a shortage of homes. While waiting for a home, the problems people are experiencing can compound and exacerbate. This means people can face significant challenges including physical and mental health challenges, addictions or family violence when they move into a more permanent home, which require the involvement and support of multiple agencies.

In line with the Government's focus on wellbeing and reducing homelessness, Kāinga Ora recognises how important having a stable home is to all aspects of a person's life – from

education and employment to physical and mental health. We have sought to undertake our role in a way that enables this stability.

Managing challenges through the sustaining tenancies approach

Implementing sustaining tenancies has required Kāinga Ora to develop alternative ways of working with tenants, focused on providing the right support for them to live well in their homes and communities.

While Kāinga Ora is not a social service agency, as a public housing landlord it plays a unique role in its customers' lives. Kāinga Ora Housing Support Managers meet with tenants in their home and as a consequence are well placed to identify need within the household. However, Kāinga Ora is dependent on broader support services and agencies to work with and address the specific needs of each tenant. This is why Kāinga Ora has close working relationships with a wide range of support services and providers at local and national level. That includes mental health, disability and addiction services (Ministry of Health), income support and poverty alleviation (MSD), family violence, theft and bail condition issues (New Zealand Police and Justice agencies), parole condition issues (Corrections and Justice agencies), and child welfare matters (Oranga Tamariki).

To support the sustaining tenancies approach Kāinga Ora developed a Customer strategy in 2019, and has been putting it in place through a structured implementation programme. The programme has at its essence six key elements:

- Right home in the right place – a portfolio matched to demand and customer requirements
- Great placement – placing customers in the home best suited to their requirements
- Employee capacity and capability – giving our Housing Support team enough resources and the right skills and knowledge to enable them to build relationships with our customers
- Processes and policies – provide our team with effective guidance and world class processes to follow that drive reliability and effectiveness
- Aligned support agencies – support our customers to access the specialist support services they need from other agencies
- Communities embrace our customers – integrate our customers and homes into the fabric of their local communities

A new regional structure, reduced Housing Support Manager portfolios and new capability training programmes have been put in place. Last year a range of new and enhanced services and policies were introduced, ensuring customer-facing teams have capacity to spend more time with tenants, and guidance on how to support them effectively, particularly those with more intensive needs.

Kāinga Ora operating practices have changed, with greater emphasis on moments that matter such as settling people into suitable homes to provide them the best possible chance of living well within their communities. It is also introducing a clearer and more robust referral system to support the integration of health and social services to sustain a tenancy, noting that the success of these referrals is dependent on the capacity and availability of other agencies to effectively support Kāinga Ora tenants with their specific needs.

The Review Group – supporting our people through complex issues

An internal review group was established last year to provide advice and guidance on more complex tenancy issues, and support or endorse action when needed. The Review Group is comprised of a variety of people from across Kāinga Ora, who each have different skills and perspectives. This brings together significant experience and expertise from around the organisation to advise our people, while having oversight of nationwide issues.

The Review Group provides Kāinga Ora with a clear pathway for its people to ask for support and advice in responding to challenging cases of rent debt and disruptive behaviour, while also allowing Kāinga Ora to ensure the appropriate tools under the RTA are applied quickly and consistently where needed.

As at 31 January 2023, there have been 30 submissions to the Review Group, with Kāinga Ora staff receiving support and guidance in managing complex and challenging cases. To date, approximately 60 percent of submissions the Review Group has considered relate to complex cases of disruptive behaviour. Since being established, the Review Group has supported a number of the relocations detailed further in this document and provided expert advice on matters including:

1. raising awareness of specialist expertise across the organisation and externally via support agencies that can be used to drive positive outcomes for our tenants
2. sharing learnings across regions to support better practices and enable quicker response times to cases of disruptive behaviour
3. supporting our people to develop robust engagement and communication plans when responding to private owners and members of the community impacted by significant disturbances due to disruptive behaviour.

Analysis of the Review Group's considerations and outcomes also provides broader learning opportunities for Kāinga Ora to continually improve its engagement with tenants who are experiencing complex life circumstances through things such as policies, processes and training. Kāinga Ora will continue to focus on sharing and embedding these learnings across the organisation.

The current rent debt environment

Most Kāinga Ora tenants – around 84 percent – pay their rent each week and are up to date with their rental payments. Deeper analysis of the data shows that tenants with rent debt are, on average, behind in rent by 10 weeks. However most owe less than \$1,000 and over 70 percent are on repayment plans, indicating that the vast majority of our customers want to pay their rent, but some are simply struggling to do so.

Inflation and the rising cost of living are currently having a significant impact on people throughout New Zealand. Financial hardship is a primary driver of public housing need, with many Kāinga Ora tenants living on very low incomes. Research also shows that the effects of inflation are twice as impactful for those living on low incomes. Despite these challenges, the current level of rent debt is equivalent to less than 1 percent of annual rental income (4.46 percent of rent paid by the tenant). For the twelve months from 1 February 2022 to 31 January 2023, rent debt written off totalled \$4.186m and debt recovered totalled \$625,000.

A very small number of Kāinga Ora tenants – 1,464 people as at 31 July 2022 – are

charged a market rent, and of these, 577 were behind on their rent payments. It is important to keep in mind that this is not always an accurate reflection of someone's ability to pay market rent, but can be a reflection of their capacity or willingness to establish IRRS eligibility with the MSD.

Kāinga Ora typically finds that there is a small increase in rent debt at the start of each calendar year, as tenants on very low incomes with little money in reserve navigate periods of additional costs such as holiday close-down periods and back to school costs. When a tenant falls behind on their rent payments, Kāinga Ora works closely with tenants to help address root causes of debt and move them towards financial wellbeing, with a focus on early intervention and prevention, and establishing payment arrangements that are both manageable and sustainable for the household. When the sustaining tenancies approach was introduced, MSD would often pay the outstanding amount and use their powers to put repayment arrangements in place. This was far less expensive than Kāinga Ora exiting a tenant, and MSD then having to meet the cost of that household going into Emergency Housing.

When addressing rent arrears, Kāinga Ora finds that most tenants actively engage with it to resolve the situation and work hard to make additional payments to address their arrears. As at 31 January 2023, almost three quarters of the 16 percent of tenants in rent arrears had payment arrangements in place. This means these tenants are both paying their regular rent on time each week and making additional, sustainable payments to reduce their rent arrears amount.

Responding to significant non-engagement about rent debt

Through engagement, even at a basic level, Kāinga Ora can support tenants to sustain their tenancy and live well in their home. The Tenancy Agreement forms a partnership between Kāinga Ora and a tenant, and non-engagement means both parties are unable to meet their obligations under the Residential Tenancies Act.

Kāinga Ora has identified a very small number of tenants who are not engaging, or refusing to engage, with Kāinga Ora and are not making any attempts to repay their rent debt despite significant efforts from Kāinga Ora. This group makes up less than one percent of all Kāinga Ora tenants with rent debt.

Kāinga Ora has decided to end tenancies in these very rare situations where tenants are completely disengaged and refusing to pay their rent. We are about to undertake the first of these. This will occur only in the very small number of situations where Kāinga Ora has exhausted all avenues and the tenant continues to refuse to work with both Kāinga Ora and other support services to find a resolution.

Kāinga Ora will continue to offer support to tenants throughout this process and ensure they are well aware of their rights at all times. Throughout the process, Kāinga Ora will always give tenants the option of recommencing rent payments to stop the process of ending the tenancy.

All of Government debt work

In 2021, the Prime Minister (as Minister for Child Poverty Reduction) initiated cross-agency work to identify ways to prevent and reduce the level of debt owed to government, with a focus on people and families with low incomes.

Cabinet has agreed the work should have dual focuses of:

- ensuring debt recovery is fair, effective, and avoids exacerbating hardship.
- preventing debt from occurring so that it does not create future problems for those in hardship.

In 2022, rent debt owed to Kāinga Ora was included within the wider debt to government work. Kāinga Ora is currently supporting with phase one of this work, which is focused on understanding the broader debt to government environment and identifying potential opportunities for improvement. Once this has been completed, phase two of the work will explore the development of an overarching framework for how to approach clients with debt to repay, and/or clients who are about to take on new debt and consider longer term options.

The options identified through these phases of work will look at both preventing debt from arising and addressing existing debt in a way that does not create further hardship. All options will be assessed against effectiveness in meeting Government priorities to alleviate child poverty and assist families in financial hardship.

Disruptive behaviour

Behavioural standards, judicial processes and sanctions for all New Zealanders are set through legislation like the Crimes Act and Noise Control Act. The Police, Councils, Justice agencies and the legal sector are responsible for enforcing the legislation, ensuring natural justice, and determining the penalties that should apply. Households that are renting homes are also subject to The Residential Tenancy Act (RTA), which includes provision for tenants to face sanctions (eviction) if a landlord issues three notices within 90 days for behaviour that is determined to be anti-social. Anti-social behaviour is defined as harassment or any other act or omission (whether intentional or not), if the act or omission reasonably causes alarm, distress or nuisance that is more than minor. The RTA sanctions can be in addition to any imposed under other legislation that has been breached.

In Kāinga Ora's first application to the Tribunal for termination of a tenancy on these grounds (we were moving the tenant), the Tribunal indicated that this is a significant decision and the evidentiary standard should be high. Note that Tribunal decisions do not create precedent.

Addressing disruptive behaviour in a holistic way

Kāinga Ora wants its homes and the communities they are in to be pleasant and enjoyable places to live – and most of them are. Around 200,000 people live in Kāinga Ora homes and the vast majority are good neighbours and members of their community. Recorded complaints are around 6,000 annually - more than 90 percent of Kāinga Ora's 65,000 tenancies received no complaints over the past 12 months. As a point of comparison, Auckland Council receives around 60,000 noise complaints annually, and has just over 600,000 rateable properties.

Of the complaints Kāinga Ora did receive, around 85 percent were for minor things like car noise, frequency of visitors or lawns not being mowed. When disruptive behaviour occurs, Kāinga Ora takes it seriously and aims to respond quickly and effectively to support the quiet enjoyment of neighbours. Kāinga Ora understands the impact these situations have and are committed to doing everything possible to resolve them.

Since the introduction of the sustaining tenancies approach, the number of disruptive behaviour complaints we receive has decreased year-on-year - while the number of public houses has increased.

Kāinga Ora takes complaints seriously and works hard to resolve problems that arise as quickly and effectively as possible. To support this, Kāinga Ora is currently reviewing its complaints management system to ensure the organisation is best placed to meet the needs and expectations of both its customers and communities. This work will continue to be a key area of focus this year and will help introduce additional consistency and robustness to the process.

Keeping people housed is a priority for Kāinga Ora, experience shows that when people are offered an opportunity to change their behaviour, in most cases they do.

When problems arise, Kāinga Ora works closely with its tenants, whānau and other support services where necessary to achieve an outcome that works for everyone. In some situations, tenants may require greater levels of support than most, and Kāinga Ora works hard to connect them with this wherever possible. To support this, Kāinga Ora has strong working relationships with specialist support agencies, local councils and relevant community groups. Where there is illegal behaviour, the involvement of police is supported.

Resolving situations of disruptive behaviour in a way that not only addresses the behaviour but also the root causes of it does take time, which Kāinga Ora appreciates can be challenging for neighbours. While Kāinga Ora works hard to keep in touch with neighbours and affected members of the community throughout this process, it is limited in what information can be shared about the approach and specific actions being taken due to the Privacy Act.

Tools to address disruptive behaviour

Kāinga Ora also uses a range of tools under the RTA to address disruptive behaviour when it occurs – these are outlined in more detail further in this paper. Which of these tools is used depends on the unique circumstances of each situation, and requires Kāinga Ora staff to frequently make difficult judgement calls about complex situations. Kāinga Ora has a range of supports and processes in place to help enable this decision making, and is focused on continued education and guidance to staff to ensure they are best placed to make these judgement calls when required.

In some cases, sustaining a tenancy is not in the best interests of the tenant or the wider community. In these situations, Kāinga Ora can and does end tenancies where needed and typically offers the tenant an alternative Kāinga Ora home. Kāinga Ora finds that most tenants take moving to a new home as an opportunity to change and make a fresh start, with no further issues.

In some very limited circumstances, Kāinga Ora will end a tenancy and not rehouse the tenant themselves. Instead, Kāinga Ora will work hard to identify a more suitable housing solution with an alternative housing provider or specialist care in the community provider.

The Kāinga Ora Disruptive Behaviour Policy defines four categories of disruptive behaviour based on the severity of the behaviour and the impact it has, or may have, on others in the community. These categories help guide the approach and response Kāinga Ora takes in each situation, including which of the tools available it may need to use to address the behaviour.

Category	Category A – Dangerous & Severe	Category B - Significant	Category B - Moderate	Category C - Minor
Description	Activities that have a severe impact on others and place the safety or security of others at risk	Activities that significantly impact others and may occur frequently	Activities that have an impact on others and may occur frequently	Activities that have a minor impact on others and happen infrequently
Tools that would be used	<ul style="list-style-type: none"> s55A notice Agreed relocation s55 - termination 	<ul style="list-style-type: none"> s55A notice Agreed relocation Relocation using s53B 	<ul style="list-style-type: none"> s55A notice Agreed relocation Relocation using s53B 	Managed through general tenancy management and tools
The Review Group is available for advice and guidance on complex tenancy issues as required, and may also make recommendations on the use of formal tools.				

How Kāinga Ora is using these tools and outcomes achieved to date

Tool	Use of the tools	Outcomes
Agreed relocation	<ul style="list-style-type: none"> When supporting a tenant to remain in the home is not in the best interests of the tenant or community, Kāinga Ora can and does end the tenancy and moves the customer to another Kāinga Ora home. When a tenant is willing to work with Kāinga Ora to move to a new home, this can be done without the need for any notices to be issued. 	<ul style="list-style-type: none"> 161 households have been relocated by agreement for disruptive behaviour in the past 12 months (as at 31 Jan 2023). Most tenants take moving to a new home as an opportunity to make a change and have a fresh start. More than 80 percent of tenants who have been relocated in the past 12 months have had no further complaints about their behaviour. In the remaining 20 percent of cases where complaints have not stopped completely, Kāinga Ora is seeing encouraging signs of improved behaviour with most of these tenants receiving only one or two complaints.
s53b Notices (required relocation)	<ul style="list-style-type: none"> If a tenant is not willing to relocate, Kāinga Ora can use Section 53B of the RTA to end a tenancy and transfer the tenant to another home. To do this, Kāinga Ora must have a suitable property that meets the 	<ul style="list-style-type: none"> Five households have been issued notices under Section 53B to date, and all have been successfully relocated.

Tool	Use of the tools	Outcomes
s55A notices (three notices)	<p>tenant's needs to offer them and must provide at least 90 days' notice.</p> <ul style="list-style-type: none"> Where behaviour is serious and/or persistent and meets the definition of anti-social behaviour in the RTA, we can issue a notice under Section 55A. Issuing a Section 55A notice allows Kāinga Ora to address the behaviour, while providing the tenant with an opportunity to reflect and change their behaviour. There are specific requirements in the RTA that must be met in order to issue a notice to a tenant – this includes ensuring there is evidence of the disruptive behaviour and that the behaviour can be clearly linked to either the tenant or someone at the home with the tenant's permission. Where there have been three specific and separate incidences within a 90 day period, and three notices have been issued, Kāinga Ora will apply to the Tenancy Tribunal to end the tenancy. If we end the tenancy, we will continue to offer them the option to transfer to a suitable new home. 	<ul style="list-style-type: none"> To date, 46 Section 55A notices have been issued across 32 households. Since implementing this tool last year, most tenants who have been issued notices positively changed their behaviour so that further notices have not been required at this point. Seeing a demonstrated improvement of behaviour is the best outcome for both tenants and their communities. To support this, Kāinga Ora actively works with tenants to help identify the root cause of behaviour and support sustainable change.
s55 (Termination of tenancy)	<ul style="list-style-type: none"> Ending a tenancy is always a last resort as experience has shown it does not solve problems. However, in a very small number of situations Kāinga Ora has ended both the tenancy and its relationship with the tenant by not rehousing them in a Kāinga Ora home. This happens in situations where the disruptive behaviour places neighbours, the community and Kāinga Ora staff at significant risk. In these cases, termination of the tenancy is ordered by the Tenancy Tribunal and while Kāinga Ora does not rehouse the customer, it works hard to find alternative housing options for the tenant. 	<ul style="list-style-type: none"> To date, Kāinga Ora has sought termination of two tenancies under Section 55 of the RTA. In these cases, Kāinga Ora did not rehouse the tenant themselves. However, it worked hard to find the tenant housing that better meets their needs with an alternative housing provider.

What transferring a tenant to another Kāinga Ora home looks like in practice

The significant majority of tenants who have been relocated with the support of Kāinga Ora have experienced positive outcomes. Below are some examples of how Kāinga Ora worked with the tenant and other support services to assist them to relocate successfully:

- A family was exhibiting disruptive behaviour which was significantly affecting their local community. The tenant was a solo parent, gang affiliated, and had mental health challenges. Other family members were also involved in illegal activity. Kāinga Ora proactively engaged with a range of agencies to provide wrap-around support, which helped establish a positive relationship and trust with the tenant. The tenant agreed to relocate to another Kāinga Ora home and is currently working with a social worker and has taken steps to support their mental health. Other members of the family are also taking positive steps and the wellbeing of the family has improved.
- A tenant was struggling to get along with several neighbours, and it was clear that the configuration of their property (using a shared driveway) was negatively impacting their wellbeing. Kāinga Ora engaged with a number of agencies and the tenant was relocated to a new home. The tenant is now settled and living well in their home.
- A tenant was the victim of serious domestic violence by their ex-partner (prior to being housed with Kāinga Ora). Their ex-partner, upon release from prison, began to work as a carer for an individual in the neighbouring property, which caused significant distress to the tenant. Kāinga Ora, with support from local agencies including Women's refuge, was able to relocate the tenant to another home. They are now settled into their new home.

Conclusion

Ending a tenancy is always a last resort as experience has shown it does not solve problems. Kāinga Ora has adopted an approach to providing public housing that helps people remain in, or get back to, a state of wellbeing, and avoids homelessness.

Kāinga Ora understands how important having a stable home is to all aspects of a person's life and are focused on supporting customers to get on top of their financial circumstances and address the root causes of challenging behaviour, while sustaining tenancies wherever possible.

Inevitably, this involves a balancing act, and no one wants to see homelessness. But Kāinga Ora also cannot and does not expect people to put up with awful situations, nor allow tenants to accumulate significant rent debt they will be unable to clear. It is this fine balance that the policies aim to strike.

Kāinga Ora is focused on responding effectively to disruptive behaviour when it occurs and will continually improve its engagement with tenants who are experiencing complex life circumstances, and their neighbours, via policies, processes and training. Progress implementing the RTA tools has been positive to date, with evidence showing the tools are leading to better outcomes for both tenants and their communities.

The Kāinga Ora Board were thoroughly engaged throughout the development and implementation of these tools, and receive regular updates about the organisations response to addressing rent debt and disruptive behaviour.

While there will always be challenges, Kāinga Ora will continue to address these in a way that is mindful of the wellbeing of both the tenants and community around them, while meeting the fundamental need of housing for hundreds of thousands of New Zealanders.



Nick Maling
General Manager National Services