

Chair
Cabinet Social Policy Committee

REVIEWABLE TENANCIES: IMPLEMENTATION AND ROLLOUT STRATEGY

Proposal

- 1 This paper seeks Cabinet's agreement to the implementation and rollout strategy for reviewable tenancies for social housing. This responds to Cabinet's invitation in November 2013 for the Minister for Social Development to report with "options and advice on the implementation strategy for reviewable tenancies, including high level operational design and timing" [CAB Min (13) 39/7 refers]. This paper sets out for agreement:
 - the objective and purpose of reviewable tenancies
 - the proposed service approach
 - groups who will initially be targeted to have their tenancies reviewed.

Executive summary

- 2 Social housing reform in New Zealand is aimed at:
 - refocusing social housing on families with the greatest need
 - improving the responsiveness and diversity in the market.
- 3 As part of this change there will be a greater role in New Zealand's social housing sector for Community Housing Providers (CHPs), who will be able to receive the Income-Related Rent Subsidy (IRRS).
- 4 The Ministry of Social Development (MSD) will take on social housing needs assessment and related functions from 14 April 2014, and act as a purchaser of social housing. MSD's new housing service will include an options and advice service, which aims to support tenants and applicants to identify and take up private housing options where appropriate. MSD is working on developing new products and services that will support this function. Alongside existing products, these will create incentives for households to move to private housing and remove barriers they may face.
- 5 Reviewable tenancies are a new function as part of the new housing service. MSD will be implementing them alongside other major operational and policy change. Care must be taken to ensure they are implemented in a sophisticated way so that they deliver positive outcomes.
- 6 Reviews are a critical tool to shift expectations away from social housing for life, to social housing for the duration of housing need. Social housing for life cannot be justified at a time of high pressure on the waitlist. Implemented sensitively, reviews will free up social housing so that more high needs families can be housed.
- 7 MSD and Housing New Zealand (HNZC) will communicate with all tenants in March to inform them about the introduction of reviewable tenancies. This will manage expectations about when people will be reviewed. Those who are in the initial groups will receive a further letter

No more
use of life

within two weeks, setting out the process for reviews and in particular, the focus on support for households' individual circumstances.

- 8 The service approach proposed for reviewable tenancies is flexible, so that it can take into account individual circumstances. It starts with a desktop check and initial engagement to check and confirm circumstances. When MSD establishes that a household has potential to move to private housing, a housing case manager will work with the household to develop an independence plan that sets out steps they are required to take to seek alternative housing. The level of support households receive will vary depending on their needs and support will generally be provided for at least six months.
- 9 A wide range of factors affect people's ability and willingness to move from social housing. People become attached to where they live and develop links within their local communities. With the right support, barriers to private housing can be overcome. The service model proposed by the Minister for Social Development is designed to provide support to overcome barriers to moving, be sensitive to individual circumstances, and to develop households' potential to increase their independence from government.
- 10 At the end of the review process there are four potential outcomes:
- households exit social housing and move to private housing
 - MSD finds the household still has a social housing need, and their current house is appropriate
 - MSD finds the household's needs have changed, and providers decide on a transfer to a more suitable social house
 - MSD finds the household no longer needs social housing and advises the housing provider.
- 11 Once advised a tenant is no longer eligible for social housing CHP's may choose to retain tenants without receiving the IRRS or provide notice of tenancy termination. Under current policy settings, HNZA issues a minimum 90 day notice to tenants who are no longer eligible for social housing.
- 12 We propose a targeted approach to reviews, which begins with households who are most likely to be able to sustain private housing. This will be the most effective use of resources and be most likely to deliver positive results. The service will work best when people are successful in finding alternative housing, and choosing to move.
- 13 To ensure the policy has the greatest opportunity to succeed, in the first year of implementation we propose to focus on tenants paying market rent or near market rent, who are likely to be able to afford and access equivalent private housing.
- 14 In line with this, we recommend reviews begin from July 2014, with up to 800 reviews in the first year. These will focus on those who have been in their house for at least three years, and will be initially drawn from two key groups. It will start with approximately 80 households who will reach three years tenancy from 1 July 2011. These are drawn from the 186 households who started their tenancies since July 2011 and are paying a market or near market rent.
- 15 The second group of reviews will be approximately 700 households who are paying market rent, with no children in the household, who started their tenancies before July 2011, and are in areas where there is an adequate supply of alternative housing options.

Steps and
6 months support

90 day notice

186 households
children list

- 16 Not all these households will proceed through the full review process, as the initial check of information may identify that they still have a social housing need and that their current house remains appropriate.
- 17 We seek agreement to introduce assured tenancies for families in social housing who have children engaging with Children's Teams. This would defer any reviews of their tenancy, initially for up to three years, while the family is working with the Children's Team or a provider. Children's Teams are a new development and it is important to ensure that families are not disrupted by being asked to move while they are working to improve their circumstances.

Children
Teams
engaged

Social Housing Reform

- 18 The Government is embarking on significant and ambitious reform of New Zealand's social housing sector. Among the goals of reform are to focus social housing on families with the greatest need, and to create a more responsive and diverse social housing market. At the core of the Social Housing Reform Programme is:
- extending IRRS to CHP's, improving housing options and creating a more level playing field with HNZC
 - the transfer of social housing needs assessment from HNZC to an independent agency, MSD, providing greater integration with other social welfare support, including with the investment approach.
- 19 Reviewable tenancies will form part of MSD's new housing service, which includes:
- needs assessment and related functions, including calculation of Income-Related Rents (IRR), payment of IRRS and annual review processes
 - shaping the social housing market through its role as an active purchaser of social housing tenancies and related services
 - active management of the waitlist and of existing tenants, by providing an options and advice service that directs and supports people to take up alternative housing
 - a range of new and existing products and services, both creating incentives for people to leave social housing and removing barriers to doing so.
- 20 Reviewable tenancies are a critical tool to free up social housing stock. Until recently, people entering social housing have considered it a home for life, even when their need has ended. At a time of high pressure on the waitlist for social housing, this is no longer appropriate. Reviewable tenancies are backed up by the provision of support to move, and send a clear message to tenants that they should move to independence when they can.
- 21 People are understandably concerned about changes that affect their living situation. Reviewable tenancies are a new function. Implementing them for the first time in New Zealand at the same time as a new needs assessment model is being established, carries some risk. Reviews must be implemented in a sensitive and sophisticated way that recognises the constraints on delivery during this major change to MSD's operational responsibilities. In this paper, we propose to begin reviews in a targeted way that will allow MSD to continue to learn as the process rolls out, and to build up capacity over time.

No more
home for life

Reviewable Tenancies: Purpose and objectives

- 22 Cabinet agreed in March 2011 that reviewable tenancies will be enabled for HNZN tenants who became tenants after July 2011, and made some decisions about how the process would operate [CAB Min (11) 13/5 refers].
- 23 In April 2013, Cabinet agreed to extend the ability to carry out tenancy reviews to all existing HNZN tenants, and to tenants of approved Community Housing Providers (CHPs) who are paying IRR [CBC Min (13) 2/7 refers]. These decisions have been given effect through the Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Act 2013. In the light of this, decisions made about the process in 2011 need to be reconsidered.
- 24 When Ministers first agreed to introduce reviewable tenancies in 2011, the agreed objectives focused on increasing turnover in HNZN housing. The objectives need to reflect the new role of MSD as a purchaser of housing placements and an independent needs assessor, and the multi-provider environment.
- 25 We recommend that the primary objective of reviewable tenancies should be to **ensure the right people are in the right house, for the right duration**, so that people are housed appropriately for the length their housing need exists. If this happens, a range of other objectives will also be met:
- shifting expectations away from a social house for life, to one for the duration of housing need
 - increasing the number of high needs applicants who can be housed
 - providing information about demand and housing need to help shape the market (including reconfiguring HNZN stock, and driving new provision of social and affordable housing)
 - over time, ensuring that spending on social housing is efficient and reduces long-term liability across both social housing and welfare.

What are reviewable tenancies?

- 26 Social housing eligibility is about:
- a household's level of **need for social housing**: this is currently assessed against five criteria, which consider the household's ability to afford and access the private market and sustain a private tenancy; and the safety and suitability of their current housing
 - the entitlement to an IRR, when in social housing.
- 27 Tenancy reviews will examine households who may have changed their circumstances and no longer have the same level of need for social housing. The process will assess and test whether these households could take up and sustain independent housing options.
- 28 Legislation requires Joint Ministers to give MSD directions stating the criteria to assess a person's continued eligibility for social housing. We propose that reviews be based on a modification of the existing Social Allocation System (SAS) criteria used to assess need for social housing when people apply. We propose Joint Ministers direct MSD to assess:
- **Affordability**: ability to afford (with any income support they may be entitled to) an alternative, suitable, lower quartile, private rental in the location/community the household currently lives. The affordability calculation is based on the percentage of their income remaining after housing costs.

2 criteria dropped -
Ability +
Suitability
(divided?)

- Accessibility: the degree of discrimination the household may face finding a house that meets their needs (e.g. an accessible house for a disabled person, or a house suitable for a very large family) and lack of financial means to meet transaction costs in the private market.
 - Sustainability: likely ability to sustain private housing, in particular any difficulties around financial management; social functioning and lack of social skills.
- 29 The reviewable tenancy process will be designed to assess the above, and to consider ways to support the household to address barriers to private housing. The process will work best if households are able to choose to move out of social housing. It will also identify households whose social housing need has changed, and who could move to more appropriate social housing (e.g. household composition has changed and the household now needs a smaller house).
- 30 The process needs to be backed up by the ability for providers to terminate a tenancy if MSD determines that the household could clearly sustain private housing, but refuses to take steps to do so. This is a last resort, and no households would receive notice to end a tenancy without significant engagement and support to find alternative housing.

Ending a last resort

Reviewable tenancies: Service approach

- 31 As reviewable tenancies are a new function, it will take some time to build skills and capacity, recruit staff, and understand what works best for whom. We need to get it right and avoid undue stress on people who may be in vulnerable living situations. The service approach has been designed to:
- be flexible, enable MSD to learn from the initial rollout, and adapt over time
 - recognise and take account of individual and family circumstances, and in particular the needs of any children living at the property
 - support achieving relevant Better Public Services targets
 - use a mix of potential new and existing products and services to support people to take up alternative housing options
 - assure particular groups that they will be able to stay in social housing
 - target the most intensive support where it will make the biggest long-term difference to welfare and housing liability.
- 32 We seek endorsement of this approach.

Children's needs

Targeted review approach

- 33 A targeted review approach will enable us to focus effort on those tenants that the new service is most likely to be effective in supporting independence. It will enable a sophisticated and sensitive review process to be established that will deliver positive results.
- 34 Earlier Cabinet decisions in 2011 were for a regular review cycle, with all tenants reviewed every three years, and tenants have received different levels of information about the process. HNZC tenants who entered into tenancies from 1 July 2011 have been provided with an information pack and an addendum letter to their tenancy that signalled that their ongoing need for a state house will be reviewed at least every three years. They have been asked to sign an acknowledgement of receiving this information. In May 2013, following the

Government's decision to extend reviewable tenancies to all tenancies, all tenants were sent information in a flyer stating that in future, their tenancy would be reviewed on a regular basis.

- 35 Tenancies are periodic (not fixed term) and can be ended by either party giving notice. There is not a legislative requirement to review tenancies after a set period. Instead of a regular review cycle, we propose to use data and segmentation to select groups of tenants to review, based on an understanding of who is more likely to be able to take up alternative housing. To screen all tenants every three years (approximately 20,000 households per year) would require significant additional resources. Information on the initial target groups proposed for review is set out from paragraph 54 below, and a communications plan is attached as Appendix One.

- 36 We propose that any household who has their tenancy reviewed would generally not be selected for further review for three years, unless they have a significant change in circumstances (for example, a significant improvement in financial circumstances, or a major change in household composition). This avoids expending resources when tenants have been found to still have a need for social housing, and is consistent with prior messages about the frequency of reviews.

Exclusions

- 37 Legislation enables Joint Housing Ministers to direct MSD to exclude particular groups of people from the reviewable tenancy process. We do not intend to introduce firm exclusions at this time. As reviewable tenancies become embedded and we learn more about clients and their situations we will consider whether there is any need for exclusions of certain groups from the reviewable tenancy process.

Stages of the review process

- 38 There is a wide range of factors that affect people's ability and willingness to move from social housing. People become attached to where they live and develop links within their local communities or may simply not be aware of all of the options available to them. With the right support, many barriers to private housing are not insurmountable. The service is designed to provide support to overcome barriers to moving, to be sensitive to a wide range of individual circumstances, and to develop households' potential to increase their independence from government.
- 39 The proposed phases of the reviewable tenancies process are set out in the attached A3 diagram (Appendix Two). They are:
- **selection of target groups:** using data and segmentation to identify households who are most likely to be able to sustain private housing (see next section).
 - **a desktop check:** a review of all information held by MSD to determine whether the household clearly remains in need of social housing, or whether there is another reason they should be excluded from the review process.
 - **an initial engagement:** a phone call and/or a face to face interview to confirm the household's circumstances and clarify information as required. This may identify more households who remain in need of social housing, or which should be excluded from the review process. Households with potential to sustain private housing will be identified and will move to the next phase.
 - **active engagement including an independence plan:** case managers work with households to identify and set expectations about the steps they need to take to move to private housing. The time taken and intensity will vary depending on the household's

particular needs and how close they are to being able to move. New and existing products and services will be available to address barriers to private housing. Case managers will provide advice about what is available, the process to find housing, and can facilitate access to other services (e.g. budgeting, mortgage or letting agents). Independence plans will set timeframes for when households are expected to undertake activities. This will take into account and support other engagement MSD may have with the family, for example, support to find a job or engagement on social obligations to improve the well-being of children (e.g. housing options in locations near employment opportunities or transport, and where relevant, engagement with local schools or early childhood education centres).

Time frame will be set taking a/c of need

- a **formal review**: if households have not moved out of social housing during the process, MSD will carry out a formal review to determine whether the household still requires social housing. Housing providers will be notified of the result of the formal review, and may give the tenant a minimum of 90 days' notice to end the tenancy
- 40 The process will generally take at least six months. The desktop check and initial engagement are anticipated to take a maximum of 40 days. The active engagement phase, when families work to achieve their independence plan, will take several months. Some households may require longer timeframes, in rare cases, up to two years (e.g. if home ownership is identified as the best option for a family).
- 41 Households who refuse to engage in the review process despite several attempts, may be fast-tracked to the formal review phase. MSD would continue to work with them before notifying providers that the household no longer has a social housing need. All tenants will have had a genuine opportunity to be supported to find alternative housing before there is a possibility that a provider will issue a notice to end a tenancy.
- 42 MSD's decisions at the formal review stage will be reviewable by a Benefits Review Committee and potentially appealable to the Social Security Appeal Authority. The appeal process will take at least 38 days, and can last several months.

90-day notice
End Govt up to 2yrs

Appeal

Outcomes for households

- 43 There are four potential outcomes from the review process:
- tenants voluntarily exit social housing and move to private housing
 - MSD identifies that the tenant still has a social housing need and their current house is still appropriate. They stay in their house and continue to pay an income-related rent (if applicable)
 - MSD identifies that the household still needs social housing, but has different housing needs (e.g. the family composition has changed, and needs a smaller house). MSD advises the provider, and the provider then decides whether to move the tenant to a more suitable property
 - MSD advises the provider that the tenant is no longer eligible for social housing.
- 44 For CHP's, any IRRS payments will be stopped after a set period (no more than 100 days), allowing providers time to issue a notice to end a tenancy, or to notify the tenant of a change in their rent. CHP's may advise MSD that they have decided to retain the tenant even though they will no longer qualify for an IRRS. In this case, tenants may then be eligible for Accommodation Supplement.
- 45 Under current policy settings, HNZA will not continue to house tenants who are found to be ineligible for social housing. This reflects changes to the SAS criteria, and Cabinet agreement

that HNZC will only house tenants who are an A or B priority. This means that when HNZC is notified that a tenant is not eligible for social housing, they will issue a minimum of 90 days' notice to end the tenancy.

- 46 MSD support to find an alternative house can continue during any notice period. If a notice is appealed to the Tenancy Tribunal IRRS will continue until the appeal is complete.

Delivering the model

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- 49 Communications are critical to keep households informed about the process and how it will affect them, and to set the right expectations about access to social housing.

Beginning implementation of reviewable tenancies

- 50 We propose that MSD begin implementation of reviewable tenancies from July 2014, starting with those groups who are most likely to be able to move into private housing. This will provide the best opportunities to establish what it takes to get people to move, in terms of the service provided, the incentives and products to address barriers, and how long it takes.

- 51 The key factors in selecting initial groups for the first year of the review process are:

- paying market rent or near market rent (the IRRS is less than \$50 a week): this suggests tenants are likely to have more ability to sustain a private tenancy as affordability should not be a significant barrier
- not undertaking substantial numbers of reviews in areas where there are significant constraints on supply of affordable housing.

- 52 Carrying out reviews in these areas is unlikely to be effective in the first year because of the lack of suitable alternatives for people to move into. Lessons learned can then be applied in subsequent years so reviews are more effective when they begin in areas where there are constraints on the supply of affordable housing.

First year of implementation

- 53 As at August 2013, there were 4,224 households paying market rent and a further 1,223 households paying near market rent. Reviews should begin with subgroups of these households.

- 54 We propose MSD begin the implementation of reviewable tenancies by carrying out up to 800 reviews from July 2014. These will focus on those who have been in their houses for three years or more.

- 55 These households will have received a general factsheet and letter sent to all HNZC tenants outlining reviewable tenancy and other social housing changes in March 2014. In addition they will receive a letter in April 2014 advising them that they will be engaged with as part of the review process and what the next steps will be.

IRRIS < \$50/wk

4224
1223

5447
w/ 750 gr.

1st letter Apr 2014

- 56 There are approximately 186 households who have commenced tenancies since July 2011 and are paying a market or near market rent. Of this group, we propose that reviews initially begin with approximately 80 households who will have been in their tenancies for three years at some point between July 2014 and July 2015.¹ This group were informed when they began their tenancy that it would be subject to review at least once every three years, or earlier if they have a significant change of circumstances, and so have had clear expectations set.
- 57 In addition, we propose a second group of approximately 700 households who are an initial subset of all tenants who:
- are paying market rent
 - have no children: households with children may find it more difficult to move if it requires changes to the school children attend
 - are in areas of adequate supply of alternative housing options.
- 58 A profile of likely characteristics of the initial target group is set out in Appendix Three.

Second year of implementation

- 59 In the second year of implementation, we propose MSD increase the volume of reviews to up to 1,100, and continue to target subgroups of market renters and near market renters, depending on their household circumstances. 1100 in 2nd yr
- 60 Joint Ministers have authority under legislation to issue Directions to MSD about targeting reviewable tenancies. Following results from the first year of implementation and based on updated data and segmentation information, we propose that Joint Housing Ministers consider advice on the specific target groups for the second year and an ongoing process to determine groups for review, by May 2015.

Assured Tenancies

- 61 Housing is a key determinant of many other wider social outcomes, including health and children's educational outcomes. This Government is rolling out a range of other initiatives aimed at improving the lives of some of our most vulnerable families. We believe there is a need to ensure that housing policy supports these initiatives. We therefore propose introducing assured tenancies for households engaged with Children's Teams. children's teams examples
- 62 Children's Teams demonstration sites were introduced in Rotorua from July 2013 and in Whangarei from October 2013.
- 63 If families in social housing are engaging with Children's Teams and/or associated providers are in social housing, we propose to defer reviews of their tenancies for set periods, if they meet particular conditions. These are:
- the family or child is willingly engaging with the Children's Teams and/or a lead provider
 - there are risks if they are moved from their current house (e.g. children needing to change schools, disruption to an agreed plan with the Children's Team or provider).
- 64 When the family is engaging with providers and meeting any goals set for them, they would not have their tenancy reviewed. The reviewable tenancy process may increase vulnerability

¹ A further estimated 86 tenants of this group will have been in their houses for three years at some point between July 2015 and July 2016 and 20 in the third year.

among families already identified as being at risk, and this should be avoided for families who are taking agreed steps to improve their circumstances.

- 65 We propose that initial deferrals of reviews are for up to three years, with the option of a further two year deferral, while the family continues to work with providers. There will need to be regular reporting from the lead provider working with the family to ensure that they are continuing to engage during the deferral period.
- 66 Initially there will only be small numbers of assured tenancies, as Children's Teams are established in limited regions. There is also limited overlap with the initial groups recommended for review. In December 2013, there were 22 children engaged with a lead provider in Rotorua and 5 children engaged with a lead provider in Whangarei.
- 67 As Children's Teams expand nationwide, we expect more families may benefit from an assured tenancy. The Minister for Social Development seeks Cabinet's approval for delegated authority to finalise the technical and policy details for assured tenancies in consultation with relevant Ministers, as further decisions on the expansion of Children's Teams are made. This will include reviewing the results from the initial implementation.
- 68 Assured tenancies would not prevent families from choosing to take up support to find alternative housing if they want to. Similarly, providers would still be able to take any tenancy management action required (e.g. if the tenant damages the property or their property is part of a redevelopment).
- 69 In future, as the investment approach becomes embedded in the welfare system and information about IRRS is included in liability calculations, there may be other roles for assured tenancies. For example, there may be merit in ensuring that very young sole parents (who are at high risk of long term benefit dependence) are in stable social housing and receiving wrap around support.

Evaluation and report back

- 70 The rollout of reviewable tenancies will be robustly evaluated, both from a process perspective and in terms of the pathways for households. This will be part of the wider evaluation of MSD's social housing implementation. There will be ongoing monitoring of the process and of results for households.
- 71 We propose that the Minister for Social Development reports back to Cabinet by September 2015, reviewing progress with implementing reviewable tenancies, outcomes from the first year of reviews, and options for targeting into outyears.

Communications

- 72 An active communications approach is planned and attached as Appendix One. This sets out anticipated dates for communications, audiences, and key messages. It includes draft content for a letter to clients who will be reviewed.

Consultation

- 73 HNZC, the Ministry of Business, Innovation and Employment, the Treasury, Te Puni Kōkiri, the Ministry of Pacific Island Affairs, the Ministry of Health, the Ministry of Justice, the Ministry of Women's Affairs, the Department of Internal Affairs, the Department of Corrections, and the Office for Disability Issues have been consulted on the content of the paper. The Department of Prime Minister and Cabinet has been informed.

Publicly Released

Legislative implications

- 80 The new provisions of the Housing Restructuring and Tenancy Matters Act 1992 coming into force on 14 April 2014 enables Joint Ministers to issue Ministerial Directions to MSD specifying the criteria by which a person's continued eligibility for social housing must be

assessed. The proposals in this paper require such Directions to be made to implement the reviewable tenancies policy.

Regulatory impact and compliance cost statement

81 There are no implications.

Gender implications

82 The Cabinet Social Policy Committee has noted that there are implications for sole parent and female-headed households in social housing policy reforms, and that these issues will be considered as part of the process [SOC Min (12) 23/6 refers].

83 The two initial groups recommended for initial reviews are unlikely to include vulnerable groups of women, given the emphasis on market renters or near market renters. Reviews will be carried out in a sensitive way that takes into account individual and household circumstances, and no one will be expected to move into housing that is unsuitable.

84 Assured tenancies are likely to be of benefit to vulnerable parents.

Disability perspective

27 disabled tenants!
85 The initial target groups proposed for reviewable tenancies include approximately 27 households with tenants receiving the Supported Living Payment because they are permanently and severely disabled. These factors will be taken into account as part of the review process.

86 The review process is flexible and tailored to individual circumstances, and will consider the accessibility of housing before any tenants are asked to look for alternative housing.

Publicity

87 When Cabinet has approved the policy, we will work with relevant Ministers on the timing of announcements.

Recommendations

88 It is recommended that the Committee:

- 1 **note** that Cabinet invited the Minister for Social Development to report to Cabinet in January 2014, with options and advice on the implementation strategy for reviewable tenancies, including high level operational design and timing;
- 2 **note** that the new provisions introduced by the Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Act 2013, coming into force on 14 April 2014, provide powers for the review of ongoing eligibility for social housing;
- 3 **note** that reviewable tenancies will be a part of the Ministry of Social Development's housing service model endorsed by Cabinet in November 2013 which includes:
 - 3.1 the needs assessment service and calculation and administration of Income-Related Rents and Income Related Rent Subsidy, including annual review processes;

- 3.2 active purchasing of social housing tenancies and related services;
- 3.3 active management of the waitlist and of tenants, through an enhanced options and advice service that supports clients to access and/or maintain sustainable private accommodation (advice to applicants, prospective tenants, tenants, and those exiting);
- 4 **note** that the success of reviewable tenancies is dependent on the wider social housing reform programme to deliver an increase in the supply of affordable housing options in areas of high demand;

PURPOSE AND OBJECTIVES OF REVIEWABLE TENANCIES

- 5 **agree** to modify the objectives of reviewable tenancies to reflect the new multi-provider environment and the role of the Ministry of Social Development, particularly its role as a purchaser of housing placements, so that:
 - 5.1 the primary purpose of reviewable tenancies is to ensure that the right people are in the right social housing for the right duration;
 - 5.2 tenants' expectations will be shifted from social housing for life to social housing for the duration of tenants' needs;
 - 5.3 more high needs tenants can be housed;
 - 5.4 information about demand and housing need is provided to help shape the market;
 - 5.5 over time, spending on social housing is efficient and reduces long-term liability across both housing and social welfare;
- 6 **agree** that the criteria for considering ongoing eligibility for social housing are the affordability, accessibility and sustainability criteria that currently form part of the initial needs assessment for social housing.

SERVICE MODEL FOR REVIEWABLE TENANCIES

- 7 **agree** that the service model for reviewable tenancies should:
 - 7.1 be flexible, to learn from the initial rollout and adapt over time;
 - 7.2 recognise and take account of individual and family circumstances, in particular the needs of any children living at the property;
 - 7.3 support achieving relevant Better Public Services targets;
 - 7.4 use a mix of new and existing products and services to support people to take up alternative housing;
 - 7.5 assure particular groups that they will be able to stay in social housing;
 - 7.6 target the most intensive support where it will make the biggest long-term difference to long-term liability;
- 8 **agree** to a targeted approach to reviews, that focuses resources on households that data suggests are most likely to be able to sustain private housing options;

- 9 **agree** that if a household is targeted for review and is allowed to remain in social housing, they will not be targeted for a further review for at least three years, unless exceptional circumstances apply;
- 10 **agree** that the phases of the reviewable tenancy process are:
- 10.1 selection of target groups using data and segmentation;
 - 10.2 a desktop check of all information held by the Ministry of Social Development;
 - 10.3 an initial engagement process by phone or face to face, to confirm the household's circumstances and clarify any information;
 - 10.4 an active engagement and planning phase: a case manager works with the tenant to identify alternative housing options, setting out the steps the household is required to take to achieve independence;
 - 10.5 a formal review phase, which will result in a final decision on whether a household still requires social housing;
- 11 **agree** that the length of the engagement and planning process will depend on the household's circumstances, although it would generally be expected to take at least six months and could take up to two years in some cases;
- 12 **agree** that tenants who do not cooperate with the process can be progressed to the formal review phase early;
- 13 **note** that the outcome of formal reviews are appealable to the Benefit Review Committee and the Social Security Appeal Authority, and that the appeal process will take at least 38 days;
- 14 **agree** that if an appeal process has been initiated the tenancy review will be suspended until the appeal process is completed;

REVIEWABLE TENANCY PROCESS: OUTCOMES FOR TENANTS

- 15 **agree** that a review of a tenancy may result in one of the following outcomes:
- 15.1 tenants voluntarily exit social housing and move to alternative housing;
 - 15.2 the Ministry of Social Development identifies that the tenant still has a social housing need and they stay in their house and continue to receive any Income Related Rent Subsidy payments;
 - 15.3 the Ministry of Social Development identifies that the tenant has a different level of social housing need and advises the housing provider, which will then decide whether to move the tenant to a more suitable house;
 - 15.4 the Ministry of Social Development advises the provider that the tenant is no longer eligible for social housing;
- 16 **note** that, under current policy settings, once the Ministry of Social Development has advised the Housing New Zealand Corporation that a tenant is no longer eligible for social housing, the Housing New Zealand Corporation should issue a notice terminating the tenancy;

- 17 **note** that once the Ministry of Social Development has advised a Community Housing Provider that a tenant is no longer eligible for social housing, the Income Related Rent Subsidy will cease after a set period of no more than 100 days;
- 18 **note** that the Community Housing Provider may either issue a minimum 90 days' notice to terminate the tenancy, or may decide to retain the tenant;
- 19 **agree** that Ministry of Social Development support to find an alternative house can continue during the notice period, as applicable;
- 20 **note** that if a tenant appeals against the notice to terminate their tenancy, the Income Related Rent Subsidy will continue until the appeal process is complete;

BEGINNING IMPLEMENTATION OF REVIEWABLE TENANCIES

- 21 **agree** that the Ministry of Social Development begins implementation of reviewable tenancies from July 2014, starting with households that data suggests are most likely to be able to sustain private housing, and review up to 800 households in the period to June 2015;
- 22 **agree** that the key factors in selecting initial groups for review are:
 - 22.1 affordability and sustainability: tenants paying market rent or near market rent (Income Related Rent Subsidy of less than \$50 a week),
 - 22.2 accessibility: adequate supply of alternative housing options;
- 23 **agree** that the initial reviews:
 - 23.1 begin with approximately 80 households who entered tenancies after July 2011, who were informed their tenancy was subject to review, and who are paying market rent or near market rent;
 - 23.2 continue with approximately 700 households who are the first subset of people who started tenancies before July 2011, are paying market rent, have no children living in the household;
- 24 **agree** that reviews continue between July 2015 and June 2016, with up to 1,100 selected market renters and near market renters;
- 25 **agree** that Joint Housing Ministers will consider advice on targeting reviews in the second year of implementation and an ongoing process for targeting decisions, by May 2016, based on results from the first reviews and updated data and segmentation information;

ASSURED TENANCIES

- 26 **note** that Children's Teams have begun operating in Rotorua and Whangarei, and are engaging with vulnerable children and families in these regions;
- 27 **agree** that reviewable tenancies can be deferred for tenants in social housing in these regions who have children engaging with Children's Teams and/or associated providers, if they meet the following conditions:


- 27.1 the family or child is willingly engaging with the Children's Teams and/or a lead provider; and
- 27.2 there are risks if they are moved from their current house (e.g. children needing to change schools, disruption to an agreed plan with the Children's Team or provider);
- 28 agree that initial deferrals of reviews are for up to three years, with the option of a further deferral of up to two years if the family continues to work with providers;
- 29 note that households who qualify for an assured tenancy will still be able to seek help to move if they choose, and that providers will be able to carry out tenancy management as normal;
- 30 authorise the Minister for Social Development, in consultation with other Ministers as required, to make technical and policy decisions to finalise assured tenancy policy, as further decisions on the rollout of Children's Teams are made;

EVALUATION AND REPORT BACK

- 32 Invite the Minister for Social Development, in consultation with the Ministers of Finance and Housing, to report back to Cabinet in September 2015 on progress with implementing reviewable tenancies and outcomes from the first reviews, and the process for the targeting reviews in outyears;

COMMUNICATIONS

- 33 note the attached draft communications plan for reviewable tenancies.



Hon Paula Bennett
Minister for Social Development



Hon Dr Nick Smith
Minister of Housing

____/____/____

____/____/____

Appendix One: Reviewable tenancies - Communications

Communications to date:

HNZC tenants who entered into tenancies from 1 July 2011, have been provided with an information pack signalling that their ongoing need for a state house will be reviewed at least every three years. They have been asked to sign an acknowledgement of receiving this information.

Since budget 2013, HNZC communications to tenants with information on reviewable tenancies have included:

- May 2013 – Single page information sheet announcing proposed changes to New Zealand's social housing sector, including tenancy reviews for all HNZC tenants.

"The main change for you is that in future, your tenancy will be reviewed on a regular basis. Tenancy reviews won't come into effect until next year and will be introduced in stages. Tenancy reviews have already been announced for people who became HNZC tenants after 1 July 2011."

- Dec 2013 – HNZC tenant newsletter Close to Home article. This included:

"Earlier this year it was announced that people who had become HNZC tenants after 1 July 2011 would have their tenancies reviewed from 2014. New legislation passed on 20 November 2013 extends reviewable tenancies to other Housing New Zealand tenants.

A tenancy review involves looking at any changes in your circumstances that could enable you to move to another type of housing option such as private rental, home ownership or a different house more suited to your needs. The Government wants to ensure that social housing is available for the people who need it most.

No final decisions have yet been made about how reviewable tenancies will be done and MSD will keep you well-informed about the process and when reviews will start.

We'll have more information for you in the next issue of Close to Home early next year. "

Tenant communications to be developed

- reviewable tenancies specific factsheet (March 2014)
- joint MSD/HNZC letter to all HNZC tenants and those on waitlist outlining key social housing changes, and including reviewable tenancy information,
 - to be sent out late February/early March immediately prior to stakeholder briefings
 - a draft of this letter is attached
- letter to tenants identified for first reviews (April 2014)
- general collateral to explain reviewable tenancies and how we work with tenants.(April 2014).

This will include a:

- brochure
- video for uploading on to MSD Housing website

DRAFT Key messages

Primary messages

- Reviewable tenancies are being introduced from 1 July 2014.
- Reviewable tenancies will help ensure that individuals and families most in need can get social housing for as long as they need it.
- Reviews will initially focus on people paying market rent or close to market rent.
- MSD will work closely with these tenants to develop a plan and support them to make the move from social housing.
- People will only be asked to move on from social housing if it is clear they no longer have a need for it, and can afford and sustain a private rental.
- Overall the changes will ensure that people who need it the most can be supported with social housing.
- Tenants who think they are ready to move from social housing can contact MSD and we will work with them to help them successfully move on.
- Reviews will take into account the unique needs of each household.
- Reviews may result in tenants remaining in their current house, being transferred to a more suitable house or moving into the private rental market.
- Whatever the outcome MSD will work closely with the household.

Publicly Released

Communications – timing and approach

Audience	Communications	When (date)	From	Channels	Key messages
All HNZN tenants	Factsheet	March 2014	HNZN/MSD	<ul style="list-style-type: none"> • Direct mail • MSD service lines and HNZN service centres • MSD service lines and HNZN websites 	High level
All HNZN tenants and waitlist	Letter	Late Feb/early March 2014 Just before stakeholder briefings	HNZN/MSD	Direct mail	Reviewable Tenancies information and other social housing changes
Tenants for review	Letter	April 2014	MSD	Direct mail	Process and next steps
All public, social housing tenants and waitlist	Brochure	From 14 April 2014	MSD	<ul style="list-style-type: none"> • MSD service lines and HNZN service centres • MSD service lines and HNZN websites • CHP's • CABs and other key stakeholders • Housing Options seminars 	High level
All public, social housing tenants and waitlist	Video	From 14 April 2014	MSD	<ul style="list-style-type: none"> • MSD service lines websites 	High level

Appendix Three: Profile information

Initial reviews will be drawn from the following groups. Key statistics are set out below.²

Approximately 80 households that began their tenancies in July 2011 or later, have been advised their tenancy was subject to review after at least once every three years or earlier if they have a significant change in circumstances, and will have been in their tenancy for at least three years at some point between July 2014 and July 2015.

Rent

- 42 households are paying market rent
- 38 households receive an IRR subsidy between \$10 and \$50

Household composition

- 10 households have someone receiving a benefit for illness or disability (e.g. Supported Living Payment)
- 6 primary tenants are over the age of 65
- 52 households have one or more children.

In addition, there are approximately 700 households who began their tenancies before July 2011. These tenants have no children and are paying market rent.

Household composition is estimated to be as follows:


- 20 per cent (136) of primary tenants are likely to be aged over 65
- two per cent (17) tenants are likely to be receiving a benefit for illness or disability (e.g. Supported Living Payment)
- 19 per cent (130) households are likely to be male only households
- 21 per cent (144) households are likely to be women only households.

20% clearly!

Elderly	$\frac{142}{780} = 18.2\%$
Disabled	$\frac{27}{780} = 3.5\%$
Total	$\frac{169}{780} = 21.7\%$

² All figures are approximate and have been rounded. Data is as at August 2013.

Consultation on Cabinet and Cabinet Committee Submissions

Certification by Department:	
Guidance on consultation requirements for Cabinet/Cabinet committee papers is provided in the CabGuide (see Procedures: Consultation): http://www.cabguide.cabinetoffice.govt.nz/procedures/consultation	
Departments/agencies consulted: The attached submission has implications for the following departments/agencies whose views have been sought and are accurately reflected in the submission: HNZC, The Ministry of Business, Innovation and Employment, the Treasury, Te Puni Kokiri, the Ministry of Pacific Island Affairs, the Ministry of Health, The Ministry of Justice, the Ministry of Women's Affairs, the Department of Internal Affairs, the Department of Corrections and the Office for Disability Issues	
Departments/agencies informed: In addition to those listed above, the following departments/agencies have an interest in the submission and have been informed: The Department of the Prime Minister and Cabinet	
Others consulted: Other interested groups have been consulted as follows:	
Name, Title, Department: Anna Butler, General Manager, Ministry of Social Development	
Date: 12 '12' 14	Signature 

Certification by Minister:		
Ministers should be prepared to update and amplify the advice below when the submission is discussed at Cabinet/Cabinet committee.		
The attached proposal: <i>REVIEWABLE TENANCIES: IMPLEMENTATION + ROLLOUT STRATEGY</i>		
Consultation at Ministerial level	<input checked="" type="checkbox"/> has been consulted with the Minister of Finance [required for all submissions seeking new funding] <input checked="" type="checkbox"/> has been consulted with the following portfolio Ministers: <input type="checkbox"/> did not need consultation with other Ministers	
Discussion with National caucus	<input type="checkbox"/> has been or <input type="checkbox"/> will be discussed with the government caucus <input checked="" type="checkbox"/> does not need discussion with the government caucus	
Discussion with other parties	<input type="checkbox"/> has been discussed with the following other parties represented in Parliament: <input type="checkbox"/> Act Party <input type="checkbox"/> Maori Party <input type="checkbox"/> United Future Party <input type="checkbox"/> Other [specify] <input type="checkbox"/> will be discussed with the following other parties represented in Parliament: <input type="checkbox"/> Act Party <input type="checkbox"/> Maori Party <input type="checkbox"/> United Future Party <input type="checkbox"/> Other [specify] <input type="checkbox"/> does not need discussion with other parties represented in Parliament	
Portfolio <i>SOCIAL DEVELOPMENT</i>	Date <i>17 12 14</i>	Signature 