



29 MAY 2018

Dear [REDACTED]

On 28 March 2018, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *All advice, reports and correspondence between the MSD staff and the Minister, Phil Twyford relating to the decision to suspend or stop doing tenancy reviews for social housing tenants.*
- *If the decision was not made by the Minister, Phil Twyford who was responsible for the decision to suspend tenancy reviews? All advice, reports and correspondence on the decision to suspend/stop tenancy reviews.*
- *Prior to the decision being made, how many tenancy reviews were conducted by MSDs Housing Assessment Service in the year before the decision to stop conducting tenancy reviews was made?*
- *Of those reviews that were conducted in the past year how many found that tenants were no longer eligible for social housing?*
- *Please provide a breakdown of the locations where those who were found to be eligible lived.*
- *What reasons were given for tenants no longer being eligible for social housing?*
- *How many tenants have had to move out? How many have been unable to leave, even though they are required to?*

The Ministry commenced tenancy reviews in July 2014. Tenancy reviews determine whether a person or family still needs public housing and makes sure they are in a house that meets their current needs. They are on hold until the end of June.

Prior to the pause which commenced 29 March 2018, the only public housing tenants exempt from periodic tenancy reviews are people aged 75 years and older; people whose house is modified for their needs such as wheelchair access; households working with a Children's Team in the Ministry for Children Oranga Tamariki; and those with an agreed lifetime tenure with Housing New Zealand.

There is more information on the tenancy review process on the Work and Income website: [www.workandincome.govt.nz/map/social-housing/tenancy-reviews/introduction.htm](http://www.workandincome.govt.nz/map/social-housing/tenancy-reviews/introduction.htm)

For the sake of clarity, I have addressed your questions as follows:

- *All advice, reports and correspondence between the MSD staff and the Minister, Phil Twyford relating to the decision to suspend or stop doing tenancy reviews for social housing tenants.*

- *If the decision was not made by the Minister, Phil Twyford who was responsible for the decision to suspend tenancy reviews? All advice, reports and correspondence on the decision to suspend/stop tenancy reviews.*

Please find enclosed the following three documents in scope of your request:

- *'Initial advice on tenancy review exemptions and interim arrangements', dated 1 December 2017*
- *'Implementing the pause on tenancy reviews', dated 28 February 2018*
- *'Tenancy Reviews', dated 16 March 2018.*

You will note that some information is withheld under section 9(2)(f)(iv) of the Official Information Act as it is under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

In addition some information is withheld under section 9(2)(h) of the Act in order to maintain legal professional privilege. The greater public interest is in ensuring that government agencies can continue to obtain confidential legal advice.

You will note that the names of some individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

- *Prior to the decision being made, how many tenancy reviews were conducted by MSDs Housing Assessment Service in the year before the decision to stop conducting tenancy reviews was made?*
- *Of those reviews that were conducted in the past year how many found that tenants were no longer eligible for social housing?*

For the period 1 January 2017 to 31 December 2017, the Ministry commenced 3,785 tenancy reviews and of these, 2,663 had an outcome. 78 of the tenancy reviews with an outcome are recorded as being no longer eligible for public housing. Please note that 17 households with a tenancy review outcome were identified to be exempt from the tenancy review process. These figures differ from those in the enclosed report *'Implementing the pause on tenancy reviews'* under *'Appendix 2'*, as it contains tenancy reviews that commenced outside the period 1 January 2017 and 31 December 2017, and as such is not comparable.

The Ministry is responsible for assessing the continued eligibility for public housing, and when non-eligibility has been determined, informing the housing provider. Along with the residency, income and asset criteria, the Ministry considers a person's circumstances such as whether a person can afford suitable alternative housing, whether a person has access to housing other than social housing and the likelihood of a person being able to sustain alternative housing to determine if a person remains eligible for public housing.

- *How many tenants have had to move out? How many have been unable to leave, even though they are required to?*

Of the 78 households recorded as no longer eligible for public housing in the period 1 January 2017 to 31 December 2017, 75 have vacated the public housing property. The remaining three households are either in the three-month transition period or in 90-day notice stage with the housing provider.

- *What reasons were given for tenants no longer being eligible for social housing?*

The reasons for tenants no longer being eligible for public housing can include: the main applicants are deceased; moved into residential care; left New Zealand or imprisoned prior to the review process being completed.

The majority of households recorded as no longer eligible for public housing pay near or at-market rent, and after being notified that a tenancy review was due, have moved out of the property prior to the tenancy review being completed. As the tenancy review has not been completed there is no reason recorded for the tenant no longer being eligible for public housing. As such, I am refusing your request for the reason for tenants no longer being eligible for public housing under section 18(g) of the Official Information Act as the information you have requested is not held by the Ministry and I have no grounds to believe that the information is held by another department or Minister of the Crown or organisation.

- *Please provide a breakdown of the locations where those who were found to be eligible lived.*

The following table shows the region of the households where the tenancy review outcome was recorded as eligible for public housing.

<b>Region</b>	<b>Number of households</b>
Auckland	887
Bay of Plenty	338
Canterbury	32
Central	400
East Coast	162
Nelson	195
Northland	35
Other	9
Southern	63
Taranaki	112
Waikato	177
Wellington	158
<b>Total</b>	<b>2,568</b>

**Note:**

- 'Other' region includes addresses that are not geo-coded so cannot be attributed to a specific Territorial Local Authority.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter and attachments on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response concerning public housing tenancy reviews, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Scott Gallacher', with a long horizontal line extending to the right.

Scott Gallacher  
**Deputy Chief Executive Housing**

# Report



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

**Date:** 1 December 2017      **Security Level:** In Confidence  
**To:** Hon Phil Twyford, Minister of Housing and Urban Development

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## Initial advice on tenancy review exemptions and interim arrangements

### Purpose of the report

- 1 This report provides you with initial advice on how we operationalise tenancy reviews to provide security of tenure and limit disruption for people with ongoing needs for public housing.
- 2 It also seeks your direction to undertake further work, and seeks your views on continuation of tenancy reviews while further advice is being developed, which we propose to deliver in early 2018.

### Executive summary

- 3 The Ministry of Social Development (MSD) commenced tenancy reviews in 2014 to ensure the right people are in the right house for the duration of need. All tenants, unless they fall into one of the three exempt groups, are subject to a tenancy review every three years. The reviews assess continuing eligibility and whether the property meets their needs. An assessment of Income Related Rent Subsidy (IRRS) is undertaken annually via a separate MSD process.
- 4 You have previously indicated that, while public housing is not intended to be a house for life, certain groups of vulnerable tenants <sup>5 9(2)(1)(iv) OIA</sup> should be protected.
- 5 Exemptions from tenancy reviews currently exist for those in houses modified for their needs, those aged 75 and older, and those with agreed lifetime tenure – as agreed with Housing New Zealand (HNZ). Assured tenancies, which defer tenancy reviews for a period of time, also exist for households who are working with a Children's Team in the Ministry for Vulnerable Children, Oranga Tamariki (MVCOT).
- 6 The exemptions improve administrative efficiency by excluding tenants from selection if they are likely to have continuing eligibility for public housing (they are not generally intended to provide a house for life). However, the exemptions would benefit from being reviewed to ensure that vulnerable groups who are likely to have continuing eligibility for public housing do not have their tenancies reviewed.
- 7 We seek your direction to undertake further work to review the groups of tenants that could be exempt from tenancy reviews or be given assured tenancies. Until policy decisions are made, you may wish to put tenancy reviews on hold in the interim (there are currently 2,412 tenancy reviews in progress). If so, we propose to

undertake further work to give effect to this, including any amendments to ministerial directions, and report back to you by mid-December 2017.

### Recommended actions

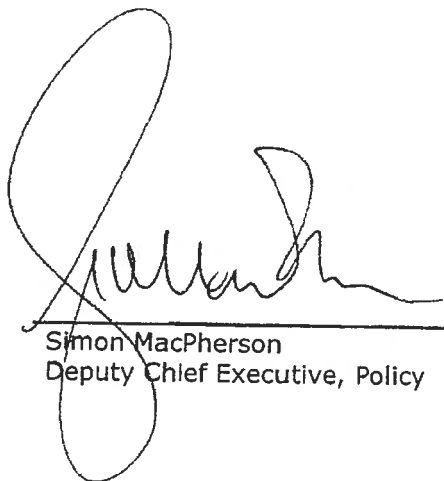
It is recommended that you:

- 1 **Note** that tenancy reviews are designed to ensure that public housing is used for the duration of need, and to ensure that properties continue to meet tenant needs; ✓
  - 2 **Note** that exemptions exist to improve the efficiency of the review process by removing from selection those groups that are likely to have continuing eligibility; ✓
  - 3 **Note** that assured tenancies exist to defer tenancy reviews for those with specific needs (currently limited to those working with MVCOT's Children's Teams); ✓
  - 4 **Note** that the exemptions could be better targeted to tenants who are likely to have continuing eligibility for public housing, and that the assured tenancies could be applied to a broader group of tenants who may or may not have continued eligibility; ✓
  - 5 **Agree** that officials undertake further work, including consultation with other government agencies and sector groups to identify broader groups of vulnerable tenants that could potentially be exempted from tenancy reviews, or be subject to an assured tenancy, and report back with advice in early 2018;
- Agree/Disagree**
- 6 **Note** that there are 2,412 tenancy reviews currently underway, and we seek your direction on interim arrangements while further advice is being developed;
  - 7 **Agree** to one of the following options to manage tenancy reviews in the interim (i.e. until decisions have been made), if you agree to recommendation 5 above:
    - 7.1 Pause all tenancy reviews; **Yes/No**
    - OR**
    - 7.2 Pause new tenancy reviews only; **Yes/No**
    - OR**
    - 7.3 Continue to process all tenancy reviews as usual; **Yes/No**
  - 8 **Note** that a temporary pause on tenancy review activity would reduce the risk of clients exiting from public housing who might in future be exempt from tenancy reviews, but it would increase demand on the social housing register;
  - 9 **Direct** officials to undertake all work required to give effect to your decision on recommendation 7, including any amendments required to the ministerial directions, and report back to you with advice by mid-December 2017;

**Agree/Disagree**

10 **Discuss** this advice with officials.

**Agree/Disagree**



Simon MacPherson  
Deputy Chief Executive, Policy

1/12/17  
Date



Hon Phil Twyford  
Minister of Housing and Urban Development

10.12.17  
Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT

## **Tenancy reviews were introduced to ensure the right people are in the right house for the duration of their need**

- 8 Security of tenure is regarded as important for improving the lives of vulnerable people. Evidence suggests it contributes to improvements across a wide range of social and economic indicators, including education, health and employment.
- 9 Public housing<sup>1</sup> has historically been a 'house for life'. However, with demand continuing to exceed supply, tenancy reviews were introduced in 2014 by MSD as part of the transfer of the needs assessment function from HNZ.
- 10 On 27 October 2017 you indicated to officials that, while public housing should continue to be used only for the duration of need, tenancy reviews should not be used to exit vulnerable groups of people. s 9(2)(f)(iv) OIA

## **Tenancy reviews have helped free up the supply of public housing**

- 11 Public housing is under pressure – there were 7,327 households on the social housing register in the September 2017 quarter, and demand is increasing (the social housing register rose from 6,773 in June 2017). The increased demand is largely attributed to affordability issues in the private market, which have led to declines in home ownership and increased rents.
- 12 Tenancy reviews provide an important mechanism to ensure that, in a supply constrained public housing market, public housing is used by those who have ongoing needs, and that they are in houses that are suitable for their circumstances.
- 13 There are currently around 60,000 active tenancies subject to a tenancy review. As at 30 September 2017, 6,045 tenancy reviews had been completed since 2014. These have led to 1,337 households moving out of public housing (including 907 voluntary moves to private rentals and 159 voluntary moves to home ownership<sup>2</sup>).

## **The tenancy review process checks continuing eligibility, and ensures tenants are in the right houses**

- 14 All tenants have obligations to inform MSD of any change in circumstances that could affect their ongoing eligibility for public housing, the amount of rent they pay, or ongoing entitlement to stay in their particular property. This is a requirement under section 115 of the Housing Restructuring and Tenancies Management Act (the Act). It ensures that public housing is only used for the duration of need, tenants are receiving the correct amount of Income Related Rent Subsidy, and that properties are well-utilised.
- 15 The tenancy review process supports these aims by periodically checking eligibility, and whether the property is suited to the tenants' needs. We note that the tenancy reviews are not used to check whether the tenant is paying the correct amount of

1 Otherwise known as 'social housing' in the Housing Restructuring and Tenancies Act 1992.

2 MSD has not, to date, captured data for those that have moved following a 90 day notice (other than the tenancy end date). Work is underway to record this information in the future.



income-related rent, as this is a separate process that is reviewed at least annually by MSD.

16 Continued eligibility is based on an assessment of the following criteria:

- affordability (ability to afford private housing)
- sustainability (ability to sustain private housing)
- accessibility (adequate supply of alternative housing options).

17 All active tenancies are subject to a three-yearly tenancy review<sup>3</sup>, unless exempt (see paragraph 23). To date, MSD has prioritised<sup>4</sup> clients who are:

- likely to be able to move into the private market in the short-term because they are paying (near) market rent
- likely to be in under-utilised properties
- in very large properties (four bedrooms or more) who may be able to move to smaller public housing.

#### **There are five key steps in the tenancy review process**

18 MSD aims to make the process as fast as possible for those with continuing eligibility to avoid any unnecessary disruption to tenants. At any stage, support is provided to develop an Independence Plan, with the aim of a voluntary exit.

19 The process commences with a **desktop check** to see if any information is held within MSD to indicate whether a client should be selected, whether they are still eligible, and whether their property is suited to their housing needs.

20 If the information is not held by MSD, the **engagement stage** begins. Enquiries are made with the client to check if any other information exists to determine continuing eligibility. If it is apparent that a client is still eligible for public housing, and is in a property appropriate for their needs, continued eligibility is confirmed.

21 If it is identified clients may no longer be eligible, **independence planning** begins. MSD works with tenants over many months before making a formal decision.

22 A **formal tenancy review** is completed in every case following the initial processes. At this stage, a decision is made as to whether the tenant is or is not eligible.

23 When the client ceases independence planning, a 90 day **transition period** begins. Where a voluntary exit does not occur during this period, a 90 day notice period is issued by the housing provider to end a tenancy under the Residential Tenancies Act 1986<sup>5</sup>.

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<sup>3</sup> Canterbury was initially excluded from tenancy reviews due to the impact of the earthquakes on the local housing market, but were introduced in March 2017 after the market had recovered.

<sup>4</sup> Note that these are not the only clients selected.

<sup>5</sup> It is not clear if community housing providers are keeping tenants on as non-IRRS tenants rather than giving 90 day notices as providers do not have to inform MSD of tenants who are not receiving IRRS.

## Some classes of people are exempt from tenancy reviews

24 Section 102(3) of the Act enables joint ministers to provide a ministerial direction that identifies the class or classes of people which MSD may or may not review in terms of continued eligibility for social housing. We note that the current exemptions have not been formalised through a ministerial direction to ensure sufficient flexibility exists in the timing and targeting of reviews.

25 **Operational exemptions** currently apply to:

- those in houses modified for their needs (e.g. wheelchair access)
- those who are aged 75 or older
- those with agreed lifetime tenure with HNZ – these resulted from HNZ having taken over tenanted properties from a previous landlord, e.g. Council, and a commitment made to remain in the property.<sup>6</sup>

26 In addition to exemptions, **assured tenancies** apply to tenants who are working with MVCOT's Children's teams<sup>7</sup>. The assured tenancies defer tenancy reviews for up to three years, with a further deferral of up to two years available, if necessary.

## Exemptions provide administrative efficiency by removing from selection those likely to have continuing eligibility

27 Tenancy review exemptions increase efficiency in the review process by excluding from selection tenants who have, or are likely to have, continuing eligibility for public housing. This ensures that tenancy reviews are targeted to those who have the potential to move out of public housing in the short-term, or who may need to move to a property more suited to their needs.

28 In order to be effective, the exemptions need to be tightly targeted. This is because, in the absence of a tenancy review, tenants could end up being in public housing for longer than they are eligible, or they end up in a property long-term that is unsuitable for their needs. This risk is partly mitigated by the obligation to inform MSD of any changes in circumstances that affect eligibility.

## The current exemptions could be better targeted

29 MSD does not have evidence to suggest that the tenancy review process is leading to the exit of vulnerable people with ongoing needs for public housing. Currently only data on age of main tenant and number of children is readily available.

30 However, the current exemptions could be reviewed to better target those who are likely to have continuing eligibility for public housing, and who are more likely to need an assessment to check their house continues to meet their needs.

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<sup>6</sup> The number is very small as it is a legacy issue, consisting of 136 tenancies in 2015.

<sup>7</sup> Children's teams work with families and whanau to create safer lives for at-risk children.

31 § 9(2)(f)(iv) OIA

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### The assured tenancies could be broadened

36 Assured tenancies are an operational mechanism to defer tenancy reviews to prevent further disruption to vulnerable children who are working with MVCOT's Children's Teams. These clients may or may not have continuing eligibility for public housing.

37 The current exemption is very narrow, and there are likely to be other similar circumstances whereby people need housing stability to work through specific barriers to living in the private market. § 9(2)(f)(iv) OIA

38 § 9(2)(f)(iv) OIA

8 § 9(2)(f)(iv) OIA

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### Further work could be undertaken

- 42 While identifying exempt groups upfront has administrative advantages, the review process is undertaken with care to ensure that tenants who continue to be eligible are identified at the earliest opportunity. At any stage, if a person is found to still be eligible, they can remain in public housing. Therefore, the risk of exiting vulnerable tenants with continuing eligibility is low.
- 43 However, if your preference is to review the use of exemptions and assured tenancies, we propose to consult more widely with agencies and the sector to identify the specific population groups that they should apply to.
- 44 The key risk with a permanent or temporary exemption is the potential to undermine the intention of tenancy reviews, by allowing people who may not have continued eligibility to remain in public housing for longer than they are eligible. This could have significant impacts on demand, depending on the size of the cohorts, as it would reduce the number of exits and result in the need for new supply to meet demand. There is also a risk that tenants remain in properties unsuitable for their needs.
- 45 Exemptions also need to be considered carefully to avoid creating incentives to remain in public housing. For example, the evidence is mixed regarding the benefits of targeting people who are unemployed. On one hand, public housing can provide the stability required to find employment. On the other hand, being in public housing, with its income-related rent, can reduce incentives to work in order to remain eligible for public housing<sup>16</sup>.

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16 In some cases, tenants have threatened to quit their jobs to remain eligible – we note this would have implications for tenants as there is a stand down period to access a benefit.

- 46 While exemptions do not negate the obligation to inform MSD of any changes in circumstances that affects continuing eligibility, tenancy reviews currently provide the best tool for monitoring and enforcing this obligation.

### **Tenancy reviews could be put on hold in the interim**

- 47 MSD is responsible for decisions on eligibility, but housing providers are responsible for giving effect to the decisions. We note that HNZ has taken steps to stop issuing or enforcing 90 day notices due to uncertainty while consideration of the policy settings is underway.<sup>17</sup> Further, MSD will reduce activity on tenancy reviews in the lead-up to Christmas (from mid-December 2017 until after the Christmas break<sup>18</sup>).
- 48 If you would like to review the groups eligible for an exemption or assured tenancy, you may wish to temporarily put current tenancy reviews on hold to avoid disadvantaging groups of people that may in future be exempt. Options include:
- Option A: a complete pause on all proactive<sup>19</sup> tenancy review-related activity, for both existing and new candidates (there are 2,412 reviews underway)
  - Option B: pausing all new tenancy review activity only
  - Option C: business as usual.
- 49 A complete pause on all new and existing tenancy reviews under Option A would benefit a wider group of tenants. However, it would also put more pressure on the social housing register than Option B. A partial pause on new tenancy reviews only would put less pressure on the social housing register, but some existing clients could be disadvantaged if they were, in the future exempted from tenancy reviews.
- 50 There are also some general operational risks that apply to options A and B, including raising client expectations, potential confusion for staff and clients, and some minor impacts on resourcing. These risks could be mitigated through communications<sup>20</sup>, and changes to operational practices to focus staff on initial housing assessments rather than tenancy reviews.
- 51 Maintaining business as usual would continue to free up public housing for those in need. It would also provide continuity in light of wider uncertainty regarding institutional changes, and would enable us to continue to engage with clients on their current situation and ensure we are providing the necessary support.
- 52 However, it could disadvantage clients who, within a few months, could potentially have been exempt from tenancy reviews and therefore remained in public housing for longer. It would also lead to 'not eligible' notifications accumulating if they are not being actioned by HNZ, leading to prolonged uncertainty for these clients.

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17 As at 16 November 2017, HNZ had 21 90 day notices in flight. A further 139 clients are awaiting a 90 day notice from their housing provider.

18 MSD normally undertakes 60 tenancy reviews a week.

19 Some tenants approach MSD for support to move into the private market – in these cases, MSD would still provide support.

20 This would include not directly advising clients in the planning stage that the review is on hold – rather, we would not proactively work with them while the tenancy reviews are on hold.

53 On balance, to ensure a coordinated approach with HNZ is taken, we recommend Option A. <sup>s 5(2)(n) OIA</sup>

We note that, if your preference is to introduce a longer-term or permanent end to tenancy reviews, we can provide you with further advice on what would be required.

54 Section 102 of the Act provides for the Minister to give the agency direction regarding the timing and targeting of reviews. If your preference is to introduce a temporary pause on all tenancy reviews while the policy work on exemptions and assured tenancies is underway, we will undertake all work required to give effect to this, including any amendments required to ministerial directions.

### **Housing Support Products help with the transitions**

55 For those that are deemed to be ineligible for continued access to public housing, or who choose to move into private housing while on the register, support is made available to help them with their transition. This includes the use of Housing Support Products (HSPs), which can provide financial and other assistance, including assistance with: bonds, letting fees, moving assistance, advance rental payments, and landlord references.

56 In 2016/17, MSD spent \$3.69m in total on HSPs to support people to live in the private housing market. On average, MSD spends \$2,257 per recipient on HSPs<sup>21</sup>. HSPs have been in place for three years now, and MSD has reviewed the products to assess the outcomes being achieved. The review identifies the effectiveness of each product based on internal data and qualitative evidence. We will provide you with advice, based on the findings of the review, in December 2017.

### **Next steps**

57 We propose that you discuss this paper with officials. If your preference is to review the classes of people eligible for a tenancy review exemption or assured tenancy, we will undertake further consultation and report back to you with advice in early 2018.

58 If you agree to a temporary pause on existing and or new tenancy reviews, we will provide further advice by mid-December 2017. Once agreed, MSD will take the necessary steps to communicate these decisions to staff and clients.

File ref: REP/17/12/1233

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21 Based on a three year period (2014 to the end of June 2017).



# Report

**Date:** 28 February 2018

**Security Level:** IN CONFIDENCE

**To:** Hon Phil Twyford, Minister of Housing and Urban Development  
REP/18/2/213

*This report may contain legal advice and be subject to privilege. It should not be disclosed on an information request without further legal advice.*

## Implementing the pause on tenancy reviews

### Purpose of the report

- 1 The report outlines how best to implement your decision to enact a pause on tenancy reviews. It provides information on potential approaches, and discusses the next steps needed to carry out your decision.

### Recommended actions

It is recommended that you:

- 1 **note** that the Ministry of Social Development has taken operational steps to implement the pause on tenancy reviews
- 2 **note** that the pause on tenancy reviews has not had an impact on other parts of the Ministry of Social Development's housing operations

3 s 9(2)(h) OIA

- 4 **note** that we expect to provide a report to you by mid-March 2018 with advice on the potential to exempt the groups you have identified
- 5 **agree** for the Ministry of Social Development to continue to implement the pause on tenancy reviews either:

5.1 without a Ministerial Direction (recommended)

OR

5.2 with a Ministerial Direction

AGREE / DISAGREE

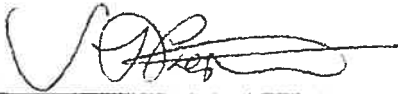
AGREE / DISAGREE

6 **agree** to publically announce the pause on tenancy reviews through a press release on the Beehive website once staff and the Public Service Association have been informed

AGREE /  DISAGREE

7 **agree** to forward this report to the Minister for Social Development.

AGREE /  DISAGREE



Sandra Preston  
General Manager Housing  
Ministry of Social Development

28/2/18

Date



Hon Phil Twyford  
Minister of Housing and Urban Development

12.3.18

Date



## **You have made the decision to pause all tenancy reviews for the purpose of undertaking further policy work on exemptions**

- 1 The Ministry of Social Development (MSD) commenced tenancy reviews in 2014 to ensure the right people are in the right house for the duration of need. All tenants, unless they fall into one of the three exempt groups, are subject to a tenancy review every three years. The reviews assess continuing eligibility and whether the property meets their needs. An assessment of Income-Related Rent Subsidy is undertaken annually via a separate MSD process.
- 2 You have previously indicated that, while public housing<sup>1</sup> is not intended to be a house for life, certain groups of vulnerable tenants <sup>s 9(2)(f)(iv) OIA</sup> [REDACTED] should not be the subject of tenancy reviews when they are likely to remain eligible for public housing.
- 3 Exemptions from tenancy reviews currently exist for those in houses modified for their needs, those aged 75 and older, and those with agreed lifetime tenure – as agreed with Housing New Zealand (HNZC). Assured tenancies, which defer tenancy reviews for a period of time, also exist for households who are working with a Children's Team in Oranga Tamariki, Ministry for Children.
- 4 The exemptions improve administrative efficiency by excluding tenants from selection if they are likely to have continuing eligibility for public housing.
- 5 You agreed for MSD officials to undertake further work to review the groups of tenants that could be exempt from tenancy reviews or be given assured tenancies.

## **MSD has taken operational steps to implement your decision to pause all tenancy reviews**

- 6 As an interim arrangement, you agreed [REP/17/12/1233 refers] that all tenancy reviews should be put on hold until further policy decisions are made on vulnerable client cohorts to be excluded from tenancy reviews.
- 7 MSD expects to report back to you by mid-March 2018 with options on potential vulnerable client cohorts who could be made exempt from tenancy reviews. <sup>s 9(2)(f)(iv) OIA</sup> [REDACTED]
- 8 MSD has instructed frontline staff and Housing Case Managers to pause all tenancy reviews until further notice.
- 9 Since November 2017, HNZC has not issued or enforced any 90 day notices to tenants who have been deemed ineligible for public housing as a result of a tenancy review.

## **MSD will continue other Public Housing activities that are not affected by the pause on tenancy reviews**

- 10 While tenancy reviews are paused, MSD will continue to:
  - assess clients' initial eligibility for public housing – people who meet the eligibility criteria will be placed on the social housing register
  - determine and review clients' housing needs (housing requirements) – this is undertaken at initial application to ensure the client is matched by the public housing provider to a property that meets their housing requirements and also when a current tenant or public housing provider asks for MSD to undertake an assessment of their housing needs

<sup>1</sup> The term 'public housing' is now used instead of 'social housing' as defined in the Housing Restructuring and Tenancy Matters Act 1992.

- regularly review clients' eligibility for public housing while they are on the social housing register waiting to be allocated a public house (register management) – this is to establish that they still require public housing, determine if their details are current, determine if their circumstances have changed and promote alternative housing solutions where appropriate
- remove clients from the social housing register where they have declined an offer of a suitable property from a public housing provider without a good and sufficient reason
- calculate and administer the payment of Income-Related Rent to eligible clients in public housing – this includes an annual review of Income-Related Rent to ensure the client is paying the correct amount and to review Income Related Rent when the client has a change in circumstance.

11 These activities are not affected by the pause on tenancy reviews.

### **There will be some staffing implications associated with the pause**

- 12 Case Managers Housing complete tenancy reviews as a component of their role. During the pause period they will no longer be required to do this, which will have an impact on the number of staff required during the pause. Some staff will have secondments ended, while others may have fixed term contracts ended. MSD will communicate with Case Managers Housing involved in tenancy reviews and inform the Public Service Association. This will be included in the communications plan.
- 13 When the review of exemptions is complete, MSD will need to reassess the level of staffing needed to deliver tenancy reviews with the new criteria. MSD estimates that it will take approximately three months to recruit and train sufficient staff to deliver tenancy reviews at full capacity once decisions are made.
- 14 We will provide advice to you in mid-March on further exemptions. Assuming decisions are made by the end of March we recommend the pause remain in place until June 2018. This allows time for MSD to organise staffing arrangements to resource reviews when they start again. However, this is dependent on when decisions are made.
- 15 We will provide you with more information on this when the review of exemptions is complete.

### **The pause will influence the housing register**

- 16 Over the last two quarters where data is available<sup>2</sup> around 50 public housing tenancies ended per quarter as a result of tenancy reviews<sup>3</sup>. MSD anticipates that a similar number of public housing tenancies would have otherwise ended over the March quarter if tenancy reviews were still commencing. This means the pause may contribute to growth in the Social Housing Register in the lead up to winter.

9(2)(h) OIA

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<sup>2</sup> The June 2017 quarter and September 2017 quarter, there is a quarterly delay in the data on tenancy exits in order to provide confidence in the outcome achieved.

<sup>3</sup> It is difficult to determine how many people would potentially be able to move into these placements as there is no assurance that a Tenancy End results in a new placement. Sometimes the property may be used for a provider transfer or held vacant for repairs or maintenance. However, it would be safe to assume the pause will reduce the amount of public housing places available for new vulnerable tenants entering public housing to an extent.

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### **We recommend continuing without a Ministerial Direction**

- 23 MSD recommends that you continue with the pause without a Ministerial Direction, and publically announce the pause and review of exemptions to ensure transparency of the process. Key messages for an announcement are provided in Appendix 1.

### **There is a group of tenants who were engaged in tenancy reviews when the pause began**

- 24 Before the pause, there was a group of 2,089 tenants in various stages of the tenancy review process. These are broken down in Appendix 2.
- 25 Of the 2,089 tenants, there are two groups who have had their tenancy reviews paused close to the final stages of the review:

**322 clients in the transition period stage:** the tenant has been found to be no longer eligible for public housing, and has been advised of the outcome. A three month transition period is in place, providing the tenant sufficient time to lodge a Review of Decision. After this time, the public housing provider would be advised that the tenant is no longer eligible for public housing.

- **39 clients in the 90 day notice stage:** the tenant's housing provider is advised that the tenant is no longer eligible for public housing. In the usual course of events, the housing provider would commence issuing a 90 day notice to the tenant to vacate the property. However, this has not been occurring during the pause period as the sole provider is HNZN and they have put a pause on issuing 90 day notices<sup>4</sup>.

- 26 Clients in these final stages of the review will not be required to complete the tenancy review until after the changes from the review of exemptions is implemented.

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<sup>4</sup> HNZN had issued 90 day notices for 23 of these tenants that were revoked.

- 27 Although these groups of clients are technically ineligible for public housing on the basis of the current criteria, the public housing provider is still receiving Income-Related Rent Subsidies for their properties as they have not been asked to vacate the property. § 9(2)(h) OIA
- 28 After the pause has been lifted, due to the length of time that will have passed from when a decision was made that the person was ineligible and the action being taken, MSD will review their circumstances to see if there are any reasons that they might have become again eligible for public housing.
- 29 For the 322 clients in the transition period stage, if there are no new circumstances that alter their eligibility, a new three month transition period will begin. After this time, the public housing provider would be advised that the tenant is no longer eligible for public housing.
- 30 For the 39 clients in the 90 day notice stage, if there are no new circumstances that alter their eligibility, the public housing provider can then issue a 90 day notice. While the issuing of the 90 day notice is the responsibility of (and at the discretion of) the public housing provider MSD's expectation is that the public housing provider will act on the assessment they are no longer eligible for public housing.
- 31 As part of the communications plan we will develop communications for tenants in the different phases of the review process to ensure they are informed and that they understand what it means for them.

**We recommend that an announcement is made on the pause and review as part of a communications plan**

- 32 MSD is working on a communications plan to announce the pause on tenancy reviews, and any changes that come from the review of exemptions. This plan includes communications for staff, providers and tenants. The pause could cause uncertainty and it is important for MSD to provide as much certainty as possible.
- 33 We recommend that you publish a press release on the Beehive website, outlining the reasons for the pause of the tenancy review process, and key messages around the process. MSD has provided some key messages in Appendix 1, should you wish to use them. We will work with your office around the timing of any press release, as staff and the Public Service Association should be informed prior to a public announcement.

**Next steps**

- 34 MSD will continue to operationally manage the pause of tenancy reviews through the interim arrangements that are currently in place.
- 35 We will work with your office to provide communications material for the announcement of the pause to tenancy reviews, and the subsequent changes to exemptions.
- 36 If you decide to pursue a Ministerial Direction to formally capture the pause of tenancy reviews in the HRTMA, MSD can provide you with further advice on this option.
- 37 MSD continues to work on reviewing the exemptions for tenancy reviews, and will provide further advice on the potential exempt groups you identified by Mid-March 2018.
- 38 We recommend you forward a copy of this report to the Minister for Social Development due to the potential impact on staffing arrangements.

File ref: A10286807

Responsible Manager: § 9(2)(a) OIA Policy Manager, Housing

Author: § 9(2)(a) OIA Graduate Policy Analyst, Housing

## **Appendix 1**

### ***Key messages for public announcement on pause of tenancy reviews***

#### **Announcement**

- The Minister of Housing and Urban Development has decided to review which groups of public housing tenants should be exempt from periodic tenancy reviews.
- All tenancy reviews are on hold until June 2018 while the Ministry of Social Development completes the review.
- While public housing is not intended to be a house for life, it is important we recognise that some vulnerable groups of tenants will need secure public housing and support for a long time.
- The review will make sure that the right tenants are protected, do not need to undergo tenancy reviews, and do not move into private housing when it is not a good fit for them.

#### **Tenancy reviews**

- While government and communities work to increase the supply of public houses, it is important that quality public housing and support is available for people with most need for as long as they need it.
- Tenancy reviews determine whether a person or family still needs public housing and makes sure they are in a house that meets their current needs.
- When a person or family is ready for more independence, government agencies can support them to rent or buy in the private sector. This frees up public housing places for those with most need for it.
- Since 2014, more than 1,300 households have moved to private rentals or bought their own homes.
- Currently, all tenants are subject to a tenancy review every three years except for certain groups. These include people 75 and older; people whose house is modified for their needs such as wheelchair access; and households working with a Children's Team in Oranga Tamariki, Ministry for Children.

#### **Tenants currently undergoing a tenancy review**

- The Ministry and housing providers will contact tenants who are currently engaged in the tenancy review process so they know what it means for them. All tenancy reviews are on hold until the end of June 2018 when the new exemption criteria are in place.
- For tenants who have been through a tenancy review and advised that they are no longer eligible for public housing:
  - no 90 day notices will be issued or enforced for tenants while tenancy reviews are on hold
  - when the hold is lifted, MSD will conduct new reviews for any of these tenants that may be eligible under the new exemptions.

### **Tenancy reviews background**

- While government and communities work to increase the supply of public houses, it is important that public housing is available for the people who need it most, for as long as they need it.
- Tenancy reviews free up public housing places for those with most need.
- Tenancy reviews determine whether a person or family still needs public housing and makes sure they are in a house that meets their current needs.
- When a person or family is ready for more independence, government agencies can support to rent or buy in the private sector.
- Since 2014, more than 1,300 households have moved to private rentals or bought their own homes.
- Currently, all tenants are subject to a tenancy review every three years except for certain groups. These include people 75 and older; people whose house is modified for their needs such as wheelchair access; and households working with a Children's Team in Oranga Tamariki, Ministry for Children.

## Appendix 2

Breakdown of the stages of the Tenancy Review process, and the number of clients in each group as at 31<sup>st</sup> January 2018

Stage	#	Description
Initial engagement stage	782	The tenant has been selected for Tenancy Reviews and MSD has made an initial contact with the tenant by letter to begin engagement.
Independence planning stage	683	Following Tenancy Review selection and engagement, the client has made contact with MSD and is working with a Case Manager Housing. This planning generally includes the tenant undertaking agreed steps to find alternative housing.
Formal review stage	263	Following engagement and planning, a Formal-Review will determine the tenant's ongoing eligibility for public housing. MSD is likely to determine non-eligibility unless there is a significant change to the household's circumstances.
Transition period stage	322	Following the Formal Review, the tenant has been found to be no longer eligible for public housing, and the tenant has been advised in writing of the outcome. A three month transition period is in place, providing the tenant sufficient time to lodge a Review of Decision.  Once the three month transition period has ended, the housing provider will be notified of the outcome of the Tenancy Review.
90 day notice stage	39	Following the completion of the three month transition period, the tenants housing provider is advised that the tenant is no longer eligible for public housing.  In the usual course of events, the housing provider would commence issuing a 90 day notice to the tenant to vacate the property. However, this has not been occurring during the pause period as the sole provider is HNZN and they have put a pause on issuing 90 day notices.
<b>Grand Total</b>	<b>2089</b>	



# Memo

**To:** § 9(2)(a) OIA, Private Secretary

**From:** § 9(2)(a) OIA

**Date:** 16 March 2018

**Security level:** IN CONFIDENCE

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## Tenancy Reviews

At the Officials meeting on 12 March 2018 Minister Twyford agreed to continue the pause on tenancy reviews without a Ministerial Direction and to publically announce the pause. The Minister asked for more information about the cost of tenancy reviews, the number of tenancy reviews conducted and the outcomes achieved. This memo provides that information.

### Tenancy reviews conducted and outcomes achieved as at 31 December 2017

As at 31 December 2017, 7,140 tenancy reviews had been completed since 2014. The outcomes of tenancy reviews are presented in table 1.

These tenancy reviews have led to 1,431 households moving out of public housing (including 960 voluntary moves to private rentals and 164 voluntary moves to home ownership). This information about type of exit is presented in table 2. These exits free up places for people on the register. However, it is difficult to determine how many people would potentially be able to move into these placements as there is no assurance that a Tenancy End results in a new placement. Sometimes the property may be used for a provider transfer or held vacant for repairs or maintenance.

**Table 1: Tenancy review outcomes**

Outcome	Number
In progress	2,487
Client deselected	27
Eligible for Public Housing	5,682
Exit from Public Housing	1,431
<b>Total</b>	<b>9,627</b>



**Table 2: Tenancy review exits**

<b>Exit Type</b>	<b>Number</b>
Formal review- Not eligible, vacated	73
Voluntary exit home ownership	164
Voluntary exit private rental	960
Other	234
<b>Total</b>	<b>1,431</b>

Note: Other includes households who have left the Tenancy Review process for unexpected reason, for example they are deceased, moved into residential care, left NZ or imprisoned.

**Further information about tenancy review exits as at 28 February 2018**

The Minister also asked for information about the status for those who exit public housing through the tenancy review process. We have conducted further analysis on all the Tenancy Review cases who have exited public housing (as at 31 December 2017), to determine their current status (as at 28 February 2018). This information is presented in table 3 below. The majority of tenancy review exits are maintained with most tenants not returning to the register or to public housing.

**Table 3: Tenancy review exits by current status**

On Housing Register	11
In Public Housing Tenancy	31
On Transfer Register (and are a current tenant)	1
Not on Register or in Public Housing Tenancy	1,388
<b>Total</b>	<b>1,431</b>

**Funding for and resourcing of tenancy review activity**

The Ministry of Social Development (MSD) is funded approximately \$1m (the equivalent of 15 FTE) to perform tenancy review work. This level of funding enables 3000 tenancy reviews to be undertaken per annum. Now that this work is not being undertaken due to the pause we have increased resourcing in the Central Unit Housing (CUH) to alleviate the significant demand pressure— <sup>5 9(2)(f)(iv) OIA</sup> [REDACTED]

[REDACTED] We propose to do this for the remainder of the pause through to June 2018.