

Policy: Rent Debt Policy (POL-399)

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Owner	GM National Services	Author	Operational Policy

Purpose

1. This Policy and supporting guidance outlines how Kāinga Ora – Homes and Communities (Kāinga Ora) supports customers to pay their rent and minimise debt and describes how we use both legislative and supportive tools when customers do not meet their obligations.
2. This Policy is guided by the [Kāinga Ora Tenancy Management Framework](#) which governs how we resolve issues that may impact a tenancy, while balancing our legislative obligations and commitments as a landlord.

Background

3. Financial hardship is a primary driver of public housing need. Many Kāinga Ora customers live on low incomes, with little or no money in reserve. Unexpected events can push a person or family into debt that can be difficult to recover from.
4. The consequences of debt are far reaching. Debt has a negative effect on people’s mental health and limits their life choices. For those facing financial hardship, debt repayment can divert precious resources away from other necessities such as basic living expenses and further education. Being in debt can also trigger unsettling emotional responses such as stress and fear.
5. Kāinga Ora takes a fair and reasonable approach to tenancy management and assists customers to access support services required to resolve issues that impact their wellbeing, and their tenancies.
6. Supporting customers to pay rent regularly and to seek support from appropriate agencies if they are struggling to do so ensures our actions remain within our functions and prevents rent debt from escalating to levels that risk exacerbating hardship.

Legislation

7. The Kāinga Ora – Homes and Communities Act 2019 (the Kāinga Ora Act) sets out the operating principles of Kāinga Ora. This policy supports Kāinga Ora to act consistently with the following operating principles in Section 14(1):
 - providing good quality, warm, dry, and healthy rental housing
 - supporting tenants—
 - (i) to be well connected to their communities; and
 - (ii) to lead lives with dignity and the greatest degree of independence possible; and
 - (iii) to sustain tenancies:
 - working with community providers to support tenants and ensure those most in need are supported and housed:
 - being a fair and reasonable landlord, treating tenants and their neighbours with respect, integrity, and honesty:
8. The Kāinga Ora Board also has a duty under section 51 of the Crown Entities Act 2004 to ensure Kāinga Ora operates in a financially responsible manner.

The Residential Tenancy Act 1986 (RTA)

9. The RTA sets out the responsibilities for landlords and tenants. Kāinga Ora will meet all its obligations under the RTA and expects its customers to do the same. This includes the responsibility under section 40(a) to pay the rent as and when it is due and payable under the tenancy agreement.

Tenancy Management Framework

10. The [Kāinga Ora Tenancy Management Framework](#) (the Framework) sets out our approach to managing tenancies.
11. The following principles, outlined in the Framework, guide the approach Kāinga Ora takes to supporting customers to minimise and effectively manage rent debt:
 - Kāinga Ora seeks to understand its customer and their household's circumstances
 - Kāinga Ora supports customers and their household to be well connected to their communities, to lead lives with dignity and the greatest degree of independence possible
 - Kāinga Ora is a fair and reasonable landlord
 - Kāinga Ora supports the customer and their household to take appropriate actions to maintain their tenancy.

Scope

12. This Policy and related procedures apply to social housing tenancies managed by Kāinga Ora, and to all Kāinga Ora employees and contractors.
13. This Policy should be read in conjunction with the [Kāinga Ora Tenancy Management Framework](#).

Policy

14. When responding to rental arrears Kāinga Ora supports customers to take appropriate actions to resolve issues affecting their tenancy and prevent customers from accruing high levels of debt that may impact their wellbeing.
15. To achieve this, Kāinga Ora undertakes the below activities, which may occur at any stage as deemed appropriate.
16. Kāinga Ora will engage with customers throughout these activities in ways that are culturally appropriate and reflect their individual circumstances and preferences in-line with the [Engaging with customers to support their wellbeing policy \(POL-369\)](#).

Setting clear expectations

17. Kāinga Ora sets clear expectations regarding rent when a customer first signs their tenancy agreement and throughout their tenancy.
18. To achieve this Kāinga Ora will:
 - inform customers of their obligations, including the importance of paying rent in full every week and discuss the potential consequences (including ending a tenancy) if these obligations are not met,
 - discuss with customers the importance of keeping the Ministry of Social Development (MSD) informed of any changes in their circumstances and completing income-related rent (IRR) reviews,
 - inform customers of the importance of having a reliable mechanism to pay their rent such as automated payments or having their rent deducted directly from their income,
 - emphasise to customers the need to contact Kāinga Ora promptly to discuss any issues that interfere with their ability to pay rent, and to be contactable if any issues occur.

Prevention

19. To prevent customers from falling into rent arrears, Kāinga Ora will:

- seek to understand underlying issues in the home that may destabilise the tenancy and impact the customer's ability to pay rent. This may include referring customers to support services (in line with the [Framework for supporting public housing customers to access social support services](#)) such as:
 - financial guidance and specialist financial support services such as budgeting,
 - support to address issues that undermine customers' wellbeing such as addiction, and mental health issues,
 - other Crown services including MSD, Inland Revenue, and Health services.
- use tools that advise Kāinga Ora of potential changes to a customer's rent or payments to understand if the customer has had a change in circumstance and ensure customers are aware of and prepared for the change.

Early action

20. When a customer misses or underpays a rent payment Kāinga Ora will:

- contact the customer straight away and seek to understand their circumstances and the reason for the missed payment,
- review the debt to ensure it is correct and reasonably sits with the customer to repay. If needed, support the customer to engage with MSD to ensure their IRR is calculated at the correct amount,
- if possible, seek full payment to return the customer to being debt-free as quickly as practicable. If this is not possible, set up an arrangement to collect the arrears,
- if paying their rent or meeting the terms of their arrangement will mean customers cannot meet other necessary costs, support them to contact MSD as they may qualify for financial assistance,
- focus on stabilising regular rent repayments to prevent future rent debt from increasing (see [Limiting customer liability](#) below)
- ensure the customer is formally advised of their obligation to pay rent and the potential consequences of non-payment and inform the customer of options for payment.

Addressing ongoing rental arrears

21. If the customer does not repay the debt, fails to set up and sustain a working arrangement, or misses a further payment, Kāinga Ora will:

- continue to follow appropriate steps under *Setting clear expectations*, *Prevention* and *Early action* (above), including seeking to understand issues contributing to non-payment of rent and/or arrears and referring to support services if appropriate

And

- proactively use appropriate legislative tools in a timely manner.
22. When a customer's debt reaches a level of 21 days-worth of their rent, Kāinga Ora will inform them that the RTA allows us to apply to end the tenancy at this point.
 23. Kāinga Ora will escalate the use of tools quickly where a customer is regularly not paying rent to prevent rent debt from increasing (see [Limiting customer liability](#) below).
 24. Kāinga Ora will proactively recover rent debt in accordance with the [Rent arrears and payment arrangement guideline \(CT-GDL-026\)](#).

Ending the tenancy due to rent debt

25. Kāinga Ora will consider ending a tenancy for rent debt when the customer has not repaid the debt, has not set up and/or sustained a working arrangement, or misses further rent payments and:
 - Kāinga Ora has sought to understand issues contributing to non-payment of rent and/or arrears and referred to support services if appropriate,
 - Kāinga Ora has used appropriate legislative tools in a timely manner,
 - Use of further supportive and legislative tools are unlikely to be successful in resolving the rent debt issue.

Limiting customer liability

26. Kāinga Ora will undertake the steps captured in this policy within a timeframe that aims to prevent customer debt from exceeding a maximum of 12 weeks-worth of their rent at the time of termination. In many cases (where a customer is not engaging or taking meaningful steps to resolve rent debt issues) we expect to end tenancies prior to this point.
27. This needs to be balanced with the need to undertake reasonable steps to support the customer to resolve rent debt issues.
28. Kāinga Ora may be unable to limit liability to this level when there are significant delays in accessing legislative tools (such as mediation or termination services) or where the action or inaction of a third party contributes to a delay in resolving rent debt issues (such as an error on behalf of an employer in paying wages).

We support the customer and their household to move on from Kāinga Ora housing

29. As per the [Kainga Ora Tenancy Management Framework](#), when Kāinga Ora has decided that ending the tenancy is appropriate, we will assess whether a customer or their household have any vulnerability factors.¹
30. Kāinga Ora uses the following case-by-case approach to support a customer and their household to move on from a Kāinga Ora home, when it is safe to do so:
- where we identify a vulnerability factor for a customer or their household, we refer them to an appropriate provider(s). The customer does not have to secure alternative housing before we proceed to end the tenancy,
 - if there is a high risk to life from homelessness (e.g. medically dependent on electricity) we work with the customer, their household, and providers to assist the customer and their household to secure accommodation before ending the tenancy,
 - where there is no vulnerability factor or the customer is disengaged, at a minimum, we inform a customer of potential accommodation options.
31. The presence of vulnerability factors does not change the decision to end the tenancy and not rehousing the customer in another Kāinga Ora home.

Definitions

32. The following definitions apply when interpreting this policy:

Term	Definition
Customer	A person who is a tenant of a Kāinga Ora property
Arrears	Money that is overdue and should have already been paid.
Debt	A sum of money that is owed.

Related legislation, regulation, policies, processes, and guidance documents

33. Relevant legislation and regulations:

- [Residential Tenancies Act 1986](#)

¹ Vulnerability factors include: where there are children or dependents in the household; the customer or household members are elderly, have accessibility needs or a mental illness; there is presence of family violence; the customer or a household member is medically dependent on electricity.

- [Kāinga Ora – Homes and Communities Act 2019](#)

34. Relevant policies:

- [Kāinga Ora Tenancy Management Framework \(POL-538\)](#)
- [Engaging with customers to support their wellbeing policy \(POL-369\)](#)
- [Delegations Policy \(SF-POL-001\)](#)
- [Risk Management Policy \(POL-353\)](#)
- [Framework for supporting public housing customers to access social support services](#)

35. Relevant processes and guidance:

- [Manage access issues for Compliance \(CM-PRO-125\)](#)
- [Rent arrears and payment arrangement guideline \(CT-GDL-026\)](#)
- [Guideline for Tenancy Mediation and Tenancy Tribunal \(CT-GDL-020\)](#)
- [Manage Tenancy Tribunal \(CT-PRO-211\)](#).
- [Policy, Process and Support Info - Tenant Transfer Guideline \(T-244\)](#)
- [Policy, Process and Support Info - Manage Tenant Transfer \(CT-728\)](#)
- [Guideline for staying safe and secure \(SS-GDL-110\)](#)
- [Safe Work Plan and Customer Risk Register Advisory](#)

Review

36. This Policy will be reviewed periodically and when supporting policies, process, guidelines, and resources are updated or legislation is changed.

37. This Policy will be reviewed a year after it becomes effective.

Document control

Date	Reviewed/Modified by	Comments/Descriptions of changes
2 June 2024	Chief Executive's Leadership Group	Endorsed the draft Policy to be submitted to the Public Housing Committee.
19 August 2024	Public Housing Committee	Endorsed the draft Policy.
27 August 2024	Board	Approved final policy.

38. This Policy replaces the Sustaining Tenancies – Rent Debt Policy (POL-357).

39. Details of previous versions of policies and procedures will be stored in the Kāinga Ora document management system (Objective).