

4. COUNCIL HOUSING: AUTOMATIC PAYMENT OF RENTS FROM INCOME SOURCE



Officer responsible
Property Manager

Author
Rob Dally, Property Manager, DDI 941-8500
Kevin Bennett, Housing Team Leader, DDI 941-8576

The purpose of this report is to seek the Council's approval to make representations to the Minister of Social Welfare with a view to local authority providers of social housing being enabled to automatically obtain rent from source (WINZ) when tenanting those on benefits.

BACKGROUND

The Christchurch City Council has a portfolio of 2,650 rental units, which provide social housing outcomes in Christchurch; social housing is defined as housing that has some form of subsidy. In this instance, Council Housing operates at rental levels averaging 80% of "market" rents. The portfolio provides a 1.5% return on capital employed and is not a cost on rates. Rents average 28.79% of disposable income. Approximately 95% of tenants are beneficiaries with the bulk receiving National Superannuation as their only income.

DISCUSSION

The Council has to deal with two diametrically opposed tensions with regard to its continued provision of social housing; affordability to the tenant (in terms of rent) and affordability to the Council (in terms of portfolio sustainability).

The prompt payment of rent, and the elimination of rent arrears and the associated "dead" administrative effort including Tenancy Tribunal hearings, would go a long way in enhancing efficiency/effectiveness in the area of rent collection. Savings in this area automatically feed into the "affordability" equation.

Housing New Zealand Corporation, the main provider of social housing in New Zealand, are able, as of right, to source the rent of beneficiary tenants direct from source; ie direct from Work and Income New Zealand.

Clearly an anomaly exists when local government providers of social housing are unable, except under proven rental arrears duress and the threat of evicting non-paying/bad paying tenants, to achieve rent from source status.

BENEFITS/DISBENEFITS

A change of status for local authorities, to as of right obtain rent from source, has some real/perceived benefits and disbenefits; they are as follows:

Benefits

- Enables tenants, many of whom have limited budgeting skills, to better manage a residual income rather than to have the temptation of allowing the payment of rent (essential expenditure) to drop on their priority list in favour of non-essential spending.
- Frees up administrative/tenancy staff from chasing bad debts, enabling them to provide a higher level of tenant support.
- Reduces the need for the Council to terminate tenancies because of non-payment of rent – usually the most vulnerable people in our society.
- Reduces bad debt write offs/recovery costs.
- Treats HNZN tenants and local authority tenants in a consistent manner.
- Reduces the "pool" of bad rent payers circulating in the city.
- Assists Councils in achieving their dual affordability objectives.

Disbenefits

- Could be seen as limiting the choice of individuals.

LEGAL ISSUES

Section 82(3) of the Social Securities Act 1964 states that

“82 Payment of Benefits

(3) Except as otherwise provided in this Act every instalment of a benefit shall be paid to or on account of the beneficiary personally:

Provided that for good cause the chief executive may in the chief executive’s discretion, direct that payment of the whole or any part of an instalment, or any number of instalments, be paid-

- (a) To or on account of some other person authorised by the beneficiary or, in the case of a beneficiary who lacks sufficient capacity in law, to any person appointed by the chief executive for the purpose of receiving it; or**
- (b) With or without the consent of the beneficiary-**
 - (i) To any person in payment of the beneficiary’s lawful debts or other liabilities.”**

Therefore, based on section 82(3), with the beneficiary’s consent and provided ‘good cause’ can be shown so that the Chief Executive agrees (which is a decision for the Chief Executive in his discretion) then rent can legally be obtained directly from WINZ out of the tenant’s benefit payments.

If the tenant is a beneficiary and is in arrears with their rent (ie they have a lawful debt to the Council) then, based on section 82(3)(b), the Council could obtain such arrears directly from WINZ with or without the tenant’s consent, provided that the Chief Executive in his discretion, consents.

It is recommended that if the Council wishes to obtain rent directly from WINZ where the tenant is a beneficiary then discussions should initially be entered into with the Canterbury Regional Commissioner of WINZ and subsequently with the Minister of Social Welfare to seek to obtain the Chief Executive’s consent (in accordance with section 82(3) of the Social Security Act 1964) to the Council obtaining rent from source as a general policy.

Recommendation: That the Council make representations to the Regional Commissioner of Canterbury for WINZ and the Minister of Social Welfare with a view to local authority providers of social housing being enabled to automatically obtain rent from source (WINZ) when tenanting those on benefits.