



## Briefing

FURTHER ADVICE ON OPTIONS TO INCENTIVISE LANDLORDS TO RENT TO EMERGENCY HOUSING CLIENTS			
<b>To Minister</b>	Hon Tama Potaka	<b>Portfolio</b>	Associate Minister of Housing
<b>CC Minister</b>	Hon Chris Bishop	<b>Portfolio</b>	Minister of Housing
<b>CC Minister</b>	Hon Louise Upston		Minister for Social Development
<b>Date</b>	05/09/2024	<b>Priority</b>	High
<b>Tracking number</b>	HUD2024-005248		

ACTION SOUGHT	
<b>Action sought</b>	<p><b>Note</b> this briefing provides you with further information on options for incentivising private landlords to rent to people from Emergency Housing.</p> <p><b>Agree</b> to the proposed approach and actions to deliver this work programme.</p>
<b>Deadline</b>	19/09/2024

CONTACT FOR DISCUSSION			
Name	Position	Telephone	1st contact
Jeremy Steele	General Manager, Housing Supports and Supply	s 9(2)(a)	✓
Laura Miller	Policy Manager, Responding to Severe Housing Needs	s 9(2)(a)	

OTHER AGENCIES CONSULTED
Ministry of Social Development (MSD)



<b>RECOMMENDED ACTIONS</b>	
It is recommended that you:	
1. <b>Note</b> officials have carried out further engagement with stakeholders, including landlords, property investor representatives, and property brokers, and undertaken additional analysis.	<i>Noted</i>
2. <b>Agree</b> to agencies carrying out the following immediate actions:	<i>Agree/Disagree</i>
a. Expand EH support services to private rentals by November 2024 (MSD-lead).	<i>Agree/Disagree</i>
b. Deliver an education campaign to raise awareness of existing products and services by the end of 2024 (MSD-lead).	
3. <b>Agree</b> that work on introducing incentive or outcome payments (outside of the social outcomes contracting work) is paused at this point due to potential for high costs, limited impact and risks around paying for outcomes that would already be achieved.	<i>Agree/Disagree</i>
4. <b>Agree</b> that HUD refocus work on a social letting model to consider it more broadly in relation to the role of CHPs, rather than as part of achieving the EH target.	<i>Agree/Disagree</i>
5. <b>Agree</b> that HUD report back on the need for action to further address barriers for landlords in March 2025 based on trends in EH numbers and demographics, broader value for money assessments of funds and programmes around emergency housing and with input from the HSP evaluation.	<i>Agree/Disagree</i>

Jeremy Steele  
GM Housing Supports and Supply  
5 / 9 / 24

Hon Tama Potaka  
Associate Minister of Housing  
..... / ..... / .....



## Purpose

1. The purpose of this paper is to provide further advice on incentivising landlords to rent to people in Emergency Housing (EH). The paper also provides further information on the potential of developing a social letting model.

## Executive summary

2. Since we provided initial advice on incentives for landlords in June the number of households in EH has continued to decline significantly. We have also completed a second round of engagement with key stakeholders including landlord, property investor and property broker groups. This engagement along with further analysis of potential impact, costs, and interaction with existing supports have informed this advice.
3. A range of products and services are already available that can assist people to exit EH into private rentals and retain those tenancies. These products attempt to address many of the key issues raised by stakeholders (rental certainty, damage mitigation, and supports for tenants). MSD estimated that \$118.5m was spent in 2023/24<sup>1</sup> on Housing Support Products, and around \$84m funding was provided in Budget 2024 to continue MSD's emergency housing support services for two years. Take-up of HSPs is being evaluated and evaluation is underway of Housing Support Services.
4. We propose that at this time two specific actions are taken to build on and improve existing supports to incentivise landlords or address issues they have raised, led by MSD:
  - a. **developing and expanding support services** to people leaving EH and moving into private housing. These services can provide crucial assistance as individuals and families transition to more stable living circumstances. We anticipate that these changes will not only go to address landlord concerns around the risks of renting to people from EH, but also enhance the functionality of the system and help more people in need.
  - b. **implementing an education campaign** to promote existing products and services, as knowledge of these was found to be varied during recent sector engagement. We will also take the opportunity to further strengthen key relationships within the system to continue to bridge gaps.
5. At this point we do not recommend progressing work on incentive or outcome payments to landlords because of the potential for high costs (for outcomes that may already be achieved), limited impact, and displacement of other renters. Stakeholders indicated these payments may have some impact but in isolation were unlikely to change behaviour significantly. The cohort that these types of payments

---

<sup>1</sup> 2024 Budget Economic and Fiscal Update, note, \$112.8m of that is recoverable assistance.



might best work with (families with children in EH in Auckland) has also reduced significantly.

6. While there would be benefits to a social letting model this is a significant and complex piece that could be better progressed as part of work on the broader role of CHPs.

## Background

7. The Government has committed to reducing the number of households in EH by 75 per cent by 2030 (the EH Target). The EH Delivery Plan sets out the actions being taken to achieve the target.
8. The Delivery Plan includes an action to explore options to incentivise landlords to rent to people coming out of EH. While many tenants go from EH to private rentals it can be difficult for them to secure private rentals and maintain them.
9. We provided you with initial advice on options to incentivise private landlords in late June (HUD2024-004784). That advice noted that most landlords are trying to generate cashflow and will favour options with reliable returns and ease of operations. As such, barriers for landlords to rent to EH clients include concern about potential risks (damages to property, antisocial behaviour) and high tenant support needs, and a need for rent certainty. It also noted limited awareness of some existing Ministry of Social Development (MSD) provided supports and services to address some of the identified barriers (a full list supports and services is attached at **Annex A**).
10. You directed officials to further develop options to encourage landlords to rent to EH clients and provide more detailed advice on them.

## We have undertaken further engagement with key stakeholders

11. In July and August, we undertook further engagement with key stakeholders, to test a range of interventions aimed at addressing the identified barriers to renting to people in EH. We engaged with the Real Estate Institute of New Zealand, Property Investors Federation, Auckland Property Investors Association, and Property Brokers to test interventions related to support and management services, rent certainty, education and awareness, and funds and incentive payments.
12. This engagement reinforced an earlier finding that there seems to be limited awareness amongst private landlords of supports already available to address many of the barriers they raised. While rent certainty was identified as the key incentive, we also heard that no single incentive would suffice or suit everyone, but a suite of actions may function to address barriers. **Annex B** includes a summary of other insights.

## Who and where would benefit from an incentive approach

13. If progressing either incentive payments and/or a social letting model, we would recommend that they are trialed in a location with a relatively stable rental market to



ensure the introduction of this intervention would not distort the market. Based on rental markets, Auckland is currently the most appropriate location for a trial.

14. These interventions would also be best suited to support those with less affordability issues, and less complex needs. We would undertake more in depth cohort analysis to specifically target interventions should that approach be pursued in the future.

### **There are a range of existing products that attempt to address many of the issues raised by landlords**

15. There are already a range of existing services and programmes designed to support individuals and families to obtain and retain accommodation in the private market. As such a key consideration in this advice is how any additional services, supports, or payments would interact with the existing system and their likely impact on desired outcomes.
16. MSD's Housing Support Programme provides recoverable grants<sup>2</sup> for accommodation related costs to assist eligible applicants to obtain and retain accommodation. Housing Support Products (HSPs) are a key tool to help people to exit EH, and to enter and remain in private accommodation. In the 2024 Budget Economic and Fiscal Update, MSD estimated that \$118.5m would be spent on HSPs in the 2023/24 financial year, with \$112.8m of that recoverable assistance. This is on top of other financial assistance to address ongoing accommodation affordability challenges such as Accommodation Supplement (AS) and Temporary Additional Support (TAS). HSPs were extended to non-RTA tenancies on 1 July 2024. Current HSPs which already provide assurances to landlords include:
  - a. Tenancy Cost Cover that provides landlords with assurance the client will be able to meet any tenancy related costs over and above the rental bond (up to a limit) if owed at the end of the tenancy (for RTA accommodation agreements)
  - b. Accommodation Security Cover Grant that provides assurance to accommodation suppliers that the client will be able to pay any outstanding costs, up to a limit, at the end of their accommodation agreement (for non-RTA accommodation agreements)
  - c. Accommodation Costs Arrears Grant which is a recoverable payment to cover rent arrears if a tenancy is at risk (for both RTA and non-RTA agreements).
17. As part of developing HSPs, MSD has been conducting an evaluation looking at trends in HSP use and effectiveness (effectiveness is defined as a client leaving and/or staying out of temporary housing following receipt of an HSP). MSD expect to have this evaluation completed by February 2025. You will be provided a copy of this evaluation.
18. s 9(2)(j)

<sup>2</sup> With the exception of Transition to Alternative Housing Grant, which is non-recoverable.



s 9(2)(j)

**We recommend delivering an education campaign to promote awareness of existing housing support products and support services, and build relationships with landlords**

19. We recommend steps are taken to further educate landlords about already available products and build stronger relationships with property investors, rental brokers and landlords. MSD have confirmed funding and capacity to begin roll this out by the end of 2024. (**Annex C** includes details).

**There is also an opportunity to expand MSD's EH support services to private rentals**

20. A key concern raised by some stakeholders was the perceived level of needs and complexity of issues that some people exiting EH have. Stakeholders indicated that knowing support services are provided to households exiting EH would help to address some of these concerns.
21. MSD already provides support services to those who need them in EH through Housing Brokers, Navigators, Ready to Rent programmes and Integrated Services Case Managers. These supports can help broker the relationship between prospective tenants and landlords, help navigate a prospective tenant through the renting process and can help alleviate concerns in that they can 'vouch' for potential tenants. The level of support a household gets will vary based on their needs and location.
22. Under the August 2024 changes to EH grant settings MSD can direct people to work with support services. MSD does not have the same ability to require tenants of public housing or those in private accommodation to have a support service in place.
23. However, MSD has built in an allowance to existing Navigator contracts for EH support services where needed to follow people as they transition into social housing for a period of time.
24. MSD could consider expanding this service to those families with children in EH going into private rentals as part of its existing contracts. This change could be done within the time limited EH support services funding with existing providers.

25. s 9(2)(g)(i)



s 9(2)(g)(i)

26. MSD propose that this change could be delivered by November 2024, with navigation support service for up to three months following exit from EH.
27. HUD's Sustaining Tenancies programme is open to tenants in private or public housing and therefore already includes private tenants who have recently left EH. However, we will explore how the programme can best support this cohort to remain in their tenancy by addressing any issues that may put this at risk. HUD presently contracts approximately 2,400 places at an average \$5,000 per person.

### **We do not recommend progressing incentive payments or work on a social letting model at this time**

#### Incentive/outcome payments

28. Incentive payments are used to provide landlords additional financial incentive (beyond regular rental income) to take on clients perceived as being riskier and mitigate any residual risk (around missed rent etc). They could either be administered at the outset of a tenancy, and/or periodically during a tenancy, as a lump sum, or incrementally. Periodic outcome-based payments could be used to ensure a tenancy is sustained.
29. These types of payments could complement the existing products offered by MSD and HUD to mitigate any risks not directly, or fully addressed by existing products (e.g. meeting insurance and rates costs). Landlords have indicated these would have some impact, but are unlikely to be sufficient in isolation.
30. These types of payments carry a number of risks. While the rental market is easing in places, providing incentives to house EH clients when rental supply is tight risks adding cost without reducing EH numbers. They could create perverse incentives for landlords to cycle EH clients through their properties without creating long-term stability for tenants (i.e. by terminating tenancies for no-cause).
31. We do not recommend progressing with incentive payments, at this time, until we determine whether current products and services are fit-for-purpose. The set-up and ongoing costs involved are likely to be significant, and could see money spent paying for outcomes that would be achieved without the intervention.
32. If you wish to progress this option, we would need to undertake a full costings analysis and obtain legal advice<sup>3</sup>, as well as ensure the risks described are sufficiently mitigated.

---

<sup>3</sup> For example, we would need to provide you legal advice if you decide to progress any additional interventions that resemble existing supports prescribed by legislation (such as IRRS or AS). This is because there is a risk that a court would hold that the relevant legislation covers the field and the interventions are ultra vires the executive's powers.



*If HUD were to administer incentive payments, it would likely need to engage a third-party for delivery*

33. The simplest way to manage and administer incentive payments would be through a government agency. However, neither HUD nor MSD have direct relationships with landlords.
34. If HUD were to administer this service, a third-party operator could be contracted (e.g. Community Housing Provider) to manage the relationship and make payments to private landlords and/or property managers. It would take approximately six months to design and implement new payments depending on the preferred approach, and may require trade-offs with other priority work to free-up sufficient resource.
35. s 9(2)(g)(i)

*MSD does not have capacity to deliver an incentive payment to landlords*

36. Cabinet recently agreed to transfer Disability Support Services (DSS) and related functions from the Ministry of Disabled People – Whaikaha (MoDP) to MSD as a branded business unit.
37. As part of this decision, Cabinet noted that transferring DSS to MSD will severely limit MSD's ability to take on new responsibilities for the foreseeable future. This means that MSD does not have the capacity to take on the responsibility of incentive payments to landlords.
38. If MSD were to deliver this payment, it would need to work through the policy design, make the necessary legislative, operational and systems change, and consider the impact on frontline staff. This payment could not be established as a trial as it would require legislative and IT system changes. MSD estimate establishing this payment would take approximately 12 to 15 months to complete.

#### A social letting model

39. Social letting models seek to improve access to appropriate and stable housing by engaging the private sector. A key function is acting as an intermediary body between private landlords and tenants. This may include attracting prospective landlords, providing financial or other incentives to landlords to engage, and supporting people to sustain their tenancies (e.g. through provision of support services or enabling access to support services).
40. There is potential for the model to go beyond supporting people exiting EH to address housing instability more broadly, supporting a wider range of people into the right accommodation, at the right time, in the right way. Such an agency would have mechanisms and levers available to perform a range of functions and deliver various





supports and services (e.g. a risk reduction fund, incentive payments, social outcomes contracting). In this regard, it would likely perform and/or take on some roles or functions currently performed by other actors (e.g. tenancy or property management services).

41. A number of considerations would need to be addressed to stand up a broader social letting model including:
- a. **Defining the nature of the entity** e.g. its functions and how these would improve on existing models<sup>4</sup>, as well as such an entity's ongoing relationship with government
  - b. **Entity design and operations** e.g. who would be responsible for its establishment, who is most suitable to partner with?<sup>5</sup> How might we recruit and resource to ensure adequate capacity and capability remains within the system?
  - c. **Legal considerations**, including how the Social Security Act, Public and Community Housing Management Act, and Residential Tenancies Act interact with such a model, and what this means for the entity's scale and scope.

*We recommend pausing work on the social letting model as part of addressing the EH target, and instead consider it more broadly in relation to the role of CHPs.*

42. We believe there is potential in the social letting model but recommend it is explored further within the context of the whole of the government-assisted housing system.
43. There are an array of actors already within the housing system, and there would likely be extensive crossover between these and a social letting entity. Careful consideration would need to be given to the design to mitigate unintended or undesired implications. Significant funding and resourcing may be required to implement and sustain the model.
44. Any future work would benefit from exploring the role and function of a social letting agency further i.e. through modelling and location specific pilots. This would mean implementation would be slower, but this approach would avoid complications and unintended inefficiencies.

## Consultation

45. Agency consultation has been undertaken with MSD.
46. External consultation is covered in paragraphs 11-12 above.

---

<sup>4</sup> For example, CHPs and Kāinga Ora already lease properties from private landlords. In the case of CHPs, lease arrangements can be multiyear, and the CHP can provide property management services. Kāinga Ora also offer multiyear lease arrangements to landlords but pay below market rent.

<sup>5</sup> For example, while CHPs may be ideal, they may be ineligible given Income Related Rent Subsidy (IRRS) scheme. This is alongside CHPs potentially not being interested in progressing a model that does not involve an additional element to ensure affordability.



## Next steps

47. Should you agree to the recommendations, agencies will begin working on
  - a. Designing and delivering an education campaign to promote awareness of existing products and services to landlords by the end of 2024 (MSD lead)
  - b. Expanding the Navigator service to include people leaving EH and moving into private housing within existing funding by November 2024 (MSD-lead).
  - c. The social letting model in the context of planned work on the role of CHPs (HUD).
48. Following the evaluation of current HSPs, MSD will provide you with a copy of the evaluation.
49. HUD will provide advice on whether further changes are needed to address barriers for EH client to accessing private rentals in March 2025 based on trends in EH numbers and demographics, broader value for money assessments of funds and programmes around EH and with input from the HSP review.

## Annexes

Annex A: Existing services and programmes to obtain and retain private rental accommodation

Annex B: Key insights from stakeholder engagement on options to incentivise landlords to rent to EH clients

Annex C: Further information on an Education Campaign promoting current housing support products and services

Annex D: Summary of options analysis



## Annex A: Existing services and programmes to obtain and retain private rental accommodation

<b>MSD - HOUSING SUPPORT PRODUCTS (HSPS)</b>	
<b>Moving Costs Grant</b>	Provides recoverable assistance to help a client with costs to move their furniture, appliances, personal effects, and personal belongings into accommodation
<b>Bond Grant</b>	Provides recoverable assistance to help with the cost of a rental bond charged by a landlord to the client as a tenant. This payment is limited to accommodation that the Residential Tenancies Act 1986 applies to.
<b>Accommodation Costs in Advance Grant</b>	Provides recoverable assistance to help with the cost of accommodation costs in advance charged by an accommodation supplier to the client.
<b>Accommodation Costs Arrears Grant (Also known as Rent Arrears Grant)</b>	Provides recoverable assistance to help clients retain their accommodation if they are at risk of losing their accommodation due to being behind on their accommodation costs.
<b>Tenancy Costs Cover</b>	A conditional grant for clients who are having difficulty getting rental housing due to their personal circumstances. It provides landlords with assurance the client will be able to meet any tenancy related costs over and above the rental bond (up to a limit) if owed at the end of the tenancy. Tenancy Costs Cover is payable to the landlord, but recoverable from the client. This payment is limited accommodation that the Residential Tenancies Act 1986 applies to.
<b>Transition to Alternative Housing Grant</b>	A one-off, non-recoverable incentive payment for clients who are ready and able to move out of social housing and into alternative housing. This payment is limited to clients moving into accommodation that the Residential Tenancies Act 1986 applies to.
<b>Accommodation Security Cover Grant</b>	A conditional, recoverable grant that provides assurance to accommodation suppliers that the client will be able to pay any outstanding costs, up to a limit, at the end of their



	accommodation agreement. This payment is limited to accommodation agreements that the Residential Tenancies Act 1986 does not apply to
<b>Other housing support services (multiple providers)</b>	
<b>Housing Brokers</b>	Build connections with local landlords and property managers and work with clients to prepare them for tenancy (MSD)
<b>Integrated Services Case Managers / Navigator Support Services</b>	Single point of contact to connect clients with services and funding (MSD)
<b>Ready to rent programmes</b>	Seminars to prepare clients for renting in the private market (MSD)
<b>Sustaining Tenancies</b>	Community-based support services for whānau at risk of losing their tenancy (HUD).
<b>Home Lease Programme</b>	Private landlords lease properties to Kāinga Ora (KO) who covers key risks such as damages, property fees, and day to day interaction with tenants (KO).
<b>Leasing of private homes</b>	Community Housing Providers (CHPs) with Open Term service agreements bring opportunities to fund housing to HUD for agreement, including private rentals (CHPs).
<b>Accommodation Supplement (AS) and Temporary Additional Support (TAS)</b>	Support payments for eligible applicants to help with high housing and other costs. Income and asset test applies. TAS must be reapplied for every 13 weeks. (MSD)



## **Annex B: Key insights from stakeholder engagement on options to incentive landlords to rent to EH clients**

- **The key incentive for landlords is to provide rent certainty.** Guarantees and reimbursement favoured as backstops rather than income redirection. Limitations with Tenancy Cost Cover does not offset all potential losses.
- **Timely damage remediation is important.** Essential for properties to be leased out again. Existing supports are useful but potentially not timely enough to be incentivising. More about restoration/compensation.
- **Support from landlords for better education about MSD housing products and support services.** Knowledge/name recognition of these provides confidence to take MSD clients generally.
- **Incentive payments are part of investment decision-making already, but not a good stand-alone option.** Wouldn't support the investor business model but could shape behaviours to take on EH clients. Regarded as lower priority for an incentive.
- **A single point of contact for tenant issues provides considerable value to both EH client tenant and landlords.** Less interest (or possibly some confusion) in a general helpline.
- **The benefits of head-leasing, especially property management, would suit some investors well.** The property manager would need to be good and insurance would need to be addressed (but not necessarily by a government interventions).



## **Annex C: Further information on an education campaign promoting current housing support products and services**

- During engagement with landlords, there was interest in products which MSD and HUD already deliver. While some stakeholders know about HSPs and sustaining tenancies, this knowledge is not known or, potentially, available to all relevant parties.
- Undertaking an education campaign to raise awareness about existing products and services would be a valuable and cost-effective initiative to encourage landlords to rent to people from EH.
- Promoting these supports may alleviate some of the concerns landlords have towards people perceived as higher risk.
- This may not offer as direct an incentive as a monetary payment or changes to current tools to make them more amenable to landlords. However, it is an initial, cost-effective tool to enhance the system.
- An education campaign to promote current products and services could include:
  - a. Communicating key messages through online channels (website news item, email newsletter, social media pages)
  - b. Sharing key messaging with key stakeholders, e.g. property management sector groups and landlord/property investor groups, for them to share with their networks (of private landlords and property owners).
  - c. Identifying relationships at the national and local level that either need to be developed or strengthened to support this work.

## Annex D: Options Analysis

OPTION	RATIONALE	IMPLEMENTATION	RISKS	RECOMMENDATIONS
<p><b>Education campaign</b> Campaign to raise awareness amongst landlords of existing products and services (e.g. HSPs, housing brokers, sustaining tenancies) and build relationships with landlords and other key stakeholders.</p> <p>Could include:</p> <ul style="list-style-type: none"> <li>- Online comms (newsletter, social media)</li> <li>- Message sharing via key stakeholders</li> <li>- Identifying key relationships to develop</li> </ul>	<p>MSD and HUD currently have a range of products and services that aim to address potential barriers (rent certainty, fear of damage to property) and support tenants into private rentals.</p> <p>Feedback from landlords suggests these are underutilised and there is interest in higher uptake.</p> <p>Responds to multiple barriers including perception of risk and access to available support services. Knowledge/name recognition of these provides confidence to take MSD clients generally.</p> <p>The use of multiple communication channels will likely mean key messages reach the target audience.</p>	<p>While largely utilising existing channels, some additional resource may be required to prepare education materials and distribute these.</p> <p>Relevant agencies (HUD, MSD, MBIE) will need to allocate existing resource and funding to undertake this campaign.</p>	<p><b>Low risk</b> Optimises use of existing programs.</p> <p>Avoids creating more complexity in the system.</p>	<p><b>Recommended</b></p> <p>If you agree officials will begin work to roll out a campaign by the end of 2024.</p>
<p><b>Expansion of EH services</b> Expanding current Navigator service to those families with children in EH going into private rentals for up to three months' support from their exit from EH.</p>	<p>To respond to concerns over perceived level of needs/complexity of EH clients</p> <p>Stakeholders indicated that knowing support services are provided to households exiting EH would help to address some of these concerns.</p> <p>Providing continuity of support through extending this service will likely enable a smoother transition for people coming from EH. Improved navigation of tenancy arrangements and relationships will likely address landlord concerns.</p>	<p>s 9(2)(g)(i)</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>	<p><b>Low risk</b> s 9(2)(g)(i)</p> <p>[Redacted]</p> <p>[Redacted]</p>	<p><b>Recommended</b></p> <p>If you agree officials can begin work on this for delivery by November 2024.</p>
<p><b>Changes to HSPs</b> Look to improve on current offerings e.g. changes to Tenancy Cost Cover (TCC), such as increasing the amount recoverable by landlords, or making the payment period settings more flexible.</p>	<p>Could address identified barriers, such as rent certainty and perceived increased risk in renting to people from EH (would depend on the change to be made).</p> <p>Amending an existing product rather than establishing a new one is potentially easier to implement.</p> <p>Changes to HSPs could make taking on clients perceived as riskier more appealing and potentially increase the likelihood that landlords rent to people coming from EH.</p>	<p>Significant policy work would likely need to be undertaken, so changes sought to be made now could take some time to implement. Legal issues would need to be worked through and legislation change may be necessary.</p> <p>There are likely ongoing funding implications (noting that one potential change identified during engagement would be to increase Tenancy Cost Cover).</p>	<p><b>Medium risk</b> Would require potentially significant additional and ongoing funding to implement.</p> <p>Changes to HSPs to expand to non-RTA tenancies have only just come into effect and monitoring their uptake has yet to be done.</p>	<p><b>Not recommended</b></p> <p>We recommend against progressing with these changes given the significant implementation requirements.</p>

OPTION	RATIONALE	IMPLEMENTATION	RISKS	RECOMMENDATIONS
<p><b>Incentive/outcome payments</b> Payment to landlords who take on EH clients, either be administered at the outset of a tenancy, as a lump sum, and/or periodically during a tenancy</p>	<p>Addresses concerns of some landlords about risk (real or perceived) of taking on EH clients through additional payment(s)</p> <p>Could complement existing products offered by MSD and HUD where these don't sufficiently mitigate risks</p> <p>Could also be used indirectly to assist landlords meet increasing insurance and rates costs In a tight rental market makes EH client more attractive, potentially resulting in landlords choosing to rent to people from EH over other potential tenants</p>	<p>Would require additional and potentially considerable funding to cover both payments to landlords and operational costs</p> <p>Further analysis, including full costings and legal advice, would need to be undertaken to support establishment of the scheme (e.g. consideration needs to be given to whether this resembles existing supports as prescribed by law as this could give rise to legal complications)</p> <p>As agencies may look to a third party entity to deliver the payments, design, procurement and contracting processes would need to be undertaken</p>	<p><b>Medium-High risk</b> In current conditions (numbers in EH declining, rental market responding) risks paying for outcomes that might be achieved without this intervention</p> <p>In a tight rental market adding incentives to house EH clients risks displacing other tenants into EH, adding cost without reducing EH numbers</p> <p>Unless appropriate controls in place could create perverse incentive for landlords to cycle EH clients through their properties without creating long-term stability for tenants</p>	<p><b>Not recommended now</b></p> <p>We would caution against progressing with incentive payments until we determine whether current products and services are fit-for-purpose, and what changes are needed to achieve the target.</p>
<p><b>Social letting model</b> Stand up and maintain a social letting model that helps address housing instability through private sector involvement. The entity would look at ways of engaging private landlords to make available properties that could be subleased to people (i.e. who are experiencing housing instability). Functions could also include property management, tenancy services, and landlord support (e.g. 24/7 hotline), among other things.</p>	<p>Would likely address a range of barriers, including rent certainty, perceived increased risk, and concerns around dealing with tenants with higher support needs.</p> <p>A social letting model could be designed to become a 'one stop shop' that offers support to both tenants and landlords as a way of increasing and enhancing private sector involvement in finding housing solutions.</p> <p>Such an entity could establish another formal mechanism for private sector involvement in addressing housing instability. The result being that landlords increasingly rent to people coming from EH.</p>	<p>The standing up and operation of such a model would require significant financial and resource investment. It could also take some time to set up, given need for extensive policy and design work, potential pilots, procurement, and contracting and recruitment.</p> <p>A number of key considerations would need to be made as part of the establishment process, including role and responsibilities of entity within housing system, relationship with government agencies, interaction with legislation etc.</p>	<p><b>Medium risk</b> There is potential that this model duplicates roles and functions that are already performed elsewhere within the system, so significant policy and design work would need to be undertaken to ensure no detrimental impact or duplication.</p>	<p><b>Not recommended as part of this work programme</b></p> <p>We recommend pausing work on the social letting model as part of addressing the EH target, and instead consider it more broadly in relation to the role of CHPs.</p>