

Landlords and Community Housing Providers

Community Housing Providers (CHPs) work with their clients to facilitate access to housing that may otherwise not be available. Community housing may be provided by government agencies such as Kāinga Ora, a local council or a not-for-profit organisation. These agencies may own the homes that they rent to clients or enter into agreements with private homeowners to be able to provide homes to their clients. As demand increases for this type of housing, agreements between community housing providers and private homeowners are becoming more common.

If you are considering making your rental property available to a community housing provider, it is important that you consider any impact that this may have on your insurance.

Types of community housing providers

Central and local government agencies

The main central government agency providing housing is Kāinga Ora (formerly Housing New Zealand) which at times leases properties. In addition, various agencies including the Ministry of Housing and Urban Development, Oranga Tamariki and Corrections sometimes also lease housing from private landlords. At times, they will contract with non-governmental organisations who will then lease from private landlords.

Non-Governmental organisations

A wide variety of non-governmental organisations provide community housing. These include iwi and Māori providers, Pasifika providers and other mainly non-profit housing and services organisations.

Some of these organisations are registered with the Community Housing Regulatory Authority to deliver social housing. Many others are not required to be registered to deliver other types of community housing, including transitional housing. You can check if an organisation is a registered provider [here](#).

How this impacts insurance

In a standard private rental arrangement, there is the landlord and the tenant. The landlord owns the home that is rented to the tenant and the tenancy is subject to the Residential Tenancies Act (the Act). In community housing arrangements, the provider may not own the home. Instead, they rent it from the homeowner under a commercial lease and make it available to their client under a tenancy, which may or may not be subject to the Act, depending on the type of housing provided.

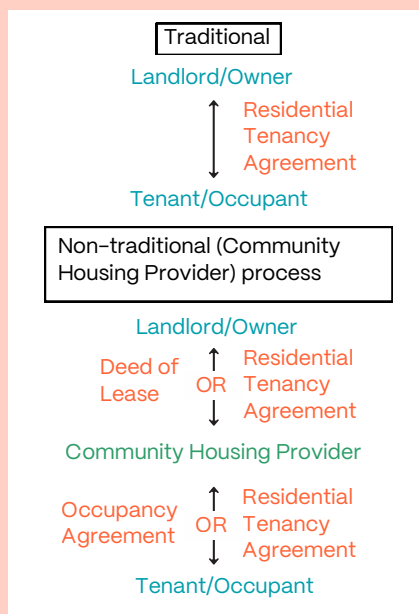
This introduces an additional party which can mean that insurance products and processes designed for standard domestic rental arrangements do not work the same way.

Types of community housing

There are different models of Community Housing which can be found [here](#):



Traditional landlord model versus non-traditional (CHPs) process



Even if the insurer accepts your home and places restrictions on the cover, if you make your rental property available to an emergency housing provider that offers short-term accommodation of less than a month and it is insured on a standard home policy, you may not have cover for natural disasters. This is because it is normally a requirement that a rental property meets the Natural Hazards Commission Toka Tū Ake definition of a dwelling to be insured on this type of policy, and yours may not meet this requirement. If the Natural Hazards Commission Toka Tū Ake declines a claim, your insurer could also do so. You may need to consider a commercial policy instead to remove potential gaps in cover.

Community housing lease agreements

How this impacts insurance

The type of community housing a property is used for can mean that traditional Home or Landlord products are not designed for this use. If the home is insured via one of these policies, you may find that you don't have the cover that you thought you did or that there are additional requirements to ensure that claims can be made.

For example, you won't be eligible for Landlord cover (such as Malicious Damage and Loss of Rent) or even other benefits normally provided to rental properties like the Methamphetamine decontamination cover because the occupancy does not meet the insurers minimum criteria for a Rental Home (which requires you to have a tenancy agreement directly with the occupant) nor can you meet the Insurers "landlord's obligations".



Things to look out for

There may be a number of differences between the agreement you sign with a Community Housing Provider and the one that would be signed when dealing with a tenant directly. The agreement may be either a Deed of Lease or a Residential Tenancy Agreement.

A major difference for landlords is that the Act will often not apply to your lease, even if it applies to the tenancy agreement the provider has with the tenant. The agreement may also have provisions that relate to who is responsible for damage that differ to what the Act provides for. In other cases, there may be limited circumstances in which the tenant will be evicted, even for things like deliberate damage or failure to pay rent.

How this impacts insurance

Policies issued for rental properties will normally contain an additional set of obligations for landlords or the person that manages the tenancy on their behalf. If these are not met, then a claim may not be paid.

Typically, they relate to:

- taking care in selecting tenants (satisfactory references for example).
- collecting rent in advance.
- collecting at least two weeks bond and registering it with Tenancy Services.
- monitoring rent and taking action if it falls into arrears.
- inspecting your rental property at a set frequency. This is normally between three to six months.

These obligations apply regardless of whether the property is self-managed, managed by a property manager or under contract to a community housing provider.

Another way that insurance is impacted is that some of the covers offered under a dedicated policy or extension for rental properties may not be relevant. For example, if the lease to the community housing provider states that the provider will remedy all deliberate damage caused by the tenant, then purchasing a policy option that includes this cover may be of little benefit. The same applies if the provider has guaranteed payment of rent, even if the tenant does not pay them.



What to do before entering a lease agreement

Before entering into a lease agreement with a community housing provider you should:

- Make sure that you understand the terms of the lease agreement and any requirements it places on you. If you are unsure about anything in the agreement, you may want to seek legal advice before signing it.
- Advise your insurer that you are entering into a lease agreement with a Community Housing Provider. At this time, they may ask you to send in a copy of the agreement so they can understand more about how this may impact the cover they offer.
- Ask your insurer if there are any special requirements that you need to be aware of, or parts of the policy that may not be relevant to your situation. Insurers want to avoid situations where a customer enters into lease agreements with a Community Housing Provider and this means that insurance requirements are unable to be met resulting in a claim being declined, or additional covers are purchased that can't be claimed on. Insurers prefer that you know the exposures up front, before you enter into a contract.

Some lease agreement clauses to be aware of

There are many different Community Housing Provider lease agreements. Some will align more closely with your insurance policy than others. If possible, you should try and secure an agreement with terms that are consistent with your Insurance terms and conditions.

For example, pay attention to:

- which party under the agreement would be responsible for repairing malicious damage or paying for theft, or methamphetamine testing and decontamination
- whether the community housing provider agrees to undertake and document routine inspections of the property
- who will be responsible for maintenance and care of the property during the lease period
- the tenancy period
- termination rights

Disclaimer

The information herein is provided as a general guide only. It is not a substitute for seeking your own professional advice.



Still have questions about leasing your house to a community housing provider?

You can talk to:

Your insurer

or

Ministry of Housing and Urban Development

0800 646 483

info@HUD.govt.nz

