



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



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI

**OPERATIONAL ARRANGEMENT FOR THE REGULATION AND PROVISION OF
COMMUNITY HOUSING**

11 April 2014

This Operational Arrangement (“the Arrangement”) is made

BETWEEN The Ministry of Social Development (MSD)

AND The Ministry of Business, Innovation and Employment (MBIE)

1. INTRODUCTION

As part of its’ social housing reform programme the Government is introducing a regulatory framework to oversee community housing providers (“CHPs”) accessing government funding and investment.

On 9 December 2013, a Community Housing Regulatory Authority was established and the Ministry of Business, Innovation, and Employment was appointed as the Authority. At the same time, the Social Housing Agency was established and the Ministry of Social Development was appointed as the Agency. The Ministry of Social Development will be contracting with CHPs for the provision of tenancy management services, for which it will pay CHPs an income-related rent subsidy (“IRRS”).

Only when CHPs are registered as Class 1 - social landlords, can they enter into a contract with MSD for the IRRS for new tenancies. If a CHP’s registration status changes, this will impact on contracts in place between the CHP and MSD so that IRRS funding can be accessed.

Therefore, the linkages between MBIE’s and MSD’s functions mean that an Arrangement guiding their relationship, roles and responsibilities and information sharing expectations is necessary.

Purposes of the Arrangement

The parties wish to set out their respective information sharing needs and expectations and clarify the limits on information sharing.

The parties have the shared purposes of:

- improving outcomes for tenants and CHPs and
- ensuring that the new regulatory and contractual frameworks for community housing provision operate smoothly and within a minimum compliance burden for CHPs.

2. RELATIONSHIP PRINCIPLES

The principles governing this Arrangement and the parties' relationship are set out in the Letter of Engagement between the Chief Executives of MBIE and MSD

Disputes between the parties regarding the Arrangement will be managed, quickly, transparently and honestly.

The parties representatives' should attempt to resolve the dispute first. If they cannot resolve the dispute within a reasonable time, it should be referred to the Chief Executives or their appointed delegates for resolution.

3. RESPECTIVE ROLES AND RESPONSIBILITIES

MBIE and MSD recognise each other's new roles and responsibilities as outlined in Schedule One of this Arrangement. In carrying out these respective roles, we must be aware of potential issues that may arise, that were unknown at the time of drafting this Arrangement. We will work together to ensure an ongoing understanding of roles and responsibilities is shared across our agencies. The processes and information sharing arrangements will be regularly reviewed to ensure they are up to date so that they continue to meet the needs of each other's developing operations.

4. INFORMATION SHARING

MBIE and MSD will share information with each other as set out in Schedule Two of this Arrangement.

Personal information will only be shared where necessary to perform the parties' respective functions effectively. The collection, correction, storage, disclosure, and use of personal information must comply with the Privacy Act 1993.

Where the parties from time to time share with each other sensitive and commercial information about CHPs, the grounds for withholding official information under the Official Information Act 1982 will apply in the normal way to protect these interests where appropriate.

CHPs will be encouraged to notify the parties where they provide any information that they consider to be commercially sensitive.

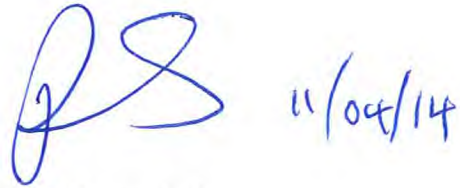
SIGNATURES

The Arrangement will be signed by the representatives of the Ministry of Social Development and the Ministry of Business, Innovation and Employment.

Dated at Wellington this 11th day of April 2014.

Handwritten signature of Kelvin Moffatt in blue ink, followed by the date 11/04/14.

Kelvin Moffatt
General Manager Contracts
Ministry of Social Development

Handwritten signature of Fiona Fitzgerald in blue ink, followed by the date 11/04/14.

Fiona Fitzgerald
Interim Manager
Community Housing Regulatory Authority
Ministry of Business, Innovation and
Employment

SCHEDULE ONE: ROLES AND RESPONSIBILITIES

MSD's Roles and Responsibilities

MSD is responsible for needs assessment of eligibility, and payment of IRRS, for new tenants.

MSD will, amongst other functions:

- assess the eligibility of prospective tenants to be allocated social housing;
- assess the housing needs of prospective tenants;
- operate a waiting list or waiting lists of prospective tenants who have been assessed as being eligible for social housing;
- refer or allocate prospective tenants to social housing providers;
- pay an IRRS for those eligible social housing tenants;
- monitor registered CHPs with whom MSD contracts to ensure value for money is received for funds appropriated for IRRS, and ensure best fit of tenants to properties, and ensure the rent charged is in line with market rent and the market rent is appropriate; and
- only contract with CHPs that are registered by MBIE.

Where MSD receives complaints from tenants, it will advise the tenants to contact the landlord first to resolve the problem and failing that the Tenancy Tribunal.

Where MSD receives complaints alleging a breach of the eligibility criteria or performance standards for registration it will refer the complainants to MBIE.

MBIE Roles and Responsibilities

MBIE will carry out the responsibilities of the Regulator under Part 10 of the Social Restructuring and Tenancy Matters Act 1992. It will register and regulate CHPs, in order to ensure that their tenants are appropriately housed and to support the growth of a fair, efficient, and transparent community housing sector.

MBIE's functions include:

Registration

- evaluating applications for registration
- maintaining the register of CHPs and enabling public access;
- ensuring registered CHPs are well governed, managed and financially viable over the longer term and that adequate protections are in place for social housing tenants. This will be done through engagement with the CHPs and monitoring of their compliance with prescribed eligibility criteria and performance standards

Monitoring

- requiring at a minimum, annual reports from registered CHPs on their performance against the performance standards, and reports on their financial statements and accounts;

Intervening

- suspending or revoking registration where a CHP no longer meets the eligibility criteria and performance standards for registration; and
- complying with any directions from joint Ministers (i.e. of Housing, Social Development, and Finance)

In relation to written complaints received from tenants or any other person about a registered CHP, MBIE will initially determine whether there has been a failure to comply with the CHP's eligibility criteria and performance standards that it must investigate.

Interconnected Roles and Responsibilities

For the effective performance of our respective functions, MBIE and MSD will work together to develop a series of process flow charts. These process flow charts will provide a basis for the two responsible managers to ensure the exchange of information is appropriate and timely.

SCHEDULE TWO: INFORMATION SHARING

- The Regulatory Authority/MBIE will notify the Social Housing Agency/MSD as soon as reasonably practicable and within five working days of it becoming aware of:
 - a. Any changes to the list of CHPs who were deemed registered until 14 April 2015. The list will include the following:
 - Name of provider
 - Contact details
 - Location of provider
 - Number of units currently operating
 - Future planned supply (number of units)
 - Client Group
 - A commentary column
 - b. Any changes in the registration status of CHPs, including opting out by deemed registered CHPs, suspension and revocation of registration, and new registrations;
 - c. A material breach of the prescribed eligibility requirements or performance standards for registered CHPs;
 - d. Major incidents or reports of activity that it becomes aware of which may put tenants, MSD Personnel, or providers at risk;
 - e. Any other material matters likely to impact the contracts between CHPs and MSD.
- The Social Housing Agency/MSD will notify the Regulatory Authority/MBIE as soon as reasonably practicable but within five working days of it becoming aware of:
 - a. Any CHPs which enter into contracts with MSD that can access the IRRS for new tenants;
 - b. A material breach by a CHP of its contract with the Social Housing Agency/MSD that may impact on its continued registration status or access to IRRS;
 - c. The termination, or expiry and non-renewal, of any contracts regarding entitlement to IRRS between registered CHPs and the Social Housing Agency/MSD; and

- d. Information received by it which alleges that the CHP has breached eligibility criteria or performance standards for registration as a CHP.
- The parties also acknowledge a common interest in sharing research, statistics and aggregate information regarding social housing provision, such as information predicting demand.