

FAQS

Tenancy Tribunal Rental Finding

Why has OCHT withdrawn its District Court appeal?

OCHT has resolved this issue and has reached a confidential agreement with the tenants. Because of this agreement we cannot comment further on this matter.

As the Community Housing Regulatory Authority (CHRA) released their report before the District Court case, OCHT has chosen not to proceed with the appeal. OCHT is working through the recommendation made by CHRA.

Will OCHT be repaying tenants involved in the Tenancy Tribunal case?

OCHT has resolved this issue and has reached a confidential agreement with the tenants. Because of this agreement we cannot comment further on this matter.

Does OCHT accept the Tenancy Tribunal's determination of market rent valuation for this unit at \$250?

OCHT does not agree with the Tenancy Tribunal's findings in this case; however, we accept their decision in this instance.

Will the other Maurice Carter Courts IRRS units at Maurice Carter Courts have the same market value of \$294?

The majority of Income Related Rent tenants pay around 25% of their income on rent and therefore individual tenants are unlikely to be disadvantaged.

The Maurice Carter Courts rents are being independently assessed as part of their next annual rent review. Any changes to the market rent will be discussed with MSD. As per our agreement with MSD, these rents are re-valued annually.

The rental market is constantly changing and we expect, across the whole portfolio, some rents to move up or down. OCHT has advised MSD of this portfolio approach and will provide new rents to them in the new year.

How does OCHT value its properties?

OCHT's policy is to engage a registered property valuer to establish market rent for an annual period. We have started our next cycle of valuations with new methodology to ensure every site is visited as part of the next review. This will reduce the possibility for any misunderstanding of the age, locality and condition of the complex.

Are OCHT reviewing all of their rents?

OCHT operates three rent streams. These are Income Related Rental (IRR) and Income Related Rental Subsidy (IRRS), Grandparented Tenancies and OCHT Subsidised Tenancies

See website - <https://www.ocht.org.nz/faq/ocht-rental-streams/>

IRR/IRRS

Most new OCHT tenancies are MSD Income Related Rent tenancies. This means their rents are based on the market rent (100%). The market rents (including Maurice Carter Courts) for our IRR/IRRS properties are being reviewed as part of the next annual review. Any changes to the market rent will be discussed with MSD.

Grandparented Tenancies

Tenants grand-parented to OCHT on 3 October 2016 through their existing tenancy agreements with the Council, experience no more than a net 5% increase in rent per annum. Rent reviews of these properties occur annually in July.

Grandparented rentals at Maurice Carter Courts are between 59% (1 bedrooms) and 63% (2 bedrooms) of market rent. Many of these tenants may be able to access an accommodation supplement.

OCHT Subsidised Rental

When OCHT was established in 2016 it offered a subsidised rental stream, charging approximately 70% of market rent. Tenants on this rent stream may be able to access an accommodation supplement. Rent reviews of these properties occur annually in July.

If there is an OCHT rental at Maurice Carter Courts, the rent is 70% of the current market rent.

What is a market rent?

It is described in the RTA as *“the rent amount a willing landlord might reasonably expect to receive, and a willing tenant might reasonably expect to pay for a tenancy taking into consideration the general level of rents for comparable tenancies of comparable premises in the locality or similar localities.”*

Tenants paying 100% of market rent is rare. We estimate that approximately 0.5% of the entire OCHT portfolio pay a market rent.

MSD sets the proportion of rent the tenant pays. MSD advises the landlord to inform tenants to increase their IRR rent payment if the tenant circumstances change and MSD determine that the tenant can pay a higher proportion of rent.

Has OCHT overcharged tenants or MSD?

OCHT believes that our rent setting policy is fair as a subsidised rental is currently provided to 99.5% of our portfolio. Many tenants have the option to access MSD subsidies, be it an accommodation supplement or an Income Related Rent Subsidy.

OCHT seeks independent rent setting advice annually and then agrees rents with MSD. Across the whole portfolio we fully expect the rents will move, both upward and downward, and these will be provided to MSD.

At this time, OCHT is not adjusting any other rents at Maurice Carter Courts. OCHT is awaiting the next annual rent assessment for this complex.

What is the likelihood that other market rent valuations for OCHT managed properties are too high?

We obtain independent valuations of all OCHT properties. These valuations are completed annually. Across a portfolio of 2300 units and with the Christchurch rental market constantly changing, rents will differ at each valuation with some adjusting upward and some downward.

Why is OCHT changing the rent setting methodology for 2019?

When OCHT was established in 2016 it considered two options for rent setting, the individual complex approach or the 10% sample approach. OCHT opted for the sample approach based on the valuer's extensive knowledge of the portfolio and given that in many cases the housing age and type was so similar that the only variation was the suburb.

OCHT wishes to remove ambiguity and is therefore having the valuer visit every complex for its 2019 rent setting.

Does OCHT have confidence in the property valuation report?

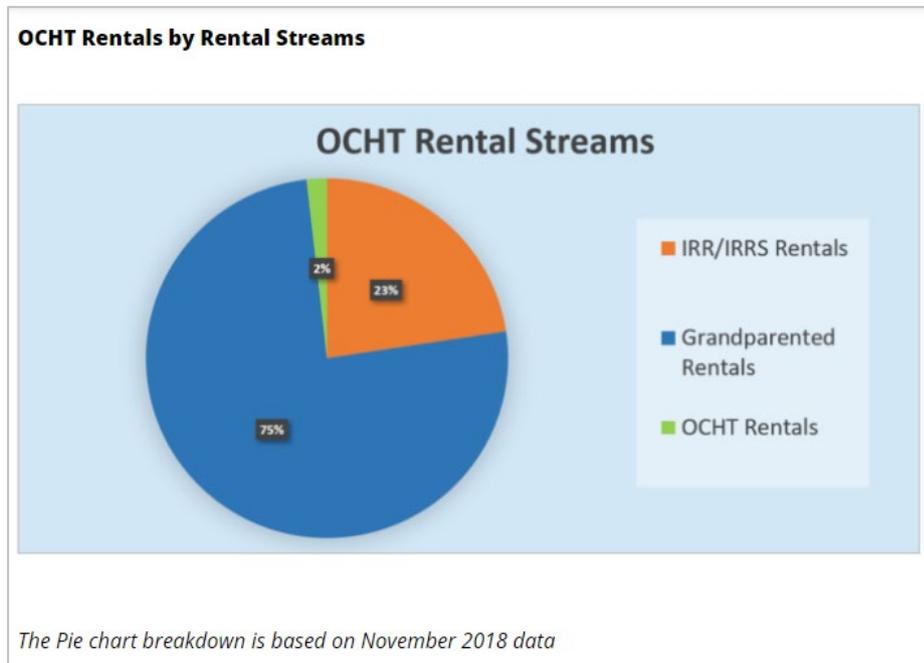
Our independent valuers are selected based on an in-depth knowledge of the portfolio and their expertise is relied upon to assist OCHT to set market rents. OCHT has instructed the rental valuer to visit every site for the next annual rent review to reduce the possibility for any misunderstanding of the age, locality and condition of the complex.

Does OCHT have a policy to only charge tenants no more than 70 per cent of market rent?

OCHT does not have an overarching rental policy to charge 70% of market rent.

OCHT has three rent streams. See website - <https://www.ocht.org.nz/faq/ocht-rental-streams/>

When OCHT started in 2016 it offered a subsidised rental stream (around 70%) to those that did not qualify for Income Related Rent at the time that they applied for housing or were not transferred on a grandparented rental. Since 2017, OCHT has applied 100% market rent to IRR/IRRS rentals.



How does OCHT explain an interpretation that the rent was 70% of market?

OCHT regrets any confusion caused by the explanation of our rental streams. We have undertaken a full review of our communications and as a result of the review we have made changes to explanations to make sure they are more easily understood. In addition, we review and update our policies on a regular basis.

The team at OCHT are always happy to improve our written communication to ensure that our language is simple, easily understood and without room for misinterpretation.

Why can't OCHT have one rental stream?

Only new tenants can access Income Related Rent from MSD. As a result of this, OCHT has to have more than one rental stream, for example, tenants grandparented to OCHT in 2016.

There has been reference in the Tenancy Tribunal decision relating to rental grades (A+, A, B and C). Who decides what grade is applied to a unit?

The unit grades (A+, A, B, C) were provided to OCHT by Christchurch City Council in 2016 when the tenancy management transitioned to OCHT. One of the improvements OCHT will introduce in the next annual rental review is to remove the grading system and have each complex individually assessed for its current market rent (100%).