

'Working homeless' : CEOs turn landlord to solve housing crisis

Queenstown employers are turning landlord as they rent and buy houses for staff to live in.

In the face of an acute housing crisis, business leaders in Queenstown are taking the drastic step of becoming landlords – buying and renting properties to offer to their staff should they find themselves in the highly likely scenario of being unable to secure their own house.

The housing situation is so dire in some cities that it's given rise to the term 'working homeless'. For example, in Queenstown it was found that hundreds of the town's workers had all but given up trying to find accommodation and flooded the town's campsites to live in tents - an option diminishing as the ski-resort town heads into winter.

Speaking to the growing employer-landlord trend, Rebecca Laney, associate in the Anderson Lloyd employment team told HRD: "Finding accommodation has long been a challenge in Queenstown but we started noticing this upward pattern a few months ago, including queries coming in via our commercial and property teams."

"The increase in these types of enquiries has been significant," Laney continued. "What we're hearing from our clients is that it's a real need. Employers will not be able to have employees at the level that they need unless they are able to supply the accommodation."

While employers might think this is a quick fix to an immediate need, what they're finding at Anderson Lloyd is there's a lot that employers aren't considering before the ink is dry on the property agreement.

Laney explained that about 50% of the queries that cross the desk at Anderson Lloyd are coming in on an urgent basis. That is, they've already secured property or are finalising the sale or lease and have employees waiting to move in the next day.

"There's a raft of considerations when they go down that track which can differ depending on whether the Residential Tenancies Act applies to the accommodation type or not," said Laney.

"When we're going through the obligations of what they're taking on, a lot of employers have been surprised at the amount of administrative onus put on them by taking on this type of arrangement."

Below are just a few things you could be adding to your list of administrative tasks if you're an employer considering going down this track.

- Having to seek legal advice around tenancy agreements
- Completing Healthy Homes schedules
- Insurance statements
- Administration of payroll if rent is deducted from wages
- Ongoing inspections of the property

"The Healthy Homes standards have been a real surprise to some of our employer clients. It's preferable to know what those are and in what situations they will apply while they're searching for accommodation so they can fit that into their search and prevent problems later down the track."

Once the property is secured, Laney says it's important is to ensure you have robust documentation and agreement with your employees around exactly what is going to happen. Employers need to consider; how the arrangement will terminate? How is rent going to be paid? What occurs if the employee goes on a period of unpaid leave such as ACC? How this arrangement will be reflected in their employment agreement?

"Employment Agreements are particularly relevant for employers who engage migrant workers on an Accredited Employer Work Visa," said Laney, explaining Immigration New Zealand allows deductions for

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accommodation but asks that it is specifically included in employment agreements.

There's also the potential team culture issues for employers to consider. If you have employees working together and living together on a daily basis, that might create interpersonal relationship issues that will need to be managed.

"Our job is to think through all the possibilities of things that could go wrong and see what it would look like for the employer if that were to happen."

"But what we're hearing from our clients is how grateful those employees are for the employers supplying the accommodation, which may create a bit of good faith down the track."

Want to know more?

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