



# Aide-mémoire

<b>Cabinet Business Committee – Improving the provision of emergency housing in Rotorua and potential expansion</b>			
<b>Date:</b>	11 June 2021	<b>Security level:</b>	In Confidence
<b>Priority:</b>	High	<b>Report number:</b>	AMI20/21060563 REP/21/6/616

<b>Action sought</b>		
<b>Minister</b>	<b>Action sought</b>	<b>Deadline</b>
Hon Dr Megan Woods <b>Minister of Housing</b>	For your information	N/A
Hon Carmel Sepuloni <b>Minister for Social Development and Employment</b>	For your information	N/A
Hon Marama Davidson <b>Associate Minister of Housing (Homelessness)</b>	For your information	N/A

<b>Contact for discussion</b>			
<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1<sup>st</sup> contact</b>
Anne Shaw	Deputy Chief Executive, Housing Supply, Response, and Partnerships group	9(2)(a)	✓
Jeremy Steele	Policy Manager, Housing Needs and Responses		

<b>Other agencies consulted</b>

## Minister's office to complete

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> Approved <input type="checkbox"/> Needs change <input type="checkbox"/> Not seen by Minister <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify)  _____
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<b>Comments</b>          
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**Date returned to HUD:**

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## Aide-mémoire

### **Cabinet Business Committee – *Improving the provision of emergency housing in Rotorua and potential expansion***

**For:** Hon Dr Megan Woods, Minister of Housing  
Hon Carmel Sepuloni, Minister for Social Development and Employment  
Hon Marama Davidson, Associate Minister of Housing (Homelessness)

**Date:** 11 June 2021

**Security level:** In Confidence

**Priority:** Medium

**Report number:** AMI20/21060563  
REP/21/6/616

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#### **Purpose**

1. This paper summarises proposals you are presenting on 14 June 2021 to the Cabinet Business Committee, and provides you with talking points to support your discussion (see Annex A).

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#### **Background**

2. On 12 May 2021, you provided the Cabinet Social Wellbeing Committee with an update on work to meet urgent housing need in Rotorua and next steps. At this meeting Ministers gave early feedback on the direction of this work.
3. On 10 June 2021, officials lodged the final version of the Cabinet paper – *Improving the provision of emergency housing in Rotorua and potential expansion*.
4. On 14 June 2021, Ministers will consider your proposals at the Cabinet Business Committee. This aide-mémoire summarises the proposals, and provides you with talking points to support your discussion at Cabinet.

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#### **Decisions sought**

5. The Cabinet paper outlines elements of the approach to meeting urgent housing need in Rotorua and seeks:
  - agreement to costs and an interim funding approach to meet these costs in 2021/22
  - 9(2)(f)(iv) [REDACTED]

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#### **Key issues and analysis**

*Significant work is underway to prevent and respond to homelessness, but we have seen a sharp increase in EH-SNG use in the last two years*

6. There is a wide range of work underway across the system to address homelessness and the underlying issues in the housing market. This includes initiatives under the Aotearoa New Zealand Homelessness Action Plan, the delivery of additional transitional and public housing places, and support for the development of affordable housing.

7. However, we have seen a sharp rise in demand for emergency housing, which saw the number of distinct clients granted an Emergency Housing Special Needs Grant (EH-SNG) more than double between April 2019 and April 2021.
8. These increases are associated with housing unaffordability, lack of supply, limited prevention and support, and individual life shocks like losing a job or family violence – which have been exacerbated in the COVID-19 pandemic.
9. Māori are disproportionately impacted by homelessness and make up more than half of those in EH-SNG accommodation. As at March 2021, families with children made up 53 percent of households in EH-SNG motels. More than 50 percent are people with disabilities, health conditions, mental health needs, or are experiencing issues with alcohol and other drugs. In addition, women sometimes require emergency housing as a result of domestic violence.

*There are issues with the current model of providing emergency accommodation via EH-SNGs*

10. Accommodation funded via EH-SNGs has increasingly played a role in ensuring people have a place to stay when needing urgent housing assistance. However, the current model of EH-SNG provision was never intended to operate in the way it currently does.
11. There are increasing concerns that the provision of emergency housing via EH-SNGs is unable to consistently ensure safe, adequate and suitable housing for all those who need it. The Ministry of Social Development (MSD) provides targeted support services to people staying longer than seven nights but due to high demand, support is prioritised according to need.<sup>1</sup> In addition, there are significant costs associated with this model and growing community concern in Rotorua, central Auckland, and Wellington about the social harm associated with concentrations of EH-SNG motels.
12. Work to improve the safety, security, and quality of emergency housing is underway. This includes work led by MSD to address some of the key issues with the use of EH-SNGs for emergency housing, including:
  - offering access to Navigators and Case Management for all clients in emergency housing
  - ceasing use of unsuitable motels and moving clients into more suitable accommodation
  - developing a process for ensuring emergency accommodation is suitable
  - exploring the potential for a complaints process for emergency housing suppliers
  - ensuring clients are aware of their obligations when staying in emergency housing.

*There are key issues in Rotorua that have exacerbated broader issues with EH-SNGs*

13. In Rotorua, the volume of EH-SNGs is the highest in the country by population. 30 percent of households in EH-SNGs have been in emergency housing in Rotorua for six months or longer, and 7.5 percent for over a year. The underlying causes are complex but include:
  - Strong population growth after two decades of stable growth. Housing supply has failed to respond, and the number of building consents granted remains one of the lowest in New Zealand by population.
  - Limited private and public housing development has resulted in a sharp increase over the past five years in median rents (54 percent growth) and house prices (84 percent growth).

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<sup>1</sup> MSD and its partners in the community provide targeted social support to people staying in emergency accommodation longer than seven nights through Intensive Case Managers and contracted Navigators and Support Services.

- High levels of family violence are pushing people into emergency housing need.
- A shortage of affordable homes for low-income households means more people are experiencing periods of homelessness, including in emergency and transitional housing, and the public housing register is increasing. These issues were exacerbated by the need to quickly house people experiencing homelessness through the COVID-19 pandemic.<sup>2</sup>
- The reliance on EH-SNGs relative to transitional housing is also very high. Up to five households are receiving EH-SNGs for each transitional home available for placement (compared to a one-to-one ratio across the country).

*The Government is taking action to meet urgent need*

14. Government has been working actively in Rotorua for some time. In late 2019 a place-based partnership was agreed between Rotorua Lakes Council, Te Arawa Iwi and government agencies. The Rotorua Housing Taskforce was then established in late March 2021, made up of Rotorua Lakes Council, Te Arawa Iwi and officials from Te Tūāpapa Kura Kāinga–Ministry of Housing and Urban Development (HUD), MSD, Kāinga Ora and Te Puni Kōkiri. Police Officials and the Lakes District Health Board have also participated in some of the discussions.
15. The Taskforce developed immediate solutions to the homelessness and emergency housing situation, which Ministers announced on 13 May 2021. These include:
  - HUD **contracting specific motels to provide emergency accommodation**, with an initial focus on the approximately 200 families and whānau with children in EH-SNG motels (in place by end of June).
  - HUD **contracting additional wraparound support services** to meet the needs of the 200 families and whānau with children in those motels. MSD will also focus supports available for those remaining in the current EH-SNG motel places (in place by end of June).
  - MSD retaining responsibility for assessment and placement of people into the contracted motels and strengthening assessment and placement processes for emergency housing clients (in place by end of June).
  - The **implementation of Te Pokapū – a Rotorua Housing Hub**. The Hub will be a single point of contact for individuals and whānau with emergency housing needs in Rotorua. The Hub will have a focus on strengthening assessment and referral processes to ensure the right supports are put in place to meet needs. Agencies, Iwi and local providers will be co-located with defined roles and responsibilities, and holistic assessments of need will be undertaken (in place by mid-August).
  - MSD is undertaking work to cease the use of unsuitable motels and ensure accommodation is suitable, explore the potential for a new complaints process, and offer additional case management for ongoing support for clients (see para 12).
16. Kāinga Ora is also progressing immediate housing opportunities in Rotorua to begin **putting pathways in place to permanent housing**. This includes purchasing places suitable for initial use as transitional housing; engaging with Iwi and Māori landowners on the use of their land for public and transitional housing; affordable and market housing opportunities on acquired land; and investigating further public and transitional housing opportunities across a large number of sites.
17. Good progress is being made on implementing these actions (see Annex B).

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<sup>2</sup> As at April 21, there were approximately 156 occupants across 113 COVID-19 motel units in Rotorua.

18. These actions will be evaluated as they are implemented to inform decisions on any further expansion.

*We are seeking interim funding for 2021/22 via a transfer from the EH-SNG appropriation and reprioritisation of an underspend on rent arrears assistance*

19. The steps being taken in Rotorua are not about saving money. They are directly focused on getting better outcomes for families, and in particular children, staying in motels. They look to minimise any potential impacts on the children and give families the best chance to quickly move to a more-permanent housing option. It is hoped they will result in downstream savings and improved outcomes in areas such as education and health for the families and children.

20. The paper seeks agreement to an interim funding approach to meet the costs of the actions in Rotorua in 2021/22. The costs are around [redacted] for the first year made up of:

- [redacted] for the contracting of emergency housing motels and associated supports for 200 families and whānau with children in Rotorua, as well as [redacted] in 2021/22 only in upfront costs to implement the model
- [redacted] for the ongoing operation of Te Pokapū – a Rotorua Housing Hub, plus [redacted] in 2021/22 only for a data system and fit-out of premises
- [redacted] for onsite management support for the motels that will remain as EH-SNG motels.

21. The paper seeks agreement (as preferred option) to meet the costs in 2021/22 via:

- a transfer of [redacted] from the BoRE: Accommodation Assistance appropriation (EH-SNGs are paid from here) to a new dedicated appropriation, and
- reprioritisation of [redacted] from the underspend of the rent arrears assistance appropriation.

22. It notes that permanent funding will be sought [redacted]

23. **Treasury** has included split recommendations and recommended that the 2020/21 [redacted]

This is on the basis that any new or cost pressure initiatives be met from existing baselines, should baseline funding be available.

24. [redacted]

25. The paper includes a response from HUD noting that it would not be appropriate to permanently direct transitional housing funding away from new supply into contracting more motels. The funding in the Transitional Housing MCA is required to retain Government's focus on continuing to deliver new transitional housing places, including the 2,000 new places committed to in Budget 2020 by June 2022.

[redacted]

26. [redacted]



31. Treasury has also expressed 9(2)(f)(iv) [redacted]

32. Following discussions with Minister Woods' office, we advised that we will continue with our current approach. 9(2)(f)(iv) [redacted]

*Additional split recommendations to be tabled at Cabinet*

33. 9(2)(f)(iv) [redacted] e have provided talking points to support your discussion of this proposal.

## **Next steps**

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34. Officials are available to attend Cabinet in case you require any additional information.

## **Annexes**

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35. Annex A – Talking points for Cabinet Business Committee
36. Annex B – Progress update on actions in Rotorua

## **Annex A – Talking points for Cabinet Business Committee**

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### *Work underway to address the housing crisis and prevent and reduce homelessness*

1. There is a wide range of work underway across the system to address homelessness and the underlying issues in the housing market.
2. This includes the Aotearoa New Zealand Homelessness Action Plan, rapidly increasing the supply of public and transitional housing, and work to improve housing affordability.
3. Despite this, we have seen a sharp rise in demand for emergency housing, with the number of clients being granted an Emergency Housing Special Needs Grant (EH-SNG) more than doubling over the last two years through to April.
4. These increases are associated with housing unaffordability, lack of supply, limited prevention and support services, and individual life shocks like losing a job or family violence – which have been exacerbated in the COVID-19 pandemic.

### *Issues with the current model of EH-SNG provision*

5. The current model of EH-SNG provision was never intended to operate how it does now. The model does not consistently ensure safe and quality motels, or provide for wraparound social support services. This can make it difficult for families and individuals to thrive.
6. Stage One of the Wai 2750 Kaupapa Inquiry into Housing Policy and Services on Māori homelessness has also highlighted significant issues with emergency housing. This is exacerbated by the fact that Māori are much more likely to experience homelessness and make up 58 percent of all EH-SNG households.
7. MSD does provide targeted support services to people staying longer than seven nights, but due to high demand, support is prioritised according to need.
8. We are keen to improve EH-SNG provision more generally. To do this we have directed officials to undertake wider work to improve the safety, security, and quality of emergency housing.
9. This work is focused on offering access to Navigators and Case Management for all clients in emergency housing; ceasing use of unsuitable motels and moving clients into more suitable accommodation; ensuring emergency accommodation is suitable; exploring the potential for a complaints process; and ensuring clients are aware of their obligations when staying in emergency housing.

### *Issues in Rotorua*

10. There are key issues in Rotorua that have exacerbated broader problems with EH-SNGs. Rotorua has the highest volume of EH-SNGs in the country by population, and 30 percent of households have been in emergency housing for six months or longer – 7.5 percent for over a year.
11. This is due to strong population growth; Rotorua having one of the lowest grant rates of building consents in the country; a 54 percent increase over the past five years in median rents, and an 84 percent increase in house prices; high levels of family violence; a shortage of affordable homes; and Rotorua having the highest ratio in the country – five to one – of EH-SNG to transitional housing places.

### *Action the Government is taking to meet urgent need*

12. Government has been working actively in Rotorua for some time. In response to the pressing issues facing the community, a place-based partnership was agreed between Rotorua Lakes Council, Te Arawa Iwi, and government agencies in late 2019.

13. The Rotorua Housing Taskforce was then established in March 2021. The Taskforce identified ways to: enable more stable, safe and supported housing; ensure a pathway to more-permanent housing outcomes; and implement a “by Te Arawa, for Te Arawa” approach.
14. On 13 May 2021, we announced immediate actions to be implemented:
  - Firstly, HUD will contract motels to provide emergency accommodation, with an initial focus on the approximately 200 families and whānau with children who are in EH-SNG motels
  - Secondly, HUD will contract additional wraparound support services for the families in those motels, and MSD will improve supports available for those remaining in the current EH-SNG motel places
  - Thirdly, MSD will strengthen assessment and placement processes for all emergency housing clients
  - And finally, to improve access to housing support, Te Pokapū – a Rotorua Housing Hub will be established. The Hub will be a single point of contact, where people will be assessed to identify what type of housing and wider holistic support they may need. It will involve Iwi, MSD, the DHB and NGOs.
15. Officials are on the ground as we speak working with Council and Iwi to implement these actions, with an immediate focus on contracting motels and providing support services by the end of June or early July 2021. Te Pokapū, or the Hub will be in place by mid-August.
16. Kāinga Ora is also progressing opportunities in Rotorua to purchase and convert accommodation for transitional housing, and identify new-build opportunities. This work will improve pathways from emergency housing into permanent options.

*Interim funding for 2021/22 via a transfer from the EH-SNG appropriation and reprioritisation of an underspend on rent arrears assistance*

17. We are seeking Cabinet’s agreement to a funding model that can support actions in Rotorua.
18. This will provide <sup>9(2)(f)</sup> of funding for 2021/22 to cover the cost of contracting motels and wraparound supports, establishing and running Te Pokapū, and onsite management for non-contracted motels.
19. This funding will provide better outcomes for families, whānau, and children staying in motels. We also expect the proposals to result in downstream savings and improved outcomes in areas such as education and health.
20. We propose that this 2021/22 funding comes in part from a transfer from the BoRE: Accommodation Assistance appropriation (from which EH-SNGs are paid) and in part from the underspend of the Rent Arrears Assistance Appropriation.

9(2)(f)(iv)

9(2)(f)(iv)

*Treasury has included split recommendations on preferred funding approach for the first year*

[Treasury's preferred option is to factor unallocated funding from the 2020/21 Transitional Housing MCA into the costings; 9(2)(f)(iv)]

### **Talking points**

26. Our preferred option is to fund actions in Rotorua via a transfer from the BoRE: Accommodation Assistance appropriation to a new dedicated appropriation, and a reprioritisation of 9(2)(j) from the underspend of the Rent Arrears Assistance appropriation.
27. We consider that it would not be appropriate to permanently direct transitional housing funding away from new supply into contracting more motels. The funding in the Transitional Housing MCA is required to retain Government's focus on continuing to deliver new transitional housing places, including the 2,000 new places committed to in Budget 2020 by June 2022.

9(2)(f)(iv)

### **Talking points**

9(2)(f)(iv)

## Annex B – Progress update on actions in Rotorua

1. The table below provides updates on the implementation of actions in Rotorua.

Action	Current status
<b>Motel contracting for 200 families and whānau with children</b>	<b>HUD lead agency:</b> Officials are engaging and negotiating with moteliors to become contracted motels, and anticipate agreements to be in place by the end of June 2021.
<b>Enhanced wraparound support services (contracted motels)</b>	<b>HUD lead agency:</b> Four organisations have agreed to provide wraparound support services for households in contracted motels, with contracts expected to be in place in June.
<b>Motels for sole EH-SNG use (non-contracted)</b>	<b>MSD lead agency:</b> Officials are visiting motels to determine suitability and discuss EH-SNGs with moteliors. Officials expect to complete identifying potential motels by the end of June.
9(2)(f)(iv)	<b>MSD lead agency:</b> 9(2)(f)(iv) needs. To be in place by the end of June 2021.
<b>Te Pokapū – Rotorua Housing Hub</b>	<b>MSD lead agency:</b> Te Taumata O Ngāti Whakaeu iho ake (Iwi partner) will be involved with the Hub. 9(2)(f)(iv)
<b>Kāinga Ora Housing pipeline</b>	<b>Kāinga Ora lead agency:</b> Officials are actively progressing supply opportunities and are continuing discussions with Iwi landowners and developers.
9(2)(f)(iv)	<b>HUD lead agency:</b> 9(2)(f)(iv)