

In Confidence

Office of the Minister of Housing

Office of the Minister for Social Development and Employment

Office of the Associate Minister of Housing (Social Housing)

Cabinet – Social Outcomes Committee

Initial steps to end the large-scale use of emergency housing

Proposal

- 1 This paper outlines initial steps we are taking to end the large-scale and long-term use of motels for emergency housing (EH) and immediate actions to get families out of EH and into permanent housing more quickly. It proposes establishing a “fast track” for the Social Allocation System (SAS)¹ to move families with children out of EH, taking steps to mitigate perverse incentives this may create and progressing a suite of other actions to improve the EH system.
- 2 Establishing the fast track will deliver on our 100-day plan commitment to “establish a priority one category on the social housing waitlist to move families out of EH into permanent homes more quickly”.

Executive Summary

- 3 Too many people are relying on EH for too long and this is not an appropriate place for children to be growing up. The fiscal and social costs of extended periods in EH are too high. This demand has been driven by a combination of structural (e.g. lack of housing supply) and system issues (lack of information or services at critical risk points) and individual stressors (shocks experienced by an individual or family). EH should only be needed rarely and for brief periods.
- 4 It will take sustained and co-ordinated action over multiple years to deliver on our objective. However, we need to take steps now to ensure that families with children (in particular) are housed quicker and improvements are made to EH. This will be supported by clear and consolidated Ministerial accountabilities for EH and an overarching evidence-based framework to guide decision-making processes. Ministers are currently considering a target around EH and will report back on this in due course.
- 5 The first of these actions is the establishment of a Priority One fast track for SAS to ensure that families with children in EH are prioritised for social housing places. We recommend initially focusing the fast track on families with a dependent child or children:

¹ SAS is used to assess people’s eligibility for the Housing Register - see Annex C.

- 5.1 who are in motels receiving an EH Special Needs Grant (EH-SNG)² for 12 consecutive weeks or more³
- 5.2 who are in Contracted EH Motels in Rotorua (this is predominantly used instead of EH-SNGs for families in Rotorua) for 12 consecutive weeks or more.
- 6 There is the potential for the fast track to create perverse incentives for families to access or stay in EH to be prioritised for social housing. Within current legislation the eligibility for an EH grant is broad, with the Ministry of Social Development (MSD) case managers having wide discretion to determine eligibility and limited ability to require verification of emergency housing need.
- 7 In the short-term and within current legislation, we propose to manage the risk of perverse incentives by signalling alongside the announcement of the fast track increased consideration of an applicant's circumstance. This will include greater scrutiny of whether they have unreasonably contributed to their immediate emergency housing need, whether they have taken reasonable efforts to access other housing options and whether they have previously paid their emergency housing contribution. It is our expectation that where an MSD staff member has concerns about the validity of the emergency housing need, they may escalate this to their manager for their consideration, and/or grant for only 1-4 days requiring re-engagement before re-granting for the appropriate period of time.
- 8 s 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] We propose decisions on the detailed policy and operational design for these changes are delegated jointly to the Minister of Housing, the Minister for Social Development and Employment and the Associate Minister of Housing (Social Housing).
- 9 We intend to announce the April introduction of the Priority One fast track following the Social Outcome Committee's decision. This announcement will emphasise that MSD will be applying increased consideration to applications, and signal, at a high-level, the legislative changes that will be made later in the year to reinforce this approach.
- 10 In isolation, the fast track would have limited impact on our overall objectives. It may assist eligible families (currently around 800) into housing more quickly, however, it will be constrained by factors such as available housing supply, families' specific needs and location, placement practices, and the complex

² EH-SNGs fund clients to stay in temporary accommodation, such as motels.

³ The Ministry of Social Development's measure of consecutive weeks allows people to leave EH for up to 28 days without this time breaking their recognised consecutive 12 weeks. The up to 28 days outside of EH are not counted toward the 12-week total and a client can have more than one period outside of EH as part of their 12-week EH stay.

⁴ s 9(2)(f)(iv) [REDACTED]
[REDACTED]

needs people in EH have. It also specifically excludes around 50 percent of households in EH (singles and couples without children).

- 11 We are therefore progressing a series of additional actions (some existing) alongside the fast track and tightening of gateway. s 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED] ensuring that allocation and placement practices for social housing and Transitional Housing (TH) reinforce our objectives. s [REDACTED]
[REDACTED] 9(2)
[REDACTED] (f)
[REDACTED]

- 12 We have also asked officials to report back to us with further advice on a broader approach to end the large-scale and long-term use of motels for EH. This will include working with a range of partner agencies including Health, Corrections, Oranga Tamariki, Kāinga Ora – Homes and Communities, private landlords and Community Housing Providers. We will provide an update on this broader plan as well as Regulatory Impact Analysis of changes to tighten the EH gateway to Cabinet by July 2024.

Relation to government priorities

- 13 This proposal responds to the 100-day plan commitment to establish a Priority One category on the social housing waitlist.

Background

- 14 The Emergency Housing system supports people in need of temporary accommodation via two main approaches:
- 14.1 Emergency Housing Special Needs Grants (EH-SNG), administered by the Ministry of Social Development (MSD) – these fund clients to stay in motels (mainly) as a last resort for individuals and families who have an immediate EH need. EH-SNGs are provided for up to three weeks per grant period and can be renewed. Clients receiving an EH-SNG can also access support services, though these are provided and funded separately
- 14.2 Transitional Housing (TH) (6,246 places) – housing and wrap-around support provided by contracted TH providers. Most TH places are in houses with full facilities, however there are 779 units remaining in motels being used for this service. There is a focus on reducing the number of TH motel places.
- 15 Other approaches include Contracted EH motels in Rotorua, which allows strategic placement of clients (predominantly families with children) to best meet their needs. It also means that wraparound supports, like those in TH, can be provided. COVID-19 motels have also been used to house vulnerable people during COVID-19 lockdowns. They are being phased out as the people living in them are transitioned to more suitable accommodation. **Annex A** provides information on the different types of EH, TH and social housing.

- 16 The number of EH-SNGs and the number of motels has steadily reduced since the peak in November 2021. However, there are still high numbers and people are spending too long in EH motel accommodation:
- 16.1 As at the end of December 2023, there were:
- 16.1.1 2,976 households receiving EH-SNGs including 1,512 families with a total of 3,186 children⁵
- 16.1.2 163 households in contracted EH motels in Rotorua, including 252 children.
- 16.2 \$86.2 million was granted for EH-SNGs in the quarter ending 31 December 2023.
- 17 People accessing EH-SNGs frequently have acute and complex needs in addition to housing. Some of the challenges these households face include low income, mental health and addiction needs, criminal offending history, or an Oranga Tamariki care and protection or youth justice event in their childhood. Māori make up 60 percent of households receiving EH-SNGs.
- 18 Those in EH are also more likely to be impacted by other factors such as rising rents, lack of employment opportunities and competition in the rental market from tenants considered to be more desirable.
- 19 Exits out of EH are largely constrained due to limited supply of social and private housing. As such, our work on fixing the underlying issues with the housing and urban system to increase housing supply and changes to the rental system to incentivise provision of rental supply will be important.
- 20 **Annex B** provides an overview of potential pathways through the EH system.

We recommend establishing a new Priority One fast track to ensure families with children in EH are a high priority for social housing

- 21 We want to ensure that families with children who are in EH motels are a high priority on the Housing Register (the Register) and get into stable housing as quickly and sustainably as possible.
- 22 Establishing a new Priority One fast track would mean that any family that meets all relevant criteria (outlined below) would be fast tracked for the next suitable social housing place. The fast track will prioritise eligible households above households with A20 (the highest rating) on the Register. This approach aligns with the two existing fast tracks. Further information on the Social Allocation System (SAS) and the Register is in **Annex C**.

We recommend that families with children in EH motels for extended periods are the focus of the fast track

- 23 In making recommendations around eligibility criteria for the Priority One fast track we considered a range of factors including:

⁵ There are around 160 people or households that have received grants for over two years (of those, 50 are families with children), and around 400 that have received grants for between 12 and 24 months (145 are families with children).

- 23.1 impact of the fast track on other groups (outside Priority One) with high housing need
 - 23.2 impact on the overall functioning of the SAS
 - 23.3 effectiveness of the fast track
 - 23.4 level of need and urgency for differential treatment
 - 23.5 mitigating perverse incentives and associated behavioural change.
- 24 To be eligible for the fast track, families will need to have met existing eligibility criteria for social housing and be on the Register.
- 25 We propose the following settings for the fast track:
- 25.1 **EH** for the purposes of the fast track is initially limited to EH-SNG clients in motels and those in Rotorua Contracted EH. Focusing on this EH first aligns with our intention to reduce large scale use of motels within EH and to exit motels in Rotorua
 - 25.2 **families** are defined as those with at least one dependent child, including sole parents.⁶ We recommend using the definition of dependent child from the Social Security Act 2018, which includes children under 18 years of age and children who are 18 but still at school and financially dependent
 - 25.3 families will need to have been in EH for **12 consecutive weeks** to be eligible.⁷ This will target the families that remain in EH for an extended period. An estimated 800 families will be eligible for the fast track, though families will move in and out of eligibility over time. We also propose MSD has discretion, in exceptional circumstances, to put a family on the fast track if they have moved in and out of EH for a cumulative total of 12 weeks or more but do not meet the consecutive stays measure.
- 26 There are two existing fast tracks on the Register to enable placement of children, families, and caregivers with the greatest needs in social housing. One is for Oranga Tamariki caregivers, and those in qualifying permanent care arrangement, and the other is for families with children who have or are at risk of rheumatic fever. As housing children using these existing fast tracks remains a high priority and these fast tracks are much smaller, we propose these have higher priority than the EH fast track.

s 9(2)(f)(iv)

27 s 9(2)(f)(iv)

⁶ This includes where children normally live with their family but are not staying in EH.

⁷ MSD's measure of consecutive weeks allows people to leave EH for up to 28 days without this time breaking their recognised consecutive 12 weeks. The up to 28 days outside of EH are not counted toward the 12-week total and a client can have more than one period outside of EH as part of their 12-week EH stay.

s 9(2)(f)(iv) [Redacted]

28 s 9(2)(f)(iv) [Redacted]

The fast track in isolation would have limited impact on our objectives and may negatively impact on some households currently on the Register

29 Officials cannot reliably advise on the impact that a fast track will have in isolation for high priority EH families (A15-A20), as this group still has housing difficulties associated with high and complex needs. The fast track may make limited difference to this group's time to house. For families that are lower priority (A10-14), being fast tracked could slightly reduce their time to house.

30 Any impact will be constrained by factors such as available housing supply, families' specific needs and location, placement practices, and the complex needs people in EH have. We recognise this and are proposing a series of other initial actions in this paper and have asked officials to develop advice on a broader approach to deliver on our objective.

31 There is a risk that particular cohorts may miss out on social housing, or have to wait longer, given the added weighting towards Priority One and overall focus on families with children. For example, single people, and families with children living in over-crowded or substandard housing, who are potentially worse off than those in EH, may effectively be deprioritised on the Register. This may not align with existing locally led programmes or iwi partnerships.

We propose signalling increased consideration of an applicant's circumstance to mitigate any perverse incentives, s 9(2)(h) [Redacted]

32 There is a risk that the fast track could create perverse incentives for people to enter, return to, or stay longer in EH. For example, it may mean that people may not pursue a suitable private rental or may decline TH. This is because social housing offers greater security of tenure and an Income Related Rent which is generally capped at 25 percent of income.

33 s 9(2)(h) [Redacted]

34 We propose a two-stage approach to manage this risk. In the short-term, we will signal that to ensure that EH is targeted to those who need support the most, there will be increased consideration of an applicant's circumstance at the time of application. This will include greater scrutiny of whether they have unreasonably contributed to their immediate emergency housing need, whether they have taken reasonable efforts to access other housing options and whether they have previously paid their emergency housing contribution. We will signal that where an MSD staff member has concerns about the validity of the emergency housing need, the staff member may escalate to their manager for consideration, and/or grant for 1-4 days requiring the applicant to re-engage before re-granting for the appropriate period of time. This will help ensure that emergency housing is only for those who genuinely need it.

35 s 9(2)(f)(iv) [Redacted]

35.1 s 9(2)(f)(iv) [Redacted]

35.2 s 9(2)(f)(iv) [Redacted]

35.3 s 9(2)(f)(iv) [Redacted]

36 Officials will report back to Ministers with delegated authority in April 2024 and we will provide Regulatory Impact Analysis of changes to tighten EH gateway as part of a broader update to Cabinet by July 2024.

37 There is the risk that measures to tighten EH gateways could result in increased levels of rough sleeping, people living in cars, overcrowding in

⁸ s 9(2)(f)(iv) [Redacted]

homes, and impact Māori in much higher numbers due to already disproportionate numbers accessing EH. It could also potentially have significant impacts on children if access to EH was declined. These factors will be considered carefully in further advice provided to relevant Ministers.

We propose a series of additional actions to help end the large-scale use of EH

38 There are several areas where we have asked officials to continue progressing work or start new work.

s 9(2)(f)(iv) supports to prevent need for EH and support sustained exits

39 Support services assist the growing number of people with multiple and complex challenges to both remain in private rentals and to transition from EH into sustainable and secure housing, in both the private and social sectors.⁹ Support services include intensive case managers and housing system navigators,¹⁰ Ready-to-Rent programmes to prepare clients for the move into stable housing, and housing brokers.¹¹

40 These temporary support measures have supported households to move out of EH, s 9(2)(f)(iv)

Changes to allocation and placement practices for social housing to reinforce the priority we have given these families

41 We have asked the Ministry of Housing and Urban Development (HUD) and MSD to work on improvements to placement and allocation practices for both Kāinga Ora and Community Housing Providers (CHPs) to support the fast track status given to the families in EH. There are operational and technical issues which complicate and impede the placements process, and these have grown as the Register has increased.¹²

42 MSD and Kāinga Ora are working together on operational improvements to the current placement process and allocation of social housing for those on the Register. MSD is currently identifying families likely to be eligible for the Priority One fast track and sharing the number of families, family sizes and location for social housing with Kāinga Ora.

⁹ Of the approximately 15,500 households who left emergency housing between December 2021 and December 2022 (as at June 2023) 19 percent had an active social housing tenancy, 44 percent were receiving the Accommodation Supplement and 50 percent remained on the Register. Note – people on the Register may also be receiving the Accommodation Supplement, or in a social housing tenancy (if waiting to be transferred).

¹⁰ Case managers and system navigators work with clients to better characterise their needs and coordinate with agencies and housing providers to put supports in place.

¹¹ Housing brokers find suitable housing for EH and TH clients.

¹² While there is ongoing work to improve systems and processes, the information in Register short lists requires considerable manual processing to follow up and determine the suitability of dwellings for the short-listed applicant.

Maximising appropriate supply options available as alternatives and pathways out of motels

- 43 The continued delivery of social housing to June 2025 will add 6,608¹³ social housing places. These will be key to delivering on our objectives. [REDACTED]
s 9(2)(g)(i) [REDACTED]
s 9(2)(f)(iv) [REDACTED]
- 44 In this fiscally constrained environment, we need to ensure that s 9(2)(f)(iv) [REDACTED] the existing supply of social housing and TH is being used efficiently and prioritised to the right groups.
- 45 From 25 March 2024, MSD is restarting tenancy reviews for people living in social housing and is in the process of implementing the Temporary Housing Vacancy Management tool.¹⁴ These measures will help ensure social and transitional housing is used efficiently for those who need it most.
- 46 Additionally, we have asked officials to undertake policy work around options for incentivising TH providers, CHPs, and the private market to house priority groups from EH, as well as measures to reduce vacancy rates and improve utilisation of TH and social housing. s 9(2)(f)(iv) [REDACTED]

Innovative funding and financing approaches to social and emergency housing

- 47 The Minister for Social Investment is considering funding and financing options for implementing a social investment approach, including potential use of innovative funding and financing tools such as Social Impact Bonds. We will explore how such tools, and outcomes based payments in general, can be used to improve delivery of housing services and ultimately reduce the need for EH.

We need to better understand the flow of people in and out of EH

- 48 To effectively focus on ending the large-scale use of EH, it is critical that we understand why people are accessing EH and where they exit to so that we can better prevent the need and help people access suitable housing.
- 49 HUD and MSD are leading work to develop an overarching, evidence-based framework that will guide the decision-making process regarding the Government's investment in housing assistance. The initial phase, which is underway, is building a stronger picture of how people interact and move through the government housing system, including social housing, Accommodation Supplement, EH and TH, and the connection with the private rental market.
- 50 Wider economic challenges to the housing market will impact on demand. This could include pressures on the rental market resulting from net migration

¹³ Note that pipeline information is variable and subject to change across time.

¹⁴ The Temporary Housing Vacancy Management Tool provides real-time visibility of transitional housing places for frontline staff ahead of referral and makes the assessment and referral process smoother for clients and staff.

and construction sector headwinds impacting ability to deliver net supply of housing.

- 51 Officials will monitor the impact of the fast track and other measures through regular reporting on EH.

Officials will provide additional advice to Ministers on a broader approach to significantly reduce the use of EH

- 52 We have asked officials to provide us with further advice on a broader approach to reduce EH that takes a social investment lens. This will build on the initial actions and look at what else is needed to:
- 52.1 reduce the need for EH in the first place (prevention actions including financial supports, support programmes and cross-agency actions to address risk factors)
 - 52.2 ensure alternative emergency housing options with appropriate supports are available when needed
 - 52.3 ensure people in EH are appropriately prioritised on the Register and receive appropriate support both while in EH, and to transition into sustainable and secure housing, including supporting people in EH to find and access alternative housing options (potential for this to be part of a wider review of SAS)
 - 52.4 increase the supply of permanent housing options (whether social housing or private rentals)
 - 52.5 support solutions for Māori (who make up a large percentage of families in EH) for example, iwi-led housing developments and papakāinga
 - 52.6 support locally led place-based responses that respond to the specific factors in each location. These responses are based on partnerships with other agencies, iwi/Māori and providers in each centre. This place-based approach has already been effective in Hastings and work continues in priority areas such as Rotorua, s 9(2)(f)(iv) [REDACTED].
- 53 We will provide an update on this as well as supplementary analysis around changes to the EH gateway by July 2024.

Implementation

- 54 We propose that MSD implements the Priority One fast track using a manual system in April 2024. Due to the complexity of the policy and secondary legislation design work, and IT and operational changes, the broader EH gateway changes will be fully implemented in late August 2024.
- 55 We propose using a manual system, as implementing Priority One using an automated system would take nine to 12 months to implement, s 9(2)(f)(iv) [REDACTED]. Given the larger cohort for [REDACTED].

this policy MSD advise that manual workaround processes carry a high risk of missing eligible families.

- 56 We recommend that further decisions (in line with this paper) on any outstanding policy settings for Priority One and tightening the gateway are delegated to the Minister of Housing, Minister for Social Development and Employment and Associate Minister of Housing (Social Housing).

s 9(2)(h) [Redacted]

- 57 s 9(2)(h) [Redacted]

- 58 s 9(2)(h) [Redacted]

- 59 s 9(2)(h) [Redacted]

Treaty of Waitangi Implications

- 60 As Māori make up around 60 percent of EH-SNG recipients changes to priority of EH recipients on the Register (via the fast track) will likely improve housing outcomes for eligible Māori. Over 500 of the 800 families estimated to be eligible for Priority One identify as Māori. Note the effect is limited by supply of social housing and concentrations of Māori EH-SNG clients in some regions.

Cost-of-living Implications

The proposal has minor cost-of-living implications for the target group, in that stable social housing supports households to manage their costs.

¹⁵ s 9(2)(h) [Redacted]

Financial Implications

61 There are no financial implications associated with this proposal,¹⁶ based on MSD implementing this policy through manual processes. Requiring increased consideration of an applicant’s circumstance will also increase the workload for MSD frontline staff, in particular the Integrated Services Case Managers who work closely to support EH SNG recipients. s 9(2)(f)(iv)

Legislative Implications

62 s 9(2)(f)(iv)

Impact Analysis

Regulatory Impact Statement

63 Cabinet’s impact analysis requirements apply to the proposal to tighten the eligibility criteria for EH, but there is no accompanying Regulatory Impact Statement and the Treasury has not exempted the proposal from the impact analysis requirements. Therefore, it does not meet Cabinet’s requirements for regulatory proposals.

64 However, the Regulatory Impact Analysis team at the Treasury and the Ministry of Housing and Urban Development and the Ministry of Social Development have agreed that supplementary analysis will be provided when Cabinet is updated on progress by July 2024.

Climate Implications of Policy Assessment

65 A Climate Implications of Policy Assessment requirement does not apply.

Population Implications

Population group	Implication of the proposal
Māori	Māori are overrepresented in EH, making up 60 percent of those in this type of housing. This proposal aims to help whānau into more suitable and stable homes and could lead to more equitable outcomes, depending on how it is operationalised.
Pacific Peoples	Pacific peoples make up 15 percent of EH clients. There are a higher proportion of multigenerational Pacific families and when this is reflected in the Housing Register, it can lead to longer wait time for suitable housing. Other programmes are seeking to increase housing supply that is suitable for Pacific families and communities.
Children and Young people	Children and young people are disproportionately affected by housing stress. Almost half of the people living in EH are children. Stable and

¹⁶ Social housing supply for families in Priority One is expected to be funded from turnover in existing supply and new supply from current funding commitments to 2024/2025, noting that location and housing typology also affect placement.

	adequate housing in the first 1,000 days of a child's life can have positive impacts on developmental outcomes.
Women	Approximately 46 percent of households in EH are sole parent households. Given that around 83 percent of sole parents in New Zealand are women, ¹⁷ we consider this proposal will have a positive impact on women who are sole parents and caregivers living in EH.
Rural communities	Rural communities and regional centres have small numbers of families in long-term EH (75 families across 22 rural TLAs in October 2023). Such regions often have low supply/turnover of social housing and limited support services to assist families and may need bespoke approaches to find and sustain stable housing.
Disabled people	The policy may result in some disabled people (outside the Priority One group) having a lower relative priority on the Register. Disabled people find it more difficult to find suitable social housing due to low supply of accessible/adapted housing.

s 9(2)(h) [Redacted]

66 MSD can consider a range of criteria when operating the Register, even when the effect is that people are treated differently on the basis of those criteria.¹⁸ This section does not override the New Zealand Bill of Rights Act 1990 (BORA).

67 s 9(2)(h) [Redacted]

Use of external resources

68 No external resources were used throughout the policy development process for this proposal. We do not expect that external resources will be needed during future work.

Consultation

69 Kāinga Ora – Homes and Communities and Oranga Tamariki contributed advice and content to this paper.

70 The Treasury, Te Puni Kōkiri, Ministry of Pacific Peoples, Ministry for Women, Te Whatu Ora, Ministry of Health, Whaikaha, Ministry of Primary Industries,

¹⁷ Stats NZ

¹⁸ Public and Community Housing Management Act 1992, s 129.

¹⁹ s 9(2)(h) [Redacted]

²⁰ s 9(2)(h) [Redacted]

Ministry of Justice, the Office of Seniors, and the Department of Prime Minister and Cabinet were consulted.

Communications

- 71 Decisions on Priority One fast track will be announced following the Social Outcomes Committee’s decision on 6 March (and within the 100 day plan timeframe). This announcement will signal that to ensure EH is targeted to those who need support the most, there will be increased consideration of an applicant’s circumstance at the time of application. The fast track will be implemented by April 2024.
- 72 We will also announce our intention to make legislative changes to the EH gateway. Further communications on implementation are to be confirmed following Cabinet’s agreement to this policy.

Proactive Release

- 73 HUD and MSD will publish this paper on their websites, with the legally privileged sections redacted and subject to redactions as appropriate and consistent with the Official Information Act 1982. This will be done within 30 business days of final decisions being made by Cabinet and policy announcements.

Recommendations

The Minister of Housing, Minister for Social Development and Employment and Associate Minister of Housing (Social Housing) recommend that the committee:

- 1 **Note** that this paper outlines initial steps we are taking to end the large-scale and long-term use of motels for Emergency Housing (EH) and immediate actions to get families out of EH and into permanent housing more quickly
- 2 **Agree** to establish a Priority One fast track in April 2024 within the Social Housing Register that prioritises eligible families in EH to deliver on our 100-day plan commitment to “establish a priority one category on the social housing waitlist”
- 3 s 9(2)(h) [Redacted]
- 4 **Agree** that families eligible for the Priority One fast track are those that:
 - 4.1 have children that meet the definition of “dependent child” used in Schedule 2 of the Social Security Act 2018, which includes those under 18, as well as 18-year-old children still at school covered by section 103 of the Social Security Act 2018
 - 4.2 have lived in EH (commercial accommodation paid for by Emergency Housing-Special Needs Grants (EH SNGs)) or a Contracted EH motel for 12 consecutive weeks, including breaks of no more than 28 days, or

4.3 at MSD's discretion (using exceptional circumstances), have lived in EH for a cumulative 12 weeks across multiple stays

5 s 9(2)(f)(iv) [Redacted]

6 **Agree** that the Oranga Tamariki and Rheumatic Fever fast tracks will have higher priority than the Priority One fast track

7 **Agree** that announcements on the Priority One fast track signal increased consideration of an applicant's circumstance, to help ensure EH is accessed only where absolutely necessary, and to help mitigate perverse incentives

8 **Agree** the Ministry of Housing and Urban Development and the Ministry for Social Development undertake the policy, legislative and operational design to tighten the gateway to EH and further mitigate any perverse incentives created by the Priority One fast track, including:

s 9(2)(f)(iv) [Redacted]

9 **Authorise** the Minister of Housing, Minister for Social Development and Employment and Associate Minister of Housing (Social Housing) to have Power to Act to take decisions on policy and operational advice, as outlined in recommendations 2 and 8, required to establish the Priority One fast track and tighten the gateway to EH

10 **Note** that Priority One will be implemented by April 2024, and legislative changes to tighten the gateway will be fully implemented by the end of August 2024

11 **Note** that, in isolation, the Priority One fast track would have limited impact on our overall objectives so we are progressing a series of additional actions (some existing) alongside the fast track and tightening of the EH gateway

12 **Note** that the Minister of Housing, Minister for Social Development and Employment and Associate Minister of Housing (Social Housing) have requested a report back with further advice on a broader approach to end the large-scale and long-term use of motels for EH and will provide an update on this broader plan as well as Supplementary Analysis of changes to tighten EH gateway to Cabinet by July 2024.

Authorised for lodgement

Hon Chris Bishop

Minister of Housing

Hon Louise Upston

Minister for Social
Development and
Employment

Hon Tama Potaka

Associate Minister of
Housing (Social Housing)

Annex A: Types of emergency, transitional and social housing

	EMERGENCY HOUSING (EH SNGs)	TRANSITIONAL HOUSING (TH) ²¹	SOCIAL HOUSING (IRRS-funded)
Description	A grant provided for short term emergency accommodation.	Temporary accommodation with wrap around support provided by Transitional Housing Providers (THP).	Rental accommodation provided by Kāinga Ora – Homes and Communities and Community Housing Providers under the Public and Community Housing Management Act 1992 where government pays a portion of the rent.
Type of accommodation	Mostly motels or other commercial accommodation eg campgrounds, cabins.	Various houses/townhouses/apartments but in some circumstances includes contracted motels.	Houses/townhouses/apartments.
Support Services	Limited support but MSD navigators, Ready to Rent and housing brokers are available to households to prepare and support them to move to permanent accommodation.	Support services provided by THPs to help clients into longer term housing and address underlying drivers of housing need. Support available for 12 weeks while in TH and 12 weeks following placement into permanent housing.	Services through Sustaining Tenancies, Housing First and Rapid Rehousing are available in limited circumstances. Transition to Alternative Housing Grant provides support for moving from social to private rental.
Numbers of places	2,976 households (on 31 December 2023).	6,246 places ²² (as at 31 December 2023).	80,605 places (as at 31 December 2023).
Cost per place	\$1,932 per place per week (as at 31 December 2023).	Average annual cost of \$50,000 per place including services.	New build places are funded at an average annual cost of \$60,000.
Intended length	Short-term - funds up to 21 days' accommodation.	Medium term - 12 weeks accommodation for standard TH.	Long-term.
Government Funding	Actual spend of \$345m in FY22/23.	Actual spend of \$320m in FY22/23 – forecast \$433m in FY23/24.	Actual spend of \$1,379m in FY22/23 – forecast \$1,561m in FY 23/24.
Client contribution	About 25% of income after 7 days.	Up to 25% of income.	Income-related rent - assessment of 25% of their income.

OVERVIEW OF MOTELS FOR EMERGENCY AND TRANSITIONAL HOUSING

Motels used by EH-Special Needs Grants (EH-SNGs) clients
(~3,000 households)

- New EH-SNG supplier standards recently introduced focus on safety, suitability, and the service provided to EH-SNG clients. Emergency housing providers who opt in are given priority. While MSD set the standards, the agency is not a regulator in this space, and providers can choose to opt-in.
- Support services available include MSD funded navigators, Integrated Services Case Managers, ready to rent courses, flexible funding and housing brokers to prepare and support people to move to permanent accommodation. Funding for these services expires in June 2024.
- Motel units tend to be mixed use with private motel users.

Contracted motels (~1,400 places)

- These are 11 Contracted EH motels in Rotorua (CEH), 20 COVID motels,²³ and 51 TH motels.
- Contracting motels allows HUD to better manage motel standards and costs. There are active plans to decrease use of these motels.
- Tailored support services, provided alongside the accommodation, help households into longer term housing and address underlying drivers of housing need.
- Units in the motels are usually contracted by HUD for exclusive use, which means that mixing of different client groups can be avoided where it may raise safety concerns, and the provision of social supports can be facilitated.

Type of motel	Weekly Costs ²⁴	Numbers (Dec 2023)
EH-SNG	\$1,932 (per household)	2,976
CEH	\$1,790 - \$2,200 (per place)	163
COVID motels	\$1,600 - \$1,900 (per place)	387
TH Motels	\$1,250 - \$1,600 (per place)	779

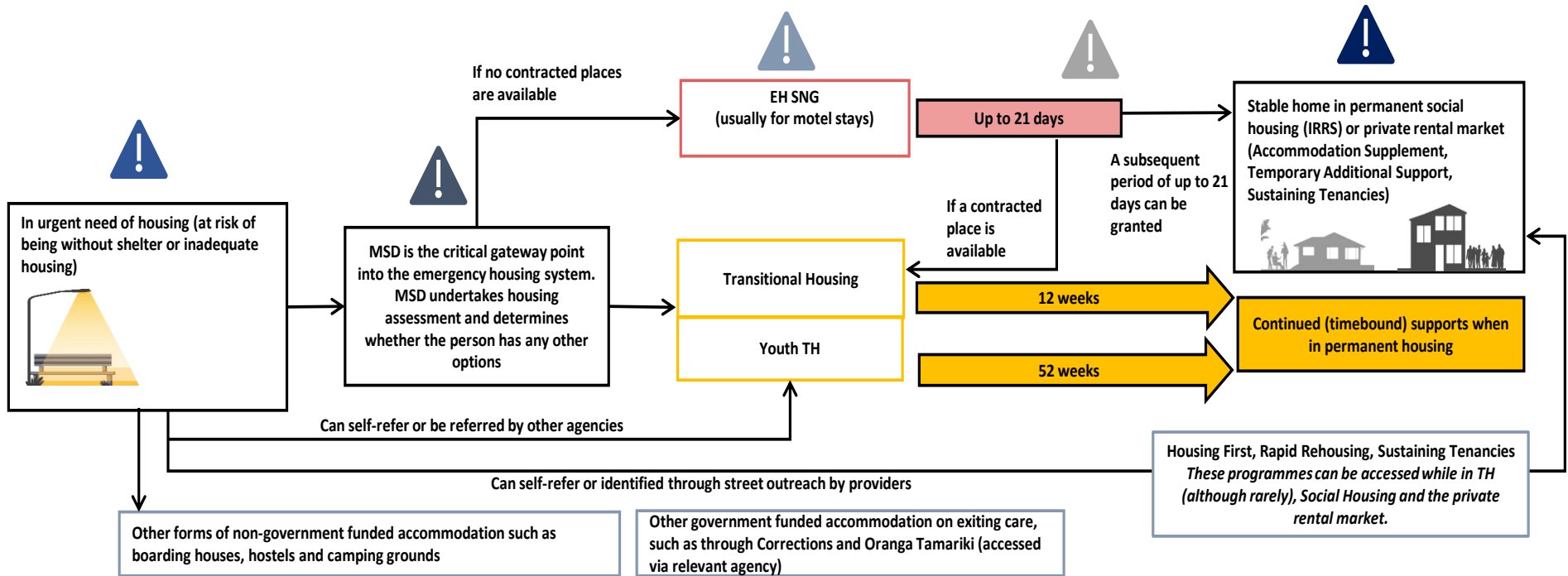
²¹ As well as regular TH housing (TH) there are 183 TH places specifically for Youth which has different costs and support services. Motels are not used for Youth TH.

²² One household could have more than one motel place.

²³ During the initial COVID lockdown in 2020 these motels were contracted so that housing providers could support people into accommodation. These were people sleeping rough or in unsuitable accommodation. These motels have been maintained to prevent a previously hard to reach population from returning to homelessness.

²⁴ CEH, COVID motels and TH motels include support services and accommodation in the cost. EH-SNG costs are for accommodation only. EH-SNG costs are per household, a household may require multiple places.

Annex B: Overview of the EH System – pathway and challenges



!
 Housing pressures mean a high number of people are flowing into the system, although there are still many who do not approach MSD

!
 Most emergency housing clients are eligible for social housing, but are hard to place with the current supply

!
 Support is provided through Intensive Case Managers, Navigators, Housing Brokers, Ready-to-Rent programmes and the Flexible Fund, but it is often insufficient to meet high and complex needs

!
 Fast-tracks exist for people with children at risk of getting rheumatic fever and for caregivers of children who are in the custody of Oranga Tamariki, or in a permanent care arrangement.

!
 Pathways out of emergency housing are limited due to excess demand for Transitional Housing, Social Housing, affordable rentals and suitable alternatives

Annex C: Information on the Social Allocation System

1. Over 83 percent of all households receiving Emergency Housing-Special Needs Grants (EH-SNGs) are on the Housing Register (the Register). The remainder are in the process of being assessed on their eligibility or are not eligible. High priority households may take a longer time to house in social housing as they have more complex needs and housing situations.
2. The Social Allocation System (SAS) criteria assesses a client's need to move and tests a client's ability to access, afford and sustain non-government subsidised housing. To qualify for subsidised social housing, applicants must be assessed as having a housing need priority rating of either:
 - Priority A – applicants are considered to be 'at risk' and include households with a severe and persistent housing need that must be addressed immediately. Priority A applicants comprise 93 percent of all households on the Register
 - Priority B – applicants with a 'serious housing need'. This includes households with a significant and persistent need.
3. Applicants are assessed against a set of criteria which are grouped into five categories: adequacy, suitability, affordability, and accessibility.
4. The Register currently has 25,539 eligible applicants, of which 93.2 percent, or 23,811 applicants, were assessed as Priority A.
5. The SAS assessment generates a priority and a score, which combine to create a more granular indicator of priority for social housing. The highest priority is A20, down to A9, then B15 to B8.
6. Registered applicants need to update and maintain their information on the Register while they wait for housing allocation. As suitable housing that is in the right location becomes available, housing providers (Kāinga Ora – Homes and Communities, and registered Community Housing Providers) generate lists of applicants from the Register, starting with fast tracked clients²⁵ and the highest priorities. Applicants are then contacted, and further information gathered to enable a placement offer. Placements are tenancies under the Residential Tenancies Act 1986.

²⁵ There are existing fast tracks for people with Rheumatic Fever and for caregivers of children transferring from Oranga Tamariki care.

Annex D: Options for tightening the EH Gateway

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