

In Confidence

Office of the Minister of Housing

Office of the Minister for Social Development and Employment

Cabinet Social Wellbeing Committee

Implementing the reset and redesign of the emergency housing system

Proposal

- 1 This paper seeks agreement to improvements to the emergency housing system, including a set of 10 actions over the next 12-18 months, and approval for how the remaining Budget 2022 funding of \$354.500 million for system changes will be allocated. It responds to the invitation to report back to Cabinet from July 2022 [SWC-22-MIN-0134 refers].

Relation to government priorities

- 2 These proposals will contribute to the Government's objective of laying the foundations for the future, in particular the continued focus on homelessness, reducing inequality and addressing child poverty. They will do this by improving the emergency housing system which will lead to better outcomes for people in urgent housing need. This also supports the common goal set out in the Cooperation Agreement between the Labour and Green Parties to improve child wellbeing and marginalised communities through action on homelessness.

Executive Summary

- 3 Since coming into Government, we have made a number of changes to reduce reliance on emergency housing and improve wellbeing for those with housing insecurity. This includes the development and rollout of the Aotearoa New Zealand Homelessness Action Plan, increasing Accommodation Supplement and investing in more transitional and public houses.
- 4 As a next step, in 2021 we asked officials to undertake a review of the emergency housing system. The need for changes in Rotorua, and the pressure on the system through the early stages of our response to COVID-19 raised fundamental questions about the system. In July 2022 we reported back to Cabinet, outlining the key areas of focus moving forward, and committed to reporting back in late 2022 [SWC-22-MIN-0134 refers].
- 5 While the review has been underway, the number of EH SNGs and COVID motel places has reduced with:
 - 5.1 1,848 fewer households in EH SNG motels in October 2022 compared to the peak of 6,255 households in November 2021 (at the end of October 2022 there were 1,554 fewer adults, and 1224 fewer children in EH SNG motels compared to the end of November 2022)

5.2 376 fewer COVID motel units compared to the peak of 1,029 units in March 2021.

6 While the decline is encouraging, we do not yet know what the longer-term trajectory will be.

Findings from the review

7 The review has found that the emergency housing system^[1] is under pressure. One of the primary causes of this is that not enough houses have been built in the right places, at the right prices, and of the right types to meet people's needs. This means people do not have access to sustainable and affordable homes. Pressure has built over decades and this will take time and significant new investment to turn around.

8 People are living in temporary emergency accommodation settings for months at a time. Emergency accommodation was not intended to be used for longer-term stays, and consequently, does not always deliver safe, accessible and quality accommodation, or support people appropriately.

9 Claimants in Stage One of the Wai 2750 Kaupapa Inquiry into Housing Policy and Services (Wai 2750) raised many failings of the emergency housing system. Claimants noted that Māori face a range of challenges in accessing and navigating the system, such as feeling discriminated against and experiencing whakamā (shame) when asking for help. The system lacks 'by Māori, for Māori' solutions to homelessness, while existing contracting methods and the fragmentation of programmes restrict the ability of iwi and Māori providers to deliver appropriate and alternative kaupapa Māori options.

10 While the longer-term solution is more permanent housing solutions and a comprehensive supported housing system, there is a need in the short term to focus on delivering quality emergency accommodation. This requires reducing the current need for emergency housing special needs grants (EH SNGs), to focus instead on the provision of quality emergency housing and supports that are responsive to identified need, and (over time) consolidate and reduce the use of motels.

11 People in the emergency housing system often have complex lives and needs, and transitions into emergency housing from other parts of Government could be better managed. Alongside increasing housing options, other agencies (such as Manatū Hauora, Oranga Tamariki and Corrections) have, and do have a role to play in ensuring people continue to be well supported while in emergency housing

12 Further, certain communities are impacted on more significantly than others by housing deprivation and associated challenges, in particular young people. Solutions to housing need to be targeted and responsive to the needs of those communities and

[1] The government-funded elements of the emergency housing system include Emergency Housing Special Needs Grants (EH SNGs), transitional housing, and other related forms of emergency housing (as in Rotorua, and motels used in the COVID-19 response).

this will continue to be reviewed through this work, with a population specific lens being taken as appropriate.

Transitioning to an ideal state

- 13 Our long-term vision, as agreed by Cabinet in July 2022, is an emergency housing system in which emergency accommodation is rarely needed and, when it is used, stays are brief and non-recurring [SWC-22-MIN-0134 refers]. Emergency accommodation will be used by individuals and whānau who have experienced a shock or crisis (e.g. family breakdown, unexpected change in circumstances), and people will be supported to quickly move into suitable long-term housing.
- 14 This long-term vision mirrors the Government’s vision in the Homelessness Action Plan: that homelessness is prevented where possible, or is rare, brief, and non-recurring [CAB-19-MIN-0384 refers]. It is important that actions taken to achieve both these visions are complementary.
- 15 The scale of the housing crisis is such that, in the interim, we realistically need to plan for a transition period of at least five years. During this time large numbers of people will continue to be accommodated in motel-based emergency housing for prolonged periods of time (i.e. months, rather than weeks).
- 16 Achieving the long-term vision for emergency accommodation depends on making significant progress in key areas of work in the medium to longer term, including the Supported Housing Review; implementing MAIHI Ka Ora – the National Māori Housing Strategy; significant and sustained investment in a range of affordable housing and supported housing options; progressing broader policy reform to enable the housing system to deliver more homes; and progressing homelessness prevention actions through the Aotearoa New Zealand Homelessness Action Plan. Wider reforms across the system will also play a key role in reducing demand for emergency housing, including the Welfare Overhaul Programme.
- 17 We seek your agreement to proceed with 10 actions over the next 12-18 months, to enable a better functioning emergency housing system in the short term. While the actions can be implemented in isolation, the intention is that the changes be implemented together, to have the maximum benefit.

Four actions to reset the EH SNG entry pathways:

- 18 Action 1: Implementing a new assessment and referral pathway for emergency accommodation and support from late 2022 to ensure people are housed appropriately and given support that best match their needs, and to collect information that informs reporting and analysis processes.
- 19 Action 2: Updating guidance for MSD frontline staff and others about the EH SNG within current policy settings, so that communications and processes are clear about who can get assistance. This will include updating and streamlining operational guidance to ensure that front-line staff can have conversations and explore all alternative accommodation options that clients may have access to in the short-term.
- 20 Action 3: Mutual Obligations – Providing better information to EH SNG clients about their rights and obligations and what they can expect from MSD by March 2023.

- 21 Action 4: Mutual Obligations – Developing a resolution framework for poor behaviour while receiving an EH SNG, so that the mutual accountabilities of the client, supplier and MSD are clearly expressed.

Three actions to deliver fit-for-purpose accommodation:

- 22 Action 5: Mutual Obligations – Setting standards for EH SNG suppliers, so that they are required to treat EH SNG clients like other paying clients, deliver the level of service paid for, and meet some minimum expectations about safety and suitability.
- 23 Action 6: Developing and implementing plans to increase the availability of suitable emergency housing alternatives to EH SNG motels in Hamilton City and Wellington metropolitan areas, both of which have high ongoing use of EH SNGs.
- 24 Action 7: Investing in by Māori, for Māori initiatives to reduce demand on, or provide alternatives to, emergency housing for Māori in areas where there are high levels of housing deprivation amongst Māori, but currently few suitable options.

Three actions to reset social support services:

- 25 Action 8: Designing a new model of housing support services for clients across the emergency housing system, to ensure emergency housing support is suitable for the level of client needs.
- 26 Action 9: Increasing existing supports for EH SNG clients, including intensive support services, housing brokers, ready to rent programmes and flexible funding through to 30 June 2024 when we expect the new model will take effect.
- 27 Action 10: Exploring further cross-government prevention and support actions for the emergency housing system so that clients with an urgent housing need are well supported when they transition from the health, justice, and child protection system.

Utilising the Emergency Housing – progressing work on system changes Tagged Contingency

- 28 In Budget 2022, we put \$355.000 million into a tagged contingency for progressing work on system changes. We seek a drawdown of \$107.176 million to fund:
- 28.1 investing in initiatives that will reduce the demand on, or provide alternatives to, emergency housing for Māori (\$58.118 million to HUD and Corrections)
- 28.2 increasing support to EH SNG clients and funding the continuation of EH SNG support services to 30 June 2024: \$38.608 million for MSD
- 28.3 system improvements for assessment and referral pathway: \$6.000 million for MSD
- 28.4 resourcing for the development and implementation of place-based plans over 2.5 years: \$3.500 million for HUD
- 28.5 tool to support the implementation of EH SNG supplier standards: \$0.950 million for MSD.

29 s 9(2)(f)(iv) [REDACTED] Drawing down
\$3.500 million now will allow HUD to develop implementation plans for Hamilton
City and Wellington metropolitan area and further Māori-led solutions and
alternatives to emergency housing. s 9(2)(f)(iv) [REDACTED]
[REDACTED]

Background

- 30 Since coming into Government, we have made a number of changes to reduce reliance on emergency housing and improve wellbeing for those with housing insecurity. This includes the development and rollout of the Homelessness Action Plan, increasing Accommodation Supplement and investing in more transitional and public houses.
- 31 In mid-2021, we asked officials to start the next phase of this work and undertake a fundamental review of the emergency housing system [CBC-21-MIN-0061 refers]. In Budget 2022 we secured funding of \$355 million, held in contingency, to implement changes from the review.
- 32 In July 2022, Cabinet agreed to an ideal future state where emergency accommodation is rarely needed, and when it is used, stays are brief and non-recurring, and people are supported to quickly move into suitable, long-term housing. It was noted that shifting to the ideal state would take time and relied on significant additional investment in public and affordable rental housing [SWC-22-MIN-0134 refers].
- 33 At the same meeting, Cabinet agreed that work should be undertaken to redesign the emergency housing system over the following 18 months, focussing on:
- 33.1 resetting the EH SNG, including entry pathways
 - 33.2 delivering fit-for-purpose emergency accommodation in the short, medium, and long-term
 - 33.3 resetting the provision of social support services for people in emergency motel accommodation.
- 34 This paper fulfils the invitation back to Cabinet with proposals for improving the emergency housing system over the next 12 to 18 months and seeks approval to draw down from the \$355 million from Budget 2022 to make these changes.

Changing context

- 35 Since late last year emergency housing motel use has reduced. There are 1,848 fewer households in EH SNG motels in October 2022 compared to the peak of 6,255 households in November 2021. At the end of October 2022 there were 1,554 fewer adults, and 1224 fewer children in EH SNG motels compared to the end of November 2021. There are also 376 fewer COVID motel units compared to the peak in March 2021.

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36 Table 1 sets out the changes by region between November 2021 and October 2022. Ten out of the 12 regions have seen a reduction over that period:

36.1 the most significant drop in numbers was for Auckland metro region (-942), which is a 60 percent reduction for the region

36.2 there have also been large reductions for Bay of Plenty (-198), Central (-87), Wellington (-84) regions.

Table 1: EH SNG primary recipients by MSD region – November 2021 and October 2022¹

Primary recipient's MSD region	November 2021	October 2022	Change
Northland	78	21	↓ 57
Auckland Metro	1,548	606	↓ 942
Waikato	750	789	↑ 39
Taranaki	90	72	↓ 18
Bay of Plenty	678	480	↓ 198
East Coast	348	333	↓ 15
Central	288	201	↓ 87
Wellington	522	438	↓ 84
West Coast-Tasman	102	90	↓ 12
Canterbury	273	345	↑ 72
Southern	30	15	↓ 15
Other region	276	228	↓ 48

37 It is difficult to conclusively establish the reasons for this decline, so we will continue monitoring to see whether it will stabilise or continue to decline to pre-COVID numbers. While the decline is encouraging, it will still take at least 5 years to reach the ideal future state. Consequently, action to improve the emergency housing system is required over the next 12 to 18 months, alongside continued funding and focus on public, transitional and affordable housing supply.

¹ Data from Emergency Housing Special Needs Grant Monthly Timeseries – October 2022, which is publicly available on MSD's website. All information in this data file has been randomly rounded to base 3, data found here is rounded independently from other products produced by MSD.

Resetting the Emergency Housing Special Needs Grant, including entry pathways

- 38 A key finding of the Review was that the current system is overly reliant on the EH SNG. This is an income support payment, not a housing programme, and was intended for short-term stays where there are no other options. It is not a suitable mechanism for delivering emergency housing at scale nor for supporting clients with complex and multiple needs.
- 39 Demand for EH SNGs has grown much more rapidly than was envisaged. This is largely attributable to a lack of investment in public housing build and reduced availability of housing that reflects need. When it was introduced in 2016, it was expected that there would be fewer than 2,000 EH SNG recipients annually. EH SNG use rose to 6,255 households in the single month of November 2021, although since then there has been a downward trend to 4,725 households in September 2022 (a decrease of 24 per cent). The average length of time that households receive EH SNGs for was 26 weeks in October 2022, up from 18 weeks in November 2021. As at the end of October 2022, 45 percent of those living in accommodation funded by an EH SNG are children, while approximately 19 percent of the primary recipients of an EH SNG were under 24 years of age (with 3 percent under 18 years).
- 40 The redesign of the emergency housing system aims to reduce the need for and use of the EH SNG over time by shifting to alternative models that provide more fit-for-purpose accommodation and support. The recent reductions in the numbers of households accessing EH SNGs and COVID motel places, if sustained, will relieve pressure on the current system and will support the transition away from overreliance on the EH SNG.

Action 1: New assessment and referral pathway

- 41 At present assessment of urgent housing need and referral to emergency accommodation and other supports is fragmented:
- 41.1 we do not have a system-wide perspective about a person’s journey into the emergency housing system, such as housing history (e.g. renting but it is no longer affordable, eviction), recent interaction with another part of Government (e.g. health, care and protection, or criminal justice systems) or other events (e.g. family breakdown)
- 41.2 the referral process is largely focused on what is available in a particular location (e.g. availability of transitional housing places or of motels), as opposed to whether it would best meet their housing and wider social needs (e.g. being geographically close to whānau). This is further exacerbated in places where there are few accommodation options
- 41.3 assessment of wider support needs is not a core component across the system.
- 42 As noted by Cabinet in July 2022, one of the key features of a future state would include clear entry points and access to emergency accommodation and support [SWC-22-MIN-0134 refers]. Achieving a single-entry point for assessment and referral nationwide, across all parts of the emergency housing system, and with the involvement of other agencies will be a medium-term shift. In the interim we propose

to implement key capabilities of the new assessment and referral pathway to enable this shift.

- 43 Building towards a single-entry point for the assessment of people's housing and wider social support needs and then referral to accommodation and supports/services requires the following capabilities:
- 43.1 collecting information² about an applicant's circumstances such as prior housing history, engagement with other agencies etc, at the right time, in a way that supports whānau to explore and identify their needs, and for staff to better understand a client's housing history
 - 43.2 collecting data consistently, and where possible only once
 - 43.3 drawing on the Data Protection and Use Policy (DPUP) to ensure the collection of data is respectful and maintains dignity
 - 43.4 using information to make accommodation placement decisions and referral to support services, with a focus on supporting those with more complex circumstances / needs into transitional housing
 - 43.5 real-time visibility of available contracted emergency and transitional housing places across the country
 - 43.6 ability to undertake assessments, taking a whānau-centred approach.
- 44 Over time we expect that the assessment and referral pathway would support people leaving the care of Ara Poutama Aotearoa – Department of Corrections, Oranga Tamariki – Ministry for Children, and / or have health needs to be addressed by Manatū Hauora – Ministry of Health. By taking a specific approach to these cohorts at time of assessment, we would prevent the EH SNG from being the default housing option for clients with complex needs. Supported housing options will also be required to meet the needs of clients transitioning from other parts of Government.
- 45 The information gathered via the new pathway would focus on meeting the housing and support needs of households, and also informing reporting and analysis processes. This analysis would support a greater understanding of the pathways into, through and out of the emergency housing system.
- 46 This will also be an opportunity to ensure people are accessing all the support they may be entitled to financial support for immediate and essential costs such as food and assistance with looking for work. We will explore support for storage costs through the review of hardship assistance so that people entering emergency housing do not need to dispose of furniture and possessions, assisting them to move back into more permanent accommodation more easily when they can.
- 47 We consider that in most circumstances MSD would be best placed to carry out the assessment and referral process, although bespoke approaches such as Te Pokapū the community hub in Rotorua may better meet the needs of some communities.

- 48 We propose to begin rolling out elements of the pathway from late 2022.
- 48.1 **Real time visibility of transitional housing places.** MSD will pilot the Temporary Housing Vacancy Management Tool from late 2022, with a national roll out from early 2023. This will provide real-time visibility of transitional housing places for frontline staff ahead of referral, and make the assessment and referral process smoother for clients and staff. This has already been planned and funded within baselines.
- 48.2 **Testing and refining questions for use in the new assessment process.** From December 2022, frontline MSD staff will collect additional information (such as a person’s housing history, and interaction with other agencies) when assessing urgent housing needs to identify what information will be useful for the new assessment and referral pathway. This has been funded within MSD baselines.
- 48.3 **Phased implementation of a tool that guides frontline referral practices.** MSD will work with HUD and others to better define referral pathways and implement a new case management tool to help guide referral to housing and other supports. The early phases of this tool will ensure that clients are consistently referred to services / supports that may meet their needs and are available in their region. Development could begin in January 2023 with functionality of the tool coming online in three stages over 2023. For example, the new Housing-related Hardship Assistance programme (funded through Budget 2022 and to be implemented in March 2023) will be included as part of a “prevention pathway”. At the completion of Phase three of the tool development, MSD staff will be able to pull information from the assessment process into other assessments (including public housing), meaning that clients do not have to keep repeating the same information.
- 49 We seek funding of \$6.000 million so that MSD can implement a tool to enhance the assessment and referral pathway.
- 50 This will complement the work underway through the welfare overhaul to make changes to service delivery to improve the experience for clients at MSD, as well as the ongoing commitment to ensuring clients have access to their full and correct entitlements. As part of this, MSD’s Māori Strategy and Action Plan – Te Pae Tata, articulates how MSD will work with Māori to achieve better outcomes for Māori, beginning with embedding a Māori world view into MSD, and Pacific Prosperity, which provides a framework for responding to the Pacific families and communities in New Zealand are being embedded across MSD to improve all aspects of support for clients.
- 51 HUD and MSD will work together to determine how the new referral pathways are connected across the system and how other agencies (including Oranga Tamariki – Ministry for Children, The Health entities and Ara Poutama Aotearoa – Department of Corrections, Police) could be involved in the process.

Action 2: Maintaining EH SNG Eligibility

- 52 Currently to get an EH SNG applicants must meet the following eligibility criteria:
- 52.1 they have an immediate emergency housing need – meaning that on the date they apply or during some or all of the next seven days the applicant:
 - 52.1.1 cannot remain in their usual place of residence (if any) AND
 - 52.1.2 will not have any access to other accommodation that is adequate for the needs of the client and their immediate family
 - 52.2 they require payment for actual and reasonable costs of the emergency housing when not making the grant would:
 - 52.2.1 worsen the applicant's position; or
 - 52.2.2 increase or create any risk to the life or welfare of the applicant or the applicant's immediate family; or
 - 52.2.3 cause serious hardship to the applicant or the applicant's immediate family
 - 52.3 an income and cash asset test (unless there are exceptional circumstances, in which case there is discretion to grant an EH SNG when the client's income exceeds the appropriate income limit)
 - 52.4 residency and ordinarily resident qualifications.
- 53 When we reported back to Cabinet in July 2022, we indicated that officials would provide us with advice on changes to EH SNG eligibility. At that time Cabinet noted that any changes to the eligibility for an EH SNG should occur in the context of an adequate supply of suitable emergency accommodation and social supports [SWC-22-MIN-0134 refers].
- 54 We considered officials' advice on changes to EH SNG eligibility, including whether to tighten eligibility or to introduce a time-limit for EH SNGs. Given cost of living pressures and a lack of alternative housing options we do not think that now is the time to make fundamental changes to who is eligible for support.
- 55 We have been advised that the critical element of granting an EH SNG lies in the conversations between case managers and applicants to determine if there is an immediate emergency housing need, because each person's circumstances are different. During the review, frontline staff advised that the operational guidance is patchy, as it is split across three information systems. They also advised that the guidance is not always clear about when it may be appropriate to grant an EH SNG or not, and that some of the examples are not immediately applicable to client's situations.
- 56 While we want to retain current policy settings, we recognise messaging to clients, frontline staff, the housing and social sectors, and the public about the role of the EH SNG has an impact, as does MSD's operational guidance to staff. MSD will

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streamline their operational guidance to ensure that front-line practice aligns with the policy intent where the EH SNG is not being used as a default option, but remains accessible for those who need it.

- 57 To provide front-line staff with more support to have robust conversations with clients about whether they have any other options, MSD will streamline operational guidance for staff, including around:
- 57.1 what is adequate accommodation for the short-term so far as accessing the EH SNG is concerned – under current settings options that **may be adequate for the short-term** (depending on the client's circumstances), even if it is not suitable for the longer-term, include:
 - 57.1.1 staying on a couch at a friend or family's home (this may include staying with friends or family where a longer-term arrangement would require a 3 bedroom place but there are only 2 bedrooms available for the household)
 - 57.1.2 temporary boarding arrangement
 - 57.1.3 staying in accommodation that is intended to be temporary e.g. cabins, mobile home, or caravan in a camping ground where there is access to facilities and amenities
 - 57.2 the situations where the types of accommodation about **would not be adequate for the short term**, meaning that (subject to meeting other criteria) an EH SNG should be granted including:
 - 57.2.1 the applicant has left a place due to family violence and cannot return while the perpetrator is still there
 - 57.2.2 the place to stay will impact on the client's health needs
 - 57.2.3 family with children at a friend's house where the option is not adequate for the family needs, even in the short-term.
- 58 MSD will also look to streamline guidance about when the EH SNG should be recoverable (ie a client will need to pay the contribution of 25 percent of their income, with the remaining balance of the grant made a debt), or declined. This is because there is limited guidance or examples when they make these decisions. Guidance would be updated to align with current policy settings where an EH SNG can be made recoverable when:
- 58.1 the client has not made a reasonable effort in the circumstances to access other sources of housing assistance; or
 - 58.2 the client has unreasonably contributed to their immediate emergency housing need; or
 - 58.3 MSD has been unable to recover the client's contribution for a previous Special Needs Grant for emergency housing; or

- 58.4 the client has not used the grant for emergency housing for the purpose, or for the period, for which the grant was made.
- 59 We note that:
- 59.1 at present, MSD will not decline an EH SNG if there is a risk to safety and welfare, worsen client's position or cause serious hardship. In this situation staff will make the grant recoverable
- 59.2 under current settings only a very small number of EH SNGs are made recoverable (between 0.9 percent and 1.2 percent of EH SNGs between January and April 2022), while analysis of 2,279 EH SNG decline comments between 1 October 2016 and 30 April 2022 shows that less than 2 percent of declines occurred where the client was not meeting their obligations, including not paying previous emergency housing contributions.
- 60 Making these changes to operational guidance will be consistent with the intent of current policy settings for the EH SNG. This guidance will be updated early in 2023, and we will monitor the EH SNG numbers through MSD's monthly reporting. MSD will also continue to make every effort to support people into permanent accommodation by ensuring timely assessment for the public housing register and helping people access other housing supports.

Actions 3 and 4: Mutual Obligations: Greater clarity for clients, suppliers and staff on roles, responsibilities, and rights

- 61 Actions 3, 4 and 5 outline mutual obligations for clients, accommodation providers and MSD. A mutual obligations approach is in line with the Government's welfare overhaul which has a commitment to developing a system built on mutual expectations and trust.
- 62 Clients, MSD and EH SNG suppliers all have a role to play when someone is receiving an EH SNG.
- 63 MSD has the following roles:
- 63.1 to assess eligibility for an EH SNG and whether a client is eligible for other forms of financial assistance (e.g. ensuring full and correct entitlement, rent arrears assistance or hardship assistance) / should be referred to other housing (e.g. transitional housing) or support options (e.g. housing broker, Ready to Rent Programme, Navigator)
- 63.2 where eligible for an EH SNG, to ask clients to agree to take reasonable steps to find alternative accommodation
- 63.3 to arrange future housing appointments with clients and to book a client in for a Public Housing Assessment
- 63.4 administer the complaints process, investigate complaints, and seek resolution in a timely manner.

- 64 Clients have:
- 64.1 obligations while receiving the EH SNG, including: to advise MSD about changes to their circumstances; take steps to find alternative accommodation; pay their emergency housing contribution from night eight; be aware of the rules that the supplier has; and to take responsibility for any damage they cause
 - 64.2 the right to access accommodation and other amenities as paid for
 - 64.3 the right to make a complaint to the supplier or to MSD; and MSD has an obligation to investigate
 - 64.4 the right to seek review about EH SNG decisions.
- 65 A small number of clients will not meet their expectations. This includes situations where EH SNG clients do not meet their responsibilities or may exhibit anti-social behaviour (including illegal activity, or behaviour that puts themselves or others at risk).
- 66 To strengthen the mutual obligations of all parties, over the next 12 months MSD will:
- 66.1 *Action 3:* provide EH SNG clients with a client handbook (or similar) that sets out clearer information about the rights and obligations listed in paragraphs 63 and 64, and what they can expect from MSD by March 2023. This would also include information that may support clients and their whānau while receiving an EH SNG – such as other supports that may be available, and some things they can do to keep themselves and their whānau safe (such as knowing where exits are and what to do in an emergency). This information will be made available to clients in accessible formats and multiple languages.
 - 66.2 *Action 4:* continue to develop a resolution framework that sets out the expectations and next steps for all parties when an EH SNG is granted, and in response to minor, escalating and serious behaviour by clients. This will continue to be developed with input from key stakeholders, such as benefit advocates. This framework assumes that the current set of consequences for clients – including making a grant recoverable or declining a grant – remain as they are.

Fit-for-purpose emergency accommodation

Action 5: Mutual Obligations: Setting standards for EH SNG suppliers

- 67 In addition to Action 3 and 4, there must also be obligations on the accommodation supplier.
- 68 Motel accommodation and facilities are unsuitable for lengthy stays, particularly for families, and concerns have been raised over the quality, accessibility, safety and security of some EH SNG motels. All of this can result in considerable stress for the person receiving an EH SNG and their immediate family, with negative effects on health and wellbeing.

- 69 Like transitional housing providers, EH SNG suppliers are exempted from the Residential Tenancies Act, meaning EH SNG recipients do not have the rights that tenants have. We want the entire emergency housing system to have some basic quality standards to ensure that those in emergency accommodation can access suitable emergency accommodation.
- 70 HUD is developing a Code of Practice for Transitional Housing which sets out basic accommodation quality standards, as well as rights and responsibilities of providers, motel operators, and the households that live in transitional housing. The draft Code is out for consultation and expected to be finalised by the end of 2022 and implemented in 2023. While this Code cannot be adopted in its entirety for EH SNG suppliers, as there is no contractual relationship between Government and EH SNG suppliers, we can put some requirements on suppliers of EH SNG accommodation.
- 71 Suppliers are paid market rates for use of their accommodation by EH SNG recipients. MSD report that in general EH SNG suppliers are good to clients and treat them as they would any other paying customer. However, there are some who have taken steps to restrict what clients are able to do by having different rules (such as clients or their children not being able to use amenities at certain times, or treating clients differently because of their length of stay).
- 72 Our position to date has been that the relationship is between the EH SNG recipient (the client) and the supplier of accommodation, and there has been no regulation over the quality. MSD cannot formally direct people away from particular motels, which can result in concentrations of high needs or particular cohorts in individual motels or locations. MSD also does not have any formal power to stop using a particular supplier or to get them to comply with our expectations.
- 73 Over the last few years MSD has increasingly stepped in, and used administrative processes and relationships with suppliers to support clients with respect to their accommodation when concerns arise. This includes the introduction of the complaints process for clients in April 2021, where MSD provides suppliers with the opportunity to remedy issues. MSD may also visit or have conversations with suppliers to inform advice to clients about the suitability of the accommodation for their circumstances. Through COVID-19, MSD also provided guidance to suppliers to help them support clients.
- 74 We think it is time to set standards for EH SNG suppliers. The best way of achieving this in the next 12 months is by setting out standards and changing the Special Needs Grant programme.
- 75 We have three aims in setting standards for EH SNG suppliers:
- 75.1 to ensure suppliers treat EH SNG clients like other paying clients
 - 75.2 to ensure Government and clients are getting the full scope of service that is being paid for via the EH SNG
 - 75.3 to ensure that accommodation used by EH SNG recipients meets some minimum expectations around safety and suitability.

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- 76 While this is not an exhaustive list, the standards will include expectations around:
- 76.1 providing clients with the same standard of service provided to privately funded occupants (e.g. check-in/check-out, routine housekeeping, access to amenities)
 - 76.2 ensuring clients have access to drinking water, electricity, heating, bed (including appropriate sleeping space for children and babies), mattress, clean sheets, toilet, and shower facilities
 - 76.3 providing clients with appropriately sized accommodation for the number of occupants in the client's household
 - 76.4 making clients aware of any rules of the accommodation upon arrival
 - 76.5 ensuring that any rules of accommodation are communicated to the client
 - 76.6 not moving clients from a room they are currently occupying without good reason (e.g. damage or fault with the room)
 - 76.7 providing information to MSD about the accessibility of accommodation and toilet/showering facilities for disabled people including children
 - 76.8 contacting MSD in advance of evicting clients where possible.
- 77 We will need to change the Special Needs Grants Programme (Welfare Programme) to limit MSD's ability to make grants in respect of suppliers unless MSD is satisfied the supplier standards are met (except in exceptional circumstances). The amendment would establish a tiered system whereby:
- 77.1 EH SNGs would be granted for clients to stay with a supplier who does not meet the standards, only if there is no available supplier in the area that meets the standards, or
 - 77.2 if MSD in its discretion determined a supplier that does not meet the standards best meets the needs of a particular client, or if there are exceptional circumstances.
- 78 MSD will continue to define a set of standards aligned with the expectations in paragraph 76, drawing on the Transitional Housing Code of Practice where possible. MSD will report back to responsible Ministers seeking approval to the amended Welfare Programme.
- 79 MSD will also implement a range of operational changes to:
- 79.1 amend the registration process (and form) for suppliers to reflect changes to the Welfare Programme and the creation of the standards
 - 79.2 ensure that the complaints process is transparent to suppliers during the registration process

- 79.3 ensure there is a clear process for determining whether a supplier is meeting the standards, and what steps a supplier could take to meet the standards again
- 79.4 develop and implement a tool so that the status of suppliers can be accessed by MSD staff before granting an EH SNG (at a cost of \$0.950 million).

80 We seek funding of \$0.950 million to implement EH SNG standards.

Action 6: Placed-based approach in Wellington and Hamilton

81 We are proposing to apply a place-based approach to providing fit-for-purpose emergency housing in the two priority locations of Wellington metropolitan area and Hamilton City as agreed by Cabinet in September 2021 [SWC-21-MIN-0144 refers]. These locations have a continued high use of EH SNG motels, accounting for over 30 percent of households receiving an EH SNG nationally as at 30 September 2022. (See Annex 1). We anticipate HUD being able to commence contracting by June 2023.

National strategic framework and guidance for contracting and purchasing motels, and support services

82 In contracting motels, we do not expect to increase the number of motels that are used for emergency housing, but rather convert some of the motels currently being used for EH SNGs (and COVID motels) to a contracted model where support, safety and security can be improved. These motels will be used until new housing supply can come on stream.

83 A directly contracted model for motels enables greater control over safety, security and quality. Contracting support services also ensures people are appropriately supported on their journey towards stable, suitable housing. Using contracted motels and support services, along with the proposed assessment and referral pathway, will ensure suitable accommodation options are available for people, and will enable the balance of different cohorts in specific motels and geographic locations to be better managed.

84 HUD have developed a national strategic framework and implementation guidance to inform contracting and, where appropriate and possible, purchasing motels for emergency accommodation. This draws on HUD's experience to date with contracts for COVID motels, emergency housing motels in Rotorua, contracted transitional housing and converted facilities. This was developed in consultation with relevant government agencies. Key considerations within the framework are a commitment to a focus on individuals and whānau, as well as suitability of environment and location, so that accommodation and support services can be responsive to the identified needs of cohorts, including those with disabilities, where possible. These considerations are reflected in the guiding principles that will inform our work and the criteria for contracting and purchasing motels and housing support services. Monitoring and evaluation will also be a part of the framework approach, and place-based implementation.

85 Officials continue to learn about approaches for navigating regulatory compliance for motels, from the pilot in Rotorua. s 9(2)(g)(i)

s 9(2)(g)(i)

This will require early, comprehensive engagement with councils and other stakeholders.

86

s 9(2)(f)(iv)

87

In some regions, and on a case-by-case basis, it may be beneficial to purchase a motel for emergency housing. If a motel was identified, HUD would engage with an appropriate partner to progress arrangements for purchase (i.e. Kāinga Ora, iwi/Māori). Purchased motels could also provide opportunities for future development of public and affordable housing.

Rotorua approach

88

In June 2021, Cabinet approved work to reset the emergency housing system in Rotorua on a pilot basis [CBC-21-MIN-0061 refers]. Rotorua has a high rate of housing deprivation, high use of EH SNGs and low availability of rental properties. The Rotorua approach was intended to improve the experience of emergency housing for clients, while public and affordable housing solutions were developed in the medium-term.

89

HUD has directly contracted with 13 motels to provide accommodation for whānau with children as an alternative to EH SNG motels. They are supported by three support providers. Approximately 200 whānau are receiving support at any one time. HUD and MSD have also established a community housing hub in Central Rotorua, Te Pokapū, through which the housing and support needs of whānau are assessed and triaged into an appropriate emergency housing solution. Central government agencies have worked extensively with local Iwi and local government through a Rotorua taskforce to drive and oversee the work.

90

Preliminary insights from an evaluation of the Rotorua pilot indicate that the approach has been effective in providing whānau with a safe, secure environment and that the wrap around support helped them set and achieve goals and aspirations. Placing whānau with children in the same motels as other whānau with children created a sense of community in the motels and of everyone being on the same journey. The preliminary findings from the evaluation support adopting a contracted motel approach for whānau with children in other locations, and support a coordinated approach to making placement decisions for clients.

91

However, there were a number of challenges associated with the Rotorua approach including continued high use of EH SNGs for single adults, anti-social behaviour issues, the geographic concentration of motels in the Rotorua CBD, and the cost. There are also issues for people and whānau staying in contracted motels, such as whānau not living at the motel being unable to visit and high occupancy rates in motel units. These lessons will be incorporated in future place-based approaches, and we do

not propose to roll out the Rotorua model as-is. Instead, we will use what we have learned from Rotorua to develop more-effective approaches elsewhere.

Proposal for Wellington and Hamilton

- 92 A range of accommodation types would be provided, including contracted emergency motels, transitional housing and youth transitional housing, and some ongoing use of EH SNG motels. It may also involve repurposing motels contracted by HUD for use in the COVID-19 response. It is anticipated that 360 new places for people needing emergency housing can be delivered in Wellington metropolitan region and Hamilton City. This will include contracted emergency housing, transitional housing and youth focused transitional housing. Over time, we intend to transition to an approach where EH SNG motels are used only for clients with less complex needs who only require a short stay, while those requiring longer stays will be supported through contracted motels, transitional housing, and other forms of housing with support services. The appropriate mix of support services and the cohort focus will be determined following regional engagement and an appropriate level and type of security service will also be provided, to ensure people's safety.
- 93 We do not currently anticipate further contracting or purchasing motels outside of these two locations, but could do so with further funding and pending confirmation of good outcomes from Wellington metropolitan area and Hamilton City. The exception could be where we have the opportunity to consolidate current motel use into a single programme. There are currently four different emergency motel accommodation programmes being administered by HUD and MSD. HUD will complete an analysis of the differences between these programmes and identify what aspects or programmes could be consolidated, including service provision and income contribution.
- 94 A key lesson from the Rotorua pilot was the importance of early local engagement. Engagement will enable local stakeholders to participate in developing a vision for change and this, alongside good planning around the location of motels, will ensure local concerns about emergency housing are well managed and addressed. We will commence engagement in each area (including with local councils, iwi, iwi organisations, hapū, motel suppliers and support providers) to inform the development of place-based approaches in each location, and identify solutions. Clarity of roles and responsibilities of agencies is also a key lesson learnt from the Rotorua pilot, and appropriate local governance arrangements will be put in place for Wellington metropolitan area and Hamilton City. Officials will also monitor and report on the process of contracting motels and support services from the outset, to ensure progress is effectively tracked. In line with Rotorua, solutions will be designed to meet local needs and people will not be encouraged to move simply to access emergency accommodation in these regions.
- 95 We are also seeking \$3.500 million in resourcing for the development and implementation of place-based plans in this paper. ^{s 9(2)(f)(iv)}

Action 7: Responding to the emergency housing needs of Māori

- 96 Claimants in Stage One of the Wai 2750 Kaupapa Inquiry into Housing Policy and Services raised many issues about the failure of the emergency housing system. Māori face a range of challenges in accessing and navigating the emergency housing system, such as feeling discriminated against and experiencing whakamā (shame) when asking for help and feeling unsafe when in emergency housing. Māori are disproportionately represented in the emergency housing system – 63 percent of EH SNG recipients are Māori. The system lacks ‘by Māori, for Māori’ solutions to homelessness, while existing contracting methods and the fragmentation of programmes restrict the ability of iwi and Māori providers to deliver appropriate and alternative options. Claimants’ testimony at WAI 2750 and ongoing engagement with Iwi and Māori providers have shaped the proposals in this paper.
- 97 Ensuring the emergency housing system delivers positive outcomes for Māori will require working in partnership with iwi, and iwi and Māori housing providers over an extended period of time, including building capacity and capability where needed. Existing Māori housing programmes such as the Whai Kāinga Whai Oranga are designed to support Māori housing outcomes across the housing continuum. However, due to high interest, the programme is currently over-subscribed and targets enabling new houses to be built over the medium-to-long term.
- 98 We propose that in the short term, the focus of the emergency housing system review is on responding to immediate housing needs and reducing the overrepresentation of Māori amongst EH SNG recipients. To achieve this, we propose that \$120.000 million of the contingency funding provided in Budget 2022 be invested in existing funding mechanisms and programmes to quickly address need.
- 99 Initiatives for funding through the contingency have been assessed against the following criteria:
- 99.1 an identified link to reducing emergency housing need for Māori
 - 99.2 ensuring by-Māori, for-Māori approaches are supported
 - 99.3 additional supply can be brought on quickly, including time required for approvals, funding, and delivery
 - 99.4 impact for areas with high levels of Māori housing need including Tairāwhiti and Te Tai Tokerau
 - 99.5 overall impact, including number of people affected and associated costs.
- 100 We are seeking your approval to invest \$58.118 million now in the following initiatives/funds to reduce the demand on, or provide alternatives to, emergency housing for Māori:
- 100.1 \$52.018 million in MAIHI / Whai Kāinga Whai Oranga (HUD), s 9(2)(j)
 - 100.1.1 s 9(2)(j)

100.1.2 s 9(2)(j) [Redacted]

100.1.3 s 9(2)(j) [Redacted]

100.2 s 9(2)(i) [Redacted]

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

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

[Redacted]

[Redacted]

[Redacted]

[Redacted]

104 Investing in these initiatives is the quickest way to respond to immediate housing needs and it will improve housing outcomes for some Māori. However, it does not enable system change or allow Māori to express tino rangatiratanga at a system level – this requires a longer-term approach. Such an approach is being taken through our continued work to support Māori-led responses to homelessness more broadly. For example, we are supporting a tāngata whenua-led response to homelessness – He Ara Hiki Mauri, developed by Arohanui ki te Tangata.⁴

105 Officials are drafting a Heads of Agreement with Arohanui ki te Tangata and Te Matapihi which will be signed at the fourth MAIHI Whare Wānanga on 2 December 2022. This Heads of Agreement will support He Ara Hiki Mauri with \$24.700 million from the Budget 2022 Aotearoa New Zealand Homelessness Action Plan (Homelessness Action Plan) funding. He Ara Hiki Mauri presents an opportunity to

s 9(2)(j) [Redacted]

⁴ A collective of Māori Housing First providers.

deliver system-wide changes to how homelessness services are provided, in line with the 'reset' aspect of MAIHI. In contrast, investment in the initiatives proposed above is focused on the 'respond' aspect. In addition, the place-based work proposed for Hamilton City and Wellington metropolitan area will require providers to have the capability and capacity to provide kaupapa Māori approaches to the delivery of housing support services.

Support services

Action 8: Designing a new support services model

- 106 The Review found that support services are not currently configured in a way that can prevent urgent housing need or address the underlying causes of housing insecurity. Supports are also not always available in the right places, connected to other government services or well-tailored to the diverse and often complex needs of people in the emergency housing system.
- 107 We are proposing to design a new model of housing support services for households across the emergency housing system which is flexible and ensures that people receive a level of support appropriate for their needs. We expect officials to provide us with advice on the new model by the end of 2023. This advice will align with work under development on the supported housing review (see paragraph 116).

S
9(2)
(f)
(iv)

Action 9: Increasing existing supports for EH SNG clients through to 30 June 2024

- 108 Time-limited funding through Budget 2019 and 2020 for the Homelessness Action Plan introduced new initiatives and extra funding for people receiving an EH SNG. This included more intensive support services, the Ready to Rent programme to upskill potential tenants struggling to find a rental, and housing brokers to secure rental opportunities for whānau, and Flexible Funding for whānau with children in emergency housing. The majority of this funding will end 30 June 2023.
- 109 Evaluations have found that the initiatives have been generally successful in providing holistic support and obtaining longer-term housing for households. Households, frontline staff, and key stakeholders (e.g. property managers and landlords) have noted the success of these programmes. There are some remaining challenges (including not early enough intervention, poor access to data and systems, unclear roles and responsibilities, low numbers of culturally responsive services) which will be addressed through the new model).
- 110 While the new model under Action 8 is being developed we need to ensure that there is still the capacity to prevent emergency housing need, to support EH SNG clients,

and help people exit to more sustainable housing options quickly. Therefore, we seek \$38.608 million from 1 July 2023 to 30 June 2024 for four initiatives:

- 110.1 \$28.552 million for intensive support services including:
 - 110.1.1 80 Intensive Case Managers who focus on MSD entitlements and access to services (an increase of 17 roles from the current 63 FTEs)
 - 110.1.2 127 community Navigators who work with households who are unlikely to engage well with MSD (an increase of 30 roles from the current 97 FTEs)
 - 110.1.3 operational costs to support the delivery of these initiatives
- 110.2 \$1.500 million for the delivery of 150 Ready to Rent programmes to equip clients with the skills and confidence to gain and sustain private rental housing – this is an increase in 50 programmes tailored for youth or delivered by Kaupapa Māori providers
- 110.3 \$5.556 million for 38 housing brokers (an increase in 15 roles focused on regions where there is higher rental availability) so clients can be supported to find a suitable and affordable private rental and EH SNG use can be prevented
- 110.4 \$3.000 million for the Flexible Funding Programme for whānau with children in emergency housing, to meet the wellbeing needs of tamariki where other government support is not available.⁵
- 111 We expect this funding to also support our investment through Budget 2022 to change housing-related hardship assistance such as bond grants, rent-in-advance and rent arrears assistance. Where there are affordable rental options available, the new housing-related hardship assistance programme in combination with additional Housing Brokers and Intensive Case Managers will help to prevent emergency housing use and get people out of the emergency housing more quickly. These products will be available from March 2023.
- 112 In consultation, the Green Party raised concerns that there may be an increased risk of people being directed to unaffordable or inadequate private rental housing, instead of more suitable long-term public or community housing. We recognise this risk and will ensure that there are clear criteria for ensuring that private rentals arranged through these initiatives are affordable and fully meet the needs of the people who will be living there.

Action 10: Better supporting transitions out of Health, Corrections and Oranga Tamariki

- 113 As we know, people in emergency accommodation often have complex, intersecting needs in addition to housing. Analysis from the Integrated Data Infrastructure of EH SNG recipients between September 2016 and June 2021 shows that in the previous 12 months people accessing EH SNGs were more likely to have interactions with mental

⁵ This funding can be used to help keep children connected with school, early childhood education and other activities important for their wellbeing – for example by paying for transport to school.

health and addiction services (39 percent),⁶ an acute hospitalisation (25 percent), been in prison (10 percent), had an interaction with the care and protection system (71 percent of those under 30).⁷ The duration of these interactions will vary and may be one-off or for short periods of time, or for much longer, and of varying intensity.

114 In July 2022, Cabinet directed officials to work with Manatū Hauora, Corrections and Oranga Tamariki to identify prevention and support actions for the emergency housing system that complement or extend those under the Homelessness Action Plan [SWC-22-MIN-0134 refers].

115 Better transition planning and appropriate supported housing is critical for improving the outcomes of people leaving government care and justice systems. So far, three short-term initiatives have been identified:

115.1 s 9(2)(j) [REDACTED]

[REDACTED]

115.3 s 9(2)(f)(iv) [REDACTED]

116 Agencies will also undertake other joint actions, focused on enabling local collaborative approaches aimed at reducing the need for EH SNGs over time. Progressing improved data and cross-agency information sharing as in Action 1 will also help to gain a better understanding of clients and their wider support needs. Given the disproportionate share of Māori in government care and the justice system, these actions should contribute to reducing the overrepresentation of Māori amongst those receiving EH SNGs. Agencies will brief portfolio Ministers on this s 9(2)(f)(iv) [REDACTED]

117 s 9(2)(f)(iv) [REDACTED] Health, and MSD. HUD has undertaken conversations with experts in the supported housing field as part of a process to understand the key issues the review will need to consider. This included a

⁶ Mental health or addiction services include specialist mental health services and pharmaceuticals generally prescribed for mental health and addictions.

⁷ A Care and Protection System interaction includes reports of concern, investigation, family group conference, whānau agreements and placements.

range of small and large providers. These insights will inform the next stages of work, as officials map out the key issues for the review to consider.

Governance arrangements

118 We will oversee the changes to the emergency housing system outlined in this paper, alongside Associate Housing Ministers. We will report back to Cabinet on progress on the proposed changes ^{s 9(2)(f)(iv)}.

Financial implications

119 \$355.000 million was made available through Budget 2022 contingency funding to support the proposals in this paper, of which \$354.500 million is left to draw down.

120 Initial HUD resourcing for the development and implementation of place-based plans (\$0.500 million) was drawn down in Ministers Briefing ‘Final Advice on the Emergency Housing System Review’ in November 2022.

121 In this paper we are seeking a drawdown of \$107.176 million in December 2022 to fund:

121.1 investing in initiatives that will reduce the demand on, or provide alternatives to, emergency housing for Māori: \$58.118 million to HUD and Corrections

121.2 increasing support to EH SNG clients and funding the continuation of EH SNG support services to 30 June 2024: \$38.608 million for MSD

121.3 system improvements for assessment and referral pathway: \$6.000 million for MSD

121.4 resourcing for the development of place-based plans over 2.5 years: \$3.500 million for HUD

121.5 development of a tool to support the implementation of EH SNG supplier standards: \$0.950 million for MSD

121.6 This drawdown will include a fiscally neutral operating to capital swap to provide for an assessment referral tool and to fund the introduction of standards for EH SNG suppliers.

122 ^{s 9(2)(f)(iv)}
[Redacted text block]

Impact analysis

Legislative implications

- 123 The proposal to set standards for EH SNG suppliers will be given effect through amendment of the Special Needs Grants Programme under the Social Security Act 2018.

Regulatory Impact Statement

- 124 A regulatory impact statement has been prepared for the proposal to introduce EH SNG supplier standards and is attached as Annex 2.
- 125 A Review Panel of Principal Analysts from the Ministry of Social Development and the Ministry of Housing and Urban Development have reviewed the Regulatory Impact Statement prepared by MSD. The Review Panel consider that the information and analysis summarised in the Regulatory Impact Statement partially meets the Quality Assurance criteria. The most significant issue is the lack of consultation with EH SNG suppliers on the proposal. This limits the understanding of issues regarding emergency housing quality and condition, as well as the assessment of impacts on EH SNG suppliers. The Review Panel noted that consultation is planned for future stages of the work.

Climate Implications of Policy Assessment

- 126 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to the proposal to introduce standards for EH SNG suppliers as the threshold for significance is not met.

Population implications

- 127 The impact of changes to the emergency housing system on key population groups are outlined below. Some New Zealanders are likely to be more impacted where these groups and associated disadvantage overlap.

Population group	How the proposals may affect this group
Māori	Māori are over-represented in all categories of homelessness, including emergency housing, and have low rates of home ownership making them particularly susceptible to rising rental prices. Māori make up 63 per cent of all households accessing EH SNGs. The cumulative effect of these disadvantages is felt in social, economic and health outcomes for whānau Māori across the motu. Some of the proposals in this paper are intended to improve emergency housing and support by-Māori-for-Māori local housing solutions as well as kaupapa Māori approaches to the delivery of housing services. However, the impact of these proposals are limited, given the severity of Māori overrepresentation as recipients of EH SNGs. Clarifying what adequate alternative accommodation means will likely disproportionately negatively impact whānau Māori.

I N C O N F I D E N C E

Pacific people	Pacific peoples are disproportionately impacted by homelessness, including inter-generational living (almost 40 percent of Pacific peoples were living in a crowded home in 2018). Pacific peoples are overrepresented as recipients of EH SNGs. A lack of houses designed for large multi-generational households and severe housing unaffordability in the regions with higher populations of Pacific peoples, contribute to housing stress. Working with stakeholders to address urgent housing needs at the local level, coupled with efforts to increase the supply of affordable housing, will support improved housing outcomes for Pacific people. As Pacific families are more likely to seek support from families and friends, clarifying what adequate alternative accommodation means may place additional financial pressure on hosting households.
Ethnic communities	Investment is needed in houses that meet the diverse needs of different communities, are in the right locations (including access to cultural infrastructure), and at the right price points. This would benefit ethnic communities, who can struggle to access the housing market due to discrimination, and income inequalities. Working with stakeholders to address urgent housing needs at the local level, coupled with efforts to increase the supply of affordable housing, will support improved housing outcomes for Ethnic communities.
Women	Women are more likely to be the sole or primary caregiver of children and young people. Sole parents make up a high proportion of those in emergency accommodation and sharing accommodation temporarily. Women who leave an unsafe situation can struggle to access safe and affordable accommodation for themselves, their children, and other dependents. Proposals to improve the quality, safety, and security of emergency housing, coupled with appropriate social service supports, will enhance the wellbeing of women in emergency housing.
Children	Almost half of the people living in accommodation funded by an EH SNG are children. Ensuring nurturing and safe physical environments for children in their first 1000 days is particularly critical for healthy physical and emotional growth and reducing stress for parents and whānau. The knock-on effects of insecure housing and dislocation include impacts on early learning and school, and access to health services and a range of wider whānau and community supports. Proposals in this paper aim to enhance the quality and security of emergency accommodation for whānau with children and for young people. They will also contribute to two priorities under the Child and Youth Wellbeing Strategy: ‘enhancing child and whānau wellbeing in the first 1000 days’ and ‘reducing child poverty and mitigating the impacts of socio-economic disadvantage’.
Young people	Young people are disproportionately affected by housing stress. Census data reflects that young people under 24 years of age make up a significant proportion of the housing deprived population (approximately 45.1 percent of the housing deprived population in 2018). Young people transitioning to independence from care or youth justice placements have a high risk of experiencing housing deprivation and the need for emergency housing support. They often have multiple, compounding high and complex needs, as well as fragmented personal support systems. The housing system does not

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	cater effectively to the specific needs of many in this cohort. Proposals in this paper aim to enhance the quality and security of emergency accommodation for young people.
Gender diverse people	Gender diverse people (including whakawahine, transgender, fa’afafine, takatāpui, non-binary, and agender people) have an increased risk of homelessness and a high-level of vulnerability within mainstream services. The 2018 Counting Ourselves survey of trans and non-binary people found that 19 percent of respondents had experienced homelessness, and 4 percent of respondents had avoided emergency housing because they were worried about how they would be treated. Proposals in this paper are intended to provide flexibility to support a range of services, reflecting diversity of need.
Disabled people	Approximately one in four people in New Zealand are disabled and this rate increases with age. Disabled people have specific risk factors that can lead to homelessness, including discrimination and very low incomes which inhibit their accommodation choices, as well as specific needs when experiencing homelessness. Housing needs may differ from non-disabled people, and may require modifications to accommodation or support to live in residential communities. Proposals in this paper will ensure disabled people with an emergency housing need will be placed in appropriate accommodation and suitably supported. The housing needs of disabled people will also be considered as part of the Supported Housing Review.
Older people	Homelessness has significant impacts on older people, particularly in the categories of without shelter, temporary accommodation, and uninhabitable housing. The ageing population (65+) is projected to make 21 percent of the population by 2034, and over time more older people are predicted to be living in housing-related poverty, with fewer owning their own homes and more renting in sub-standard or unsuitable housing. Proposals in this paper will ensure older people with an emergency housing need will be placed in appropriate accommodation and suitably supported.
Rural communities	A lack of available emergency accommodation options within a reasonable travel distance can mean rural communities face additional barriers to accessing emergency housing, alongside other health and social supports. Proposals to enable Māori-led alternatives to emergency housing are intended to provide flexibility so that tailored solutions can be developed with communities to meet their needs and aspirations.

Human Rights

128 The policy proposals are consistent with the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

129 This paper has been prepared by Te Tūāpapa Kura Kāinga – the Ministry of Housing and Urban Development and the Ministry of Social Development. In preparing this paper, officials consulted with Manatū Hauora – Ministry of Health, Ministry for Pacific Peoples, Oranga Tamariki, Kāinga Ora, Te Puni Kōkiri, New Zealand Police, Department of Prime Minister and Cabinet (Child and Youth Wellbeing Unit and the Implementation Unit), Ara Poutama – Department of Corrections and The Treasury. The Department of Prime Minister and Cabinet (Policy Advisory Group) has also

been informed. Whaikaha – Ministry of Disabled People was not consulted on the Cabinet paper but will be engaged as planning for the next stages of the work gets underway.

- 130 The Green Party was consulted on this paper because some of its proposals relate to “action on homelessness” in the Cooperation Agreement between the Labour and Green Parties. The Green Party’s view is that emergency accommodation is often not fit for purpose and that demand for it is driven by inadequate benefit levels coupled with a lack of affordable rental options in the broader housing market, public and private. Any changes to the emergency housing system need to be carefully sequenced to ensure that, firstly, people in emergency housing receive maximum support and quality accommodation, secondly, the housing register enables people to enter affordable public housing even if they have moved to private rental accommodation after spending time in emergency housing, and thirdly, place-based approaches are undertaken and contracted emergency housing places are put in place.
- 131 The Green Party does not support proposals to clarify guidance about EH SNG eligibility because of the risk that this could lead to people being denied emergency housing, potentially making them homeless. It is a person, not the state, who is the best judge of whether they have “genuine housing need” and/or all reasonable alternative options have been explored. Regarding mutual obligations, the Green Party would like to see a more positive obligation on MSD to proactively offer all relevant support to people.
- 132 The Green Party also does not support the obligation for EH SNG recipients to seek alternative accommodation. This can push people into private rentals that they cannot afford, rather than helping them into affordable and stable housing through public or community housing. Unaffordable rentals risk a cycle of inability to pay rent, eviction, and a return to emergency accommodation. The Green Party is concerned at measures that are directed at reducing demand for EH SNGs without resolving the underlying inadequate provision of affordable and suitable housing. Instead, the Green Party supports a proactive focus for MSD to support people to enter more permanent public housing or private rental housing. The Green Party also notes the importance of ensuring that when social housing is the best long-term solution, this is provided as quickly as possible.

Communications

- 133 Our offices will work with agencies to explore appropriate opportunities to communicate the decisions of the reset and redesign of the housing emergency system. Agencies will take a coordinated approach to engagement and communications about the initiatives to improve the quality and access to emergency housing and support services.

Proactive Release

- 134 This Cabinet paper will be released proactively, subject to any redactions as appropriate under the Official Information Act 1982.

Recommendations

135 The Minister of Housing and the Minister for Social Development and Employment recommend that the Committee:

- 1 **note** that Cabinet agreed to a long-term vision that emergency accommodation is rarely needed, and when it is used, stays are brief and non-recurring [SWC-22-MIN-0134 refers]
- 2 **note** that achieving the long-term vision for emergency accommodation relies on completion of the Supported Housing Review, significant sustained investment in a range of affordable housing and supported housing options (e.g. public housing, Māori-led housing, community affordable rental housing) and progressing actions through the Aotearoa New Zealand Homelessness Action Plan (HAP)

Resetting the EH SNG, including entry pathways

3 **note** that the review found that there is a heavy reliance on the EH SNG, which as an income support mechanism is not suitable for delivering emergency housing at scale nor for supporting clients with complex and multiple needs

4 **agree** to:

- 4.1 Action 1: Implement a new assessment and referral pathway for emergency accommodation and support from late 2022, to ensure people are housed appropriately (EH SNG is not the default option) and given support that best matches their needs, and collect information to inform reporting and analysis processes
- 4.2 Action 2: Maintain the current policy settings for the EH SNG, with MSD making some changes to update guidance for frontline staff and others to ensure that all alternative options are explored before granting
- 4.3 Action 3: Mutual Obligations – MSD providing better information to EH SNG clients about their rights, obligations and what they can expect from MSD, by March 2023
- 4.4 Action 4: Mutual Obligations – Developing a resolution framework for poor behaviour while receiving an EH SNG, so that the mutual accountabilities of the client, supplier and MSD are clearly expressed

Delivering fit-for-purpose accommodation

- 5 **note** that the review found that there are safety, security, and quality challenges with emergency housing accommodation
- 6 **note** that there have been challenges associated with the approach used in Rotorua and learnings from this pilot, and the proposed contracting and purchasing framework, will enable us to identify and better manage effective approaches to improving emergency housing in Hamilton City and the Wellington metropolitan area

- 7 **agree** to:
- 7.1 Action 5: Mutual Obligations – Setting standards for EH SNG suppliers, so that they are required to treat EH SNG clients like other paying clients, deliver the level of service paid for, and meet some minimum expectations about safety and suitability
 - 7.2 Action 6: Developing and rolling-out a place-based approach to improving emergency housing in Hamilton City and Wellington metropolitan areas, both of which have high ongoing use of EH SNGs, with contracting to begin by June 2023 (subject to work proceeding immediately following Cabinet agreement) and to continue on a rolling basis thereafter
- 8 **agree** to make changes to the Special Needs Grants Welfare Programme to implement recommendation 7.1, to limit MSD’s ability to make EH SNGs in respect of suppliers unless MSD is satisfied that the supplier meets the standards (except in exceptional circumstances)
- 9 **authorise** the Minister of Housing and Minister for Social Development and Employment, in consultation with other Ministers as appropriate, to make minor policy or technical decisions needed to implement EH SNG supplier standards in line with the aims set out in this paper

Responding to the emergency housing needs of Māori

- 10 **agree** to invest \$58.118 million in the following initiatives that will reduce the demand on, or provide alternatives to, emergency housing for Māori:

10.1 MAIHI/Whai Kāinga Whai Oranga (WKWO) (HUD): \$52.018 million

10.2 s 9(2)(j)

11 s 9(2)(f)(iv)

Resetting social support services and cross-agency actions

- 12 **agree** to:
- 12.1 Action 8: Direct officials to design a new model of housing support services for those across the emergency housing system, to ensure emergency housing support is suitable for the level of client needs
 - 12.2 Action 9: Increasing existing supports for EH SNG clients, including intensive support services, housing brokers, ready to rent programmes and flexible funding through to 30 June 2024
 - 12.3 Action 10: Exploring further cross-government prevention and support actions for the emergency housing system so that clients with an urgent housing need

are well supported when they transition from the health, justice, and child protection systems

Reporting progress

- 13 **invite** the Minister of Housing and Minister for Social Development and Employment to report back to Cabinet s 9(2)(j), on progress implementing the agreed actions from the emergency housing system review including analysis of data collected to date from changes to the assessment process

Financial implications: Use of Budget 2022 funding

- 14 **note** that in Budget 2022, Cabinet approved \$355.000 million Emergency Housing – progressing work on system changes Tagged Operating Contingency [CAB-22-MIN-0129 refers]
- 15 **note** that \$0.500 million of this tagged contingency has already been approved for drawdown in 2022/23 by Joint Ministers in November 2022, leaving \$354.500 million remaining
- 16 **agree** to draw down \$107.176 million from the remaining tagged contingency for the following:
- 16.1 to fund MSD for an assessment and referral tool that guides frontline practice \$6.000 million (recommendation 4.1 above)
 - 16.2 to fund MSD for the introduction of standards for EH SNG suppliers \$0.950 million (recommendation 7.1 above)
 - 16.3 to fund MSD for the continuation and expansion of existing support services \$38.608 million (recommendation 12.2 above)
 - 16.4 to fund HUD for initiatives that will reduce the demand on, or provide alternatives to, emergency housing for Māori \$52.018 million (recommendation 10.1 above)
 - 16.5 s 9(2)(j)
 - 16.6 to fund HUD for resources to develop placed-based plans \$3.500 million
- 17 s 9(2)(f)(iv)
- 18 **approve** the following changes to appropriations to give effect to the policy decision in recommendation 16 above, with a corresponding impact on the operating balance and net debt:

IN CONFIDENCE

	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Vote Social Development					
Minister of Housing					
Departmental Output Expense:					
Services to Support People to Access Accommodation (funded by revenue Crown)	0.690	40.368	-	-	-
Non-Departmental Other Expense:					
Emergency Housing Support Package	-	3.000	-	-	-
Multi-category Expenses and Capital Expenditure:					
Housing Support Assistances MCA					
Non-Departmental Output Expense:					
Provision to better prepare people to access and sustain private rentals	-	1.500	-	-	-
Vote Corrections					
Minister of Corrections					
Departmental Output Expense:					
Re-offending is Reduced	S	S	-	-	-
Vote Housing and Urban Development					
Minister of Housing					
Multi-category Expenses and Capital Expenditure:					
Managing the Housing and Urban Development Portfolio MCA					
Departmental Output Expense:					
Management of Housing Provision and Services (funded by revenue Crown)	1.800	1.300	0.400	-	-
Upfront Payments MCA					
Non- Departmental Capital Expenditure:					
Transitional Housing Providers - Prepayment of Upfront Funds	6.066	1.866	-	-	-
Total Operating	2.490	46.168	0.400	-	-
Total Capital Expenditure	6.066	1.866	-	-	-

IN CONFIDENCE

- 19 **approve** the following change to appropriations to give effect to the policy decision in recommendation 16.4 above, with a corresponding impact on the operating balance and net debt:

	\$m – increase/ (decrease)	
Vote Housing and Urban Development Minister of Housing	2022/23 to 2025/26	2026/27 & Outyears
Non-Departmental Output Expense: He Kūku Ki te Kāinga - Increasing Māori Housing Supply MYA	44.087	-

- 20 **note** that the indicative spending profile for the increase in the multi-year appropriation above is as follows:

	\$m – increase/(decrease)				
Indicative annual spending profile	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
He Kūku Ki te Kāinga - Increasing Māori Housing Supply MYA	14.695	14.696	14.696	-	-

- 21 **agree** that the expenses incurred under recommendation 18 above be charged against the Emergency Housing – progressing work on system changes Tagged Operating Contingency previously established by Cabinet in Budget 2022 [CAB-22- MIN-0129 refers]
- 22 **agree** to a fiscally neutral operating to capital swap to provide for an assessment referral tool and to fund the introduction of standards for EH SNG suppliers, with the following impacts on the operating balance and net debt:

	\$m – increase/(decrease)				
Vote Social Development	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Balance and Net Debt Impact	(0.690)	(6.260)	-	-	-
Operating Balance Only Impact	-	-	-	-	-
Net Debt Only Impact	0.690	6.260	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

IN CONFIDENCE

23 **approve** the following changes to appropriations and departmental capital injections to give effect to the swap in recommendation 22:

	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Vote Social Development					
Minister of Housing					
Departmental Output Expense:					
Services to Support People to Access Accommodation (funded by revenue Crown)	(0.690)	(6.260)	-	-	-
Ministry of Social Development:					
Capital Injection	0.690	6.260	-	-	-
Total Operating	(0.690)	(6.260)	-	-	-
Total Capital	0.690	6.260	-	-	-

24 **agree** that the proposed change to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.

Authorised for lodgement

Hon Dr Megan Woods, Minister of Housing

Hon Carmel Sepuloni, Minister for Social Development and Employment