

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date: 24 July 2024 **Security Level:** In Confidence
To: Hon Tama Potaka, Associate Minister of Housing (Social Housing)
Reference: REP/24/7/674

Emergency Housing Deep Dive

Purpose of the report

- 1 At the Cabinet Strategy Committee (STR) meeting in May 2024 there was a request for more analysis about why the number of households in Emergency Housing (EH) was decreasing. This deep dive report explains the contributing factors behind the reduction in households in Emergency Housing since the beginning of 2024.
- 2 This analysis does not include numbers in Contracted Emergency Housing (CEH).

Executive summary

- 3 The number of households in EH (excluding CEH) has reduced by 1,017 (34 percent decrease) from 2,976 in December 2024 to 1,959 in June 2024. This trend has accelerated since February 2024, with over half of the six-month decrease occurring in the last two months.
- 4 This has largely been driven by a reduction in households entering EH (entries have reduced by 41 percent in the last six months) and is occurring mainly for households without children. Exits have continued at the same rate which is also contributing to the decrease in EH. Reducing entries have accounted for around 75 percent of the decrease, with the balance from exits.
- 5 A combination of factors contributed to the decrease in EH in the last six months including:
 - 5.1 Tightening the gateway into EH, such as clearer guidance for staff on whether or not to grant EH and when to escalate decisions (the

resolution framework¹). This reduced the number of households entering EH, particularly for those without children. The April 2024 enhancements seem to be having more of an impact on reducing entries than the initial changes introduced in August 2023 (59 percent of the reduction in entries from August 2023 to June 2024 has occurred in the last two months, since April 2024).

- 5.2 Implementing the Priority One Fast Track policy which is increasing the rate of households with children who are exiting EH. Better utilisation of Social Housing (SH) is occurring with a total of 351 households with children who had been in EH for 12 weeks or longer having entered SH through Priority One Fast Track from May to June 2024.
 - 5.3 Frontline staff efforts to prevent the need for EH (through early intervention, a continuation of housing support services, and regional target setting). Initial evaluation results will be available in mid-2025.
 - 5.4 Social Housing supply has continued to increase (by around 2.3 percent since December 2023). However, this is unlikely to be having as much of an impact as the other factors (such as tightening the gateway into EH and the Priority One Fast Track policy) given the rate of increase in supply has been relatively consistent over time.
- 6 With the inclusion of Transitional Housing (TH) data, we can identify where around 78 percent of households exited to in the following 60 days including:
- 6.1 28 percent accessing Accommodation Supplement (e.g. private rental)
 - 6.2 27 percent entering SH
 - 6.3 21 percent entering TH.
- 7 Housing brokers and housing support services are helping to prevent homelessness and further analysis will be provided.

Recommended actions

It is recommended that you:

- 1 **Note** the contents in this report and discuss the key trends outlined in the attached Appendix with MSD officials.
- 2 **Note** that MSD and HUD will regularly update key trends outlined in this report, such as entries, exits, and where people go after they leave EH, to support monitoring of the target for EH.

¹ More information on the resolution framework is described in paragraph 26.

- 3 **Agree** to forward a copy of this report to the Minister of Housing and to the Minister for Social Development and Employment.

Sacha O'Dea
Deputy Chief Executive Strategy and
Insights - Ministry of Social Development

Date

Hon Tama Potaka
Associate Minister of Housing (Social
Housing)

Date

Released under the Official Information Act 1982

Background

- 8 The target to reduce the number of households in EH by 75 percent by 2030 was announced in April 2024, and a range of policy and operational changes have been introduced to support reducing the reliance on EH. The number of households in EH is currently below the internal target trajectory for June 2024.
- 9 This report summarises our current understanding of factors contributing to the decrease in EH throughout 2024 based on data analysis, including trends for entries, exits, and where people go after they leave EH. This analysis does not include CEH numbers as most of EH is made up of households receiving EH Special Needs Grants (SNGs). In this report 'EH' refers to EH SNGs and exclude CEH.

Recent trends

The number of households in Emergency Housing has continued to decrease since December 2023

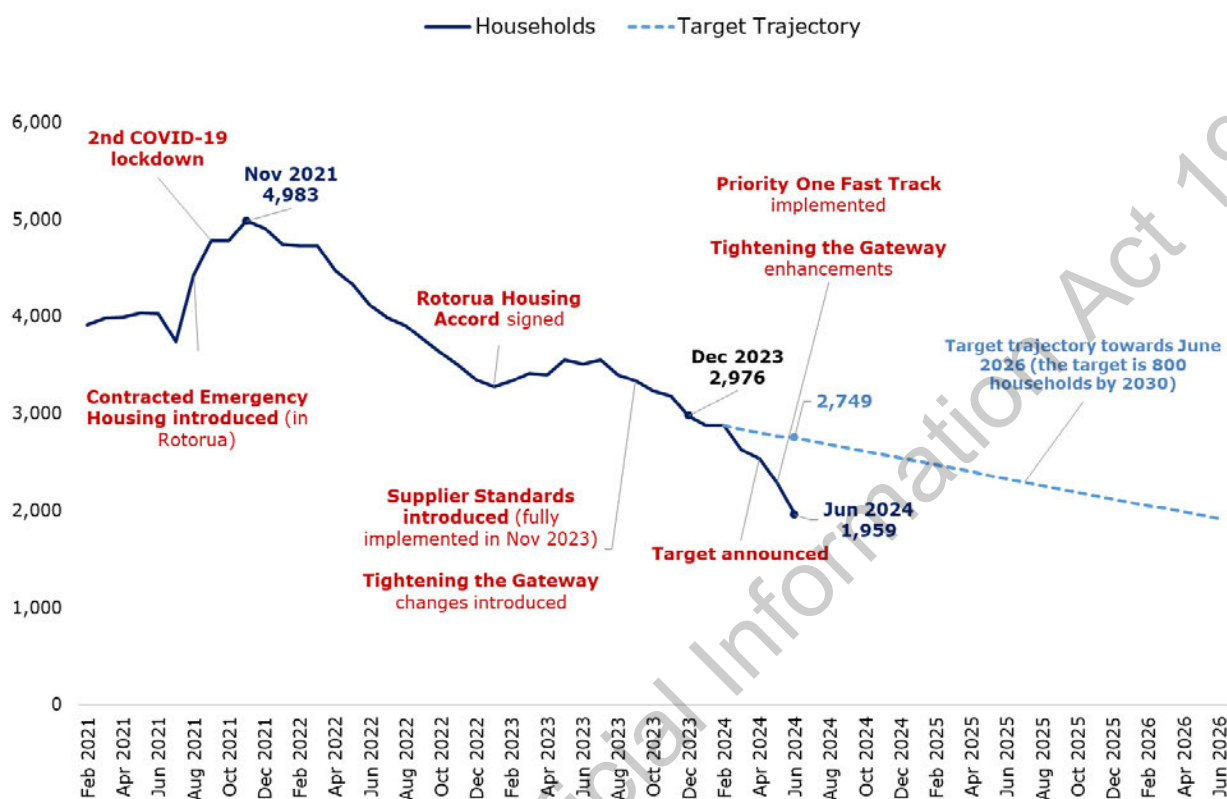
- 10 The number of households in EH had been rising since it was introduced in 2016, with growth accelerating during 2020 and 2021 due to the impacts of COVID-19. After peaking at 4,983² in November 2021, the number of households in EH has generally been decreasing.
- 11 At the end of June 2024 there were around 1,959 households in EH, compared to around 2,976 in December 2023 (a decrease of around 1,017 households or a 34 percent decrease). The number of households in EH is around 790 lower³ than the internal target⁴ for June 2024 (the internal target for June was 2,749 households). The number of households in EH and an overlay of key events relating to EH is shown below in Figure 1.

² Note that numbers may not match official reporting due to random rounding.

³ Excluding the number of households in Contracted Emergency Housing.

⁴ Internal targets have been set in order for MSD to monitor our trajectory to achieve the 2030 target.

Figure 1 – Number of households in Emergency Housing (excluding CEH) with key events over time



12 The decrease in households in EH has accelerated since February 2024. For example, in February 2024 the number of households in EH was around 14 percent lower than a year prior. This decrease has widened since February, and the number of households in EH was around 44 percent lower in June 2024 than a year prior. More than half of the decrease in households since December 2023 has occurred in the last two months (in May and June 2024).

Key breakdowns of the decrease in Emergency Housing

Household type

13 The reduction in households has been driven by both households with and without children by around the same amount. This is shown in Table 1 (with households with children contributing around 54 percent and households without children contributing around 46 percent to the total reduction in the number of households in EH from December 2023 to June 2024).

Table 1 – Comparison in the number of households in Emergency Housing by family type

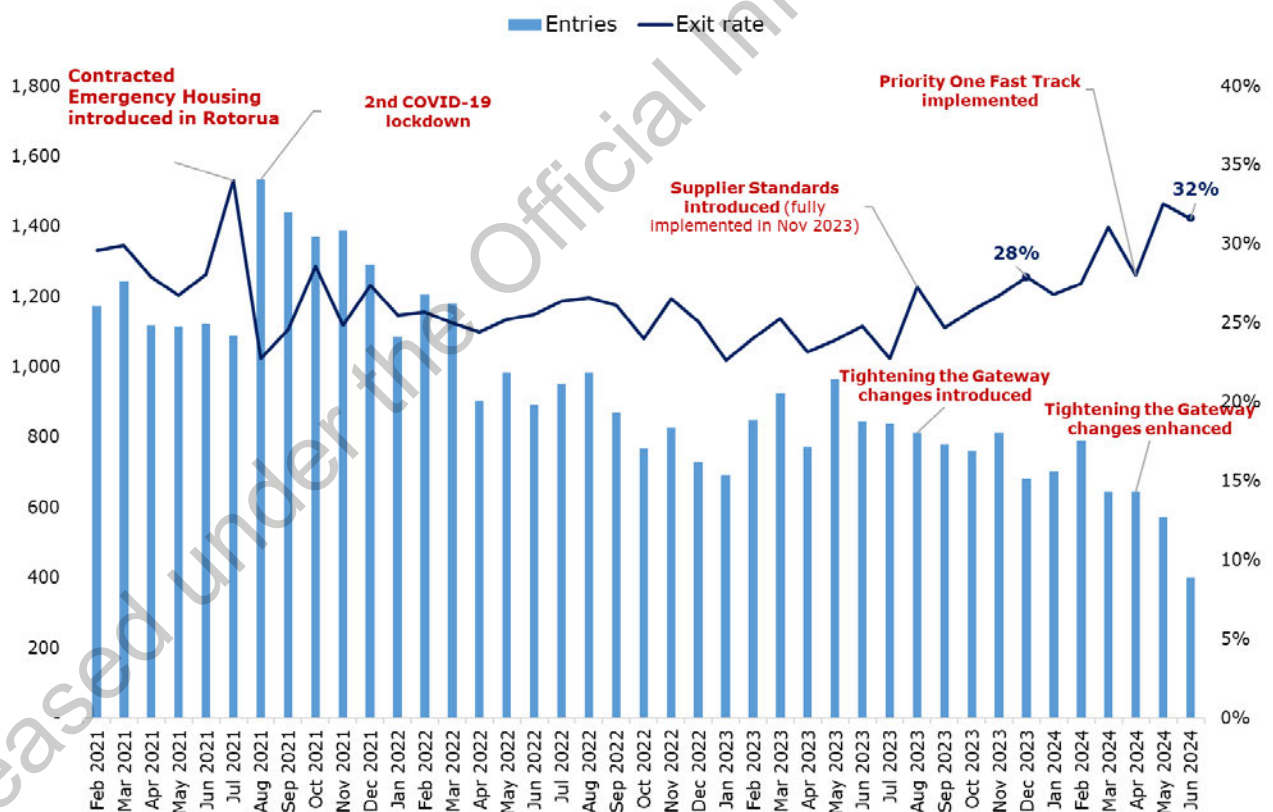
	Households with children	Households without children	Total
Dec 2023	1,512	1,464	2,976

Jun 2024	966	993	1,959
Change	-546	-471	-1,017
Percentage change	-36%	-32%	-34%
Contribution to total change	54%	46%	100%

Entries and the exit rate out of Emergency Housing

14 The relative contributions to the reduction by households type are likely reflective of a combination of factors in the last six months, particularly policy and operational changes, which have resulted in both fewer entries and a higher exit rate⁵ out of EH. This is shown below in Figure 2.

Figure 2 - Number of entries and the exit rate out of Emergency Housing each month with key events over time



⁵ The exit rate is the number of households leaving EH in a given months as a proportion of total households in EH in the previous month.

- 15 The decrease in entries from late 2021 to early 2023 is likely due to the COVID-19 recovery (where demand for EH decreased towards more normal levels).
- 16 It is estimated that around 75 percent of the decrease in EH since December 2023 is due to fewer entries. Entries have decreased by 41 percent in the last six months.
- 17 As the overall number of households in EH reduces over time, the number of exits out of EH would be expected to also reduce because there are fewer households to exit. But exits have not decreased by as much as total households, and therefore the proportion of total people in EH who are exiting has increased over the last six months (this is the exit rate)⁶.
- 18 Exits out of EH have remained relatively stable, with a shift towards more exits for medium-longer term households with children. A maintained level of exits is also contributing to the decrease in EH.

Regional drivers

- 19 Most of the decrease in households in EH since December 2023 has occurred in the main urban centres such as Auckland, Wellington and Christchurch as they are the largest regions with higher populations, and so are likely to contribute more to the decrease. These regions have contributed around 42 percent, 13 percent, and 12 percent to the decrease respectively. Urban centres also generally have higher numbers of housing supply and so can contribute more to the decrease in EH.
- 20 Compared to the national average, Auckland, Bay of Plenty and Christchurch had the highest percentage decrease in households in EH in the last six months (from the end of December 2023 to June 2024).

Contributing factors

Operational changes to tighten the gateway are impacting entries into Emergency Housing, particularly for families without children

- 21 From August 2023 support was provided to the Ministry of Social Development's (MSD) frontline staff to manage the gateway into EH. This included the resolution framework, which provided clearer guidance on whether or not to grant EH and when to escalate decisions. For example, the resolution framework is for staff to use when a client has shown anti-social

⁶ The exit rate is the number of households leaving EH in a given months as a proportion of total households in EH in the previous month.

and challenging behaviour and is unreasonably causing or contributing to their immediate housing need.

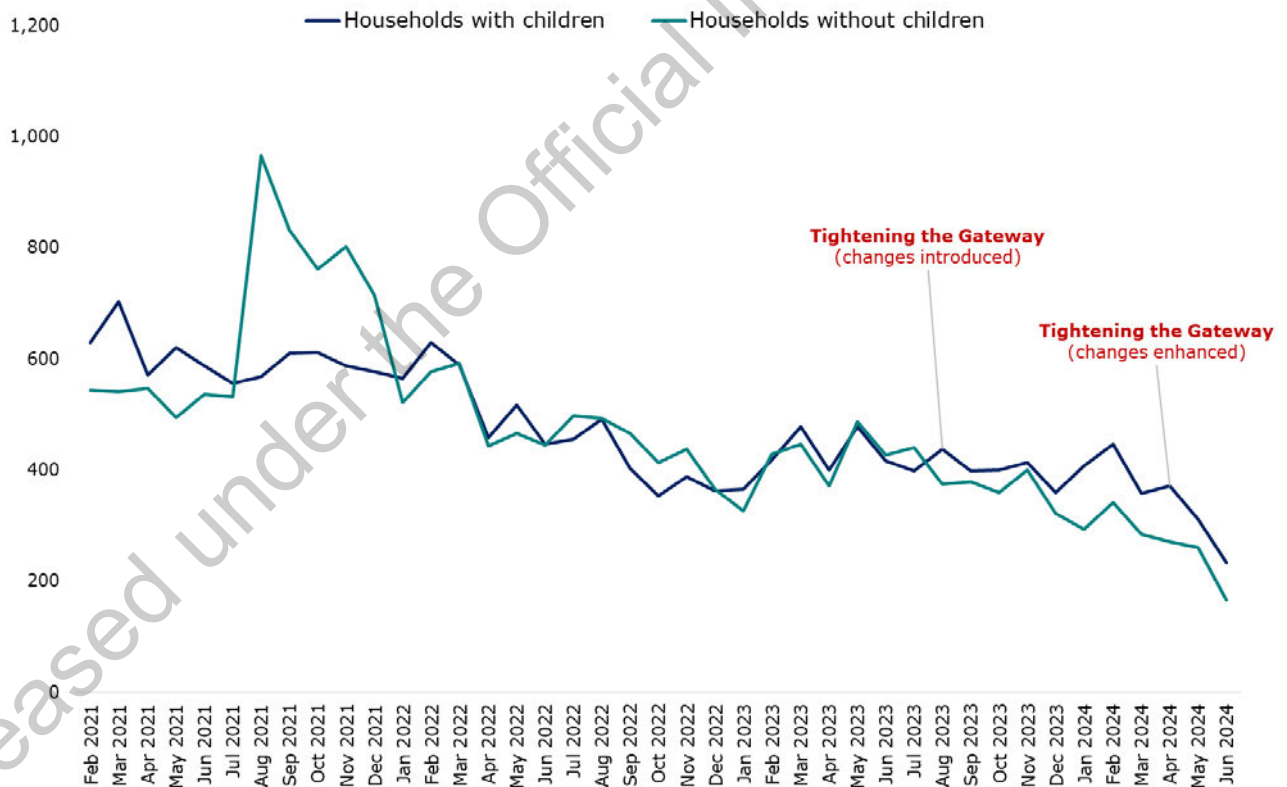
22 At the end of April 2024, these resources to tighten the gateway were enhanced to further support staff decision-making and conversations, including:

22.1 Direction on making informed EH SNG decisions using the Resolution Framework

22.2 More understanding on when to grant an EH SNG for less than 7 nights.

23 Data suggests that the enhancements to tighten the gateway into EH at the end of April 2024 had a more significant impact on reducing the entries than the initial introduction of changes in August 2023. This is shown by the steeper decline in entries for families without children since April 2024, and a decline in entries for households with children since April in Figure 3.

Figure 3 – The number of households entering Emergency Housing over time by family type



24 The decrease in entries in the last six months has been stronger for households without children than for households with children. From December 2023 to June 2024, there has been a 48 percent decrease in entries for households without children compared to a 35 percent decrease in entries for households with children.

- 25 The number of entries for households without children has been more impacted by changes to tighten the gateway because of the steps outlined in the escalation process.
- 26 The steps to determine when to decline an EH application are partially dependant on whether the client's application involves children or not. For example, to ensure that children are not disadvantaged through the resolution framework, escalation only takes place to approve or decline the EH application if dependent children are involved in the EH application. This may mean that there are fewer declines for households with children compared to those without children.
- 27 There has also been an increase in the number of EH applications that have been declined which may have contributed to the reduction in EH. Since the initial gateway changes were introduced in August 2023, to June 2024, there were 3,090 EH applications declined. This is 19 percent higher than the same period a year earlier (when there were 2,589 declines from August 2022 to June 2023).
- 28 Although it is difficult to disentangle the cause of the increase in declines for applications, it may relate to clear direction to MSD staff to only grant EH for those in genuine need, and announcements of changes to the EH system (which may have also deterred some people to apply for EH).
- 29 The proportion of households re-entering EH (who have previously accessed EH at any point in time⁷) has remained relatively stable in the last six months at around 50 percent. However, the overall number of households re-entering has fallen, in line with the overall number of entries reducing.
- 30 From 26 August 2024, policy changes to tighten the gateway into EH will mean shifting to a more rules-based eligibility system (as previously reported in REP/24/4/300). These changes include:
- 30.1 Introducing information requirements in legislation to enable MSD to conduct better assessments of an applicant's immediate housing need
 - 30.2 Providing a clear responsibilities framework for EH applicants with strengthened consequences for non-compliance.
- 31 Given we have already seen an impact on the reduction in EH through the initial gateway changes, any further impact is more likely to be felt by those

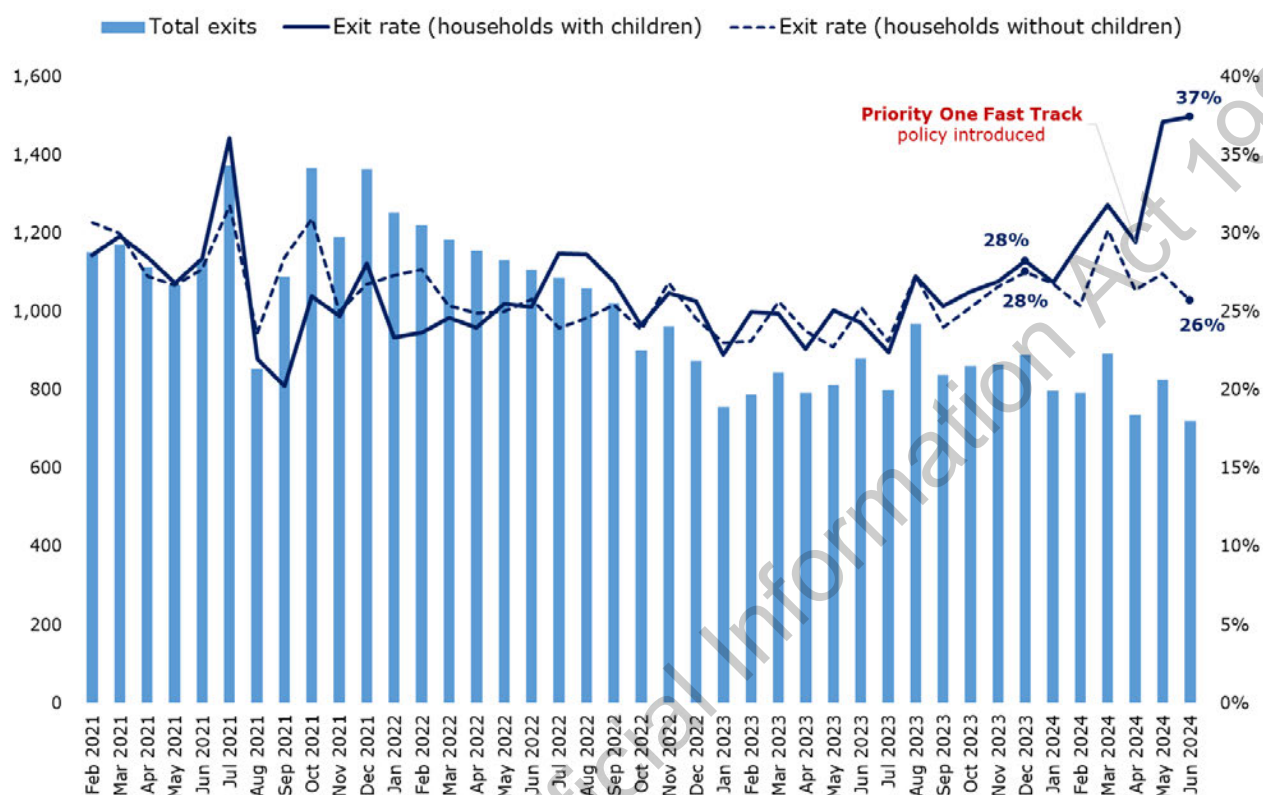
⁷ Note this view of a re-entry is different than the view shown in Figure 6 because it shows the proportion of EH entrants in a given month who had previously received an EH grant at any previous point in time. On the other hand, the lower proportion of those who had re-entered EH as shown in Figure 6 excludes those who subsequently moved to a different accommodation type within the 60 days of leaving EH.

already in EH when the policy change on 26 August is implemented and there are new obligations in place.

Priority One Fast Track is impacting exits as families with children are prioritised for Social Housing

- 32 The Priority One Fast Track policy was introduced at the end of April 2024 and aimed to fast-track families with children into SH if they had been in EH for longer than 12 weeks. Messaging to the frontline to prioritise families with children may have began earlier.
- 33 Exits have stayed relatively high, particularly for households with children, despite there being fewer households in EH in the last six months. As a result, the exit rate has increased, and was 32 percent at the end of June 2024 (for all households).
- 34 As shown below in Figure 4, the exit rate for those with children increased while it decreased for those without children in the last six months:
- 34.1 It increased from 28 percent to 37 percent for households with children (increase of 9 percentage points)
 - 34.2 It decreased from 28 percent to 26 percent for those without children (decrease of 2 percentage points).

Figure 4 – The number of households exiting and the exit rates by household type over time (the exit rate is the proportion of households who exit).

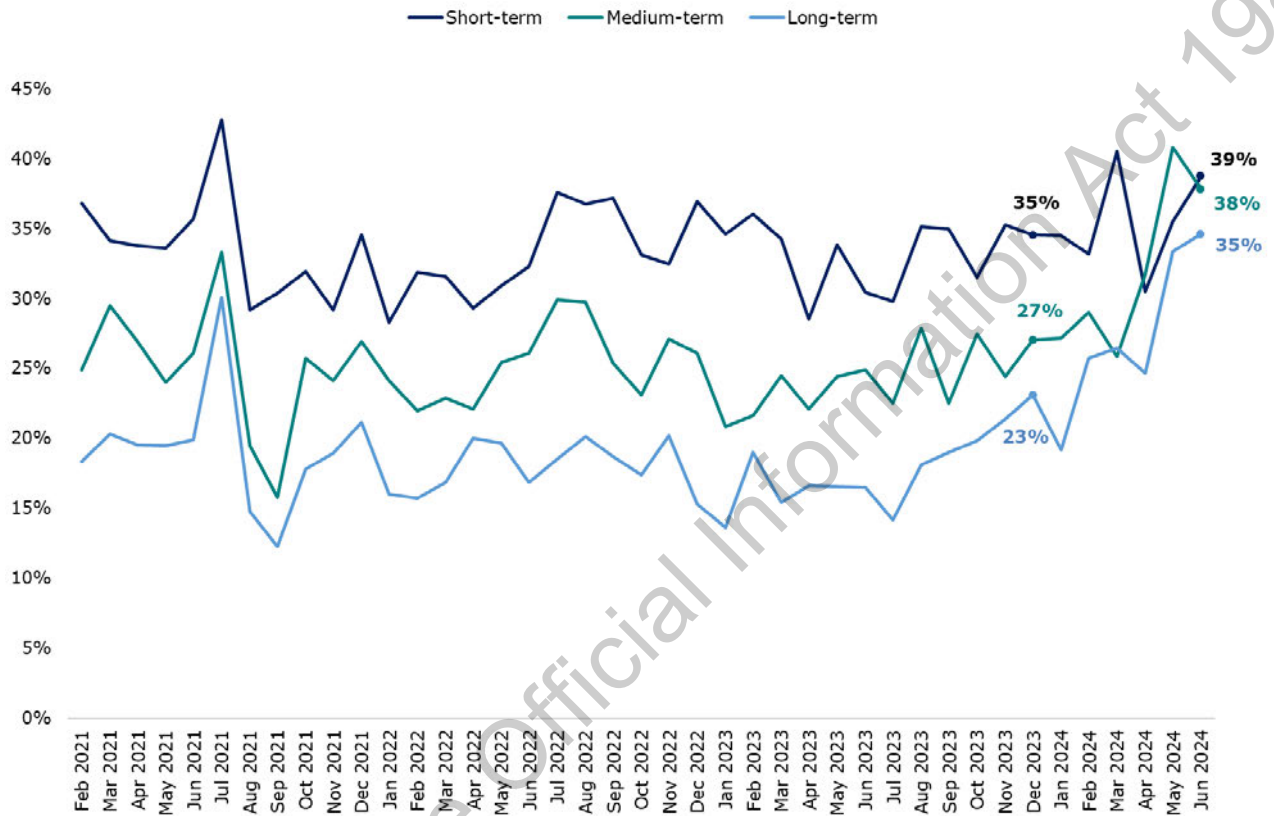


35 In the last six months, exit rates have increased for households with children of all durations. However, the increase in the exit rate has been highest for medium and longer-term households with children⁸. This is shown below in

⁸ Medium-term is defined as households who have been in EH for 8 weeks to 6 months and long-term is defined as 6+ months.

Figure 5. This is likely explained by the better utilisation of SH by fast tracking families with children who have been in EH for longer than 12 weeks.

Figure 5 – Exit rates for households with children by duration (short-term is less than 7 weeks; medium is 8 weeks - 6 months; long-term is 6+ months).



36 In comparison, the exit rate for households without children has either stayed the same or fallen over the same time period for different duration groups. In the last six months the exit rate for households without children:

- 36.1 Fell from 38 percent to 35 percent for short-term households without children.
- 36.2 Fell slightly from 28 percent to 27 percent for medium-term households without children.
- 36.3 Remained stable at 18 percent for long-term households without children.

Frontline staff effort to prevent the need for EH through housing support services is also playing a role

37 In the last six months frontline staff have improved practice and utilised new support to reduce the need for EH through intervening early, reducing duration in EH, and sustaining exits after households leave EH using housing support services and a focus on regional target setting. Staff have been focusing on:

- 37.1 Improved frontline practice around the validation of EH need ensures that only those with a genuine need and are meeting their obligations are accessing EH
- 37.2 Increased face to face appointments allowing for a thorough understanding of the household's situation as a whole
- 37.3 Moving towards an integrated way of working, where housing is discussed alongside employment and income
- 37.4 Reducing the timeframe a SH application is completed
- 37.5 Utilising housing support services and housing support products to assist households into long-term accommodation (including navigators, brokerage and rental readiness programmes).

38

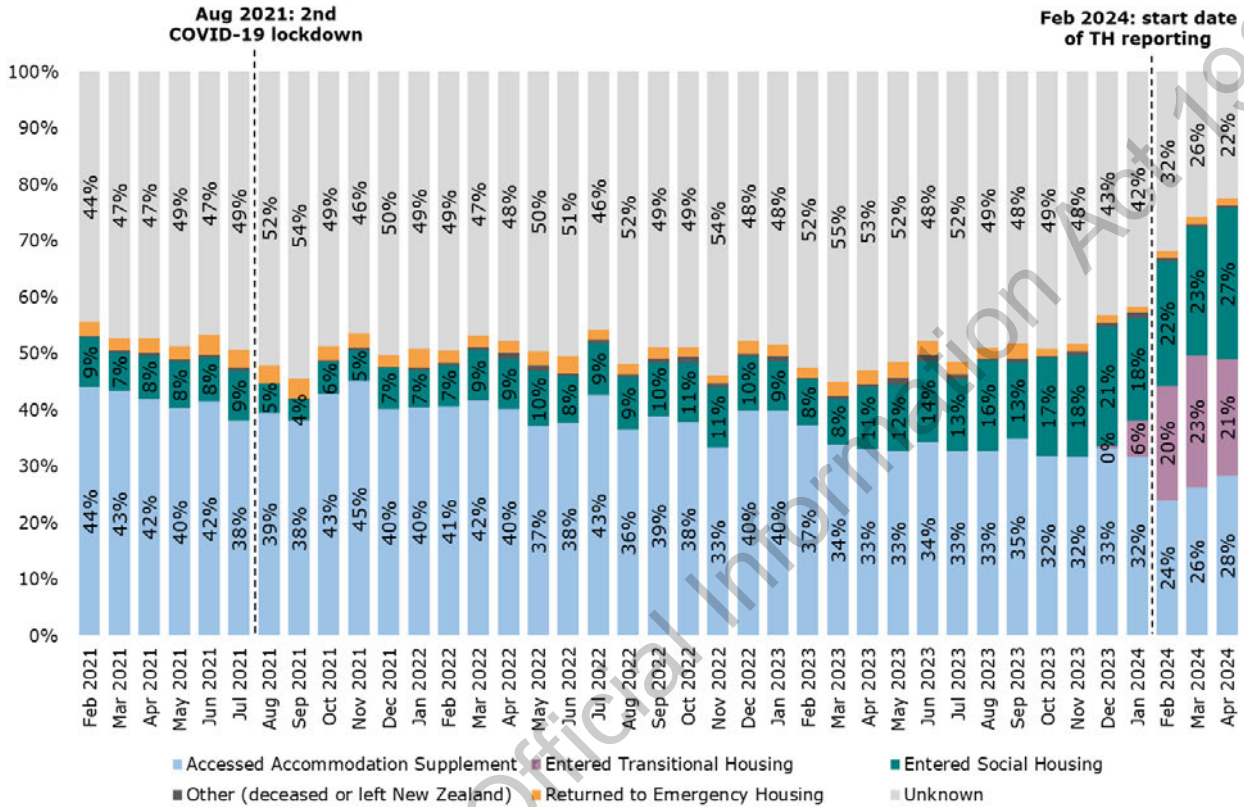
s9(2)(f)(iv)

Most households leaving Emergency Housing are going into the private rental market or into Social Housing

- 39 Previously we reported where households went after leaving EH but did not know exit destinations for around 57 percent of households. With the inclusion of Transitional Housing (TH) data the proportion of unknown exits has decreased to 22 percent. The updated model now includes Household outcome after sixty days (rather than thirty days) after the end of an EH spell as this gives a fuller picture (note that this does not have a material impact on the proportions).
- 40 In April 2024, around 28 percent of households left to the private rental market (as indicated by accessing Accommodation Supplement) with another 27 percent who left into SH in the following 60 days. With increased visibility

of TH data, we can now see an additional 27 percent of households exiting into TH. This is shown below in Figure 6.

Figure 6 – Where households who left Emergency Housing went as at April 2024⁹



- 41 The proportion of households going into SH has increased over time, with around 27 percent of households who left EH going into SH as at April 2024 compared to 13 percent throughout 2023 on average.
- 42 There may also be more people who exit into the private rental market, but we cannot capture this information.
- 43 We will continue to improve our understanding of where people go after exiting EH, however, there will likely always be households whose accommodation we cannot identify after they leave EH. Small incremental

⁹ Subsequent housing states for clients are reported by the month the emergency housing spell ended. This may not indicate the client started staying in the other housing state in that month and may have occurred up to 60 days later. Note that some churn of clients coming back to EH may have occurred, but this will not be reflected in this data if the household moved to a different accommodation type within the 60 days.

The implementation of the Transitional Housing Vacancy Management Tool (THVMT) has allowed for better capturing of TH referral and placement data, enabling a more detailed understanding of clients entering TH.

improvements may be possible but is limited based on information that is shared and collected.

Social Housing supply has continued to increase but this is unlikely to be contributing significantly to the reduction in Emergency Housing compared to other factors

- 44 Social Housing supply has continued to increase and there has been an increase of around 1,820 SH places in the last five months from December 2023 – May 2024 (or a 2.3 percent increase), allowing more people to leave EH into SH.
- 45 This increase, combined with changes to better match SH supply with EH clients is contributing to the decrease.
- 46 However, given that the rate of increase in SH supply has been relatively consistent over time, this increase in supply is unlikely to be contributing significantly to the decrease in EH, compared to other factors such as tightening the gateway and Priority One Fast Track. Exits from EH at a regional level will help us understand how changes in new supply may have impacted EH in different places.
- 47 There has also been a slight increase in the number of Transitional Housing places (around 150 additional places in the last five months from December 2023 to May 2024, or a 2.3 percent increase). This is also unlikely to be playing a significant role in reducing the number of households in EH due to the relatively small number of TH supply increases.
- 48 It is important to note that Transitional Housing is a temporary solution and a focus on sustainable exits from Transitional Housing is also required.
- 49 An increase in SH or TH supply generally supports the effect of policy and operational changes to be maximised, rather than having a direct impact on reducing the number of households in EH.

Although population growth continues to place pressure on the private rental market, a slowdown in net migration may be contributing to easing of rental prices

- 50 In the last two years there has been a general increase in rent prices due to historically high net migration. While rental prices continue to grow, there have been early signs of improved rental affordability as net migration has slowed.
- 51 In the last six months, rental price inflation for new tenancies has slowed significantly (on an annual basis) and there has been a slight increase in the median time between rental tenancies, particularly in Auckland.

52 This is likely to have reduced pressure on the rental market in the last six months and may have contributed to a reduction in underlying need for EH. However we cannot isolate the impact of this due to other contributing factors to the EH reduction occurring around the same time.

The introduction of Supplier Standards is unlikely to have had a noticeable impact on reducing the number of households in Emergency Housing

53 Supplier standards were introduced in August 2023 and were fully implemented by November 2023. The standards set out expectations EH suppliers need to meet to provide safe and suitable accommodation, and fair service.

54 EH suppliers can request to opt-in to the emergency housing supplier standards and MSD assign the EH supplier a status of either being opted-in or not opted-in. An EH grant can only be paid to a supplier that is opted-in unless an exception applies.

55 It is unlikely that the introduction of supplier standards had substantial impact on reducing the number of households in EH overall. This is because:

55.1 The overall number of suppliers has remained relatively stable over time (only increasing by around 4 percent since December 2023).

55.2 The number of suppliers who meet the standards but are unoccupied has increased over time (increasing by around 40 percent since December 2023).

56 This means that the supplier standards are not limiting the overall supply of EH supply, and that the supply is meeting the demand for EH.

Next steps

57 To further our understanding of the factors contributing to the decrease in EH MSD and HUD will monitor any unintended consequences of the strategies implemented for the EH reduction target. For example, whether these measures have increased pressure on other types of housing or social services.

58 Further work to understand changes in and prevent homelessness (using existing HUD and MSD data) is planned to be provided every six months.

File ref: A16273520

Author: Jelena Stojkov, Principal Advisor, System Performance

Responsible manager: Gareth Williams, General Manager System Performance