



Briefing

Proposed scope of Cabinet paper on improving the provision of emergency housing			
Date:	19 May 2021	Security level:	In Confidence
Priority:	High	Report number:	BRF20/21050966

Information for Minister(s)	
Hon Dr Megan Woods Minister of Housing	For your direction on scope and timing of Cabinet paper
Hon Carmel Sepuloni Minister of Social Development and Employment	
Hon Marama Davidson Associate Minister of Housing (Homelessness)	

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

Other agencies consulted
Ministry of Social Development

Minister's office to complete

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> See Minister's notes <input type="checkbox"/> Needs change <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify) <hr/>

Comments

Date returned to MHUD:



Briefing

Proposed scope of Cabinet paper on improving the provision of emergency housing

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

Date: 19 May 2021

Security level: In Confidence

Priority: High

Report number: BRF20/21050966

Purpose

1. This briefing provides you with a proposed scope for the Cabinet paper on improving the provision of emergency housing (focused on addressing urgent need in Rotorua), and seeks any feedback you may have.

Recommended actions

2. It is recommended that you:

1. **Indicate** your preferred scope for the Cabinet paper:

1.1 Narrow scope: the paper would seek decisions in relation to Rotorua model, the funding model and dedicated appropriation, and additional funding required for MSD to increase housing navigator support

Agree / Disagree

OR

1.2 Broad scope: in addition to 1.1 the paper would seek Cabinet's agreement and provide advice on expanding elements of the approach being taken in Rotorua, and identify a small number of locations to expand to next, as well as the conditions under which we would expand

Agree / Disagree

2. **Indicate** your preferred timeframe for taking this paper to the Social Wellbeing Cabinet Committee:

2.1 2 June 2021: meeting this date will mean shortened timeframes for Ministerial consultation, and prevent detailed analysis of how we could expand elements of the approach being taken in Rotorua to other locations

Agree / Disagree

OR

2.2 9 June 2021 (preferred option): this date will provide more time for Ministerial consultation, and enable more detailed analysis of possible expansion of the Rotorua model.

Agree / Disagree



Jeremy Steele
Manager, Housing Needs and Responses, HUD

19/5/21

Hon Dr. Megan Woods
Minister of Housing

..... / /

Hon Carmel Sepuloni
Minister for Social Development and Employment

..... / /

Hon Marama Davidson
Associate Minister of Housing (Homelessness)

..... / /

Background

3. There is a growing need for emergency housing, driven by the social and economic impacts of COVID-19, increased housing unaffordability, lack of supply, limited prevention and support, and individual stressors. These issues have come to a head in Rotorua city and are placing unsustainable pressure on the local emergency housing system.
4. On 22 April 2021, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) officials provided housing Ministers with advice: *Proposed immediate actions to address urgent homelessness and motel use issues in Rotorua* [BRF20/21030881 refers]. This sought direction on actions to address urgent issues with homelessness and motel use in Rotorua.
5. On 3 May 2021, Housing Ministers directed officials to proceed at-pace with these actions, and to prepare a Cabinet paper seeking agreement to a funding model and dedicated appropriation for an improved model of emergency housing, initially in Rotorua. Key elements of this model are that HUD will contract motels, and expand the provision of support services.
6. On 12 May 2021, the Minister of Housing and the and the Minister for Social Development and Employment provided an oral update to Ministerial colleagues at SWC on this work, and made a public announcement the next day on the suite of changes to emergency housing provision in Rotorua.
7. This Cabinet paper is an opportunity to seek agreement to an approach for expanding elements of the model to other locations. Officials are seeking your feedback on the scope of decisions this Cabinet paper could seek for expanding the model, if required. This advice has been developed in consultation with the Ministry of Social Development.

Officials are working at pace to confirm decisions the Cabinet paper will seek

8. We are working with senior officials from the Ministries of Education, Health, Pacific Peoples, and Social Development, the Departments of Corrections, and Prime Minister and Cabinet, Kāinga Ora, New Zealand Police, Oranga Tamariki–Ministry for Children, Te Puni Kōkiri, Public Service Commission, and Treasury. As part of formal agency consultation, we will also engage a wider range of agencies.

Potential scope for decisions in the Cabinet paper

9. There are different approaches the Cabinet paper could take. These include:
 - **Narrow scope:** at a minimum, the paper could simply seek decisions on the Rotorua model, the funding model and dedicated appropriation, and additional funding required for MSD to increase housing navigator support.
 - **Broader scope:** in addition to the above, the paper could also seek Cabinet's agreement and provide advice on expanding elements of the approach being taken in Rotorua, identify a small number of locations to expand to next, as well as the conditions under which we would expand.
10. Officials are currently proceeding on the basis that the paper will seek broader decisions to expand the model beyond Rotorua. If this is not your preference, we will rescope the paper to take a narrower approach.
11. The paper will frame the proposals as focused on making improvements to the emergency housing system, and not as an expansion of transitional housing.

The Cabinet paper will outline the new Rotorua model, and seek decisions on the funding model and dedicated appropriation

12. The paper will provide an overview of the suite of changes Ministers have agreed to improve the provision of emergency housing in Rotorua, and provide advice on funding options. This will note the level of funding required, and that the appropriation needs to be flexible to allow for possible future expansion of the model. This will also cover funding options.

Subject to your direction, we are also undertaking urgent policy work to confirm our advice on the nature, scale, and timing of possible expansion

13. This work is considering several factors to assess which locations have the most acute need, and where it would be feasible and beneficial to roll-out elements of the approach being taken in Rotorua. This will provide advice on:

- **Whether we should expand the “Rotorua model”, or elements of it to other locations, and under what circumstances:** this will consider whether applying elements of the Rotorua model more broadly could mitigate current risks and deliver better outcomes for families and whānau with children and others with complex needs.
- **Whether we can expand the model, and how we should expand it:** this will consider how we phase expanding the model, and account for any constraints, practical considerations, and risks associated with expanding the model. For example, provider capacity for services could be an issue in some locations.
- **What locations we should look to expand to:** this will consider factors such as social harm associated with motel use in different locations, concentration of Emergency Housing – Special Needs Grants, and length of time spent in emergency housing.
- **Focus cohorts:** this will consider whether any cohorts should be prioritised over and above families with children.

The Cabinet paper will also place the proposals in their wider context and note work to reduce the need for emergency housing, and the plan to reduce motel use

14. This will address the fact that there will be an ongoing need for emergency housing, and that the proposals provide an interim step to address urgent need as more permanent options are delivered.
15. Beyond that, the Cabinet paper will provide information on:
- A strategic and phased cross-government approach to reducing motel-based provision of emergency housing, including the pipeline of both Transitional and Public Housing in locations with high motel-use
 - Work to address underlying demand and ensure permanent options and support are available
 - Work MSD is doing to improve the safety and quality of emergency housing, and note the need for regional commissioners to coordinate and lead local efforts.

Timeframe

16. The first SWC meeting following the Budget 21 Moratorium is on 2 June 2021. To meet that timeframe would require a considerably shorter timeframe for agency and Ministerial consultation than usual, and completing detailed analysis for the broader scope we propose will be challenging.

Date	Milestone
24 May	Initial draft of Cabinet paper to you for feedback, formal Ministerial consultation, and further agency consultation
26 May	Feedback from ministerial and agency consultation
27 May	Cabinet paper lodged
2 June	Social Wellbeing Cabinet Committee considers proposals
7 June	Cabinet considers proposals

17. Our preference would be to take the paper to SWC on 9 June 2021. This date will provide more time for Ministerial consultation, and enable more detailed analysis of possible expansion of the Rotorua model.

Date	Milestone
25 May to 27 May	Draft paper to housing ministers to provide feedback
28 May to 2 June	Revised draft provided to you for, formal ministerial consultation, and further agency consultation
2 June	Feedback from ministerial consultation
3 June	Cabinet paper lodged
9 June	Social Wellbeing Cabinet Committee considers proposals
14 June	Cabinet considers proposals

Next steps

18. Officials are available to meet with you to discuss the proposed scope of the Cabinet paper.
19. Subject to your direction, we will continue policy work to address the issues canvassed in this paper, and provide you with a draft Cabinet paper on 24 May 2021.

Update on Improving the Provision of Emergency Housing

1. Current use of Emergency Housing Special Needs Grants (EHSNG) motels nationwide

EHSNGs were originally intended to support people into temporary emergency accommodation and to be used as a last resort. Due to significant stressors in housing such as affordability, limited supports, lack of supply and the impacts of COVID-19, EHSNG's have been used differently than were intended.

- Current issues with EH motels:**
- Issues relating to **safety and security** of some motels.
 - Motel rooms unsuitable** for families
 - MSD has limited resources to support higher needs clients in EH.
 - There is **limited supply** of motels in some areas.
 - Clients do not always **meet their obligations** and can **cause damage** to motels (both accidental and deliberate).
 - Clients staying longer than intended.

- Gateways into EH motels:**
- For a cohort of EHSNG recipients who received a grant in 2020, we looked at housing assistance provided by MSD in the last 12 months before the EHSNG was granted. For the cohort:
- 43% had received Accommodation Supplement (either for renting or boarding costs)
 - 21% had received a previous EHSNG
 - 7% had a Steps to Freedom grant
 - 3% had links to Public Housing
 - 35% had no specific form of housing assistance

Other use of motels (as at December 2020) include Contracted Motels (907 places) and COVID response motels (983 places). Other players in motel use include Police/Corrections and Oranga Tamariki.

EHSNG Cohort:

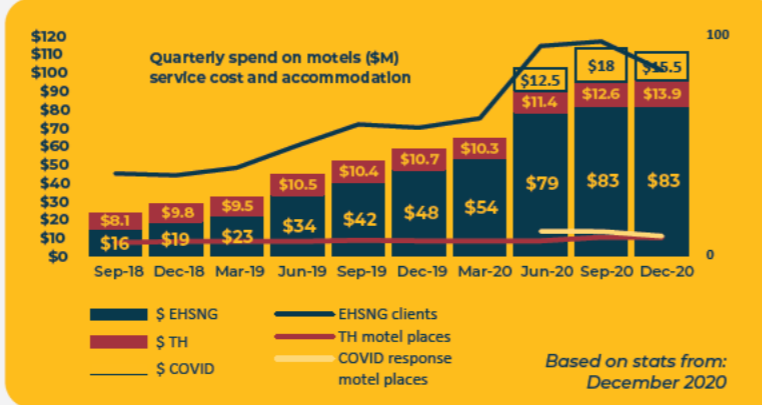
- 58% are Māori
- 53% are families with children
- 40% are singles
- >50% are people with disabilities, health conditions, drug or alcohol dependency or mental health needs

3,928 households EH SNGs

\$322M Total spend in last year

\$3,021 Average cost per household p/w – excludes support services

Based on stats from: March 2021



2. EHSNG use is growing despite increases in Public Housing (PH) and Transitional Housing (TH)

	HOUSING REGISTER	EMERGENCY HOUSING (EH SNGs)	TRANSITIONAL HOUSING	PUBLIC HOUSING	SUPPORT IN PRIVATE MARKET
Supports provided	-	Limited supports available when compared to TH and COVID response places	Wrap-around supports	Tenancy and property management	-
JUL 2016	6,070 applicants	Launched	Launched	65,957 places	291,302 AS recipients* 62,362 TAS recipients*
OCT 2017	7,316 applicants	700* households	1,718 places	66,216 places	285,215 AS recipients 66,275 TAS recipients
JAN 2021	27,078 applicants	3,932 households	3,972 places	73,273 places	377,379 AS recipients 93,939 TAS recipients
\$ Spend Dec 20 Quarter	n/a	\$82.5m	\$49m	\$288.5m	\$501.7m (AS) \$80.1m (TAS)

*AS - Accommodation Supplement is a weekly payment which helps people with their rent, board or the cost of owning a home
 *TAS - Temporary Additional Support is a weekly payment that helps people cover essential living costs, such as food or utilities
 *October 2017 are provisional
 *EHSNG households are based on the number of households in a fortnight

For discussion, not government policy

3. We are progressing a new model to address urgent need in Rotorua

Rotorua model: a case study



Rotorua is unique and not all locations have the same level of issues: Rotorua's EH situation is particular to its set of conditions and other areas are not facing the same pressures.

There is an urgent need to address the significant and growing homelessness and motel use in Rotorua due to:

- Strong population growth and limited housing development
- 54% rise in median rents, limited access to affordable rentals
- 5:1 Ratio for EHSNG households to Transitional Housing(1:1 around NZ)
- Homelessness due to COVID-19
- 500 households in govt-funded motels, 380 are EH including 200 families with children
- High density of motels creating communities of vulnerable people
- People in EH due to family violence
- The need for targeted cohort support, starting with families

Rotorua Housing Taskforce established by Rotorua Lakes Council, Te Arawa Iwi, and MSD, HUD, Kāinga Ora to develop solutions

Actions

- 200 families with children moving from EH to contracted EH, then expanding to other groups such as rangatahi / young people
- HUD contracting motels (and MSD pays EHSNG)
- Expansion of Support Services
- Strengthened assessment and placement processes
- Housing HUB (co-location of Government, Iwi, NGO's)
- Kāinga Ora progressing immediate supply options
- Increased support to other stakeholders (eg Women's refuge)
- Exploring the Council's role in assessing/checking accommodation quality
- MSD work on suitability, complaints and case management

Public and Transitional Housing pipeline:

As part of the work undertaken by the Housing Taskforce, Kāinga Ora has intensified its involvement in Rotorua to identify TH and public housing opportunities to ensure a pathway to more permanent housing solutions, beyond motel use. These include 9(2)(j)



Benefits of Rotorua Model

- Benefits for individuals/whānau:**
 - Increased quality of housing
 - Increased support services
 - Suitable accommodation for families
 - Increased safety
 - Pathway to more permanent housing
 - Streamline assessment and placement processes for clients
- Benefits for community:**
 - Decrease in anti-social behaviour in EH
 - Improved flexibility for partnership with iwi
 - Better long term outcomes for key groups
 - Greater community support for provision of emergency housing
 - Government enabling key pillars (council, Kāinga Ora, NGO's, iwi) to drive better outcomes

It will be necessary to take a 9(2)(f)(iv)

Update on Improving the Provision of Emergency Housing

4. We need to take a staged and planned approach to transforming the emergency housing system to a model that is better fit for purpose

Urgently roll out actions in Rotorua

We will focus on ensuring adequate supports are available for those in motels and that we have more control over price, quality and placement, by increasing alternatives to EHSNG through contracting and bringing on more TH and Public Housing as permanent supply

HUD contracts motels as Emergency Housing for key cohorts

Increasing support services for clients in EHSNG or contracted motels

Improve triaging and placement processes, including potential exploration of 9(2)(f)(iv)

Establish Housing HUB with co-located govt & non-govt services to streamline assessment

Kāinga Ora progressing immediate housing options

Looking at options to 9(2)(f)(iv)

MSD is undertaking work to cease use of unsuitable motels and ensure accommodation is suitable, work on implementing a new complaints process, and additional case management for ongoing supports for clients

Advice to Cabinet 9(2)(f)(iv)

Tackle urgent needs and issues, while taking actions to address underlying system issues leading to demand for EHSNGs across the country

Implement and embed the prevention initiatives outlined in the Homelessness Action Plan (2020 - 2023)

Increase supply of transitional housing by 2,000 places (to be delivered by June 2022)

Develop a more planned and cohesive approach to emergency housing, including cohort targeting, support services and conversion to Public Housing over time

Take a place based response working in partnership with local councils, Māori and Iwi to deliver supply and support services and improve quality of accommodation

Work under the Homelessness Action Plan, focused on at-risk cohorts such as rangatahi / young people and disabled people (2020 - 2023)

Increase supply of affordable housing, public housing and sub-market rental housing, and increase access to private rentals

Significant actions are already underway or in place

- Measures to increase supply of Public and Transitional Housing - Build Programme to deliver over 18,000 new public and transitional housing places by 2024
- The Homelessness Action Plan was launched in February 2020 with over \$400 million to prevent and reduce homelessness. All 18 immediate actions are now in place or underway. The Homelessness Action Plan recognises that some cohorts are at greater risk of homelessness including rangatahi/young people and disabled people
- Range of programmes and supports to keep people housed and prevent the need for EHSNGs – these include Sustaining Tenancies, Ready to Rent programmes and Rental Arrears Assistance
- MSD have a range of initiatives underway, including implementing new roles (intensive case managers, navigators and contracted Support Services) to support people in emergency housing and Housing Brokers to support clients into private rentals

There may be limits on applicability and capacity within the system 9(2)(f)(iv)

9(2)(f)(iv)

For discussion, not government policy

5. Next steps and key decisions

Immediately - MSD, HUD, Rotorua Lakes Council and others will be working intensively to implement the motel contracting option and other elements in Rotorua.

May - Advice on improving safety and security of emergency housing:

- Ceasing use of unsuitable motels and moving clients into more suitable accommodation.
- Developing a process for ensuring emergency accommodation is suitable.
- The potential for a complaints process for emergency housing suppliers.
- Ensuring clients are aware of their obligations when staying in emergency housing.
- An update on reporting on the amount paid out as security deposits made, recoverable in the event of damages to the emergency housing.
- Current support being provided to clients in emergency housing.

2 June (SWC) – Cabinet paper that will seek agreement to a funding model and dedicated appropriation for the emergency housing model outlined for Rotorua. This could include transferring some of the existing EHSNG spend. Key future decisions (tbc) that could also be explored in the advice or subsequent advice include:

9(2)(f)(iv)

6. Other relevant advice has been provided and more will be produced over the next couple of months

Supports that enable people to access safe, secure and appropriate accommodation in the private rental market:

- May** - How can we better support people in private rental or provide alternatives to public housing?
 - Initial advice on the Accommodation Supplement Review.
- Jun** - Advice on the continuation of the payment for Rent Arrears.
- Sep** - 9(2)(f)(iv)

How people are assessed and prioritised for public housing:

- Feb** - Insights from the Public Housing Register: applicants for public housing and their current situation.
- Mar** - Options for short to medium term changes to the way the SAS assesses and prioritises housing need.
- May** - Public Housing Register Management: A targeted approach. Cabinet paper on restarting tenancy reviews for people in public housing Advice on increasing Housing Supply.
 - Housing Cabinet papers focused on increasing public housing supply, improving affordability and enabling infrastructure – Advancing the supply and affordability package (Housing Acceleration Fund) and Bringing forward the upzoning of land.
- Jun** – Cabinet papers strengthening the system to deliver housing now and in the future. Setting the long-term direction for the housing and urban system (GPS-HUD) and development of a draft Māori Housing Strategy.
 - Utilising staged funding to accelerate public housing.
 - Additional action in the Homelessness Action Plan to support rangatahi / young people.
- Sep** - 18 month review of Aotearoa NZ Homelessness Action Plan.

Advice on changes to the gateway to public housing:

- May** - What should the purpose of public housing be?
- Jun** - How should we assess and prioritise access to public housing?



Update on Emergency Housing in Rotorua

Date: 13 May 2021

Report no.: REP/21/5/461

Security level: IN CONFIDENCE

Priority: Medium

Action Sought

Hon Carmel Sepuloni
Minister for Social Development

For information

13 May 2021

Contact for telephone discussion

Name	Position	Telephone	1st Contact
Alex McKenzie	Manager, Housing Policy,	9(2)(a)	<input checked="" type="checkbox"/>
Hayley Hamilton	General Manager, Housing Policy	9(2)(a)	

Report prepared by: Out of Scope Policy Analyst

Minister's office comments

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to (specify)

Comments

9(2)(a)

Date received from MSD

13 MAY 2021

Date returned to MSD

17 MAY 2021



Report

Date: 13 May 2021

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Update on Emergency Housing in Rotorua

Purpose of the report

- 1 This report provides you with an update on contracting emergency housing suppliers in Rotorua to better support families with children in emergency housing, as recommended by the Rotorua Housing Taskforce.
- 2 It also responds to your request for information on the following aspects of emergency housing, mainly relating to Rotorua:
 - 2.1 ceasing the use of unsuitable motels and moving clients into more suitable accommodation
 - 2.2 developing a process for ensuring emergency accommodation is suitable
 - 2.3 the current complaints process for clients and the potential for a complaints process for emergency housing suppliers
 - 2.4 ensuring clients are aware of their obligations when staying in emergency housing
 - 2.5 an update on reporting on the amount paid out as security deposits made recoverable in the event of damages to the emergency housing
 - 2.6 current support being provided to clients in emergency housing.

Executive summary

- 3 Due to wider market failures and the undersupply of public housing in Rotorua, the volume of Emergency Housing Special Needs Grant (EHSNG) households in Rotorua is the highest in New Zealand by population (approximately 380 households currently receive an EHSNG in Rotorua).
- 4 In response to the situation in Rotorua, the Rotorua Housing Taskforce was established in March 2021 to find solutions to homelessness. Immediate solutions have been agreed by Ministers Woods, Davidson and you to contract motel units and support services to provide more secure accommodation for families with children. This work is currently underway, and officials expect to relocate approximately 200 households to these motels within 12 weeks.
- 5 You have also requested information on stopping the use of unsuitable motels in Rotorua. Ministry of Social Development (MSD) has identified and stopped future referrals to three motels in Rotorua which have received a number of complaints regarding their suitability for EH. We have contacted all clients in these three motels and have moved the majority of them. There are two clients remaining who have requested to stay due to their circumstances.
- 6 We will develop a framework to identify suitable motels engaging with the Ministry of Housing and Urban Development (HUD), Kāinga Ora, Rotorua Lakes Council, iwi and

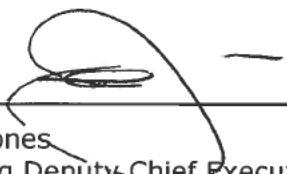
non-government organisations. Key criteria will need to be agreed on to ensure the adequacy of emergency accommodation and consistency.

- 7 MSD has recently implemented a new complaints process for clients to make complaints about their emergency housing. Officials will expand the complaints process to include supplier complaints currently being managed at a local level.
- 8 You have also requested information on options available to MSD when a client has breached the conditions of their EHSNG (for example they have damaged motel property or have behaved antisocially). Currently MSD has the ability to make EHSNG recoverable or decline grants. In practice MSD seldom declines clients in breach of their obligations for an EHSNG as making sure people have a place to stay is priority. Other factors are considered when declining emergency housing for a client in breach of their obligations, such as their health and safety or if they have children.
- 9 In Rotorua we are continuing to provide case management for the majority of households in emergency housing. Having a dedicated case manager will mean those clients will be able to access an integrated service that works to ensure the right support (income, employment, and housing). For clients not receiving case management, MSD has called them to ensure their accommodation is suitable. Officials are also developing an approach for new emergency housing clients, so they can connect to a case management service earlier.

Recommended actions

It is recommended that you:

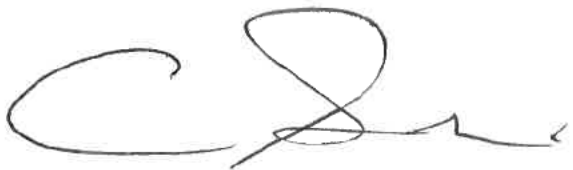
- 1 **Note** that due to wider market failures and the undersupply of public housing in Rotorua, the volume of EHSNG households in Rotorua is the highest in New Zealand by population
- 2 **Note** that in response to the situation in Rotorua, the Ministry of Housing and Urban Development and the Ministry of Social Development are working to contract motels for approximately 200 families with children currently receiving an EHSNG
- 3 **Note** that in Rotorua the Ministry of Social Development has stopped future use of motels which we have identified as unsuitable
- 4 **Note** that the Ministry of Social Development will create a nationwide process for ensuring motels it uses for the purposes of emergency housing are suitable (in consultation with key stakeholders) and report back in early June 2021
- 5 **Note** that the Ministry of Social Development has recently introduced a new national complaints process for client complaints about emergency housing
- 6 **Note** that the Ministry of Social Development will expand the complaints process to include complaints from emergency housing suppliers about emergency housing clients, providing the ability to report national and regional data
- 7 **Note** that the Ministry of Social Development will undertake further work to explore options for reinforcing the obligations of clients in emergency housing and take the appropriate action (in respect of damage, theft or anti-social behaviour) that considers the needs of vulnerable clients and children, and report back to you
- 8 **Note** that the Ministry of Social Development will develop a short-term approach to capturing recoverable grants made for security deposits while MSD creates a longer-term system for capturing this information more accurately
- 9 **Note** that the Ministry of Social Development is providing extra check-in support and reporting for emergency housing in Rotorua and is progressing nationwide implementation.



Liz Jones
Acting Deputy Chief Executive
Service Delivery

13/5/21

Date



Hon Carmel Sepuloni
Minister for Social Development and Employment

16/5/21

Date

Background

- 10 This report responds to your request for information on the current status of emergency housing in Rotorua and outlines the processes in place and actions MSD and HUD are taking to address some of the concerns about emergency housing. This report focuses on Rotorua although there are similar issues with emergency housing in other parts of New Zealand. This includes Wellington and Napier and the East Coast. Any changes we make to the emergency housing model in Rotorua may be required in other areas.
- 11 The supply of housing in Rotorua has not responded to recent population growth, particularly for lower-income households. Rents have increased significantly, and homelessness is a growing problem. There is an undersupply of both public housing and transitional housing in Rotorua which is placing greater pressure on emergency housing.
- 12 There are approximately 380 households receiving the Emergency Housing Special Needs Grant (EHSNG) in Rotorua¹. The volume of EHSNG households in Rotorua is the highest in New Zealand by population.
- 13 The **Rotorua Housing Taskforce** was established in March 2021 comprising the Rotorua Lakes Council, Te Arawa iwi and officials from MSD, HUD, Kāinga Ora and Te Puni Kōkiri. The New Zealand Police and the Lakes District Health Board are also participating. The Taskforce is working to develop solutions to the homelessness and emergency housing situation in Rotorua. The immediate solutions that have been noted and agreed to by Ministers Woods, Davidson and you are:
 - HUD contracting motel units and support services to provide more stable and secure emergency housing for families with children. MSD would retain responsibility for assessment and placement of people into the contracted motels
 - additional support services for EHSNG clients, with a priority focus on children and families initially, then on those with high and complex needs
 - strengthening assessment and placement processes for emergency housing clients and working on implementation of a Rotorua Housing HUB
 - Kāinga Ora motel purchases, and progress being made on the public and transitional housing build pipeline
 - officials undertaking further work on possible legislation to give Rotorua Lakes Council a time-limited power to use reserves land for housing (for report back to the Minister of Housing in May 2021).
- 14 Over the next two months, MSD, HUD and the Rotorua Lakes Council will be working intensively to implement the motel contracting option. This will require a working group approach to undertake tasks that include identifying motels that meet regulations, ensuring the Rotorua Housing HUB is in place, ensuring providers and support services are in place, ensuring MSD assessment and placement processes are aligned to ensure swift placement in contracted motels, and appropriate support services are provided to other EHSNG clients not in contracted motels.

Proposal to contract motels in Rotorua

- 15 Work is underway with HUD to contract emergency housing for approximately 200 families and other priority groups currently in emergency housing in Rotorua. These contracted places will be prioritised for families with children initially. This contracting

¹ There are approximately 500 households in government-funded motels in Rotorua. This includes motels contracted by HUD as transitional housing, the COVID-19 response motels contracted by HUD and around 380 households receiving the Emergency Housing Special Needs Grant (EHSNG) from MSD. The volume of EHSNG clients is the highest in New Zealand by population. In addition to this, both Oranga Tamariki and the Department of Corrections use motels in Rotorua.

will be similar to HUD's contracting model (used for Transitional Housing). Eligible clients relocated to contracted motels clients will continue to receive the EHSNG.

- 16 Having contracted motels available will enable MSD to provide greater security for clients in emergency housing than the current EHSNG model allows for. The remaining clients receiving EHSNGs will continue to receive support where necessary (through case management, contracted navigators and housing brokers).
- 17 Operational planning is underway to meet the timeframe for the contracting and resource consent requirements. The timeframe to transfer the priority cohorts into newly contracted emergency housing is approximately within 12 weeks (end of June, beginning of July 2021), but officials are aiming to make significant progress by the end of May 2021.

Ceasing the use of unsuitable motels in Rotorua

- 18 Before a client is placed into emergency housing, they have a discussion with a MSD staff member to assess their circumstances and options. If emergency housing is required, MSD can provide an EHSNG to the client to pay for their temporary stay in commercial accommodation, usually in the form of a motel. The client has some choice around where they stay, and the MSD staff member can provide information on emergency housing suppliers that may be most suitable for the client. In most cases, MSD will then pay the supplier directly, for a period of between seven and 21 days. In some cases, the client can be given a pre-loaded card to pay for their stay.
- 19 Where MSD has received complaints about the suitability and safety of certain emergency housing suppliers or MSD staff have visited these sites and have determined it may not be suitable for emergency housing purposes, MSD will advise clients against choosing to stay with these suppliers. From 3 May 2021, MSD stopped recommending six motels in Rotorua due to their unsuitability. While MSD can advise clients seeking emergency housing that there have been complaints about suppliers or that they may not be suitable for the client's needs, this is only guidance and the client has autonomy over where they stay (though MSD will only pay reasonable costs for emergency accommodation).
- 20 For the three most unsuitable motels in Rotorua, which have been identified as not appropriate for providing emergency housing, MSD has relocated all but two clients to more suitable motels. These two single clients wanted to stay at the motels they are in due to their circumstances, we are staying in regular contact with them.
- 21 There are a further three motels that MSD staff had received a number of complaints about. As of 6 May 2021, all emergency housing clients have been contacted to ensure they are in suitable accommodation, and in two instances where this was not the case, have been moved to more suitable motels. MSD is continuing to follow up with the two people who we were unable to reach.

Process for deciding which emergency housing options are suitable for MSD clients

Service and quality standards

- 22 Currently the Ministry, at a local level, determines suitability of motel use based on feedback we have received from clients staying there, or where MSD has made a visit to the facility. Not all motels are suitable for our clients, particularly whānau with children. There are several reasons that motels may be seen to be unsuitable, these include:
 - not meeting minimum cleanliness and quality of service standards
 - being in an unsafe or inappropriate location for children (busy road, no fencing, far from schools)
 - lacking the room configuration required or the facilities necessary to accommodate complex needs

- the presence of other patrons at the motels who are gang members, former offenders or people with complex mental health and addiction needs.
- 23 The Rotorua Housing Taskforce has identified some motels which are most unsuitable to provide emergency housing.

Options for an approach beyond Rotorua

- 24 MSD will carry out further work to develop a formal process for identifying suitable suppliers at a national level. MSD, alongside HUD and Kāinga Ora, will explore options for designing a robust process to make decisions about suitable motels based on agreed criteria. This should be done through engagement with local government, iwi, non-government organisations. Identifying suitable accommodation may be more difficult in other areas where there is a shortage of available motel accommodation.
- 25 Key factors to ensure suitability of motels include:
- The standards that motels are required to meet under relevant legislation that applies to them (including compliance with fire and emergency standards, building code requirements and health and safety standards. We will consult with Local Government New Zealand to get a definitive list of the legal requirements for motels
 - location and suitability of room configuration
 - agreement from the motelier about the housing of specific groups of clients.
- 26 Any process determined to ensure emergency housing is appropriate for clients will be consistent with the aim to reduce the long-term reliance on motels (through more transitional and public housing places and the medium-to-longer term initiatives to increase the supply of housing, particularly rental housing for lower income households). We will provide you with further advice on the process for assessing suitability of accommodation and timeline for implementation.

Emergency housing complaints process

New client complaints process implemented from 28 April 2021

- 27 MSD has implemented a new centralised process for recording client complaints about the quality of motel accommodation. This process was implemented to provide a systematic mechanism for managing complaints received from emergency housing clients about the service or accommodation standards from the emergency housing supplier.
- 28 If the client expresses concern for their safety to MSD staff, this issue will be examined promptly.² Complaints to MSD will be acknowledged within 24 hours of receipt and investigated by an MSD staff member. The emergency housing supplier and MSD will then have a discussion about the issue raised. If the emergency housing supplier can address the issue, there is an expectation that they will do this. If after the discussion there is no positive outcome, then alternative options will be discussed with the client and they may need to relocate to another supplier.

Recording complaints from moteliers and other parties

- 29 Currently complaints received from emergency housing suppliers are received and addressed at a local level. A national complaints process for suppliers will be implemented. The Ministry would benefit from a more formal channel through which emergency housing suppliers can raise complaints to us about emergency housing clients so that we can report and ensure consistency in our approach and response.

² Clients are instructed to contact Police about immediate risks to their safety or someone else's, or if they are aware of criminal activity.

Ensuring clients understand their obligation when in EH

- 30 Before MSD grants an EHSNG, MSD advises clients of their responsibilities and the conditions of payment. This includes ensuring clients are aware of the requirement to pay an emergency housing contribution of 25 percent of their income, the need to follow the emergency housing supplier's rules of stay, and the consequences for not following those rules.³ Clients also sign up to these responsibilities and acknowledge the consequences when they sign the EHSNG application form. When the client arrives at their accommodation, the emergency housing supplier may also inform the client of any rules.
- 31 If the client causes any damage, they will be liable for the costs arising from that damage. Often these damages are covered by the security deposit granted at the start of the client's stay. The security deposit is generally not granted for more than the equivalent of seven nights of accommodation costs and is always recoverable by MSD from the client. The client will be liable for any remaining amount if the damages exceed the security deposit. The supplier can only be paid if they have incurred damage or loss (that is not covered by insurance). If there is no damage or loss, the security deposit will not be needed.

MSD's options for clients who are continually in breach of their obligations

- 32 Where clients have damaged the property or acted in an anti-social way, MSD may consider that they have unreasonably contributed to their immediate emergency housing need. As a result, the EHSNG may be declined where the client is applying for a further grant. However, if there is a risk to the client or their immediate family's health or safety, the Special Needs Grant for emergency housing can be granted as recoverable assistance.
- 33 In practice, MSD does not often make grants recoverable or decline EHSNG as it is an option of last resort for clients. Recoverability of EHSNGs has decreased from 12 percent of grants and 11 percent of spend in the Quarter ending 30 June 2017 to 1 percent of grants and 1 percent of spend in the quarter ending 31 March 2021. The rate of declines also peaked in 2017 at 3.5 percent of recorded applications, dropping to 1 percent in 2019. In the last 12 months the rate of decline has been between 2 percent and 2.7 percent.
- 34 We will provide you with further advice, where we will examine options for disincentivising damage, theft or other anti-social behaviour in emergency housing that balances the needs of vulnerable clients and children.

Reporting on amount owed to MSD for damages

- 35 MSD makes the security deposit payment through the client management system, which offers limited categories for coding payments. Emergency Housing security deposit payments are made under the broad code, 'Other Emergency Grants'. These emergency housing payments are not distinguishable from other payments in the data reported.
- 36 Information about security deposits paid to emergency housing suppliers is contained in individual records. It would require the manual review of thousands of files and payments for MSD to determine the total value of payments made to emergency housing accommodation suppliers for damages or loss.

Interim and longer-term approaches to reporting on recoverable grants for motel damage

³ Consequences could include being asked by the motelier to leave the accommodation or having the full amount of the EHSNG made recoverable so that it must be paid back or being declined for future grants.

37 MSD is investigating the development of an interim structured note type to be added to the system to better estimate which emergency grants relate to the payment of costs for damage in emergency and transitional housing. This could be implemented within two months and would enable MSD to better estimate the number and size of grants for damages for emergency housing.

38 s 9(2)(f)(iv)

Planned ongoing support for clients in emergency housing

39 There will be additional case management for clients receiving emergency housing grants in Rotorua and staying in emergency housing for longer than one week. Having a dedicated case management will mean that those clients will be able to access an integrated service that works to ensure that clients:

- are getting their full and correct entitlement
- are in appropriate accommodation
- have the right supports in place
- have a plan which supports clients towards sustainable housing and employment when the time is right.

40 We have carried out analysis of the approximately 380 households in Rotorua receiving an EHSNG. All but 70 households have case management and/or are supported by a Housing Navigator. We expect that all clients will have case management within the next six weeks.

41 Those 70 households not included in a case management service have been contacted by MSD staff to ensure their accommodation is suitable. Clients in emergency housing are contacted at the time of their EHSNG renewal but will also receive an additional check in-between their renewals.

42 The check-in call will be made primarily by a member of MSD staff (case manager or housing broker). The purpose of the check in will be to assess the suitability of the emergency housing, ongoing housing needs and support with any other questions or issues that may arise during the call.

43 Officials are also developing an approach for new emergency housing clients, so they can connect to a case management service quickly.

Next steps

44 MSD and HUD will provide you with an aide-memoire and A3 on contracting emergency housing in Rotorua and the approach to better managing emergency housing in the future at a national level. We understand that you will be taking this material to the Cabinet Social Wellbeing Committee on Wednesday 12 May 2021.

45 Officials are also reporting back on the on the detail of the contracting approach in Rotorua before the end of May 2021.

File ref: REP/21/5/461

Author: Out of Scope Analyst, Housing Policy

Responsible manager: Alex McKenzie, Manager, Housing Policy

Aide-mémoire



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Cabinet Meeting

Date: 12 May 2021 **Security Level:** IN CONFIDENCE

For: Hon Dr Megan Woods, Minister of Housing
Hon Carmel Sepuloni, Minister for Social Development and
Employment

File Reference: REP/21/5/465

Aide-memoire: Oral item on transforming Emergency Housing in New Zealand

Meeting details Cabinet Social Wellbeing Committee (SWC), Wednesday 12 May

Purpose This aide-memoire provides advice and talking points to support your oral item at SWC on Emergency Housing (EH). It provides an update on current issues, and immediate and longer-term plans to alleviate EH pressures in Rotorua and across New Zealand.

Summary

- The Government has increased supply of public housing (PH) and Transitional Housing in the last five years, with 3,972 Transitional Housing and 73,273 PH places provided as at January 2021.
- Despite this, the number of clients in EH Special Needs Grant (EH SNG) motels has gone up substantially: from 700 households in October 2017 to 3,932 households by January 2021.
- Reliance on motels for EH is increasing due to housing unaffordability, lack of supply, and limited prevention and support – all of which have been exacerbated by the COVID-19 pandemic.
- Current issues with Emergency Housing motels are:
 - Issues relating to safety and security of some motels.
 - Motel rooms are unsuitable for families.
 - MSD has limited resources to support higher needs clients in Emergency Housing.
 - There is limited supply of motels in some areas.
 - Clients do not always meet their obligations and can cause damage to motels (both accidental and deliberate).

-
- Clients are staying longer than intended (it was designed to be a temporary intervention while people secured more sustainable accommodation).
 - Rotorua has been facing urgent housing pressures. Immediate action to be in place by June 2021 is being taken in collaboration with Te Arawa Iwi and Rotorua Lakes Council, to respond to the situation, including:
 - the Ministry of Housing and Urban Development (HUD) contracting EH places with suitable facilities, along with wraparound support services for whānau with children,
 - expanding client support services in EH SNG or contracted motels,
 - possible legislative amendment to give Rotorua Lakes Council a time-limited power to use reserves land for temporary housing, and
 - Kāinga Ora progressing immediate housing opportunities including opportunities for Transitional Housing on Māori land (including two motel purchases).
 - Further work is underway in Rotorua to establishing a Housing HUB as a co-location of Government, Iwi and NGOs to streamline placement processes across the housing continuum, with timing to be confirmed in two weeks after ongoing discussions with Iwi.
 - These actions will improve the quality of housing and services, the suitability of accommodation placements for diverse clients and family situations, and centre around iwi and whānau needs. The model also sets up a pathway to more permanent housing.
 - Some aspects of the Rotorua model will be able to be used elsewhere, but a place-based approach will be required when rolling out this model in other locations or even nationwide, as well as joint agency, iwi and local government buy-in to progress action. Each community has a different set of circumstances, needs, resources and provider capacity available.
 - Transforming the housing system requires a staged and planned approach to mitigate risks of long-term motel use:
 - Tackle urgent needs and issues, while taking actions to address systemic issues that lead to EH SNG demand across the country.
 - Increase supply of Transitional Housing.
 - Increase supply of affordable housing, PH and sub-market rental housing.
 - Increase prevention and support services.
 - Work within the Homelessness Action Plan to focus on at-risk cohorts such as rangatahi/young people.
-

Current use of motels**EH and Transitional Housing is increasingly being delivered via motels**

Growing demand for EH and Transitional Housing has been driven by a shortage of affordable housing, limited availability of prevention and support services, individual stressors and the COVID-19 pandemic.

Different types of housing offer varying levels of client support

- **EH SNGs** are administered by MSD to help people to meet their EH needs, generally to pay for a motel where no better option exists (granted for seven days at a time with no support). MSD has limited resources to support EH clients with higher needs. There are currently 3,928 households in EH SNG motels (March 2021).
- **Transitional Housing** places offer short-term housing, including contracted motels that can be vetted for safety and suitability, tailored support services and a further 12 weeks of support after leaving. There are currently 907 Transitional Housing motel places in contracted motels as at December 2020.
- **Public housing (PH)** are properties owned or leased by Community Housing Providers (CHPs) and Kāinga Ora that are tenanted to eligible people.
- **COVID-19 response places** provide wraparound support services during clients' time in the accommodation. There are currently 983 COVID response motel places as at December 2020.

EH SNG motels are unsuitable for long-term use

EH SNGs were introduced in 2016 with the intent that clients would only be in motels for up to seven days, as a last-resort measure. As demand increases, more clients are staying in motel places that are not fit for long-term occupancy for much longer periods than intended.

EH SNGs can allow clients to select their own motel placements which are then paid by MSD. As a result, MSD does not have the regulatory levers to guarantee motel quality or, in many cases, make decisions around their suitability and safety for diverse clients. Compounding these concerns are issues related to:

- the higher comparative cost of EH SNGs to Transitional Housing placements
- risks around placement of different cohorts with different needs, and
- limited numbers of supports available for clients with higher or complex needs in comparison to Transitional Housing and COVID-19 response places.

Many EH SNG recipients have received housing assistance before

For a cohort of EH SNG recipients who received a grant in 2020, officials looked at housing assistance provided by MSD in the last 12 months before the EH SNG was granted. For the cohort:

- 43% had received Accommodation Supplement (either for renting or boarding costs)
- 21% had received a previous EHSNG
- 7% had a Steps to Freedom grant
- 3% had links to Public Housing
- 35% had no specific form of housing assistance

Case study: Rotorua

Rotorua is facing unique and urgent housing pressures

Several drivers are placing pressure on the housing situation in Rotorua. These include:

- strong population growth matched with limited private and PH development
- housing costs rising sharply: the last five years have seen significant growth in median rents (54%) and house prices (84%)
- a shortage of affordable homes for low-income households: more people are experiencing periods of homelessness, including in EH and Transitional Housing
- an increasing PH register and unsustainable pressure being put on EH,
- high levels of family violence pushing people into EH, and
- the highest ratio in New Zealand of EH SNG households to Transitional Housing places (5:1 – compared to 1:1 around New Zealand).

At 19 March 2021, 371 Rotorua households were in EH SNG motels. Several issues have arisen as a result of this. In the absence of a tailored and vetted placement process, many clients are being placed in inappropriate environments for their specific needs. For example, some motels are not suitable for families and some do not have adequate safety measures in place.

MSD is looking to phase out 6 motels in response to these issues.

Actions will be rolled out in Rotorua immediately to alleviate housing pressures

HUD is in the process of contracting EH places with suitable facilities for cohorts of clients, with MSD paying the EH SNGs. Placements will be supplemented with wraparound support services. Approximately 200 households with children will be moving from EH SNG motels into EH motels that are contracted by HUD, with the aim of enabling safer, more stable housing supported by services for an eight to 12-month period. A dedicated funding stream will be developed to assist with this. Priority focus will be on children and families (including those

escaping family violence) initially and then on young people, and disabled people.

A collaborative Housing HUB is being established that co-locates government services, Iwi and non-government organisations. Timing will be confirmed for this in the next two weeks after discussions with Iwi. This will streamline triaging and placement processes across the housing continuum to ensure clients' full needs are being considered.

More funding is being allocated to key stakeholders, such as Women's Refuge, to respond to the rise in family violence and its corresponding implications for EH SNG demand.

A PH and Transitional Housing pipeline is being strengthened. Kāinga Ora is also progressing immediate housing opportunities in Rotorua, including:

- Transitional Housing opportunities across two sites, with up to 65 potential units – with Ministerial approval to be sought by officials soon,
- affordable and market housing on land acquired, with an agreement currently being finalised for up to 57 permanent homes to be built over the next two-to-three years,
- Public and Transitional Housing opportunities being explored across a large number of sites, which could yield up to 370 sections if fully progressed, and
- engagement with iwi/Māori landowners in Rotorua on the use of their land for transitional housing.

HUD is also undertaking urgent work on a possible legislative amendment to give Rotorua Lakes Council (RLC) a time-limited power to use unneeded land reserves for Transitional Housing.

The Rotorua model has a number of benefits for clients and the local community

Placing clients in contracted EH motels allows MSD to ensure motel quality and increase the quality and provision of support services. This also enables MSD to make decisions around motel suitability and ensure placements are appropriate and safe for specific household needs. Involvement of local iwi Te Arawa has led to tailored iwi- and whānau-centric support and the model has set up a pathway to more permanent housing.

The model also benefits the community at large with Government supporting and enabling key pillars, such as local council, Kāinga Ora, NGOs and iwi, to drive better outcomes.

Considerations for scaling up the Rotorua model

Enabling a tailored response for Rotorua required significant resource in a short period of time

Rotorua's housing situation has been driven by conditions specific to the city. In developing a model to combat housing pressures in Rotorua, it has been critical for agencies, iwi, local government

and NGOs to work together to come up with joint solutions. The process was streamlined by having Ministers on board from its inception to achieve an authorising environment. Scaling up this model in other parts of the country could be time- and resource-intensive and would require similar levels of collaborative engagement.

Provider capacity to roll out support services more broadly may be limited in some locations.

While government contracted motels for EH provision is an effective mechanism for ensuring quality and control over the placement process, it is not a solution in itself. The model must be supplemented with a clear Transitional Housing, PH and private housing pipeline to establish clear pathways away from motel use.

Compliance with the District Plan around motel accommodation remains an issue. Rotorua requires change of use consents to authorise longer-term stays in motel accommodation. Officials are working through this issue with the council.

The costs involved with setting up similar models around the country will be substantial. Estimated costs for HUD to contract motels in Rotorua for 200 families with children are between \$28m-\$30m at this stage, depending on the level of support services required. Advice will be provided in a Cabinet paper on 2 June on how this could be funded.

Actions underway

Significant work is already underway across New Zealand

- Budget decisions have been made to invest in a Build Programme to deliver over 18,000 new PH and Transitional Housing places by 2024. Between 1 November 2017 and 31 March 2021, the total number of PH places increased by 7,631 and Transitional Housing places have increased by 2,364.
- The Aotearoa New Zealand Homelessness Action Plan was launched in February 2020 with over \$400m to prevent and reduce homelessness. All 18 immediate actions are now in place or underway.
- Work is underway in several supported housing initiatives, including Housing First and Rapid Rehousing.
- MSD has a range of initiatives underway, including implementing new roles (intensive case managers, navigators and contracted Support Services) to support people in EH and Housing Brokers to support clients into rental properties.

Transforming the emergency housing system: A phased approach

A staged and planned approach is required to transform the EH system into a model that is better fit for purpose

Initial focus will be on supporting those in motels while housing supply is increased and structural issues are addressed. It will be necessary to take a place-based approach to developing housing models in other locations around the country, as each community will have a different set of circumstances, needs, resources and provider capacity available.

The process for identifying suitable housing providers may be able to be implemented nationally and will require engagement with local government and a range of other stakeholders, depending on the specific needs and populations of individual regions. Many of the actions that Rotorua will be implementing immediately have the potential to be implemented in other cities and regions. This will require a more cohesive approach to EH, including cohort targeting, support services and conversion to PH over time

The government will look to reduce reliance on EH SNGs and phase out the use of motels over time by increasing supply of affordable housing, PH and sub-market rental housing, as well as increasing access to private rentals. Supply of Transitional Housing will also be increased by 2,000 places (to be delivered by June 2022). Prevention and support initiatives outlined in the Homelessness Action Plan, which includes strategies to target at-risk cohorts like rangatahi/young people, will be implemented and embedded.

Local council, iwi, Kāinga Ora and NGOs will be the pillars of a place-based approach, and Government should enable and support them to drive supply and support services in community.

Next steps

Officials will provide you with a draft Cabinet paper on 21 May for your feedback, ahead of the Social Wellbeing Cabinet Committee on 2 June.

Author: Out of Scope, Employment and Housing Policy (MSD)

Responsible manager: Hayley Hamilton, General Manager, Employment and Housing Policy (MSD)

Out of Scope, Manager, Housing Needs and Responses (HUD)

Annex A – talking points

- We have been working to respond to the sharp rise in demand for emergency housing, which saw a 67 percent increase in Emergency Housing Special Needs Grants (EH SNGs) between June 2019 and December 2020.
- This increase can be attributed to housing unaffordability, lack of supply, limited prevention and support, and individual life shocks like losing a job or family violence – all of which have been exacerbated in the COVID-19 pandemic.
- These issues are especially pronounced in Rotorua, which has seen strong population growth and limited new housing development, driving median rents up by 54% and house prices by 84%. These pressures are reflected in the fact that:
 - Around 500 households are in government-funded motels in Rotorua, including motels used as part of our COVID response, and those contracted as Transitional Housing or through the EH SNG.
 - There are 5 households receiving EH SNG for every Transitional Housing place available. In the rest of New Zealand this ratio is 1:1.
 - There is growing community concern about the continued use of motels for emergency housing.
- There is a wide range of work underway across the system to address homelessness and the underlying issues in the housing market.
- Government has been working actively in Rotorua for some time. In late 2019 a place-based partnership was agreed between Rotorua Lakes Council, Te Arawa Iwi, and government agencies.
- This partnership was set up in response to the pressing issues facing the community and its housing and urban system – there have been particular issues in Rotorua around homelessness and emergency housing, exacerbated by the need to house people quickly through the COVID-19 lockdown.
- Because of this, officials have been working intensively since March with iwi and Rotorua Lakes Council to identify immediate actions to enable more stable, safe and supported housing with an initial priority focus on families with children; ensure a pathway to a more permanent housing outcome; and implement a “by Te Arawa, for Te Arawa” approach.
- Approximately 200 households with children will be moving from EH SNG motels into EH motels that are contracted by HUD. While the work is initially focusing on these families, any additional support available will focus on young people, disabled persons and those escaping domestic violence.
- Kāinga Ora is also progressing immediate housing opportunities in Rotorua, including:
 - Transitional Housing opportunities across two sites, with up to 65 potential units – with Ministerial approval to be sought by officials soon
 - Affordable and market housing on land acquired, with an agreement currently being finalised for up to 57 permanent homes to be built over the next two-to-three years;
 - Public and Transitional Housing opportunities being explored across a large number of sites, which could yield up to 370 sections if fully progressed; and
 - Engagement with iwi/Māori landowners in Rotorua on the use of their land for transitional housing.

- Relevant Ministers have agreed to four immediate actions in Rotorua.
 - Firstly, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development will contract specific motels to provide emergency accommodation. This will ensure that the motels are good quality and families are in suitable accommodation.
 - Secondly, Te Tūāpapa Kura Kāinga will contract additional wraparound support services to meet the needs of the families in those motels. MSD will also improve supports available for those remaining in the current EHSNG motel places.
 - Thirdly, MSD will retain responsibility for assessment and placement of people into the contracted motels and will strengthen assessment and placement processes for emergency housing clients.
 - Finally, to make access to housing support easier a Rotorua Housing HUB will be established where people and families will be assessed to identify what type of housing support and any additional support is needed. The HUB will be a physical location involving iwi, MSD, the DHB and NGOs.

- Officials are in Rotorua working with iwi and Council to implement the actions, with an immediate focus on contracting motels and providing support services by the end of June or early July 2021. Timing will be confirmed in the next two weeks for the HUB, after further discussions with iwi.
- To progress this work, we intend to take a paper to Cabinet in early June to seek agreement to a funding model that can support the planned approach in Rotorua.
- We have also asked officials to provide advice on whether the Rotorua model could be expanded to other locations. While the model may not be appropriate everywhere, we'll be looking at whether elements of the approach could be beneficial.
- We will also ensure that place-based approaches are at the centre of any expansion so that Iwi, local councils, NGOs, and other agencies are collectively shaping bespoke solutions.

Aide-mémoire



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Meeting

Date: 4 June 2021 **Security Level:** IN CONFIDENCE

For: Hon Carmel Sepuloni, Minister for Social Development and Employment

File Reference: REP/21/6/586

Draft Cabinet paper: Improving the provision of emergency housing in Rotorua and potential expansion

Purpose

On 3 June 2021 you received a draft Cabinet paper on improving the provision of emergency housing in Rotorua and potential expansion for feedback from the Ministry of Housing and Urban Development (HUD)[BRF20/21060987 refers].

This aide-mémoire provides you with advice as to the implications of the proposal for MSD.

Background

We have previously provided you with advice on proposed actions to address urgent issues around homelessness and emergency housing in Rotorua. This advice also outlined the actions that MSD is taking to support addressing issues with emergency housing in Rotorua [REP/21/4/417 refers].

The draft Cabinet paper outlines a proposal to implement the recommendation of the Rotorua Housing Taskforce¹ to support for the 200 families with children who are currently living in emergency housing motels in Rotorua.

Ministers have agreed that to a number of changes to meet urgent housing need in Rotorua. The paper seeks agreement to:

- an approach to fund the costs of contracting suitable motels and providing 'wrap-around' support for around 200 families and whānau with children currently receiving Emergency Housing-Special Needs Grants (EH-SNGs) in motels in Rotorua
-

¹ The Rotorua Housing Taskforce was established in March 2021 comprising the Rotorua Lakes Council, Te Arawa iwi and officials from MSD, HUD, Kāinga Ora and Te Puni Kōkiri. The New Zealand Police and the Lakes District Health Board are also participating.

-
- begin engagement on expanding the Rotorua model to recommended locations subject to future agreement by Cabinet.

The draft Cabinet paper has been prepared by HUD with input from MSD.

The proposed approach

The proposed Rotorua approach is based on a contracting model. HUD will contract specific motels to provide emergency accommodation, with an initial focus on the approximately 200 families with children in EH-SNG motels.

HUD will also contract additional wrap-around support services to meet the needs of the families in the contracted motels. MSD is also improving supports available for those remaining in EH-SNG motels (i.e. people without children).

Emergency Housing clients in contracted models will no longer receive EH-SNG, with the cost of accommodation covered by the contract between HUD and the motel. They will however still be required to pay the contribution of 25% of their income. This will be paid to the service provider.

The Rotorua Housing Hub will be implemented to strengthen assessment and placement processes for emergency housing clients and co-locate relevant services.

The approach in Rotorua also includes near-to-medium-term supply solutions with Kāinga Ora purchasing and converting accommodation for transitional housing; scaling up work to identify new-build opportunities; and HUD exploring legislative solutions to fast-track temporary housing on reserves land.

Some policy and operational settings are not yet determined

We have been working closely with HUD to develop the proposals to improve emergency housing provision in Rotorua. However, there are several policy and operational settings yet to be determined that require further work.

MSD have some reservations about the proposed funding option

HUD has recommended funding the contracting of motel places for emergency housing through a transfer from the Accommodation Assistance Appropriation (the BoRE appropriation containing EH-SNG funding) to a new dedicated appropriation, and reprioritising funding from existing baselines, potentially utilising the underspend in rent arrears assistance within the Housing Support Assurances MCA. ^{§ 9(2)(f)(iv)}

As noted in the paper, we have informed HUD that we consider that this approach will not be fiscally neutral. Some of the motel places that will be freed-up as a result of people with children moving into newly contracted motels will be filled by unmet demand in Rotorua, therefore diminishing any potential reduction in EH-SNG spend. We advise removing reference to the possibility of fiscal neutrality from the paper.

It is unusual for funding to be reallocated from a BoRE appropriation. BoRE appropriations are not intended to be used as a funding source from a fiscal management perspective.

HUD indicated some funding could be reallocated from the Housing Support Assistance MCA capital category – i.e. the underspend in rent arrears assistance. This is problematic as it will involve a complicated non-departmental capital to operating swap. The capital funding for rent arrears assistance is repayable by clients with no impact on operating allowances or Crown debt and the proposed approach would have a fiscal impact as the funding would be directed towards an activity which is not repayable to the Crown.

§ 9(2)(f)(iv)

MSD is likely to incur additional costs

There are likely to be further costs for MSD in implementing the proposals in Rotorua. These would include IT and administrative costs to enable us to capture and report on clients in these contracted emergency housing motels.

Expanding the approach to new locations will mean additional pressure on MSD contract administration resources. MSD currently provides contract administration on behalf of HUD.

Evaluation costs have not been included

There is currently no discussion of costs relating to evaluation. Given the intention to expand this model into additional locations, we have recommended HUD include evaluation costs as part of the proposal. We see evaluation as essential in building a outcomes-based body of evidence and to support continued improvements to practice on the ground.

We have identified some further risks to MSD and the Crown

The paper refers to MSD providing limited supports to those receiving an EH-SNG. § 9(2)(g)(i)

MSD services are targeted at the priority groups identified as part of the original settings. The original funding was approved as part of the Aotearoa New Zealand Homelessness Action Plan. Since this time, the growth in the number of EH-SNG clients has meant that not all clients are able to access the most intensive service. § 9(2)(g)(i)

§ 9(2)(g)(i)

We will work with HUD

to ensure equitable treatment of clients in both contracted and non-contracted emergency housing.

Next steps

We will work with HUD to resolve the remaining issues in the paper in relation to EH-SNGs and other MSD services and supports before the paper is lodged.

Author: s9(2)(a)

Responsible manager: Alex McKenzie, Policy Manager, Housing Policy



Report

Date: 14 June 2021

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Emergency Housing: Progress on implementing improvements and reporting

Purpose of the report

- 1 This report provides an update on progress in the following areas to improve the Ministry of Social Development's (MSD) processes for emergency housing (EH):
 - implementing a new approach to EH in Rotorua
 - support provided to clients in EH
 - ensuring motels being used for EH are suitable
 - the complaints process for both clients and providers
 - reporting on security deposit payments for damage caused to EH
 - information on MSD's approach to antisocial behaviour of clients in EH.

Executive summary

Implementing a new approach to emergency housing in Rotorua

- 2 On 14 June 2021 the Cabinet Business Committee considered and agreed to a paper on improving the provision of EH in Rotorua. The paper sought agreement to a new approach of contracting motels and providing support for around 200 families with children. We have been working alongside the Ministry of Housing and Urban Development (HUD) to develop the proposal.
- 3 The Rotorua Housing Taskforce was established in March 2021. Work undertaken by the taskforce includes identifying motels that meet regulations, progressing the implementation of a Rotorua Housing Hub, and ensuring EH providers and support services are in place. Motels and support services have been identified throughout Rotorua that will be contracted to provide wrap-around support services to clients.
- 4 Work is also underway in Rotorua to develop a housing HUB. This HUB will serve as a place to co-locate central government, Iwi and NGOs which will allow for streamlining of placement processes across the housing continuum.

Support provided to clients in emergency housing

- 5 Clients staying in EH are being connected with a dedicated case manager, ensuring they know what other services and supports are available to them. This integrated case management will address housing, income, and employment needs for clients and make sure they feel safe where they are staying. We expect that all clients in EH will be assigned a case manager by 18 June 2021. Each region has a dedicated staff member in place who clients will be able to contact when they first go into EH, prior to being connected with their case manager. This person will be available to answer any questions or address any concerns.

Ensuring motels being used for emergency housing are suitable

- 6 Each of our regions has carried out a check on the suitability of the motels they are using for EH. Our regional teams have put in place processes for ensuring that the suitability of EH motels is continually monitored.

Complaints process for both clients and providers

- 7 A client complaints process has been implemented to record complaints from clients about their EH. The system records a range of concerns including whether they feel safe in the accommodation, any issues with the accommodation itself, or issues with other EH clients.
- 8 A complaints process and system has also been developed to record complaints from EH providers. As of 9 June 2021, six complaints have been received with three of these being resolved and three currently under investigation.

Reporting on security deposits payment for damage caused to emergency housing

- 9 An interim process has been developed to allow for better estimation of which Emergency Housing Special Needs Grants (EHSNGs) relate to damages in emergency and transitional housing and will be used in the system from 21 June 2021. A more robust longer-term option which will allow for accurate reporting will be developed and implemented within the next 6 months.

Advice on mitigating antisocial behaviour of clients in emergency housing

- 10 MSD currently has two key levers to deter antisocial behaviour of clients in EH. If the client, through their own actions, unreasonably contributes to their immediate housing need while in EH, MSD may:
 - decline a further grant or
 - make the current grant recoverable.
- 11 MSD may decline grants to clients living in EH. More commonly, where a client has not met the conditions MSD will make their current grant recoverable. In addition to declining assistance or making a grant recoverable, where a client has caused damage to the provider's accommodation or contents, they are liable for the cost of the damage.
- 12 MSD's current approach allows case managers to take clients' circumstances into account before taking action. For clients who continuously breach their obligations in EH, MSD will take action and make further grants recoverable or decline any further financial assistance for EH. If a grant is declined, the client will be responsible for meeting their own ongoing costs for housing.
- 13 When clients apply for an EH grant, they are advised of their obligations and the consequences for breaching the conditions of the grant. To ensure EH clients are aware and clearly understand their obligations, MSD will strengthen messaging to clients about the consequences for behaving unreasonably while in EH at key contact points (such as at application and at renewal of their EHSNG).

Recommended actions

It is recommended that you:

- 1 **note** that the Ministry of Social Development and the Ministry of Housing and Urban Development officials have prepared a Cabinet paper which was considered and agreed to at Cabinet Business Committee on 14 June 2021, which outlines steps being taken to meet urgent housing need in Rotorua
- 2 **note** that the Ministry of Social Development is working to connect all clients receiving an Emergency Housing Special Needs Grant with a dedicated case manager by 18 June 2021

- 3 **note** that our regional teams have carried out checks of accommodation used for emergency housing and have put in place processes in all regions across the country to ensure the suitability of emergency housing is continually monitored
- 4 **note** the Ministry of Social Development has implemented a centralised process for recording complaints from clients about their emergency housing (from 28 April 2021) and from emergency housing providers (from 21 May 2021)
- 5 **note** the levers currently in place to manage antisocial behaviour in emergency housing are adequate in providing a disincentive but there is opportunity to make these levers more effective through clearer messaging and additional support to clients
- 6 **note** if a client, through their own actions or behaviour, unreasonably contributes to their immediate EH need while in EH, MSD may make the current grant recoverable or decline a further grant
- 7 **note** if a grant is declined, the client will be responsible for meeting their own ongoing costs for housing
- 8 **note** work is underway to reinforce client obligations at key contact points and to develop an information sheet for clients setting out their obligations and consequences for breaching these while in emergency housing.



Liz Jones
Acting Deputy Chief Executive
Service Delivery

15/6/21

Date



Hon Carmel Sepuloni
Minister for Social Development and Employment

20/6/21

Date

Background

- 14 This report is an update on progress made to improve existing processes for placing clients in EH accommodation, supporting them to ensure their ongoing wellbeing, providing case management, and reporting on any issues that occur in EH. This includes complaints from clients as well as moteliers and reporting on damage caused in motels. It also responds to your request for advice on the approach taken by MSD when clients do not meet their obligations when receiving financial assistance for EH.

Progress on the new approach in Rotorua

- 15 As at 4 June 2021, there were 399 households in EH in Rotorua, made up of 448 adults and 375 children. Of the households, 198 were families with children who have been in EH for an average of 23 weeks. Of the total clients 83.5% are Māori.
- 16 As previously advised, the Rotorua Housing Taskforce was established in March 2021 comprising the Rotorua Lakes Council, Te Arawa Iwi and officials from MSD, HUD, Kāinga Ora and Te Puni Kōkiri. The New Zealand Police and the Lakes District Health Board are also participating. The Taskforce is focusing on identifying motels that meet Council regulations, progressing the implementation of a Rotorua Housing HUB and ensuring providers and support services are in place.
- 17 A cabinet paper prepared by HUD and MSD was considered and approved at Cabinet Business Committee (lodged on 10 June 2021). This paper outlined steps being taken to meet urgent housing need in Rotorua and sought Cabinet's agreement to an approach to fund the contracting motels and provide wrap-around supports for around 200 families and whānau with children currently receiving EHSNGs in motels in Rotorua.
- 18 A Governance Structure has been established to oversee the work of the Taskforce. The work is set out in a multi-organisation programme plan. This plan ensures all the of the agencies' activities are aligned to support the task force objectives. MSD has established a dedicated task force team reporting to the Regional Commissioner and supported by the General Manager Housing.

Motel identification for contracting model

- 19 HUD has advised they will need 10-12 facilities to accommodate the 200 places for whānau with children. They will contract these motels and full wrap-around support services. The motels have been identified through HUD transitional housing contracting and Council criteria, supported by the Rotorua Housing Taskforce. MSD staff have accompanied HUD and providers on visits to approximately 30 motels in Rotorua.
- 20 HUD has indicated they intend to use the following support services: Visions of Helping Hand, WERA Aotearoa, Emerge Aotearoa and Lifewise. Each provider will be supporting a cohort of clients.
- 21 MSD, with the support of council and HUD, will then identify other motels and seek agreement from moteliers to apply to be used for EH. These motels will not have contracts and it will be expected that moteliers make these available exclusively for EH. The Cabinet paper includes a request for funding for on-site support for these non-contracted EH motels.
- 22 All motels used for any form of emergency accommodation will be required to apply to the Council for use under a new permitted use category. Council is working with the Taskforce to ensure only those motels suitable to provide EH apply.

The Rotorua Housing Hub

- 23 Further work is underway in Rotorua to establish a Housing HUB as a place to co-locate central government, Iwi and NGOs to streamline placement processes across the housing continuum, with timing to be confirmed in two weeks after ongoing discussions with Iwi.

in the week of 14 June 2021. The HUD Cabinet paper is seeking funding for the establishment and operation of the HUB, including the physical site cost for the HUB, FTE and resourcing required for the HUB to operate. MSD will have three staff in the HUB (funded from within baseline) and will be engaging with other agencies as part of the task force process. The Cabinet paper also includes costs for the implementation of a database to be used in the HUB.

- 25 The database will inform a holistic assessment tool which looks at the whole whānau and their needs. It takes a Kaupapa Māori approach – Ngā Pou e rima – WERA’s cultural framework. The information will support agencies located in the HUB with appropriate placement and assessment information, including the development of a whānau centric journey map to ensure sustainable outcomes across housing, income, and employment. The database will also assist in referrals to the correct support agencies in those areas. This maintains a whānau led approach under a Kaupapa Māori framework.

Support for clients in emergency housing

- 26 As described above, all clients staying in EH are being connected with a dedicated case manager to support the client while they are in EH, ensuring they know what other services and supports are available to them and addressing any concerns they have. This integrated case management will address housing, income, and employment needs for clients and make sure they feel safe where they are staying. Each new client coming into EH will be assigned a case manager for their next face to face appointment, which is required to be within 14 days of their first contact.
- 27 As at 4 June 2021, 2,322 clients out of 4,305 households in EH have been moved into our proactive case management service. We expect that all clients in EH will be assigned a case manager by 18 June 2021.

Ensuring the use of suitable emergency housing accommodation

- 28 MSD is committed to ensuring that clients staying in EH feel safe and have the support they need. Each of our regions has carried out a check on the suitability of the motels they are using for EH and has stopped using motels that are not preferred, has a plan in place to stop using these motels or will provide additional support to clients where there are no other accommodation options.
- 29 Being non-preferred for use of EH does not necessarily imply there are quality or safety issues. There could be other broader reasons such as location, costs and facilities required by our clients that mean we consider suppliers no preferred.
- 30 We advised you that we would create a nationwide process for ensuring motels MSD uses for the purposes of emergency housing are suitable (in consultation with key stakeholders). In response to this, all MSD regional teams have put in place processes for ensuring that the suitability of EH is continually monitored, through checking in with clients during case management engagement, visiting motels regularly to ensure that they are maintaining standards and addressing any client or motelier concerns. MSD regional teams are also working with regional stakeholders such as Kāinga Ora, local government, and accommodation providers.

An update on the complaints process for clients and providers

Complaints from clients in emergency housing

- 31 The Ministry implemented a centralised process for recording complaints from clients about their EH, from 28 April 2021 (this can include a range of concerns, including whether clients feel safe in their accommodation, issues with the accommodation itself or issues with other occupants). Since 28 April, there have been 93 client complaints.
- 32 In addition to the new complaints process, we are developing an information sheet for clients going into EH, to let them know what their rights are in EH and how they can raise concerns, either with the motelier, with the regulator (council, fire service etc.), or through MSD. This information sheet will also include information about the

expectations of client staying in EH. We plan to develop this information with input from our clients.

- 33 Currently, the EHSNG application form provides information to clients about their obligations when staying in emergency accommodation. It is unclear whether clients applying for this assistance absorb this information at the time they are applying. Testing different formats for the information and ways to provide it with EH clients will give assurance that the information is accessible and easy to understand.

Complaints from emergency housing providers

- 34 From 21 May 2021, MSD implemented a new process to record complaints from EH suppliers about activity or behaviour of people being supported in EH at their motel. Since this date, we have received six complaints from suppliers. Three of these complaints have been resolved with the motelier, with three still being investigated.

Reporting on security deposit payments for damages to emergency housing

- 35 MSD makes the security deposit payment for EH through the client management system, which offers limited categories for coding payments. EH security deposit payments are made under the broad code, 'Other Emergency Grants'. These EH payments are not distinguishable from other payments in the data reported.
- 36 MSD will implement an interim structured note type in the system from 21 June 2021. This will enable us to better estimate which EHSNGs relate to the payment of costs for damage in emergency and transitional housing. Data will be collected from 21 June 2021 and we will provide you with regular reporting, beginning in early July.
- 37 In addition, a more robust longer-term option, which involves creating specific reason codes within the MSD client management system will be implemented within the next six months. This will provide a more accurate reporting option. We will update you on progress with the implementation of this solution, alongside the regular reporting we will be providing to you regarding EH.

Expectations of people receiving financial assistance for emergency housing

- 38 When a client is granted an EHSNG, they are advised of their responsibilities, conditions of payment, and the consequences for not following these conditions. If the client, through their own actions, unreasonably contributes to their immediate EH need while in EH, MSD may:
- decline a further grant or
 - make the current grant recoverable.
- 39 MSD may decline grants to clients living in EH, but this may worsen the client's position (and that of their family) by putting their welfare at risk, as they are already homeless. More commonly, where a client has not met the conditions, MSD will make their current grant recoverable. The grant is recovered at a rate the client can afford, based on MSD's debt recovery guidelines.
- 40 Issues involving antisocial behaviour are often managed between the client, case manager, EH supplier, and Regional Housing Manager. MSD can take measures such as setting clear expectations for clients in the future and advise clients what may happen if they continue to behave unreasonably. If the client's behaviour remains unchanged, that will amount to them unreasonably contributing to their EH need and their grant will be made recoverable or financial assistance may be declined. If a grant is declined, the client will be responsible for meeting their own ongoing costs for housing.
- 41 In addition to declining or making a grant recoverable, where a client has caused damage to the supplier's accommodation or contents, they are liable for the cost of the damage. Any damages will be covered by this security deposit which is fully recoverable from the client. If there are additional costs not covered by the security

deposit, it is the responsibility of the provider to seek reimbursement with the client directly.

Ensuring clearer messaging of responsibilities and conditions of payment

- 42 Some clients may be unaware of their obligations and the consequences for breaching the conditions of the EH grant. MSD advises the client of these conditions at the time of application, but when a client presents to MSD with a need for EH, they are likely to be focused on the immediate need to secure a place to stay. They may not retain information about what they can expect in emergency housing and the conditions they are required to meet.
- 43 To ensure EH clients clearly understand their obligations MSD will strengthen messaging to clients of the consequences for behaving unreasonably while in EH at key contact points (such as at application and at renewal of their EHSNG).
- 44 As part of this process to strengthen messaging, MSD will provide EH clients with an information sheet covering their responsibilities, conditions, and consequences, as well as examples of what might be considered as unreasonable behaviour (this information sheet will also set out what clients can expect while staying in EH and how they can raise concerns about their safety or the quality of their accommodation).
- 45 The additional case management support will also provide an opportunity for case managers to identify issues and for clients to raise issues they are having while in EH. By identifying issues and possible causes of antisocial behaviour, MSD can link clients to external providers to address and prevent potential instances of antisocial behaviour.

Next steps

- 46 We will continue to progress the development of the Housing Hub in Rotorua, the process for contracting motels and providing appropriate support services.

File ref: REP/21/6/608



Aide-mémoire

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

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

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

Other agencies consulted

Minister's office to complete

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> Approved <input type="checkbox"/> Needs change <input type="checkbox"/> Not seen by Minister <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify) _____
--

Comments

Date returned to HUD:



Aide-mémoire

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

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

Date: 11 June 2021

Security level: In Confidence

Priority: Medium

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

Purpose

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

Background

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

Decisions sought

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

Key issues and analysis

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

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

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

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

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

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

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

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

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

The Government is taking action to meet urgent need

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

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

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

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

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

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

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

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

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

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

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

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

24. [redacted]

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

[redacted]

26. [redacted]



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

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

Additional split recommendations to be tabled at Cabinet

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

Next steps

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

Annexes

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

Annex A – Talking points for Cabinet Business Committee

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

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

Issues with the current model of EH-SNG provision

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

Issues in Rotorua

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

Action the Government is taking to meet urgent need

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

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

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

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

9(2)(f)(iv)

9(2)(f)(iv)

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

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

Talking points

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

9(2)(f)(iv)

Talking points

9(2)(f)(iv)

Annex B – Progress update on actions in Rotorua

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

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