

In Confidence

Office of the Minister of Housing

Office of the Minister for Social Development and Employment

Office of the Associate Minister of Housing (Māori Housing)

Office of the Associate Minister of Housing (Homelessness)

Chair, Cabinet Social Wellbeing Committee

Assessment of urgent housing need in Hamilton City and the Wellington metropolitan area

Proposal

- 1 In June 2021, Cabinet invited responsible Ministers to report back to the Cabinet Social Wellbeing Committee with detailed assessments of urgent housing need in Hamilton and Wellington, and next steps [CAB-21-MIN-0231.01 refers]. This paper responds to that request.
- 2 We seek Cabinet agreement to develop tailored place-based plans in Hamilton City and the Wellington metropolitan area (Wellington metro). Approval of the final plans, including financial implications, will be sought from Cabinet by March 2022.

Relation to government priorities

- 3 The proposals presented in this paper support our priority, set out in the Government's Economic Plan, of improving the wellbeing of New Zealanders and their families by ensuring that everyone has a warm, dry home and ending homelessness. This work also supports the priorities of building closer partnerships with Iwi and Māori; and supporting healthier, safer and more connected communities.

Executive Summary

- 4 This Government is making good progress in increasing housing supply and delivering additional supports in New Zealand. However, we are seeing growing demand for Emergency Housing Special Needs Grants (EH-SNGs) and people staying in emergency accommodation for longer. 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. This is particularly the case for Māori, who are significantly over-represented in the population that experiences homelessness.
- 5 In June 2021, Cabinet agreed to fund a series of actions to improve the provision of emergency housing in Rotorua, including contracting specific motels for the use of families with children, providing wraparound supports, and the establishment of a housing hub with local Iwi. At the same time, Kāinga Ora is working on near-to-medium-term supply solutions, including the potential to make use of off-site manufactured houses, and scaling up work to identify new-build opportunities.

- 6 Te Maihi o te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) Framework for Action, and its kaupapa Māori principles, underpinned the approach taken in Rotorua, alongside place-based principles. Government agencies partnered with Te Arawa Iwi and the local council to identify shared objectives and develop a plan of action [CAB-21-MIN-231.01 refers].
- 7 Good progress is being made in Rotorua. Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) has contracted motels to provide safe and more suitable accommodation for families with children. To date, approximately 190 parents and 314 children have moved into this accommodation. Wraparound support services have been provided to these families and a virtual housing hub is now operating, offering a range of supports to clients. Officials have noted the real value of collaboration, which brought together Iwi, and key government and non-government stakeholders in the region.
- 8 Cabinet also agreed that officials begin engagement in Hamilton and Wellington to complete a detailed assessment of urgent housing need and to identify next steps. The two locations were identified by officials as areas where the numbers of people receiving EH-SNGs are particularly high and other markers of significant urgent housing need were evident (such as wait time on the Public Housing Register and length of stay in emergency housing).
- 9 The assessments identified a clear case for further action in both locations. Common issues include a lack of affordable rentals, the growing use of EH-SNGs, lack of stable supply of emergency accommodation, and unmet health and social support needs. Motel room availability is at capacity in both Hamilton and the Wellington metro (Wellington, Porirua, and Upper and Lower Hutt cities). There were also some key differences. In Wellington, those receiving EH-SNGs are predominantly single males, often with high and complex needs, and the supply of motel accommodation is less stable. In Hamilton, there are a large number of families with children in emergency accommodation and Māori are significantly overrepresented.
- 10 There is a range of work underway in these locations to respond to identified issues, including the proactive use of case managers and the provision of support for children and young people living in emergency accommodation. At the same time, we are considering options to accelerate the provision of additional transitional housing supply in Hamilton and the Wellington metro, alongside other regions with significant demand for EH-SNGs, and to increase long-term housing supply options.
- 11 However, we need to develop a more coherent approach that offers greater stability and supports to those experiencing urgent housing need in these locations. Some of the actions taken in Rotorua may be appropriate, but there are clear differences that mean a tailored approach is required. We recommend that MAIHI and its kaupapa Māori principles, alongside place-based principles, drive the development of a set of actions for Hamilton and the Wellington metro. The proposed process will involve:
 - 11.1 partnering with Iwi and Māori providers, alongside local councils and other stakeholders, to develop shared objectives and proposed actions
 - 11.2 Ministerial agreement to a suite of actions and timeline (by mid-November 2021)

- 11.3 Cabinet approval of final plans and approach to funding requirements (by March 2022).
- 12 Key factors that will influence how quickly this work can progress include the capacity of agencies, Iwi, and key partners to actively engage, and the impacts of any COVID-19 lockdowns. Once the plans have been developed and costed, we are likely to seek a precommitment against Budget 2022, to allow implementation to begin as soon as possible. Costings will include necessary resources to support delivery by agencies.
- 13 A broader review of the emergency housing system is currently underway. This work has a longer-term outlook, with the potential to recommend significant shifts in current system settings. It will take time to make any large-scale changes to the system. In the interim, we need to continue to make improvements to the provision of emergency housing. We will incorporate insights gained through place-based approaches into the redesign of the broader system. Changes implemented in the Hamilton and the Wellington metro will be treated as temporary, pending the outcomes of the broader review. Cabinet will receive advice on the findings of the system review by early 2022.

Background

- 14 EH-SNGs were intended to be used to help meet the cost of short-term accommodation for individuals and whānau with urgent housing needs¹. Cabinet has previously noted the significant growth in the use of the grants over the last two years, and in the average length of time that people are staying in emergency accommodation, predominately motels. Approximately \$320 million was spent on EH-SNGs in the last year. At the same time, there have been increasing concerns about the Government's ability to consistently ensure the provision of safe, adequate and suitable temporary housing through current emergency housing supports.
- 15 Analysis suggests that a range of long-standing structural drivers (such as poverty, housing shortages and high costs of rental accommodation) and system failures (for example siloed services) contribute to the growing numbers of people in urgent housing need. These factors can exacerbate individual circumstances (such as physical or mental health, and addiction needs) and adverse life events, such as a relationship breakdown, family violence, or loss of paid employment. Many of these factors have been intensified in the COVID-19 pandemic.
- 16 Claimant evidence presented in the context of the Wai 2750 Kaupapa Inquiry into Housing Policy and Services highlighted policies, systems and processes that have led to disproportionately poor housing outcomes for Māori, including homelessness. Māori make up 58 percent of those receiving EH-SNGs, whilst representing only 16.7 percent of the population.
- 17 Underpinning this is a concern that Māori have not been provided with appropriate opportunities to partner with government to develop and deliver housing and related service responses. Māori come with multiple experiences and often strong intergenerational housing needs from region to region. There is a need for bespoke solutions that apply a Te Ao Māori view to support this group.
- 18 The He Taupua 2020 funding round administered by MAIHI has supported Iwi and Māori housing providers to increase their capability and capacity to respond with kaupapa Māori support. This included support for Māori Housing First and transitional housing providers.

Cabinet agreed to fund actions in Rotorua, explore the potential for developing further place-based responses, and review the emergency housing system

- 19 In June 2021, Cabinet agreed to fund a series of actions to improve the provision of emergency housing in Rotorua, including contracting specific motels for the use of families with children, providing wraparound supports and the establishment of a housing hub with local Iwi [CAB-21-MIN-231.01 refers]. An update on progress on the Rotorua initiatives is provided in paragraphs 22 to 32.
- 20 At the same time, Cabinet noted that Hamilton and Wellington were possible locations for the expansion of a place-based response to urgent housing need, due to

¹ EH-SNGs are intended to help people access temporary accommodation to meet an immediate housing need until a longer-term option is identified. EH-SNGs were intended to be used as a last resort, and initially for no longer than seven days at a time. Transitional housing provides short-term accommodation, intended to be for up to 12 weeks (on average) alongside wraparound support to help households transition to longer-term sustainable housing.

the high levels of EH-SNG use and other factors. Cabinet agreed that officials begin engagement in Hamilton and Wellington, and invited Ministers to report back with a more detailed assessment of the locations and next steps (the focus of this paper).

- 21 Cabinet also noted that officials would undertake a more fundamental review of the emergency housing system, culminating in advice on the role and purpose of emergency housing and a plan to get to an ‘ideal state’ [CAB-21-MIN-231.01 refers]. Further detail on the proposed approach and timing of the system review, and the connections to proposed activity in Hamilton and the Wellington metro, is provided in paragraphs 81 to 84.

Progress in Rotorua

- 22 The approach taken in Rotorua was led by a taskforce of central government officials, working in partnership with Iwi, the Rotorua Lakes Council, and other community stakeholders. The taskforce agreed a set of shared objectives (see Table one) and drew on local insights and experience to identify a suite of actions, now being implemented, including:
- 22.1 contracting specific motels to provide emergency accommodation, with an initial focus on families and whānau with children
 - 22.2 the provision of additional wraparound support services to meet the needs of families in contracted motels
 - 22.3 the establishment of Te Pokapū – Rotorua housing hub, a community-led hub bringing together government agencies, Iwi, and local providers. The hub is designed to provide a single point of contact for individuals and whānau with emergency housing needs. The intent is to strengthen assessment and referral processes for people, ensuring that the right supports are put in place to meet needs.
- 23 At the same time, Kāinga Ora is working intensively to address the near-to-medium-term housing supply issues (including transitional housing) in Rotorua, by identifying and progressing opportunities to purchase houses and land, potentially utilise land owned by Iwi and Māori, and fast-track new builds. This includes exploring the potential to utilise vacant Iwi-owned land and reserve land to locate off-site manufactured houses, which could be delivered at pace.
- 24 The implementation of new initiatives in Rotorua is at an early stage. However, it is clear that the collaborative process adopted has been a critical feature of successes to date. Officials report that the latest COVID-19 lockdown response was enhanced due to the collective arrangements in place between organisations.
- 25 We note that the process so far has been resource-intensive and has involved considerable time and input from officials, Iwi and other stakeholders. Current funding is for the first year only. We intend to seek outyear funding for the actions being taken in Rotorua by March 2022.
- 26 Table one outlines progress that has been made in key areas against the objectives of the work in Rotorua.

Table one: Progress against Rotorua place-based objectives

Objective	Progress
Improve the quality and suitability of emergency housing accommodation for families and whānau with children (in particular)	<p>Approximately 190 parents and 314 children have been moved into contracted motels, supported by wraparound services.</p> <p>Motels are being upgraded to ensure they are suitable for families with children, for example with the installation of kitchens.</p> <p>Other priority groups (such as disabled people) are also being placed in contracted motels, as places are available and there is a good match to their needs.</p>
Ensure that people in emergency accommodation have better access to support services	<p>People in contracted motels have access to wraparound support services.</p> <p>Dedicated case managers are available to people in both contracted and non-contracted motels. Case managers help people to access the services and supports they need, including matters related to housing, income and employment.</p> <p>Work is being done to design additional supports for people in non-contracted motels.</p>
Improve the safety of people in emergency accommodation	<p>Families with children are placed in contracted motels – with social service supports in place.</p> <p>Assistance provided through wraparound support services and other supports is intended to improve safety (such as through reducing the incidence of family violence).</p>
Provide better pathways to more permanent housing	<p>Kāinga Ora is working on delivering transitional and public housing to address people's immediate and medium-term needs. These sites could yield up to 506 units within the next three to five years, but are subject to negotiations and the finalisation of agreement processes and contracts.</p> <p>35 public housing places will be delivered between April and October 2022.</p> <p>Work is progressing to significantly increase the availability of transitional housing to support people on the pathway to permanent housing.</p>

- 27 An overview of progress on the roll-out of the Rotorua initiatives is attached as Appendix one.
- 28 Work is continuing to determine whether it will be possible to secure the exclusive use of non-contracted motels for emergency accommodation. This was an element of the plan in Rotorua, but it has not been possible for the Ministry of Social Development (MSD) to do so under current settings. Joint housing ministers will soon be receiving advice on options for achieving exclusive use.
- 29 Proposed approaches also require amendments to the Social Security Regulations and the Flexible Fund Ministerial Welfare Programme to ensure that people in contracted

emergency housing receive the same entitlements as people receiving an EH-SNG. These amendments are currently being progressed by MSD.

- 30 It is too early to assess the outcomes achieved for individuals, families and whānau in emergency housing. Anecdotal reports from Police, Rotorua Lakes Council and community stakeholders indicate that they are reassured by an approach that focuses on ensuring that people have the right supports, and that environments are suitable for children.

Trends in demand for EH-SNGs in Rotorua

- 31 The number of EH-SNGs issued in Rotorua has reduced since actions to address concerns with emergency housing, including the contracting of motels, have been put in place. This fall reflects a reduction in households with children receiving EH-SNGs in (non-contracted) motels.
- 32 However, overall demand for emergency housing has increased (across EH-SNGs and contracted motels). Since August, this increase in demand could reflect the impact of the COVID-19 lockdown. HUD has recently secured additional motel places and wraparound service supports to meet additional demand.

Assessment of urgent housing need in Hamilton and the Wellington metropolitan area

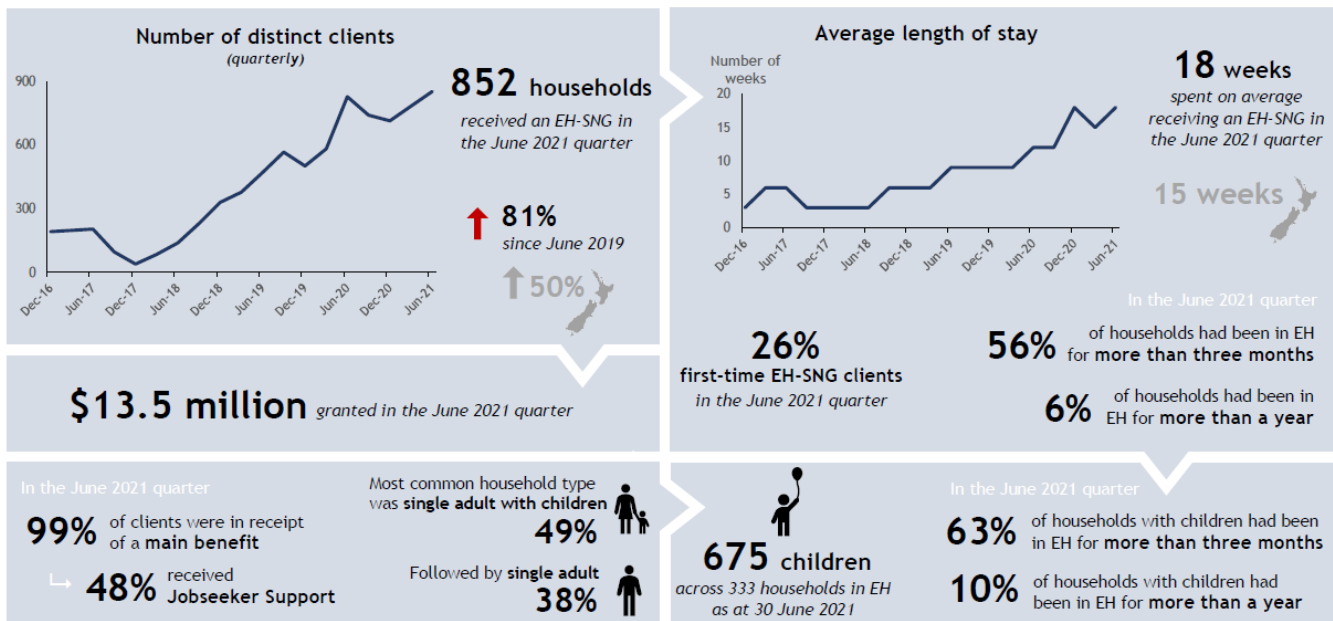
- 33 As agreed by Cabinet, officials have completed detailed assessments of urgent housing need in Hamilton and the Wellington metro, as two areas with high use of EH-SNGs and other indicators of concern. The assessments have brought together:
- 33.1 data and information held by MSD and HUD to understand the level of need, trends in demand and who is accessing supports
 - 33.2 insights from frontline and regional staff
 - 33.3 insights from initial engagement with Iwi² and local councils
 - 33.4 information on the broader range of services available including existing supply of public and transitional housing, and current intentions for increasing supply.
- 34 Our conversations with Iwi were preliminary in nature and focused on understanding urgent housing needs in the area, and their housing-related activities and areas of interest. The intent was to foreshadow future activity and more formal engagement processes.
- 35 Appendix two provides a complete overview of demand, supply and services in the two locations.
- 36 We note that shifts in the COVID-19 lockdown settings may change the landscape, potentially giving rise to a range of other issues.

² Initial conversations were held with Te Atiawa, Ngāti Toa and Waikato-Tainui.

Hamilton City

- 37 Housing supply and affordability issues have placed pressure on the demand for emergency housing support in Hamilton, which has increased steadily since 2018. Rising housing costs are exacerbating existing problems with high levels of deprivation in some communities, particularly affecting whānau Māori. Figure one provides an overview of key statistics related to EH-SNG use in Hamilton.

Figure one: Key statistics on EH-SNGs in Hamilton



- 38 Key points to note include the large number of children in emergency housing in Hamilton (678, as at 30 June 2021) and the substantial disproportionate impact on Māori (70 percent of EH-SNGs recipients). The average length of stay in emergency housing has increased to 18 weeks, with over half of households being housed in emergency housing for over three months.
- 39 As at July 2021, there were 27 motels in Hamilton supplying emergency housing. Motel room availability is at capacity and recent efforts to increase motel supplier stock have not been successful.
- 40 There are 1,614 applicants on the Housing Register in Hamilton and this has grown by 133 percent since June 2019. The median time taken to house those on the Register is almost 25 weeks³. The lack of readily available public housing places further pressure on emergency housing places.

Current supply and intentions to increase more permanent housing options

- 41 There are 291 transitional housing places as at 30 June 2021. This represents an increase of 83 places over the past year, and a ratio of 2.9 EH-SNGs to each transitional housing place. Current intentions are to provide an additional 50 places in the next 12 months.

³ Data for the June 2021 quarter.

- 42 Public housing provision has increased by 158 places over the past year, to 3,448 places as at 30 June 2021. The current plan is to deliver 45 new public housing places in 2021/22 and a further 19 places in 2022/23. These specific actions sit alongside broader plans to increase the supply of affordable housing nationwide.

Key challenges related to emergency housing in Hamilton

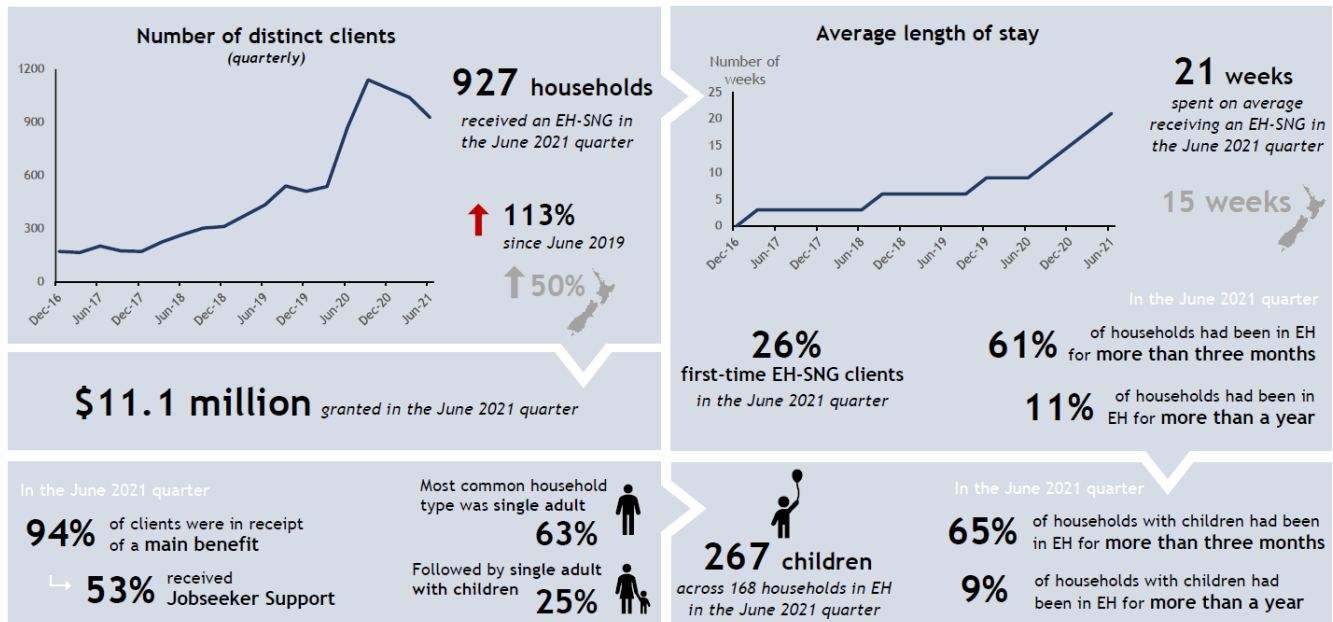
- 43 In addition to broader concerns around the impacts of people spending longer periods in receipt of EH-SNGs, the key challenges associated with the long-term use of motels for emergency accommodation in Hamilton are:
- 43.1 the increasing demand for emergency housing, which has placed significant pressure on the finite capacity of motels in the region
 - 43.2 a lack of ready access to support for people in emergency housing, particularly for those who may be experiencing poor mental health and/or addiction issues, family violence, or may have recently exited from a Corrections facility or long-term hospital care
 - 43.3 the risks presented to children, young people and whānau who may be exposed to violent or intimidating behaviour (which may be related to mental health issues, drug and alcohol use, or the presence of patched gang members)
 - 43.4 the movement of families and whānau away from their communities, social and cultural supports. In particular, children and young people may be some distance from their usual schools, which can disrupt school attendance and/or present logistical challenges in transporting children to and from school
 - 43.5 community and business concerns about the high concentration of motels used for emergency housing in a small geographical area
 - 43.6 the perceived negative impact of motels used for emergency housing on neighbouring motels being used for normal accommodation purposes.
- 44 These issues have been mitigated, to some extent, by agencies working collaboratively, and with moteliers, to identify and manage challenges as they arise. However, the growing demand for EH-SNGs is likely to exacerbate the challenges that have arisen.

Wellington metropolitan area

- 45 The Wellington metropolitan area includes four territorial authorities: Wellington, Porirua, and Lower and Upper Hutt cities.
- 46 Population growth in the Wellington metro over the past decade has been much stronger than projected, driving up demand for housing. Combined with constraints to housing development, this has led to increases in house prices and rents that far outstripped increases in incomes. Affordable housing options are very limited, placing pressure on the demand for urgent housing supports, including EH-SNGs.

- 47 Figure two provides an overview of key statistics related to EH-SNG use in the Wellington metro.

Figure two: Key statistics on EH-SNGs in the Wellington metro



- 48 There were 927 households in receipt of EH-SNGs in the June 2021 quarter, an increase of 113 percent over the last two years (over twice the national average).
- 49 Key points to note include that single adult households comprise 63 percent of all EH-SNG households in the Wellington metro. The needs of this group are likely to be different to those of family households. For instance, we understand that it is very difficult to find affordable longer-term housing options for single people, many of whom have a strong preference to live on their own.
- 50 Children are present in nearly one-third of households in emergency housing, and of these, 80 percent are living in single parent households.
- 51 As at July 2021, there were approximately 50 motels in the Wellington metro supplying emergency housing, with the majority located in Wellington City. Officials report that motel room availability has been at capacity for several months, and that they have extreme difficulty finding emergency accommodation on a daily basis⁴. This is particularly the case in Porirua and the Hutt Valley, where options are severely limited.
- 52 At 30 June 2021, there were 2,034 applicants on the Housing Register for the Wellington metro. The median time taken to house those on the Register is approximately 19 weeks.

⁴ This is despite the number of motel places being used to house people in response to COVID-19 decreasing from 99 to 20 places. The most recent lockdown highlighted the paucity of emergency housing places, and the particular challenges in placing people who face barriers due to past incidents of disorderly behaviour.

Current supply and intentions to increase more permanent housing options

- 53 There are 433 transitional housing places as at 30 June 2021. This represents an increase of 99 places over the past year, and a ratio of 2.1 EH-SNGs to each transitional housing place. Current intentions are to provide an additional 71 places in the next 12 months.
- 54 Public housing provision has increased by 244 places over the past year, to 8,730 places as at 30 June 2021. The current plan is to deliver 11 new public housing places in 2021/22 and a further 465 places in 2022/23.
- 55 Wellington City Council is a significant housing provider in the city, managing 1,914 individual tenancies and a wait list of approximately 600 people. The Council is facing financial challenges and may not continue to operate as a housing provider. HUD is working with the Council to identify alternative strategies.

Key challenges related to emergency housing in the Wellington metro

- 56 Many of the challenges associated with the long-term use of motels for emergency accommodation in the Wellington metro are similar to those experienced in Rotorua and Hamilton. These include: the variable quality of motels; community concerns associated with the concentration of high-density motels used for emergency housing in a small geographical area; a lack of social support and health services for those in need; and concerns about the safety of children, young people and families and whānau who may be exposed to violent or intimidating behaviour.
- 57 However, we also note issues that appear to be more prevalent in the Wellington metro:
- 57.1 the 'mixed-use' of motels, as some continue to take regular bookings, necessitating people being moved to other motels periodically. Some motels have signalled an intent to move back to 'business as usual' as soon as possible
- 57.2 the significant displacement of people from their usual communities, social and cultural supports for example people from Porirua and the Hutt Valley are going into emergency accommodation in Wellington City
- 57.3 reports of disorderly or otherwise concerning behaviour by some people in emergency accommodation, which can impact on their ability to retain their accommodation, and impact on the wider community (anecdotally, this appears to be correlated with the high number of single-person households in emergency housing, potentially with unmet support needs)
- 57.4 access to mental health services appears to be problematic and can be exacerbated by the movement of people from one DHB area to another
- 57.5 risks to the safety of young children who are housed in inner-city areas, with high volumes of traffic and limited safe places to play outside.
- 58 At the same time, anecdotal information suggests that some individuals have found living in motels to be a positive experience and have enjoyed the relative comfort and

facilities offered by some providers. This situation has presented its own challenges, as it can be difficult to move people into other forms of housing, including transitional housing as it becomes available.

- 59 The Police and MSD have been proactive in working alongside moteliors to address safety and security concerns. This has resulted in increased use of security cameras and security guards at motels, and the establishment and enforcement of ‘rules’ for the motel (e.g. limits on visiting hours).

Current work underway or planned to address the issues in Hamilton and Wellington

- 60 There is work underway or planned in Hamilton and Wellington to address many of the medium and short-term issues outlined above. National initiatives rolled-out by MSD to improve the experience of emergency housing (e.g. case managers and housing navigators) have been proactively used in Hamilton and the Wellington metro.
- 61 At the same time, HUD continues to work with Kāinga Ora and others to deliver on our public housing commitments, and to build the supply of transitional housing and other housing support services (for example, Housing First and Sustaining Tenancies).
- 62 Steps are also being taken to increase the supply of more affordable housing and improve people’s ability to rent in the private market. These include actions to support housing intensification (e.g. the Wellington City Council Spatial Plan) and local housing development initiatives such as the *He Herenga Kura, He Herenga Tangata, He Herenga Whenua* partnership between local Iwi, a Māori provider and the Lower Hutt City Council, which aims to deliver warm, safe and affordable homes to those in need⁵.
- 63 Specific actions currently underway or planned to improve emergency housing and enhance the pathway to permanent housing in Hamilton and the Wellington metro include:
- 63.1 the planned delivery of an additional 500 transitional housing places beyond June 2022 in regions with significant demand for EH-SNGs – Rotorua, Hamilton and Wellington metro are all under active consideration⁶
 - 63.2 new approaches to public housing including, in Wellington, the planned development of single-site supported housing (Rolleston Street), in which a range of on-site services will be made available to tenants
 - 63.3 the effective use of MSD’s Flexible Fund (designed to support children and young people in emergency housing) to provide opportunities for positive experiences, including school holiday programmes and recreational activities, and to support education outcomes through programmes designed to support senior students in Maths, Science and English

⁵ The partnership is between partnership between Hutt City Council, Kahungunu Whānau Services, Te Rūnanganui o Te Āti Awa, and Council-controlled organisation Urban Plus Limited.

⁶ Subject to decisions to be made by responsible Ministers and the Minister of Finance.

- 63.4 the delivery of advisory services by MSD's Wellington Regional Housing Team in 'clinics' alongside other government agencies and non-government service providers (e.g. Corrections, Wellington City Mission, Downtown Community Ministries and Kahungunu Whānau Services), to make them more accessible to people.

Additional actions will need to be considered as part of developing a co-ordinated response

- 64 The scale and nature of urgent housing need in Hamilton and the Wellington metro is evident and presents a clear case for additional action.
- 65 While many of the issues identified in Hamilton and the Wellington metro are similar to those experienced in Rotorua, there are some key differences as outlined above. Further options that could be considered for Hamilton and Wellington to address the presenting issues would likely include:

65.1 Improving the quality and suitability of emergency housing

- 65.1.1 *Building stronger relationships or increased partnering with Iwi and Māori providers:* strengthening relationships with Iwi and Māori housing providers to better understand how they can be supported to develop and lead their emergency and transitional housing solutions.
- 65.1.2 *Contracting of motels by HUD for priority cohorts:* contracting motels has offered an effective mechanism for ensuring quality and control over the placement process in Rotorua, s 9(2)(g)(i)
- 65.1.3 *Consideration of locations of emergency housing closer to communities in need:* we know that some families and whānau have had to be accommodated away from communities where their children attend school, and where familiar health services, recreational activities, and peer and social supports and cultural networks exist. Consideration could also be given to the density of emergency accommodation in specific locations.
- 65.1.4 *Efforts to improve the quality, safety and security of emergency housing:* for example through working alongside emergency housing providers to improve the quality of accommodation (e.g. that rooms are warm and dry) and options on-site management of large complexes.

65.2 Efforts to meet the health, social service and other needs of people in emergency housing

- 65.2.1 *Steps to improve assessment and placements in motels:* these could be strengthened, consistent with the enhanced approaches being applied in Rotorua.
- 65.2.2 *Provision of greater levels of wraparound supports:* people requiring emergency accommodation can face multiple challenges, and many have high and complex needs. There may be options to work with Iwi, together with NGO providers, to support whānau-centred approaches to identifying and responding to needs in a holistic way.
- 65.2.3 *Provision of further on-site supports:* such as those provided in contracted motels for families with children in Rotorua.
- 65.2.4 *Assisting people to connect to health services:* there is potential for collective work across agencies and DHBs at the local level to better connect people in emergency housing with health services, including mental health and addiction services.

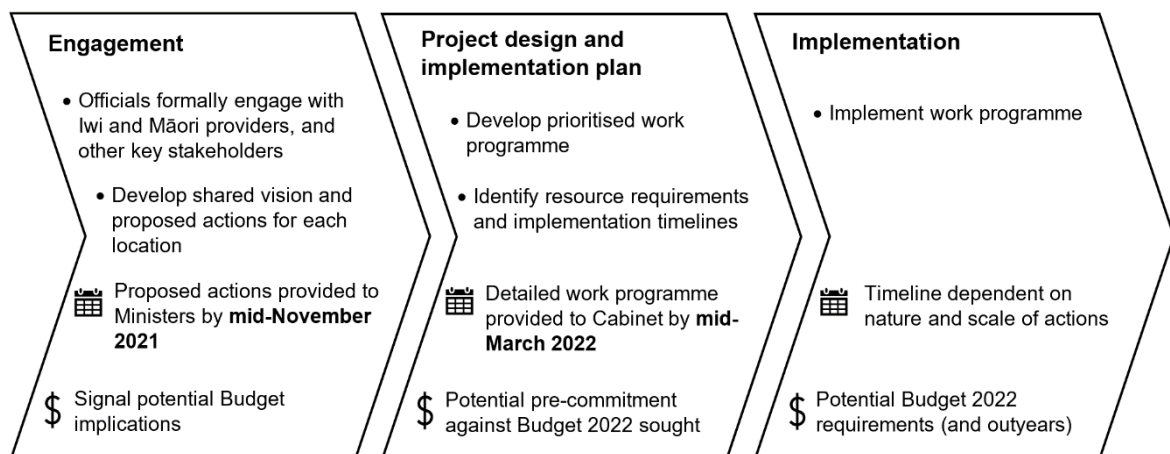
65.3 **Enhanced housing supply pipeline**

- 65.3.1 *An intensive focus on exploring and progressing development opportunities for transitional, public, and affordable mixed-use housing:* as in Rotorua, concentrated effort will be required to address the current gap in supply in Hamilton and the Wellington metro. This will be aided by broader work on the implementation of the National Policy Statement on Urban Development, which will help to ease the barriers to housing intensification.

We recommend a MAIHI and place-based approach is taken to developing plans for each location

- 66 Early discussions with Iwi and local stakeholders indicate support for a more coherent approach that offers greater stability and supports to those experiencing urgent housing need and reflects the extended periods of time that people may stay in accommodation.
- 67 We have also considered the early ‘lessons learned’ through our experience in establishing initiatives in Rotorua. These highlighted the importance of building strong partnerships with Iwi and Māori providers, alongside community stakeholders, collaborating to identify shared objectives, and establishing clearly defined roles and responsibilities. Prioritising and supporting Iwi and Māori providers will be essential if we are to improve housing outcomes for individuals and whānau.
- 68 Iwi each have their own strategic priorities, and several are actively engaged in social housing developments. For example, Waikato-Tainui is a significant partner of HUD and is working with Kāinga Ora to deliver public housing and to assist Iwi members into their first homes. Ngāti Toa is similarly engaged in the Wellington region, with Te Āhuru Mōwai (the Iwi’s Community Housing Provider) partnering with HUD and Kāinga Ora to manage public housing tenancies in Porirua, and to develop new affordable housing in the area.

- 69 We recommend that officials be directed to work with Iwi and Māori providers, local authorities, and community stakeholders to apply MAIHI⁷ and place-based principles to the development of plans to address urgent housing need in both Hamilton and the Wellington metro. Together, MAIHI and place-based principles recognise that the same issue can play out differently for people in different locations, and effective responses are unlikely to be ‘one-size-fits-all’ in nature. Our expectation is that actions will build on existing strengths and infrastructure⁸ as far as possible and support and enable kaupapa Māori approaches. The relative roles and responsibilities of key actors in implementing plans will be determined collaboratively.
- 70 Wide stakeholder involvement is important and should reflect the diversity within each location. For example, Porirua has a large Pacific population that should be supported to actively engage in the development of strengthened Pacific-specific responses to urgent housing need in the area. We are also aware that some groups, while relatively small in size, may have specific needs, for example people supervised by the Department of Corrections, for whom stable housing plays a key role in their reintegration into communities⁹.
- 71 These plans will complement existing Urban Growth Partnerships, which have a longer-term strategic focus on urban growth opportunities but may (as in the Wellington-Horowhenua region) incorporate a focus on addressing housing pressures.
- 72 We anticipate that new funding will be required to support the implementation of place-based plans. Resource requirements are likely to be significant, incorporating elements of building social service capacity, alongside efforts to address immediate and medium-term housing needs. Subject to the agreement of Cabinet, it is likely that we will seek a precommitment against Budget 2022, by March 2022, to enable the implementation of plans to begin as soon as possible.
- 73 We seek Cabinet’s agreement to the following process and proposed timeframes:



⁷ The kaupapa Māori principles underpinning MAIHI are: *Mauri* – enabling the life force, an essence for revival and fulfilment to be sustained in wellbeing; *Whakamana* – empowering whānau intergenerationally; *Manaakitanga* – key mechanisms of engaging and building relationships; *Tino Rangatiratanga* – self-determination of self-sufficiency through creating your own sense of belonging; *Whanaungatanga* – delivering services for Māori through a whakapapa lens; *Tikanga* – doing things right, being in the right place at the right time.

⁸ This includes utilising existing government structures and co-ordinating roles, including working with Regional Public Service Commissioners.

⁹ Corrections make more emergency housing referrals in Hamilton, than in anywhere else in New Zealand.

- 73.1 **Formal engagement to develop shared objectives and actions for each location.** This will build on existing local-level housing fora and housing plans¹⁰ and be responsive to the strategic direction of local Iwi. The proposed actions would be provided to responsible Ministers, in the first instance, by mid-November 2021.
- 73.2 **Detailed planning and seeking any funding.** Officials will develop a prioritised programme of work, including identified resource and funding requirements and implementation timelines. Cabinet approval for the final plans and approach to funding will be sought by March 2022.
- 73.3 **Implementation:** Subject to Cabinet approval, the action plan will begin to be implemented. Implementation timeframes will depend on the nature and scale of agreed actions.
- 74 Insights from the actions taken in Hamilton and Wellington (alongside Rotorua) will inform the longer-term system transformation, resulting from the broader review of the emergency housing system (refer to paragraphs 81 to 84 below).

Balancing urgency of need and robust processes

- 75 The proposed timeframes reflect our experience in Rotorua and attempt to balance the need for action with the time required to establish effective working relationships. The Wellington metro is likely to be more challenging to co-ordinate, given the need to co-ordinate across a number of local councils. However, there are already a number of fora bringing together stakeholders around the issues of homelessness and affordable housing.
- 76 We have considered options for accelerating the approach to this work, recognising the growing nature of the problem, and the adverse impacts on people in urgent housing need. However, on balance, we consider there is merit in ensuring that the timeframes allow for robust engagement and planning processes that facilitate the development of effective, collective responses for long-term benefit.
- 77 We are conscious of the multiple pressures that Iwi, Māori providers, local authorities and non-government organisations are likely to be under (added to by the recent COVID-19 lockdowns) and we do not want to further limit their ability to participate. Allowing time and support for robust engagement and planning processes is a critical element of MAIHI and place-based approaches, and to facilitating the development of kaupapa Māori approaches. Ultimately timeframes may need to be amended, particularly in response to any impacts of COVID-19.

Additional resource requirements

- 78 We anticipate that the stage one engagement and planning will be undertaken by agencies within baselines. However, this will have implications for current work

¹⁰ For example, the Waikato Housing Initiative, a cross-sectorial working group to improve the delivery of affordable and accessible homes in the region; the Waikato Region Mayoral Forum's Housing Initiative, and the Hamilton City Council Housing Strategy. Similar fora exist across Wellington, including the Te Mahua (The Wellington Homelessness Strategy – which is about to be refreshed), the Lower Hutt Homeless Strategy and the Upper Hutt City Council's Affordable Housing Strategy.

programmes across HUD and MSD, and we will work with officials to reprioritise other work, as appropriate.

- 79 The financial implications of proposed actions will be provided as part of the project design phase and reported to Cabinet by mid-March 2022. Our focus is on ensuring we adopt a better approach through the application of MAIHI, delivering better outcomes for people, rather than on attempting to make savings. It is likely that new funding will need to be sought, potentially as a precommitment against Budget 2022.
- 80 We note that (to date) action taken to contract with motels in Rotorua has been partially met through the reprioritisation of \$14.56 million from the Accommodation Assistance appropriation (generally used to fund EH-SNGs). However, the total cost of implementing the approach is in excess of this amount, reflecting costs associated with tendering, consenting and contracting motels and other service providers. The remainder of the funding came from a reprioritisation of an underspend of the Rent Arrears Assistance appropriation (total funding of \$35.247 million for the first year).

Longer-term review of the emergency housing system

- 81 We have asked officials to undertake a review of the emergency housing system to assess if the current model is fit-for-purpose, and to provide advice on the role and purpose of emergency housing in an 'ideal state'. This work has a longer-term outlook, with the potential to recommend significant shifts in the current settings.
- 82 Analysis is underway, and officials are preparing a series of report backs to responsible Ministers and the Associate Minister of Housing (Public Housing) over the coming months. Advice on the proposed 'ideal state' and next steps will be reported to Cabinet in early 2022.
- 83 Subject to the agreement of Cabinet, we anticipate work to transform the emergency housing system being delivered over the 2022/23 period, with exact timeframes dependent on the nature of recommendations (e.g. legislative changes, changes to existing infrastructure (such as IT systems) and potential new building programmes).
- 84 We have considered the efficacy of progressing work in Hamilton and the Wellington metro while this review is underway. However, we consider that there is a strong imperative to respond to the identified needs of people for whom the current system is not delivering. As noted above, the two approaches can be run in tandem, with insights from the actions taken in Rotorua, Hamilton and Wellington informing longer-term system transformation. Changes made in these locations will be interim in nature, pending the outcome of the broader review.

Planned evaluation of the Rotorua approach

- 85 An evaluation of the suite of actions undertaken in Rotorua is being planned and will help to build an outcomes-based body of evidence to support continued practice improvements, as well as the broader review of the emergency housing system. Subject to the agreement of Cabinet, officials will consider how the evaluation could be extended to include aspects of approaches that may be adopted in Hamilton and the Wellington metro.

- 86 While early phases of the evaluation will likely focus on process elements of the place-based approach (e.g. use of case managers), later phases will examine the outcomes achieved for individuals, families and whānau, such as sustained access to appropriate supports.
- 87 The evaluation will include an assessment against MAIHI principles and other kaupapa Māori approaches to consider how well whānau Māori are being supported, and to identify potential areas for improvement.

Financial Implications

- 88 There are no immediate financial implications arising from the recommendations about place-based approaches in Hamilton and the Wellington metro. However, as noted, we anticipate that subsequent advice on proposed plans for these locations will have resourcing and funding implications.

Funding for the Rotorua initiative

- 89 Agreement is sought to a fiscally neutral adjustment within Vote Social Development to fund increases in the operating and capital costs associated with the Rotorua housing hub initiative. The increased costs relate to the need for privacy impact and security risk assessments to support information sharing requirements (\$75,000) and additional fit-out expenditure and contingency funding (\$180,000) in 2021/22.
- 90 While total funding appropriated to by Cabinet to Vote Social Development is sufficient to meet MSD costs associated with the improvements to the provision of emergency housing in Rotorua, the amounts within each expense appropriation need to be adjusted to meet all the costs associated with setting up and running the hub.
- 91 We intend to seek outyear funding for the actions being taken in Rotorua by March 2022. Secure funding is required to help to ensure the stability of emergency accommodation provided to families and whānau in contracted motels and to provide certainty to service providers. Waiting until Budget 2022 would result in uncertainty for tenants, as well as providers.

Legislative Implications

- 92 There are no legislative implications arising directly from proposals in this paper. However, the place-based approach adopted in Rotorua has given rise to a range of issues that need to be clarified in the context of current legal and policy settings. These may ultimately require legislation to be amended, particularly if similar proposals are planned in other locations.

Impact Analysis

Regulatory Impact Statement

- 93 A regulatory impact statement is not required for proposals in this paper.

Climate Implications of Policy Assessment

- 94 There are no climate impacts arising from the proposals in this paper.

Population Implications

- 95 Māori are significantly more likely than the general population to experience homelessness and make up 58 percent of all households accessing EH-SNGs. The proposals in this paper are intended to support Māori to deliver solutions for Māori and positively impact Māori with an urgent housing need in Hamilton and the Wellington metro. It is critical that a MAIHI and place-based approach is taken when developing actions.
- 96 Pacific peoples are disproportionately impacted by homelessness, including living in over-crowded conditions. Pacific peoples are overrepresented as recipients of EH-SNGs, and this is evident in Porirua. The proposals in this paper will help to lower the housing stress faced by Pacific people living in Hamilton and the Wellington metro.
- 97 Many households in receipt of EH-SNGs include children, many of whom are living in households with a single adult (approximately 49 percent in Hamilton, and 25 percent in Wellington). For children and young people, homelessness can be especially harmful and have longer-term impacts on wellbeing. Constant moving and insecure housing take children and young people outside of familiar environments and peer supports, and may involve moving schools and/or school absences. There are long-term impacts from experiences of childhood poverty and childhood trauma, which have been shown to be a key predictor of future homelessness. This proposal will prioritise families and whānau with dependent children and provide more suitable accommodation and support for these households in Hamilton and the Wellington metro.
- 98 Young people/rangatahi can face additional barriers to accessing housing. In particular, there is a well-established correlation between young people and rangatahi leaving state care and homelessness, resulting from the life-long impacts of childhood trauma and unmet high and complex needs. The proposals in this paper recognise and aim to address the multi-faceted needs of people experiencing urgent housing need.

Human Rights

- 99 This proposal is consistent with the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. The targeting of initiatives to groups that experience prolonged disadvantage is intended to respond to identified need, and improved support for general emergency housing provision is planned.

Consultation

- 100 The following agencies have been consulted in the preparation of this paper: 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 and Treasury.

Communications

- 101 Subject to Cabinet agreement, we propose to announce the Government's intention to work with communities in Hamilton and the Wellington metro to develop place-based approaches to addressing urgent housing need.

Proactive Release

- 102 We propose to proactively release this paper, subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

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

- 1 **Note** that a suite of changes is being implemented in Rotorua to meet urgent housing need, with an initial focus on families and whānau with children and addressing issues associated with EH-SNGs [CAB-21-MIN-0231.01 refers]
- 2 **Note** that good progress has been made in Rotorua, including accommodating families and whānau with children in contracted motels that offer dedicated case management support and wraparound services
- 3 **Note** that, as agreed by Cabinet, officials have completed in-depth assessments of urgent housing need in Hamilton City and the Wellington metropolitan area (Wellington, Porirua, Upper and Lower Hutt cities) [CAB-21-MIN-0231.01 refers]
- 4 **Note** that the assessments indicate that the scale and nature of urgent housing need and associated issues in both Hamilton City and the Wellington metro area necessitates additional action
- 5 **Agree** that officials work together with local Iwi, Māori providers, councils and broader government and community stakeholders to apply MAIHI and place-based principles to develop plans to address urgent housing need in Hamilton City and the Wellington metro area
- 6 **Agree** that officials will report to responsible Ministers in the first instance, with a proposed set of actions for each location by mid-November 2021
- 7 **Agree** that the final proposed programmes of work for Hamilton City and the Wellington metro area, together with an indication of overall costs, indicative timeframes and financial implications, be reported to Cabinet by March 2022
- 8 **Note** that new funding will be required to support the implementation of place-based plans and that potential funding approaches will be examined, and advice provided to Cabinet as part of the March 2022 report back, referred to above
- 9 **Note** that a broader review of the emergency housing system is currently underway and findings from this will be provided to Cabinet in early 2022. The development of place-based responses will inform the review

IN CONFIDENCE

Funding for the Rotorua housing hub

- 10 **Note** that in June 2021, Cabinet agreed to fund the first year of the Rotorua housing hub initiative with funding for Te Pokapū to meet operating costs (\$0.917 million 2021/22) and capital costs (\$0.230 million), to strengthen the assessment and placement processes for emergency housing clients and to co-locate relevant services [CAB-21-MIN-0231.01, refers]
- 11 **Note** that the Ministry of Social Development has subsequently reviewed, in partnership with Te Pokapu, both the operating costs and the capital costs for establishing the Rotorua hub:
- 11.1 the operating costs have increased in the 2021/22 financial year by \$75,000 for additional costs associated with a privacy impact assessment and security risk assessment for the hub
- 11.2 the capital costs have increased by \$180,000 for additional fit-out expenditure and contingency funding.
- 12 **Agree** to a fiscally neutral adjustment to increase both operating and capital costs associated with the Rotorua housing hub initiative as noted in recommendation 11 above
- 13 **Approve** the following changes to appropriations to give effect to the decisions in recommendation 12 above, with no impact on the operating balance and net core Crown debt across the forecast period:

	\$m – increase/(decrease)				
Vote Social Development Minister of Housing	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears
Departmental Output Expense: Services to Support People to Access Accommodation (funded by revenue Crown)	(0.255)	-	-	-	-
Non-departmental Output Expense: Housing Place-Based Approaches	0.075	-	-	-	-
Non-departmental Other Expense: Housing hub capital costs Place-Based Approach	0.180	-	-	-	-
Total Operating	-	-	-	-	-

IN C O N F I D E N C E

- 14 **Agree** that the changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply

- 15 **Note** that there may need to be further fiscally neutral adjustments required to meet the costs of the Rotorua housing hub initiative as this is a new development and there may be other costs that need to be taken into consideration

- 16 **Authorise** the Minister of Finance and the Minister of Housing to agree any further fiscally neutral adjustments required to meet the costs associated with the Rotorua housing hub initiative as noted in recommendation 15 above

- 17 **Agree** that any underspends for the Rotorua housing hub, be transferred to the 2022/23 financial year to ensure that funding is available for completion of this phase of the initiative

- 18 **Authorise** the Minister of Finance and the Minister of Housing to jointly agree the final amount to be transferred (as per recommendation 17 above), following completion of the 2021/22 audited financial statements of the Ministry of Social Development (or sooner if necessary), with no impact on the operating balance and/or net core Crown debt across the forecast period.

Authorised for lodgement

Hon Dr Megan Woods

Minister of Housing

Hon Carmel Sepuloni

Minister for Social Development and Employment

Hon Peeni Henare

Associate Minister of Housing (Māori Housing)

Hon Marama Davidson

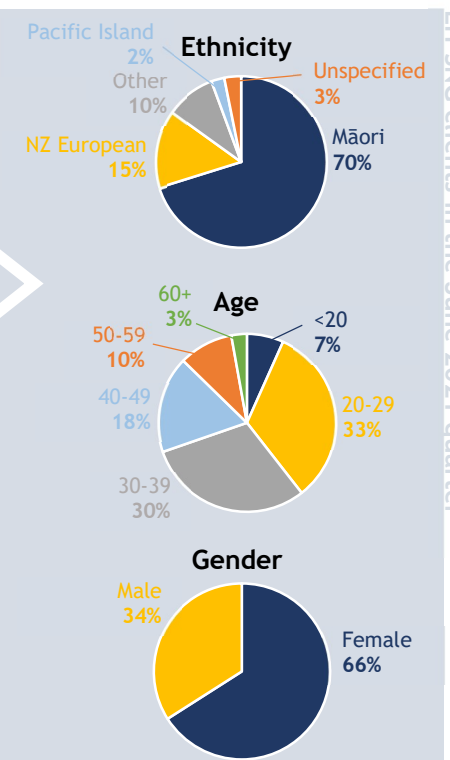
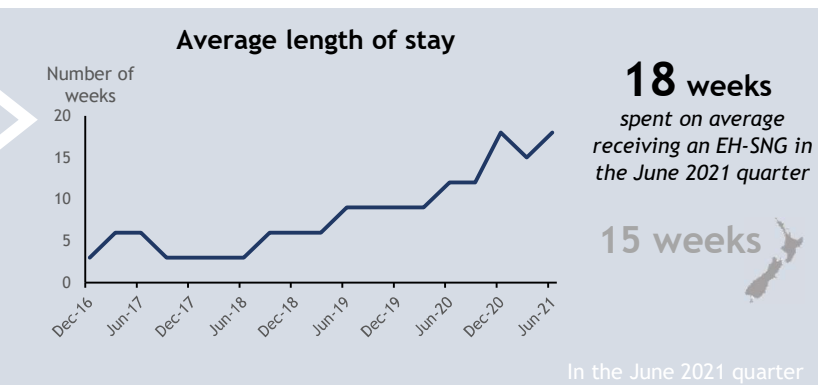
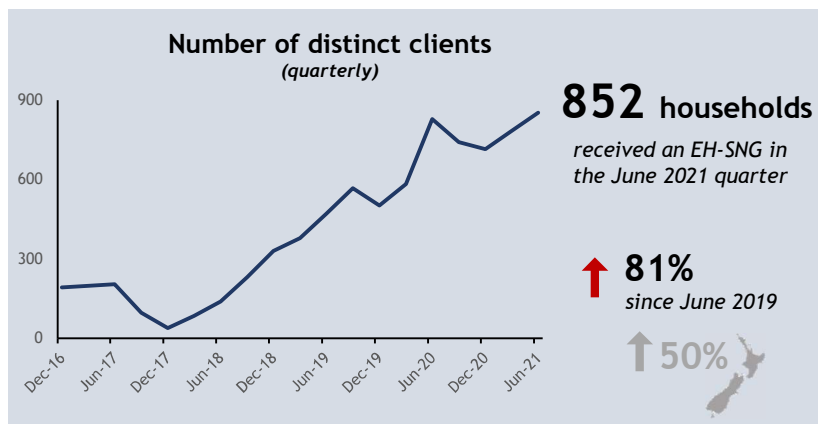
Associate Minister of Housing (Homelessness)

Rotorua Emergency Housing Taskforce Response (as at 16 September)

Action	Current status
Motel contracting for 200 families and whānau with children	HUD lead agency: <ul style="list-style-type: none"> Approximately 200 contracted units (across 12 motels) are currently occupied by around 190 parents and 314 children. 26 units are occupied by singles and couples. To accommodate increased demand from families in need of emergency housing, HUD has sourced an additional motel with 37 rooms.
Wraparound support services (contracted motels)	HUD lead agency: <ul style="list-style-type: none"> Three organisations have begun providing wraparound support services to households in contracted motels. Officials are working to select an appropriate provider of clinical support services for those with mental health and addiction needs across the 13 motels. A new provider is expected to be in place at the end of October.
Motels for sole EH-SNG use (non-contracted)	MSD lead agency: <ul style="list-style-type: none"> MSD cannot contract or enter into formal agreements with motels to only take EH-SNG clients, but there is a focus on ensuring non-contracted motels are well set up with the right facilities for longer-term stays. Officials are developing advice for Ministers on potential options to achieve the Council's objective of exclusive use of motels for emergency housing.
Wraparound support services (non-contracted)	<ul style="list-style-type: none"> MSD is designing additional support for clients in non-contracted motels. MSD is working with Te Pokapū – Rotorua housing hub, and other providers to ensure future supports can integrate into the existing provider network.
Te Pokapū – Rotorua housing hub	MSD lead agency: <ul style="list-style-type: none"> The virtual Hub is now operating, in a limited capacity, offering a range of supports to clients. A lease has been signed for a physical hub space. MSD is in discussions with Te Taumata o Ngāti Whakaeu iho ake (Iwi partner) about their services. Te Taumata was planning to move into this space during October, but the lockdown is likely to delay this.
Kāinga Ora housing pipeline	Kāinga Ora lead agency: <ul style="list-style-type: none"> Kāinga Ora is on track to meet relevant timeframes for its work programme and officials are continuing to explore and progress several development opportunities. Four transitional housing units were delivered on 31 July 2021 and 35 public houses will be delivered between April and October 2022. Purchases of existing motels for transitional housing are progressing, with one site expected to house approximately 80 people. However, renovation work has been delayed by the COVID-19 lockdown and supply chain issues. Kāinga Ora has purchased land (2ha) on Ranolf Street and Malfroy Road. This site will be developed in two stages. The first stage will provide 37 homes with a mix of two, three and four bedroom homes. The second stage of the development is currently under consideration as Kāinga Ora look to increase the density. Kāinga Ora is currently working on a range of solutions to increase the housing supply in Rotorua. This includes purchasing additional development-ready land and leasing land from Iwi, hapū and landowners. Collectively, these opportunities could add over 100 additional places.
Temporary housing supply – potential use of reserves	HUD lead agency: <ul style="list-style-type: none"> HUD and Rotorua Lakes Council are working through the approach needed to dispose of Council reserves for housing.

APPENDIX TWO: Hamilton City

Emergency Housing Special Needs Grants



\$13.5 million granted in the June 2021 quarter

In the June 2021 quarter

99% of clients were in receipt of a main benefit

↳ **48%** received Jobseeker Support

Most common household type was single adult with children **49%**

Followed by single adult **38%**

26% first-time EH-SNG clients in the June 2021 quarter

56% of households had been in EH for more than three months

6% of households had been in EH for more than a year

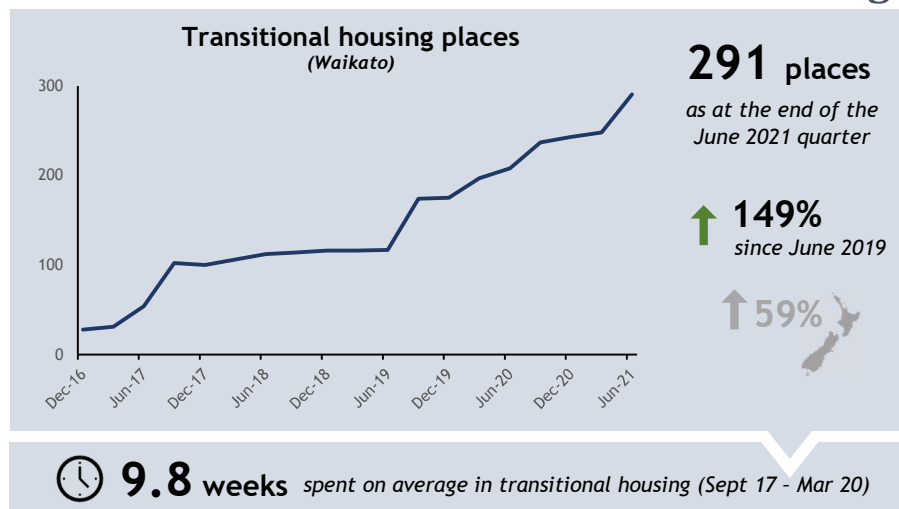
In the June 2021 quarter

63% of households with children had been in EH for more than three months

10% of households with children had been in EH for more than a year

675 children across 333 households in EH as at 30 June 2021

Transitional Housing

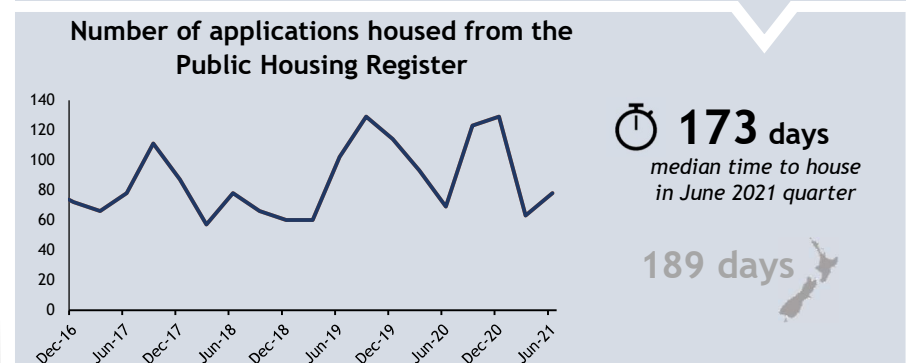
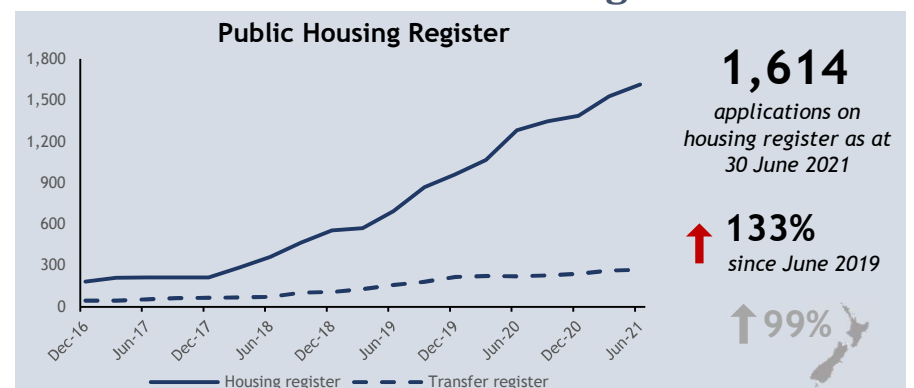


Supply pipeline

17 places for delivery by end of 2021

33 places for delivery by September 2022

Public Housing



Other programmes

Housing First

As at the June 2021 quarter

86 people housed

+ 64 people engaged but not yet housed

→ **2023**

170 places expected to be contracted (at any one time, housed and supported to be housed)

Sustaining Tenancies

72 households accepted into service as at 30 June 2021

100 places contracted for year two

Housing support

Accommodation Supplement

16,310 recipients in the June 2021 quarter

↑ **16%** since June 2019

↑ **17%**

Temporary Additional Support

4,105 recipients in the June 2021 quarter

↑ **37%** since June 2019

↑ **28%**

3,379 public housing tenancies as at 30 June 2021

↑ **11%** since June 2019

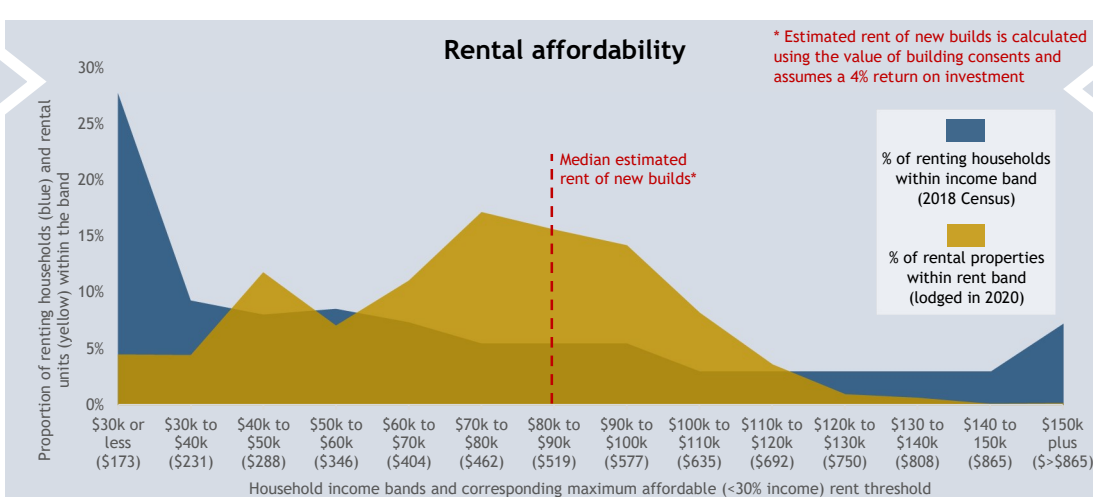
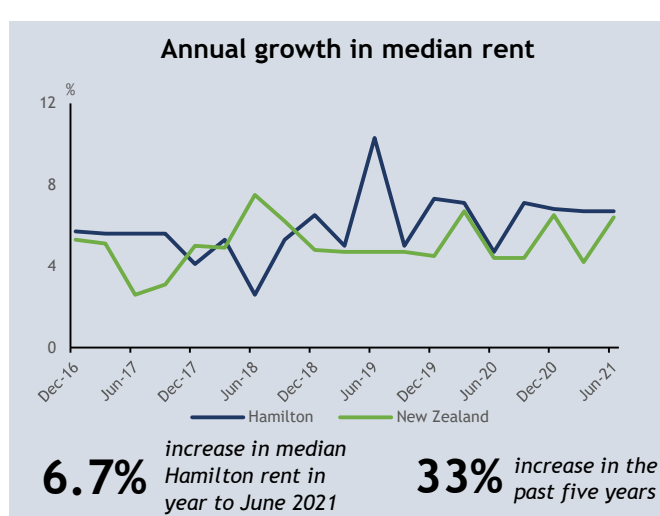
↑ **12%**

Supply pipeline

	2021/22	2022/23	2023/24
Kāinga Ora	45	19	117
CHPs	0	0	0

Note: Most data are for the Hamilton City Territorial Authority. However, Transitional Housing data are for the Waikato Region.

Housing affordability



49% of AS recipients (8,420 clients) spend more than half of their income on housing (Jan. 2021)

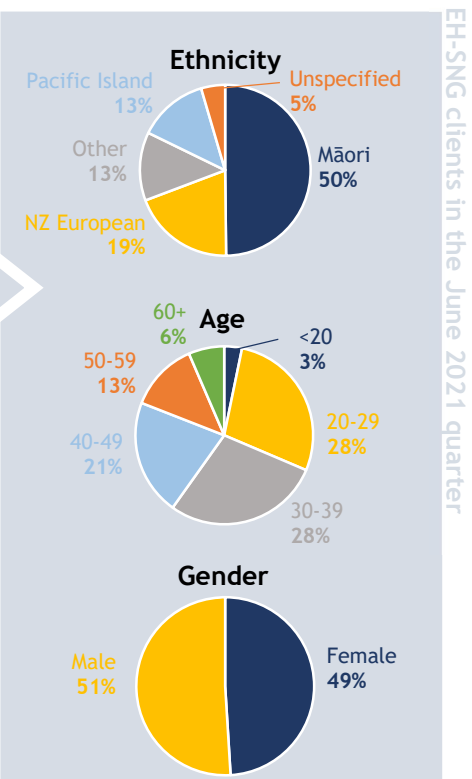
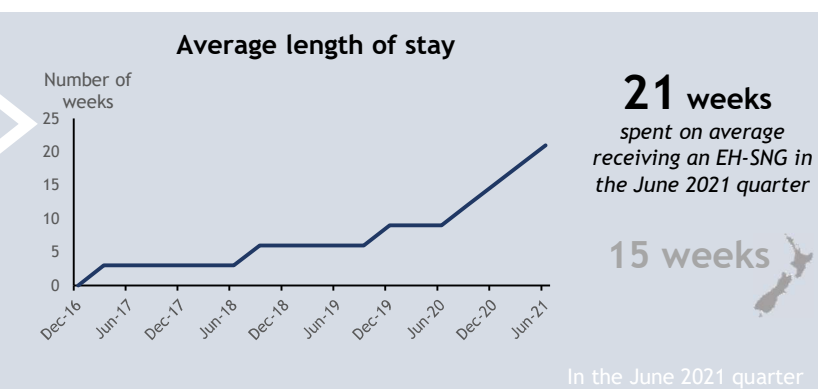
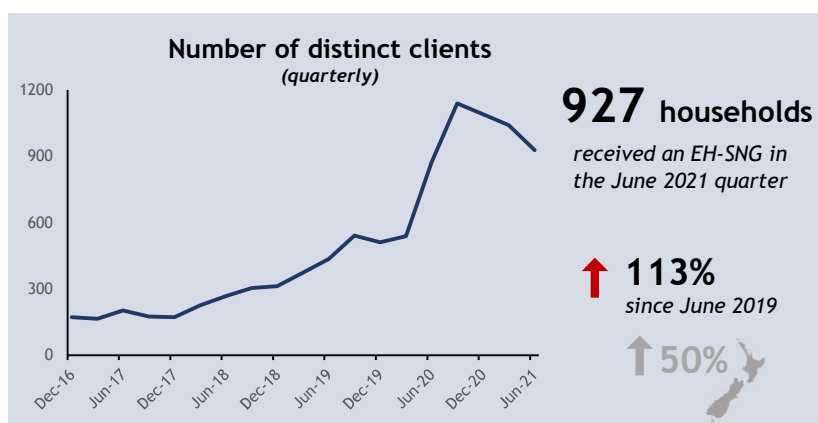
12% of households overcrowded (2018)

Lowest homeownership rate in New Zealand

54% (2018)

Wellington Metro

Emergency Housing Special Needs Grants



\$11.1 million granted in the June 2021 quarter

In the June 2021 quarter

94% of clients were in receipt of a main benefit

↳ **53%** received Jobseeker Support

Most common household type was single adult **63%**

Followed by single adult with children **25%**

26% first-time EH-SNG clients in the June 2021 quarter

61% of households had been in EH for more than three months

11% of households had been in EH for more than a year

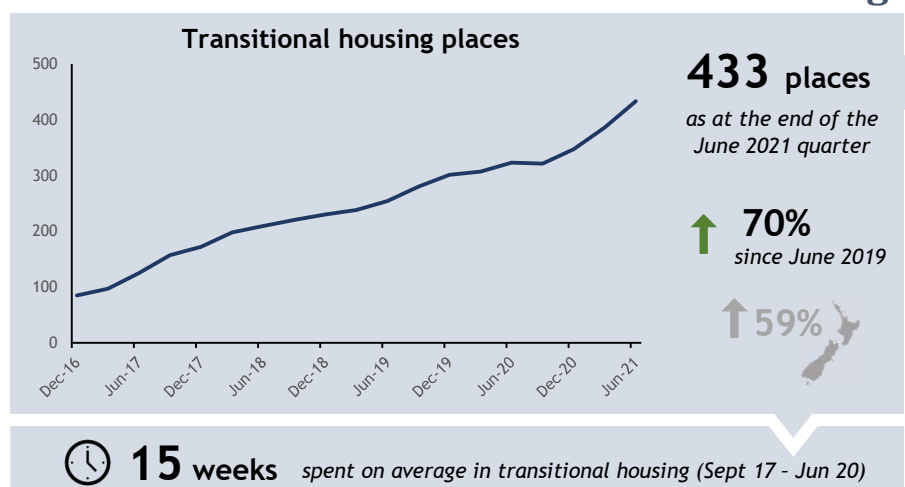
267 children across 168 households in EH in the June 2021 quarter

In the June 2021 quarter

65% of households with children had been in EH for more than three months

9% of households with children had been in EH for more than a year

Transitional Housing



Supply pipeline

31 places for delivery by end of 2021

+ 40 places for delivery by March 2022

Of the 71 places in the pipeline,

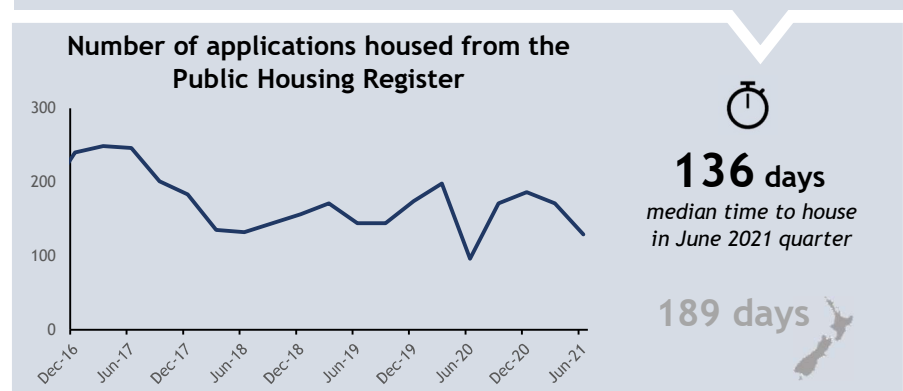
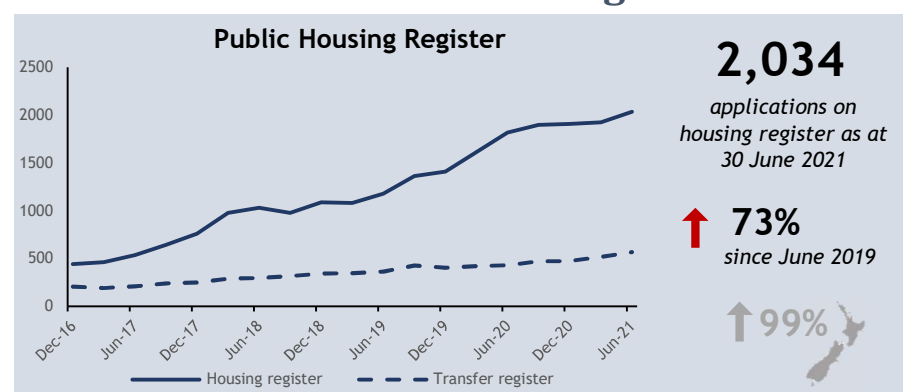
7 in Wellington City

40 in Porirua City

22 in Lower Hutt City

2 in Upper Hutt City

Public Housing



Other programmes

Housing First

As at the June 2021 quarter

146 people housed

+ 89 people engaged but not yet housed

→ **2023**

400 places expected to be contracted (at any one time, housed and supported to be housed)

Sustaining Tenancies

221 households accepted into service as at 30 June 2021

245 places contracted for year two

Housing support

Accommodation Supplement

24,006 recipients in the June 2021 quarter

↑ **12%** since June 2019

↑ **17%**

Temporary Additional Support

5,211 recipients in the June 2021 quarter

↑ **23%** since June 2019

↑ **28%**

8,307 public housing tenancies as at 30 June 2021

↑ **2%** since June 2019

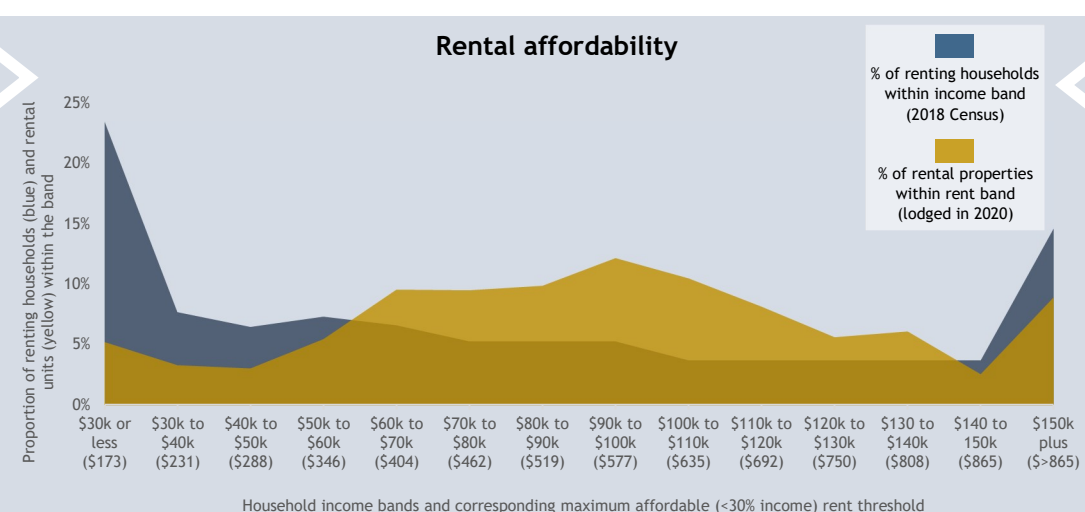
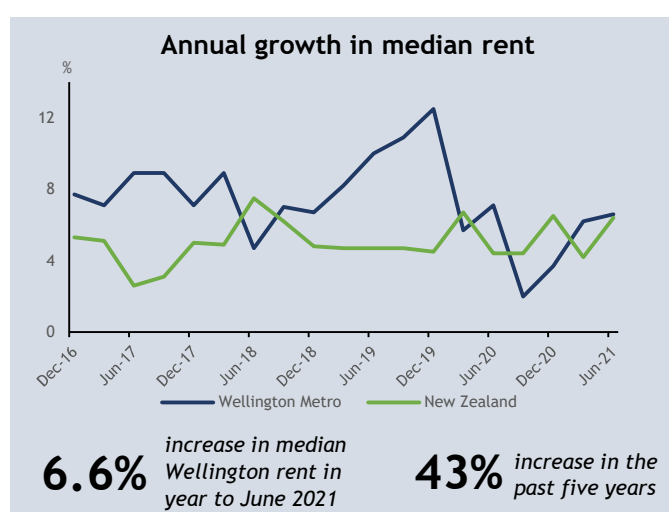
↑ **12%**

Supply pipeline

	2021/22	2022/23	2023/24
11 houses			
465 houses			
549 houses			
Kāinga Ora	11	390	530
CHPs	0	75	19

Note: Wellington Metro is defined as Wellington City, Porirua City, Upper Hutt City and Lower Hutt City. Historical data on Transitional Housing places are for the entire Wellington Region.

Housing affordability





Cabinet Social Wellbeing Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Urgent Housing Need in Hamilton City and Wellington Metropolitan Area: Assessment

Portfolios **Housing / Social Development and Employment / Associate Housing (Māori Housing) / Associate Housing (Homelessness)**

On 29 September 2021, the Cabinet Social Wellbeing Committee:

Background

1 **noted** that in June 2021, Cabinet:

1.1 agreed to a suite of changes being implemented in Rotorua to meet urgent housing need, with an initial focus on families and whānau with children and addressing issues associated with Emergency Housing Special Needs Grants (EH-SNGs);

1.2 agreed that officials begin engagement in Wellington and Hamilton as possible locations for expansion due to high levels of EH-SNGs;

[CAB-21-MIN-0231.01];

2 **noted** that good progress has been made in Rotorua, including accommodating families and whānau with children in contracted motels that offer dedicated case- management support and wraparound services;

Assessment of urgent need in Hamilton and Wellington

3 **noted** that officials have completed in-depth assessments of urgent housing need in Hamilton City and the Wellington metropolitan area (Wellington, Porirua, Upper and Lower Hutt cities);

4 **noted** that the assessments indicate that the scale and nature of urgent housing need and associated issues in both Hamilton City and the Wellington metropolitan area necessitates additional action;

- 5 **agreed** that officials work together with local Iwi, Māori providers, councils and broader government and community stakeholders to apply Māori and Iwi Housing Innovation (MAIHI) and place-based principles to develop plans to address urgent housing need in Hamilton City and the Wellington metro area;
- 6 **agreed** that officials will report to responsible Ministers (Minister for Housing, Minister for Social Development and Employment, and Associate Ministers of Housing (Māori Housing and Homelessness)) in the first instance, with a proposed set of actions for each location by mid-November 2021;
- 7 **invited** responsible Ministers to report back to Cabinet by 31 March 2022 with the final proposed work programmes for Hamilton City and the Wellington metropolitan area, together with an indication of overall costs, indicative timeframes and financial implications;
- 8 **noted** that new funding will be required to support the implementation of place-based plans and that potential funding approaches will be examined, and advice provided as part of the March 2022 report back referred to above;
- 9 **noted** that:
- 9.1 a broader review of the emergency housing system is underway and development of place-based responses will inform this review;
- 9.2 findings from the review will be provided to Cabinet in early 2022;

Funding for the Rotorua housing hub

- 10 **noted** that in June 2021, Cabinet agreed to fund the first year of the Rotorua housing hub initiative with funding for Te Pokapū to meet operating costs (\$0.917 million 2021/22) and capital costs (\$0.230 million), to strengthen the assessment and placement processes for emergency housing clients and to co-locate relevant services [CAB-21-MIN-0231.01];
- 11 **noted** that the Ministry of Social Development has subsequently reviewed, in partnership with Te Pokapū, both the operating costs and the capital costs for establishing the Rotorua hub:
- 11.1 the operating costs have increased in the 2021/22 financial year by \$75,000 for additional costs associated with a privacy impact assessment and security risk assessment for the hub;
- 11.2 the capital costs have increased by \$180,000 for additional fit-out expenditure and contingency funding;
- 12 **agreed** to a fiscally neutral adjustment to increase both the operating and capital costs associated with the Rotorua housing hub initiative noted in paragraph 11 above;

- 13 **approved** the following changes to appropriations to give effect to the decision in paragraph 12 above, with no impact on the operating balance and net core Crown debt across the forecast period:

Vote Social Development Minister of Housing	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears
Departmental Output Expense: Services to Support People to Access Accommodation (funded by revenue Crown)	(0.255)	-	-	-	-
Non-departmental Output Expense: Housing Place- Based Approaches	0.075	-	-	-	-
Non-departmental Other Expense: Housing hub capital costs Place-Based Approach	0.180	-	-	-	-
Total Operating	-	-	-	-	-

- 14 **agreed** that the changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 15 **noted** that further fiscally neutral adjustments may be required to meet the costs of the Rotorua housing hub initiative as this is a new development and there may be other costs that need to be taken into consideration;
- 16 **authorised** the Minister of Finance and the Minister of Housing to agree any further fiscally neutral adjustments required to meet the costs associated with the Rotorua housing hub initiative as noted in paragraph 15 above;
- 17 **agreed** that any underspends for the Rotorua housing hub be transferred to the 2022/23 financial year to ensure that funding is available for completion of this phase of the initiative;
- 18 **authorised** the Minister of Finance and the Minister of Housing to jointly agree the final amount to be transferred (as per paragraph 17 above), following completion of the 2021/22 audited financial statements of the Ministry of Social Development (or sooner if necessary), with no impact on the operating balance and/or net core Crown debt across the forecast period.

Rachel Clarke
Committee Secretary

Attendees: (see over)

Present:

Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Poto Williams
Hon Kris Faafoi
Hon Peeni Henare
Hon Willie Jackson
Hon Jan Tinetti
Hon Dr Ayesha Verrall
Hon Meka Whaitiri
Hon Priyanca Radhakrishnan
Hon Marama Davidson

Officials present from:

Office of the Prime Minister
Office of the SWC Chair
Officials Committee for SWC

Report

Date: 4 October 2021

Security Level: IN CONFIDENCE

To: Hon Dr Megan Woods, Minister of Housing
Hon Carmel Sepuloni, Minister for Social Development and Employment
Hon Poto Williams, Associate Minister of Housing (Public Housing)
Hon Peeni Henare, Associate Minister of Housing (Māori Housing)
Hon Marama Davidson, Associate Minister of Housing (Homelessness)

Emergency Housing System Review: Assessment of the current emergency housing system and areas for improvement

Purpose of the report

- 1 This report and the attached slide set is the first of three planned report backs in the Emergency Housing System Review (the Review). It provides an assessment of how the system currently operates and sets out areas for improvement.

Executive summary

- 2 In June 2021, Cabinet agreed to officials undertaking a fundamental review of the emergency housing system, culminating in advice on the role and purpose of emergency housing and a plan to get to an 'ideal state' [CAB-21-MIN-231.01 refers].
- 3 This report back is the first of three on the Review and focuses on Emergency Housing Special Needs Grants (EH SNGs).
- 4 The Government is making good progress in increasing housing supply and delivering additional supports in New Zealand. However, we are seeing growing demand for EH SNGs and people staying in emergency accommodation for longer. 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. This is particularly the case for Māori, who are disproportionately represented in the population experiencing homelessness.

The current emergency housing system is not delivering the desired outcomes

- 5 The original intent of EH SNGs were as a last resort in areas where no contracted emergency housing places (Transitional Housing) were available (slide 5 refers). Due to wider housing market pressures, increasing numbers of people in need, and the way the system operates and is funded, EH SNGs have become our main response to urgent housing need.
- 6 While EH SNGs provide an important backstop for people in urgent housing need, the system is not effectively providing a pathway to permanent housing, supporting people at the right time, addressing housing disparities, or improving the housing and wellbeing outcomes of individuals, families and whānau (slides 6-18 refer). Māori are significantly overrepresented, making up 59 percent of EH SNG recipients.

- 7 Some of the data has been previously provided in the report "Demand for the Public Housing Register and Emergency Housing Special Needs Grants in 2021" (REP/21/9/992 refers).
- 8 The system is not aligned fully to our aims and guiding principles of the Aotearoa/New Zealand Homelessness Action Plan and Te Maihi o Te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) Framework (slide 19 refers).

There is a case to fundamentally reset the emergency housing system so it results in improved outcomes

- 9 While the future report backs will set out the role of emergency housing and what an ideal state could look like, along with specific options, the work so far has surfaced problems with the current system that may not be resolved with tweaks to the current system.
- 10 There is a good case for fundamentally resetting the emergency housing system and making system-wide changes to improve outcomes for individuals, families and whānau in need (slide 21 refers). This could be achieved by:
 - 10.1 clarifying and resetting the purpose of emergency housing, using the Homelessness Action Plan and MAIHI kaupapa Māori principles, with whānau at the centre
 - 10.2 shifting the balance between crisis responses, and prevention measures and longer-term housing responses
 - 10.3 making sure the system works for Māori and supports Māori-led alternatives to emergency housing
 - 10.4 focusing on stability and ensuring that people get the right levels of support and housing suitable for their needs.
- 11 We seek your in-principle agreement to fundamentally reset and redesign the emergency housing system.

There are also areas for improvement in the short term to respond to immediate needs

- 12 Our assessment has highlighted that there are specific immediate unmet needs for people accessing emergency housing. We seek your feedback on these areas to inform our approach. We will work alongside other agencies to understand what can be done quickly, within current funding parameters, and to implement changes where possible (slide 22 refers).

Next steps

- 13 We suggest discussing this report at the Housing Ministers meeting on 18 October 2021. Officials are available to attend and support the discussion if you wish.
- 14 Following this briefing, further advice will be developed, setting out the role and purpose of EH SNGs in relation to Transitional Housing – currently and in an ideal state – in late October 2021.
- 15 Subject to your approval, officials will engage with key external stakeholders, such as Te Matapihi and Community Housing Aotearoa, to inform this future advice.
- 16 You may wish to update your Cabinet colleagues on the progress of the Review based on the material in this report/associated slide pack. Officials can prepare material to support an oral update to a Cabinet committee in due course.

Recommended actions

It is recommended that you:

- 1 **Note** that you may want to discuss this report at the Housing Ministers meeting on 18 October 2021

- 2 **Note** that our assessment has found that there is a need for a reset and redesign of the emergency housing system, so it delivers improved outcomes for individuals, families and whānau in urgent housing need and addresses the disparities that exist
- 3 **Agree in principle** to a reset and redesign of the emergency housing system
- Agree / Disagree**
- 4 **Note** that future report backs will include:
- 4.1 choices for Ministers about how far to go on any reset and redesign
 - 4.2 further detail on any short-term improvements that respond to immediate unmet needs in the system and concerns about suitability and safety of accommodation
 - 4.3 consideration of system-wide policy changes and any funding needs (these may also be signalled in the 18-month review of the Homelessness Action Plan)
 - 4.4 advice on how a reset would embed a MAIHI and place-based approach to ensure the system is whānau-centred and responds to local needs
- 5 **Agree** to officials engaging with key external stakeholders, such as Te Matapihi and Community Housing Aotearoa, to inform future report backs on the Review
- Agree / Disagree**
- 6 **Agree** to provide an update to the Cabinet Social Wellbeing Committee or Cabinet Priorities Committee on progress of the Review based on this report.
- Agree / Disagree**



Fleur Keys
**Acting Manager, Housing Needs
 and Responses, HUD**
 04 / 10 / 21
 / /



Hayley Hamilton
**General Manager, Housing
 Policy, MSD**
 ..04/ ..10 / ..21..
 / /

Hon Dr Megan Woods
Minister of Housing
 / /

Hon Carmel Sepuloni
**Minister for Social Development
 and Employment**
 / /

Hon Poto Williams
**Associate Minister of Housing
 (Public Housing)**
 / /

Hon Peeni Henare
**Associate Minister of Housing
 (Māori Housing)**
 / /

Hon Marama Davidson
**Associate Minister of Housing
 (Homelessness)**
 / /

File ref: REP/21/9/1043 and BRF21/22091120

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Emergency Housing System Review: Assessment of the current emergency housing system and areas for improvement



Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development



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



Purpose

The briefing provides an assessment of how the emergency housing system currently operates and sets out areas for improvement. The main focus is on Emergency Housing Special Needs Grants (EH SNGs).

It describes current policy and its operational implications, drivers of demand, pathways in and out of emergency housing, and experiences of emergency housing. It meets the first of three report backs to review the emergency housing system.

Further report backs will provide advice on the role and purpose of emergency housing currently and in an ideal state, and a plan to reach the desired end state.

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He kāinga ora, he hapori ora

Thriving communities where everyone has a place to call home.





Executive Summary

Our current response of Emergency Housing Special Needs Grants (EH SNGs) and Transitional Housing to address urgent housing needs is not resulting in the outcomes we want. The context has changed considerably since the introduction of these measures in 2016 and the original model did not anticipate the level of demand we have seen.

EH SNGs were originally intended only to be used as a last resort in areas where no contracted emergency housing places (Transitional Housing) were available. Due to wider housing market pressures, increasing numbers of people in need, and the way the system operates and is funded, EH SNGs have become our main response to urgent housing need.

While EH SNGs provide an important backstop for people in urgent housing need, the system is not effectively providing a pathway to permanent housing, supporting people at the right time, addressing housing disparities, or improving the housing and wellbeing outcomes of individuals, families and whānau. The system is not aligned fully to our aims and guiding principles of the Aotearoa/New Zealand Homelessness Action Plan and Te Maihi o Te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) Framework. The emergency housing system is also difficult to administer, fragmented and costly.

There is a good case for fundamentally resetting the emergency housing system so it results in improved outcomes for individuals, families and whānau in need.

System-wide areas for improvement include ensuring that people get the right levels of support and housing suitable for their needs, such as longer-term supported housing, supporting Māori-led responses and purposefully shifting towards strengths-based prevention measures.

Taking a MAIHI and place-based approach will be key to making sure the system is whānau-centered and we work collaboratively to respond to local differences.

Key insights

- Over a quarter of all EH SNG households have been receiving EH SNGs for more than six months highlighting that exits are increasing difficult.
- There are high numbers of single adults and sole parents receiving EH SNGs reflecting the difficulties experienced by these groups in the housing market.
- People experiencing longer stays tend to have higher needs and more challenging life experiences, such as childhood poverty and trauma, mental health and addiction needs or time in prison.
- People who experience emergency housing report safety concerns, high levels of drug harm, concerns for children and young people, such as disconnection from schooling, and difficulties accessing support.
- Māori are overrepresented among EH SNG recipients. Wai 2750 claimants highlighted opportunities for Māori-led responses that put whānau at the centre.
- People are not receiving the right levels of support or housing suitable for their needs and aspirations.
- Differences in structural drivers, and existing housing markets and responses, mean the levels of need experienced are not uniform across New Zealand.



Significant steps have been taken recently to prevent and reduce homelessness and improve the emergency housing system.

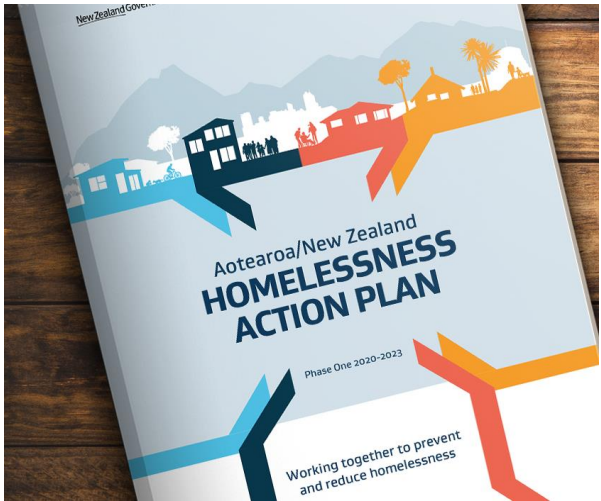
Key changes have been made through the introduction of the Aotearoa New Zealand Homelessness Action Plan (Action Plan), Te Maihi o Te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) Framework.

- The Action Plan provides an overarching framework and a set of principles that guide our homelessness work. Principles include supporting whānau-centred and strengths-based approaches, supporting kaupapa Māori approaches through embedding MAIHI, and taking place-based approaches.
- MAIHI aims to deliver, at pace, a system-wide response to Māori housing stress through actions to **respond, review and reset** systems and processes so that the housing system provides equitable solutions for Māori. MAIHI and its principles are central to our continued efforts to address homelessness.

Along with the recently agreed Māori Housing Strategy: MAIHI Ka Ora and the HUD-GPS, we have a strong framework and clear direction for change.



The **emergency housing system** is defined as the temporary accommodation and support response for people in urgent housing need. It includes both government- and non-government-funded accommodation. The focus of this review is on government-funded accommodation, with an emphasis on EH SNGs.



Rationale for the review

Even with increased efforts to increase affordable supply, address homelessness and reduce the reliance on motels, the number of people in urgent housing need in emergency housing has increased and remains high. Māori are significantly overrepresented, making up 59% of EH SNG recipients.

The need for further changes to the emergency housing system, such as those underway in Rotorua and the further work being undertaken in Wellington metro and Hamilton, have raised fundamental questions about the system and specifically whether EH SNGs have a place in our future response.

Ministers have asked officials to undertake a review of the emergency housing system (the Review).

The emergency housing system policy and operations



A new emergency housing funding model was introduced in 2016

The **funding model** introduced in 2016 provided two core components:

- contracted places with selected providers for emergency accommodation and wraparound support (this became **Transitional Housing**)
- a new **Emergency Housing Special Needs Grant (EH SNG)** to assist with the cost of short-term commercial accommodation (usually a motel) when contracted places were unavailable. The existing recoverable SNG was made generally non-recoverable for those who could prove an immediate housing need.

The model was based on anticipated demand being relatively low until permanent options became available.

The intended outcomes of the 2016 funding model were:

- people in urgent housing need get access to emergency housing when they need it and have somewhere safe and suitable to stay
- people receive the support and services they need
- people have a pathway towards long-term housing
- providers are funded in a sustainable way that allows them to focus on improving outcomes for people.

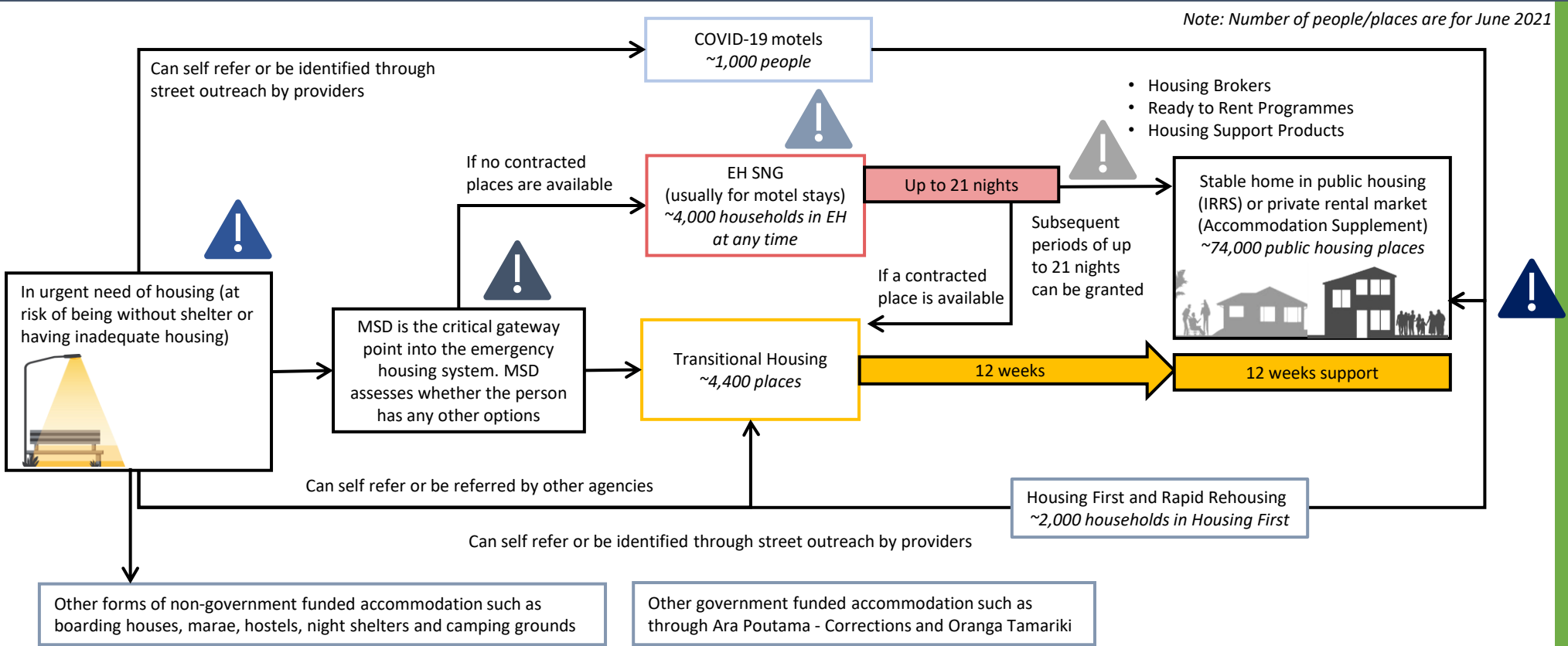
Several policy and operational changes have been made over the past few years to respond to the high levels of demand and address the differences in support services between Transitional Housing and EH SNGs, including:

- Intensive Case Managers and Navigators to support some people receiving EH SNGs and residing in a motel
- A Flexible Funding Programme for families and whānau with children receiving an EH SNG to support the wellbeing and education needs of children
- Housing Brokers and Ready to Rent programmes to support people receiving an EH SNG to access tenancies in the private market
- Motels with wraparound support were used to house people without shelter or in unsuitable accommodation in the national COVID-19 lockdown in 2020
- A requirement that people receiving an EH SNG pay 25% of their income towards accommodation costs
- The discretion to extend EH SNG duration from 7 nights to 21 nights for clients engaging with intensive support services
- A pilot is underway in Rotorua to contract specific motels to provide emergency accommodation, wraparound support, and establish Te Pokapūa (hub)
- Transitional Housing supply, including 1,000 additional places delivered in February 2021, and a further 2,000 places to be delivered by June 2022.

The emergency housing system policy and operations



However, even with recent changes, there continues to be challenges



! Housing pressures mean a high number of people are flowing into the system, although there are still many who do not approach MSD
→ The number of EH SNG clients in a quarter has increased by 165% since 2018

! EH SNGs are heavily relied on due to a lack of Transitional Housing and suitable alternatives
→ There is a 1.7:1 ratio of EH SNGs to Transitional Housing places

! Some support is provided through Intensive Case Managers, Navigators and the Flexible Fund, but it is often insufficient to meet high and complex needs

! People can often cycle in and out of unstable and temporary accommodation
→ ~30% of EH SNG clients are first-time recipients

! Pathways out of emergency housing are limited due to a lack of suitable, affordable rentals
→ 18 weeks is spent on average receiving an EH SNG
→ The median time to house off the public housing register is 189 days



There are some key challenges for the Ministry of Social Development in administering EH SNGs

The EH SNG forms part of the wider Special Needs Grant programme which provides financial assistance where people are unable to meet urgent and essential costs.

However, the mechanism is not an appropriate lever to address the ongoing urgent housing and social needs people experience or provide a pathway to permanent housing.

It was also designed to respond to a much lower level of need than what has eventuated. At the time it was set up in 2016, there were expected to be fewer than 2,000 EH SNG recipients annually.

In the 2020/21 financial year, over 21,000 New Zealanders (and the households they represent) accessed the EH SNG. In May 2021 alone, around 4,000 households received an EH SNG.

Higher-than-anticipated levels of demand have exacerbated some of the challenges related to the funding and original policy design of the model.

Key operational constraints

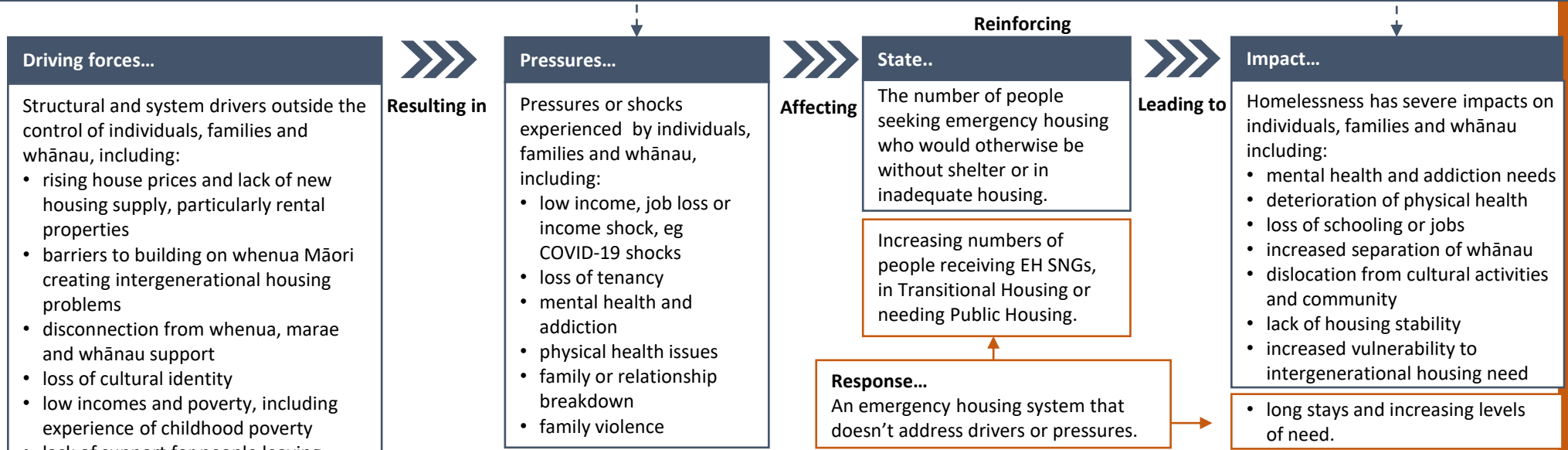
- The process staff need to take to grant an EH SNG is complex and very process driven and transactional. Case managers are required to go through the lengthy process of a new grant application and payment set up every time an extension for an EH SNG is required.
- The current reality is that people will likely need reoccurring grants and the temporary nature of EH SNGs is difficult for staff and clients. The process of new grants being needed every couple of weeks does not allow people to stabilise, or staff to easily shift away from transactional interactions.
- In many cases, staff may need to contact several suppliers to find an available place. MSD prioritises finding a suitable option quickly, given clients are in a vulnerable position facing homelessness and have an immediate need for accommodation. This process can be very time consuming.
- Current policy and the subsequent SNG processes that set obligations for clients are no longer appropriate in the current housing crisis where there are limited options to find alternative housing. Some of these processes are also inconsistent across regions or by case manager.

Key legislative and funding constraints

- EH SNGs are funded through a Benefits or Related Expenses (BORE) appropriation, where funding is set to meet forecast demand. This means that EH SNGs respond easily to increased demand. They are only constrained by the number of commercial accommodation places available.
- However, MSD is unable to enter into formal agreements with motels to take only EH SNG clients. Under current settings, MSD does not have the power to recommend or refer clients to specific accommodation.
- As EH SNGs are intended as a one-off grant, they cannot be used to make advance bookings or bookings for longer than what an individual is entitled to at the time of application. There is very little opportunity for MSD to negotiate on rates.
- Within the EH SNG, agreements or conditions of stay are between the supplier and the client, and the expectation is that accommodation services provided meet commercial standards set by regulatory authorities.

Structural drivers and pressures

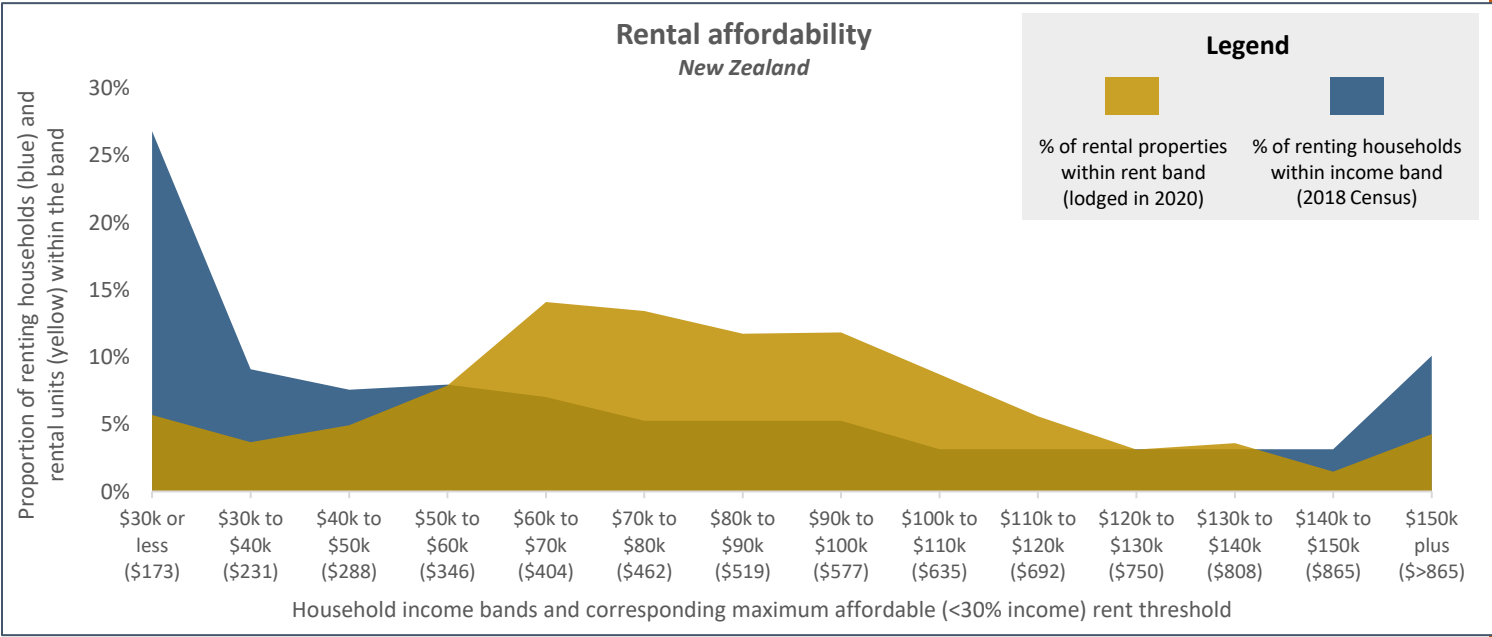
Structural drivers increase pressure on those with low incomes resulting in urgent housing need



The most significant drivers are high rents and the lack of affordable housing supply

This graph shows the proportion of existing rental units available at the upper threshold of affordability for different income brackets.

It shows that according to Census 2018 data, 36% of renting households in New Zealand were earning under \$40,000 per year. However, only 10% of rentals lodged with MBIE in 2020 would have been affordable to this group.



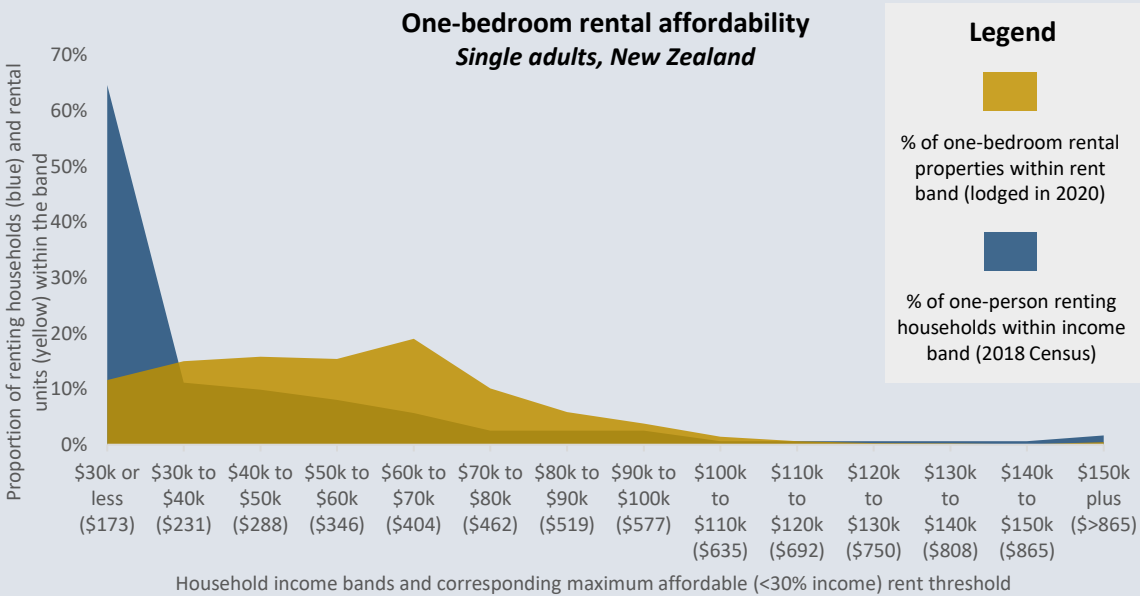
Structural drivers and pressures

Single people and sole parents are the most affected by supply and affordability constraints



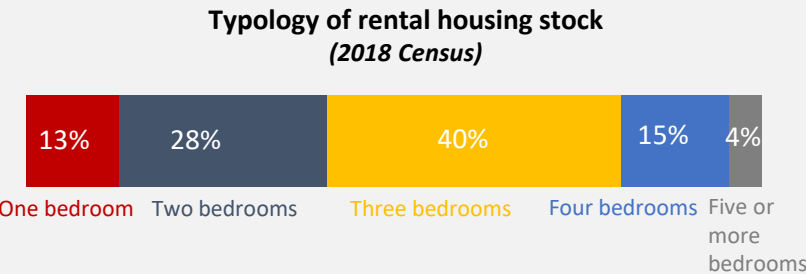
One-bedroom rentals are often unaffordable for single adult households...

According to Census 2018 data, 76% of one-person renting households in New Zealand were earning under \$40,000 per year. However, only 26% of one-bedroom rentals lodged with MBIE in 2020 would have been affordable to this group.



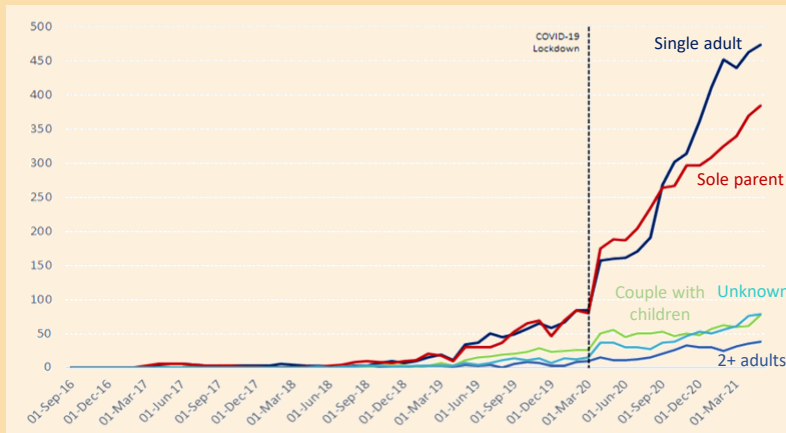
...and there is a shortage of one-bedroom houses

26% of renting households in 2018 were single people (another 16% were couple only),
but only **13%** of rental properties were one bedroom

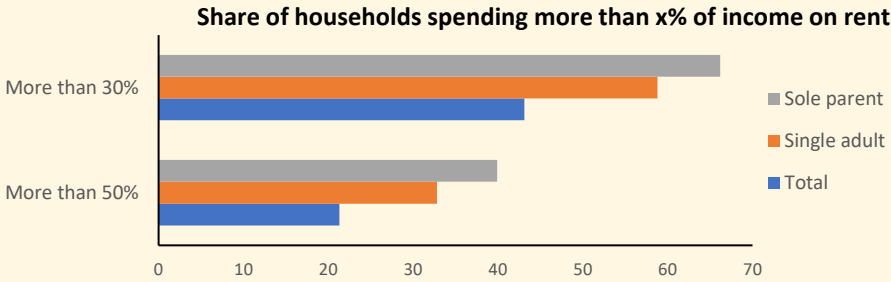


...as a result, they are overrepresented in emergency housing, especially for longer stays

Number of EH SNG households with a stay of 6+ months



..and single adult and sole parent households pay a higher proportion of income on rent...



Structural drivers and pressures

The level of urgent housing need and drivers differs across the motu



Auckland

1.4 EH SNGs per 1,000 people	4.9 public housing (PH) register applicants per 1,000 people
12 weeks average stay	59% of AS recipients in severe housing stress
1.3 EH clients per TH place	29% renting households earn <\$40k
	6% rentals affordable to them

Waikato

2.4 EH SNGs per 1,000 people	5.2 PH register applicants per 1,000 people
15 weeks average stay	44% of AS recipients in severe housing stress
4.0 EH clients per TH place	38% renting households earn <\$40k
	9% rentals affordable to them

Southern

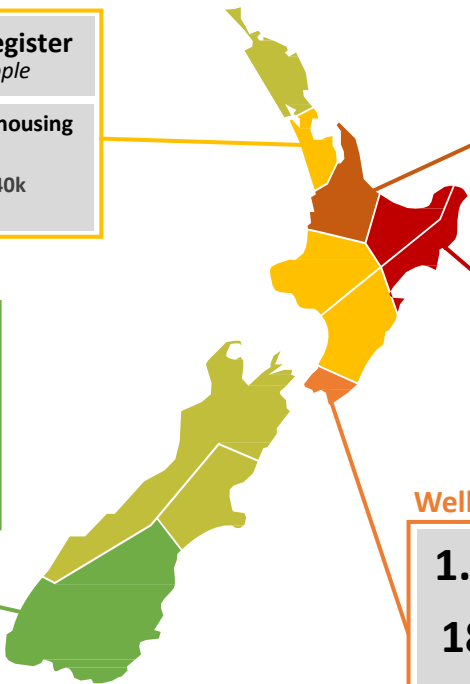
0.2 EH SNGs per 1,000 people	1.6 PH register applicants per 1,000 people
3 weeks average stay	39% of AS recipients in severe housing stress
0.5 EH clients per TH place	43% renting households earn <\$40k
	17% rentals affordable to them

East Coast

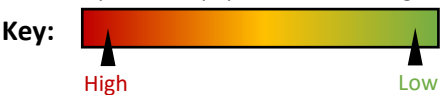
2.9 EH SNGs per 1,000 people	9.6 PH register applicants per 1,000 people
18 weeks average stay	35% of AS recipients in severe housing stress
1.5 EH clients per TH place	46% renting households earn <\$40k
	8% rentals affordable to them

Wellington

1.9 EH SNGs per 1,000 people	4.4 PH register applicants per 1,000 people
18 weeks average stay	50% of AS recipients in severe housing stress
2.4 EH clients per TH place	34% renting households earn <\$40k
	9% rentals affordable to them



Proportion of population in housing need



Data covers the June 2021 quarter

Severe housing stress is defined as spending more than 50% of income on housing costs

Rental affordability is defined as rent representing less than 30% of income

Insights

- The level of urgent housing need varies across regions
 - East Coast, for example, has high EH SNG use (2.9 EH SNGs per 1,000 people) and a large number of people on the public housing register (9.9 applicants per 1,000 people)
 - In contrast, Southern only has 0.2 EH SNGs per 1,000 people and 1.6 public housing register applicants per 1,000 people

- The drivers of urgent housing need vary across regions, especially behind the gap in affordable housing provision
 - In the East Coast and Southern regions, around 45% of renting households earn less than \$40,000, but in Southern 17% of rentals are affordable to this group compared to 8% in East Coast
- This results in differences in emergency housing outcomes, such as average length of stay in EH SNG accommodation (3 vs 18 weeks in those two regions).

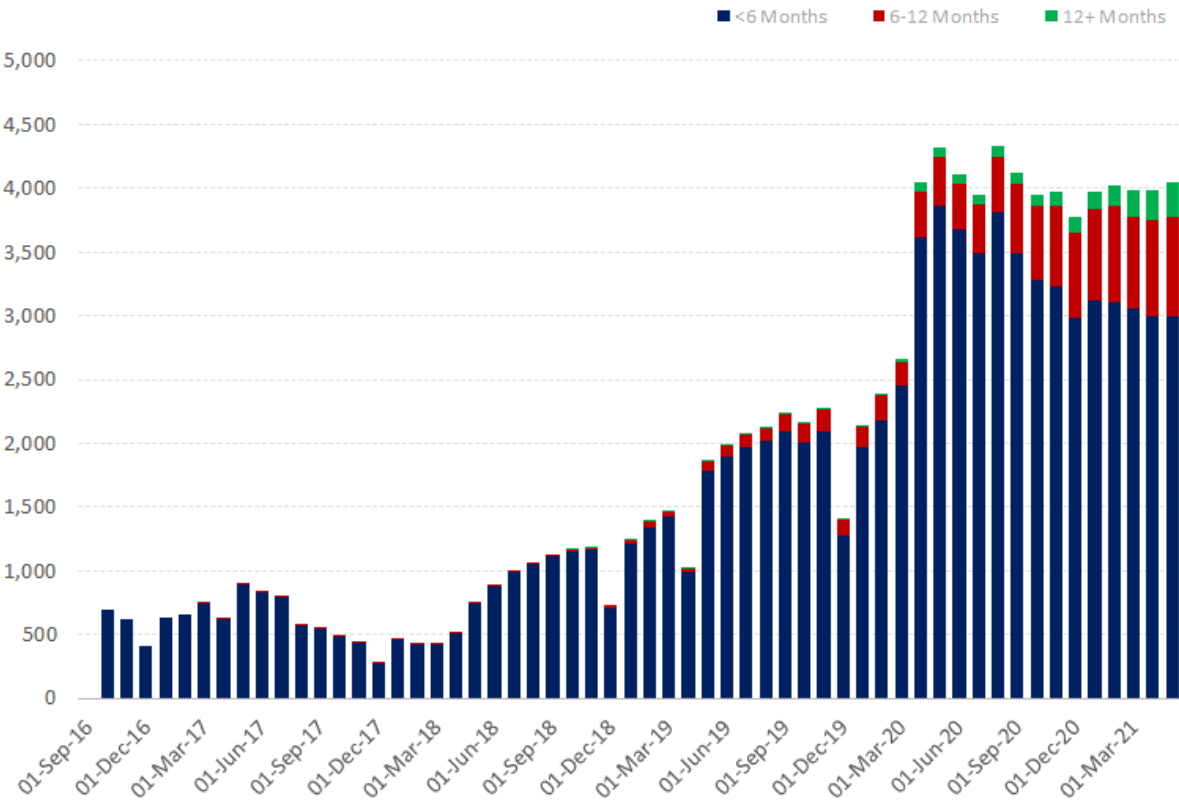
So what?

- Place-based approaches to emergency housing are important for responding to the unique challenges faced in each location.
- Engagement with local Iwi and Māori organisations, councils, and other stakeholders is key to understanding local context and identifying solutions.



People are receiving EH SNGs for longer

Length of stay in EH SNGs from September 2016 to March 2021



So what?

An average stay of 18 weeks on EH SNGs suggests it may be increasingly difficult for these households to transition to more sustainable, accessible and affordable housing. It also indicates that more diverse sizes of housing supply are needed to enable household stability and shifting to longer-term supported housing models, such as Housing First and single-site supported housing.

Insights

- People receiving EH SNGs are staying for longer. The average stay is now 18 weeks in May 2021, compared to 11 weeks in May 2020 and 5 weeks in September 2018.
- Approximately **7%** of all households receiving EH SNGs have been there for more than a year in May 2021. In May 2020, only **2%** were there for over a year.
- Approximately **26%** of all households receiving EH SNGs have been there for more than 6 months. In May 2020, **10%** were there for over six months.
- Single people receiving EH SNGs are more likely to remain there for longer:
 - Single people represent **45%** of those staying for 6+ months and **50%** of those there for over a year.
 - Single people who have been there for more than a year tend to be older, as only 8% are below 30, and male.
- People who have received EH SNGs for longer are more likely to have been in prison, had an acute hospitalisation or accessed a mental health an addiction service.



Households receiving EH SNGs are diverse and many have high needs



What we know about EH SNG recipients...

- **4,048** people were granted *at least one* EH SNG grant in May 2021
- **Age**

Age Group	Percentage
Under 25	18%
25-34	33%
35-44	23%
45-54	16%
55-64	8%
65+	3%
- **59%** of EH SNG recipients were Māori, 19% NZ European and 11% Pacific Peoples
- **Around 40%** were sole parents with children (around 4,000 children are currently in emergency housing)
- **65%** of EH SNG recipients were female
- **Around 40%** were single adults
↳ Single recipients were more likely to be male
- **14%** received the Supported Living Payment⁺

So what?

- Young people disproportionately access EH SNGs (**18%**) → accommodation options needed plus wraparound support to address immediate needs and access education, training or work.
- Māori are overrepresented (**59%**) → kaupapa Māori approaches and Māori-led responses.
- Large numbers of single people (**40%**) and many who may have unmet needs → more support and longer-term supported housing.
- High numbers of women (**65%**) and likely to be sole parents → improve safety measures, stability important for child development and access and connections to schools and community networks.

What we know about their experiences and needs from 2019 IDI analysis...

In the twelve months prior:

- **59%** had no income in prior 12 months (excludes benefits and Superannuation)
- **25%** had an acute hospitalisation
- **53%** received mental health or addiction services[○]
- **10%** had been in prison in the last year, higher than people on the Register (4%)
- **94%** received a main benefit
- **27%** entered a main benefit
- **70%** had a Care and Protection event as a child^{*}
- **77%** were supported in their teenage years by a parent on a main benefit^{*}

What we know about their previous support from 2020 administrative data...

In the twelve months prior:

- **43%** had received Accommodation Supplement
 - **21%** had received another EH SNG
 - **7%** had a Steps to Freedom Grant
 - **3%** had been in public housing
 - **35%** had no form of specific housing assistance
- 5% received both

⁺ The **Supported Living Payment** is for people with a health condition, injury or disability, or for those caring full-time for someone.

[○] **Mental health and addiction services** include specialist MH services, MH hospitalisations, laboratory tests, pharmaceuticals generally prescribed for MHA, or MH or addiction reason coded as the main reason for reduced capacity to work on their medical certificate for benefit support.

^{*}data only available for those aged 30 and under

- Many have received Accommodation Supplement (**43%**) indicating an ability to access the private market → more support needed to sustain tenancies.
- High numbers of people with mental health needs (**53%**) → more accessible mental health and addiction support services.
- High proportion who have previously been in the care of government → support when exiting hospital and prison, more planning and prevention measures before exit.
- Majority of people under 30 had a Care and Protection event as a child (**70%**) → more youth-focused prevention and support.



Before receiving an EH SNG...

Previous living situations

- 41%** Private rentals
- 33%** Living with family
- 26%** Other living situations

Events that caused clients to become homeless:

- 25%** evicted from their tenancy
- 20%** experienced a breakdown in their family
- 8%** were living in a severely crowded home
- 7%** leaving because of family violence
- 6%** a relationship ended

Drivers that caused housing to be vulnerable:

- 16%** had issues with affordability
- 15%** had issues with family violence
- 10%** had recently left prison
- 10%** were living in severely crowded homes

Exiting emergency housing...

Main exit routes*

- 26%** Found private rentals
- 16%** Moved into Transitional Housing
- 14%** Still in Emergency Housing
- 11%** Moved into Public Housing
- 21%** Other

- Most people who exit into boarding houses leave to less secure housing and then need repeat EH SNGs.
- After a second stay in EH SNGs, if clients do not go into Transitional Housing or Public Housing, they tend to have several repeat EH SNGs.

Difficulties leaving include:

- lack of suitable and affordable housing
- discrimination from prospective landlords
- lack of support for mental health and addiction needs and other health needs
- lack of safe and accessible options for people with disabilities and their families.

So what?

The data suggests a number of specific needs or areas for focus...

- 33%** of people were staying with family and sharing households prior to accessing EH SNGs → support is needed to help people into sustainable accommodation options before they reach an acute level of urgent housing need.
- Fewer people exit to the private market (**26%**) than came from it (**41%**) → indicates difficulties in the private market with affordability, discrimination and supply.
- Only a small percentage (**11%**) enter Public Housing → indicates supply constraints with Public Housing (supply is particularly limited for single people).
- Exiting into boarding houses or other insecure housing options can result in cycling through EH SNGs → emphasis needs to be on providing pathways into secure housing.
- The biggest barrier to exiting EH SNGs is the lack of suitable and affordable housing. There are also other barriers including discrimination, lack of support for mental health and other needs, and inaccessible housing.

* Note that these statistics differ from those presented in Demand for the Public Housing Register and Emergency Housing Special Needs Grants in 2021 (REP/21/9/992) due to the use of different data sets.

How people experience the system



People in urgent housing need find the system challenging

For people in urgent housing need, the emergency housing system is complex, stressful and difficult to manage

We looked at a variety of sources to understand the impact on people of accessing emergency housing and experiencing the system. Key issues include:

- feeling a sense of whakamā, a loss of mana and a loss of dignity
- hard-to-follow processes and lots of paperwork
- government agencies not working well together, making people go back and forth between different agencies
- not being treated with respect by frontline workers
- safety concerns, particularly for rangatahi and tamariki, and feeling safer sleeping rough than in emergency housing
- lack of suitable housing options and no stability when receiving EH SNGs
- huge emotional stress for all residents, including for tamariki and rangatahi, and mental health and addiction needs being left unaddressed.

Insights from people with lived experience

"Every week, my partner and I would go down to the WINZ office in Palmerston North and re-apply for emergency accommodation. We did this for a total of 12 weeks. Sometimes, the motel we had previously been staying in would be booked out completely so we had to find another motel to stay in for that week." [Whānau with lived experience of homelessness](#), (p.6) Wai 2750

"Some people really don't need the hassle and would rather remain homeless than be subjected to WINZ and their processes.... A difficult obstacle to overcome when you're applying for any benefit or for emergency housing is WINZ front line staff." [Wāhine with lived experience of homelessness](#), (p.6) Wai 2750

There were some positive experiences in emergency housing

Insights from people with lived experience

"In terms of emergency housing, we stayed at an old motel in Whangarei... That was really nice accommodation, though small for me and my two youngest children at the time. The supervisor of the Emergency Housing flats was amazing". [Whānau with lived experience of homelessness](#), Wai 2750

"The help they have given me here has been amazing. Someone cares about me here. They are giving me my own motivation. It's awesome. It's a tight family here. Look after others, help each other out. Respectful of others. It's a second family, a family home, like being at your own marae. There is a lot of love and respect here." Aqua (p.24) with lived experience of homelessness, [When the Dominoes Start to Fall: Stories of Homelessness](#)

These positive experiences largely centred around:

- securing suitable temporary accommodation
- positive experiences with co-location approaches of MSD frontline staff and social workers to help clients reach a plan for long-term accommodation
- good experiences with providers, and particularly kaupapa Māori providers and staff.



Providers and NGOs find the system challenging and report poor outcomes

Feedback from housing support service providers report:

- wraparound services need to be co-ordinated carefully as some people have had bad experiences with government services and are reluctant to engage
- agencies need to work together and closely with providers to achieve better housing and wellbeing outcomes. Affordable suitable supply is crucial
- people usually need extensive follow-up to sustain their tenancies and need a lot of advocacy to be able to negotiate the system and access their entitlements.

Provider and NGO insights

“The whānau who come to our programme often experience barriers when dealing with government agencies. Often, they are not able to access resources that they are entitled to.” [Whitiao Paul](#) (p.7), Te Puea Marae MTeR, Wai 2750


“Lead agencies do not treat people kindly or with compassion. Agency staff were judgmental and more focused on completing transactional tasks and adhering to policy. There is no human face, patience and empathy.” [Hurimoana Dennis](#) (p.31), Te Puea Marae MTeR, Wai 2750

“There are critical needs that whānau have, and taking a short-term approach to the state of homelessness and lack of housing will not cure these issues”. [Tamihana Curtis](#) (p.6), Te Arawa Lakes Trust, Wai 2750

“If housing was more affordable, members of this group would most likely manage to find housing without resorting to emergency housing”. NGO housing provider - MSD internal research, 2017

“There are no housing options available for 16- and 17-year olds. Most of the time they are returning to volatile, violent, and overcrowded homes just so they have a roof over their heads”. MSD Youth Services report, 2021

Providers and NGOs have specific concerns about alcohol and drug harm in some emergency housing places

 Advocate and support insights

“I know of another young mum who was homeless and got put into Emergency Housing which she thought was her saving grace. Within a few days she was approached and asked if she’d like a ‘puff’.”
[Cherie Kururangi Smith Kara](#) (p.4), Wai 2750

From their engagement with providers, the NZ Drug Foundation notes:

- excessive substance use and acute harm are common in emergency and transitional housing, especially motels
- reducing harm can be extremely challenging in these settings. While providers try to support people, positive behavioural change is very difficult (and sometimes impossible) because of the environment
- frontline services and temporary housing settings were not set up to provide support for people with complex and co-existing needs and trauma
- services do not have the capacity to provide specialist services, or staff do not have the time, training, or expertise to provide the level of support needed
- some issues could be mitigated if people were allocated to more appropriate settings with better support
- people are hesitant to disclose substance use because they believe it may jeopardise their accommodation.

How people experience the system



Māori and Iwi providers want to see a system that achieves Te Mauri o te Whānau

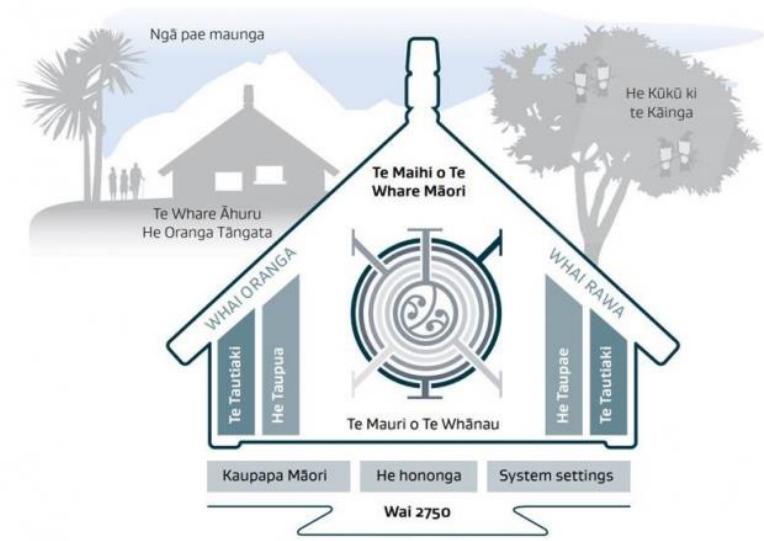
Māori and Iwi providers during Wai 2750 spoke of the need for kaupapa Māori approaches that provide housing and effective wraparound support and that MAIHI provides a great foundation for this. They called for funding of Māori-led initiatives and strength based social support approaches.

Insights from Māori and Iwi providers through Wai 2750

“First, we are, like most Māori providers, a wrap-around service that sees an individual according to their strengths and as a part of a whānau, hapū and iwi, with connection to whenua... Our kaimahi give so much extra, so much wrap-around, and receive so many referrals from non-Māori organisations, because we connect whānau to whakapapa and to whenua in ways that only we can.”
[Ali Hamlin-Paenga](#) (p.3, p.5), Kahungunu Whānau Services, Wai 2750

“Firstly, homelessness can only be resolved through a kaupapa Māori driven, by Māori for Māori approach. There must be government investment in holistic wellbeing, that is inclusive of housing, not the other way around. This includes comprehensive whānau packages of care that is connected across agencies and supports whānau properly... Therefore, the solution is that appropriate Māori organisations like the claimants, lead the partnership with key stakeholders. This cannot be government lead. This must be a locally based approach that is kaupapa Māori driven, based on a by Māori for everyone approach.”
[Yvonne Wilson and Andrea Elliot-Hohepa](#) (p.12), Te Rūnanga Ō Kirikiriroa, Wai 2750

“When families arrive, we try to help them see this as an opportunity. We give the whānau opportunities to learn and build their confidence. We help them see that this is an opportunity for them and the future of their tamariki. Every day we check in with the whānau and see how they are doing.... When working with whānau, we are trying to empower them and give them the confidence to be able to stand on their own two feet and to advocate for themselves.”
[Whitiao Paul](#) (p.4, 7), Te Puea Marae MTeR, Wai 2750



There are some initiatives in place already that provide good examples of government and Māori and Iwi providers working together:

- Te Puea Memorial Marae runs the Manaaki Tangata e Rua (“MTeR”) programme with, wraparound support and support to find longer-term stable housing, all underpinned by kaupapa Māori principles. Officials from MSD and Kāinga Ora are co-located onsite at the marae.
- Te Pokapū – the Rotorua Housing Hub is a community-led hub that brings together agencies, Iwi and local providers into one place. It is intended to strengthen assessment and referral processes for emergency housing clients and co-locate relevant services.
- Kāhui Tū Kaha place emergency housing clients into appropriate accommodation when MSD offices are closed.



Staff and wider agencies share concerns about the current system

Some staff at MSD find EH SNGs difficult to administer largely due to policy complexities and report that some of these difficulties can impact on people.

- Lack of information sharing between government agencies, for example case managers cannot see if clients are on probation in the MSD system and this may mean that MSD places them in breach of their probation.
- Complex, confusing client engagement can force clients to have several meetings to solve one problem and each meeting is with a different staff member. They may get conflicting advice which adds time, effort and stress to the engagement process.
- Inconsistent and unclear processes, for example around clients leaving EH SNGs early and requirements on clients to provide quotes for EH SNG motels to MSD.
- Processes can be admin heavy due to the way the system is structured and the volume of client event notes makes it difficult to find key information needed to help clients effectively.
- Roles and responsibilities are not clear (clients unaware of MSD's role in the housing system, responsibilities of Navigators not well understood, or their relationship to the role of Intensive Case Managers).

Wider agency insights and concerns

Government agencies, such as Oranga Tamariki and Ara Poutama – Corrections, have identified a need for clear understandings of roles and responsibilities and identified shared concerns about the current emergency housing system. These include:

- concerns for rangatahi and tamariki, especially those exposed to disorderly or violent behaviour, the impact on their development and disruptions to social support networks (including friendships) and schooling which in turn can impact longer-term outcomes
- that the support provided is not effective and not provided at the right time, and that there is a lack of cohesion when accessing support services
- concerns about the quality and safety of emergency housing
- people with unmet mental health and addiction support needs not having access to support and their needs worsening
- relocation of families and whānau away from their jobs or education
- lack of emergency and transitional housing in rural and semi-urban areas and moteliors choosing other bookings over those with urgent housing needs
- mental health and family and whānau wellbeing suffering when in small motel rooms for prolonged periods
- high levels of family violence
- potential negative impacts of concentrating individuals with high and complex needs in one location
- slow referrals and lack of agency collaboration and information sharing.

An assessment of the current system



The current system is not meeting its intended outcomes

To test whether the system is operating as expected and delivering on its outcomes, we have assessed the intended outcomes of the emergency housing funding model introduced in 2016 with the outcomes of the current system.

This assessment shows that the system is not currently delivering fully on any of its outcomes:

- while the COVID-19 response reduced the number of people visibly rough sleeping, it also highlighted the failure of the existing emergency housing response in responding to those with urgent housing needs and without shelter or in inadequate accommodation
- if the emergency housing system was operating as intended, we would expect the number of people without shelter, such as rough sleeping and staying in cars, to decrease and stay low – this hasn't happened
- there are anecdotal reports of young people and people with high and complex needs being turned away from EH SNG motels
- Transitional Housing performs better on many aspects of our assessment, including stability, support and pathways to permanent housing.

Intended outcomes	Assessment of actual outcomes
People get access to emergency housing when they need it, and have somewhere safe and suitable to stay	Does not fully meet <ul style="list-style-type: none">• While many people are able to access EH SNGs and Transitional Housing quickly when they need it, not everyone in urgent housing need does.• People are sometimes turned away from providers who do not have capacity to provide help.• Concerns about the quality and safety of some motels.
People receive the support and services they need	Does not fully meet <ul style="list-style-type: none">• Not everyone receives support in EH SNGs and support does not always meet the needs of people.• People often struggle to access services, eg mental health, medical health, addiction support. Many social services do not meet the needs of rangatahi.
People have a pathway towards long-term housing	Does not fully meet <ul style="list-style-type: none">• A lack of suitable, accessible and affordable housing to move into mean that people stay for longer than intended and their needs increase over time.• Pathways to long-term housing are out of reach due to wider housing market constraints and pressure on Public Housing.
Providers are funded in a sustainable way that allows them to focus on improving outcomes for people	Does not fully meet <ul style="list-style-type: none">• Funding model is seen as overly bureaucratic, inflexible and constraining.• Funding provided to Māori providers is insufficient in relation to the proportion of Māori who are homeless.



The current system is also not aligned well with our guiding principles and direction

Assessment against MAIHI and the Action Plan shows that the current system is not fully aligned with our direction and guiding principles

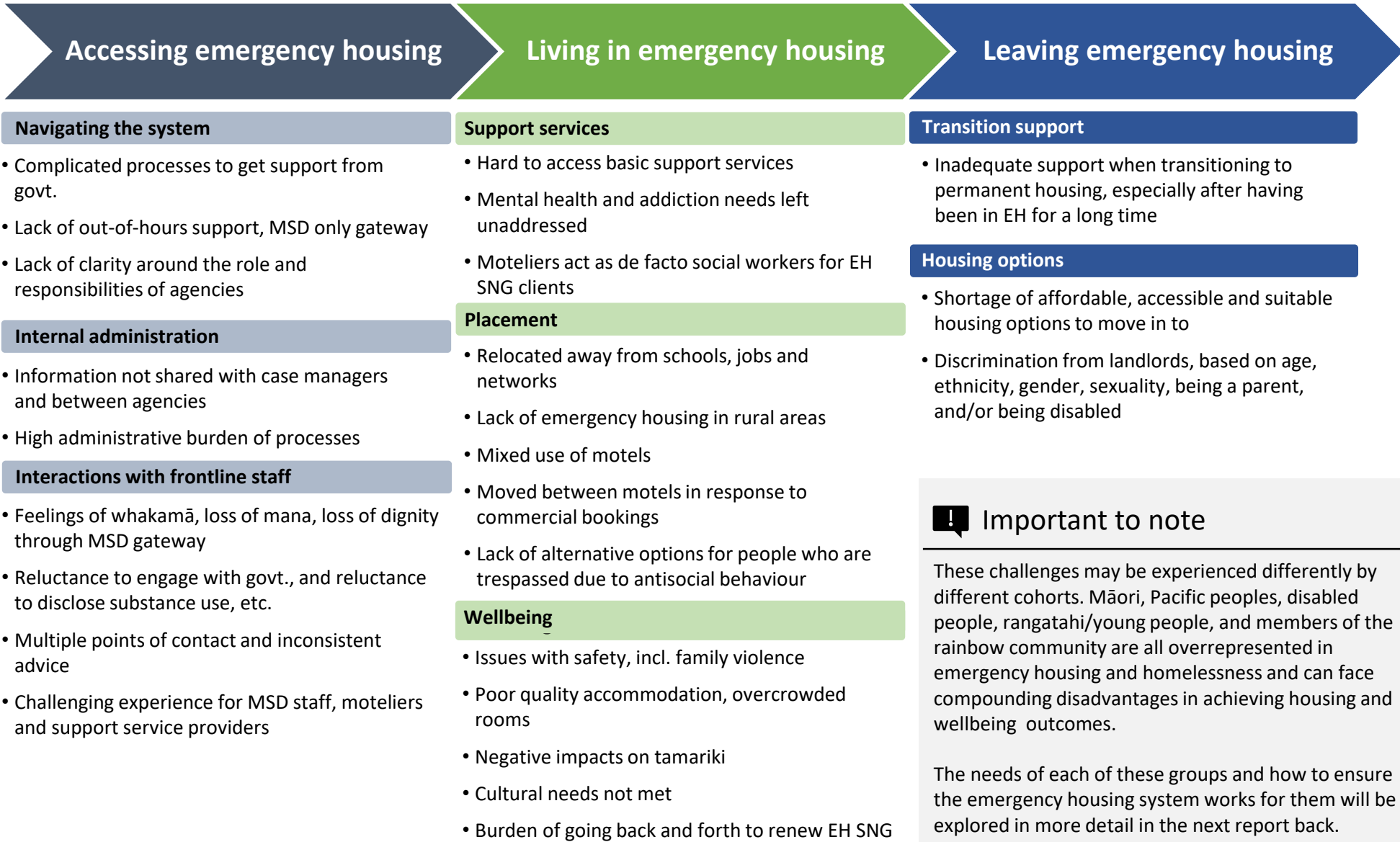
- While recent changes to the system, along with wider changes, have improved the situation somewhat, there is a good case for resetting and redesigning the emergency housing system, so it works to achieve the aims of MAIHI and Action Plan.
- Through Wai 2750 it is clear that there are a range of challenges for Māori in accessing and navigating the current emergency housing system and that the level of kaupapa Māori delivery does not meet the level of need.

For example...

Principle	Assessment of the emergency housing system	Identification of changes that could help meet principles
Te Tiriti o Waitangi	Does not fully meet <ul style="list-style-type: none">• There was no evidence of targeted consultation with Māori during the original development of the EH SNG.• The model does not promote equitable solutions that address the housing disparities that exist.	<ul style="list-style-type: none">• Partner with and support Māori to deliver solutions for Māori, such as devolving decisions about placement, operating accommodation, and delivering support.• Promote partnerships with Iwi and Māori so the working model achieves equitable housing and wellbeing outcomes for Māori.
Whānau-centered and strengths-based	Does not fully meet <ul style="list-style-type: none">• The current system is process-based rather than whānau-centered.• There is limited ability to consider where someone’s networks or connections are and the current model does not support whānau aspirations, such as pathways to homeownership.	<ul style="list-style-type: none">• More emphasis on ensuring whānau-centered responses, supporting whānau aspirations and connections, including moving back to whenua.• Support is empowering and responds to the diverse range of needs, including mental health and addiction needs and welfare support.• More stability and ensuring that whānau are safe and ensuring that whānau are close to support networks.
Supporting and enabling local approaches	Does not fully meet <ul style="list-style-type: none">• EH SNGs do not respond to the needs of the community.• The same emergency housing approach is applied across the country (excluding Rotorua).	<ul style="list-style-type: none">• Responses are developed with a local community and respond to local needs.• Different approaches in areas and not always an emergency housing response.



Key challenges, barriers and issues identified with the current system





We are starting to identify areas for improvement in a shift to an ideal state

To date, the Review has surfaced numerous problems that may not be resolved with tweaks to the current system.

Our assessment shows there is a good case for fundamentally resetting the emergency housing system and making system-wide changes, with the goal of improving outcomes for individuals, families and whānau in need and reducing disparities. We could achieve this by:

- **clarifying and resetting the purpose of emergency housing, using the Action Plan and MAIHI kaupapa Māori principles, with whānau at the centre.** While this approach will benefit Māori, who are disproportionately overrepresented among those in emergency housing, its principles-based approach will benefit all individuals and families. As part of this, it will be important that emergency housing is integrated within the wider system
- **shifting the balance between crisis responses, and prevention measures and longer-term housing responses.** This will lessen the need for resource-intensive interventions and mitigate the negative wellbeing impacts that come with experiences of homelessness. This could involve more support when transitioning from government care, earlier access to mental health and addiction services and shifting the ability for funding to be used for more effective or preventative responses, such as Sustaining Tenancies and supported housing models
- **making sure the system works for Māori and supports Māori-led alternatives to emergency housing.** Resetting the system so it aligns with MAIHI and enables Iwi and Māori to deliver better housing solutions for Māori in ways that meet their needs and aspirations should result in changes that ensure the system is whānau-centered and mana-enhancing
- **focusing on stability and ensuring that people get the right levels of support and housing suitable for their needs.** Emergency housing should provide a pathway for everyone into more suitable and stable housing. This could include changing the type of response in the same housing. The high numbers of people with high needs and long stays in emergency housing indicates a need for longer-term housing and support for this group. There needs to be an overriding focus on ensuring that individuals, families and whānau have access to a safe, accessible, stable place to call home, and the support they need.

There are also some key system improvements and components we would want to see as part of any reset. These include:

- making sure that the voice of people with lived experience, Māori and Iwi organisations, Pacific providers, and other social sector agencies inform and drive any redesign or development of changes to the system and support local approaches
- strengthening the role of Māori, Iwi and other community partners, including building capability and capacity, establishing higher trust relationships and sustainable funding
- reducing the fragmentation between agencies and fostering cooperation and cohesion in agency responses
- addressing the need for improving data collection, quality and accessibility of data and regular system check-ins and monitoring
- setting up strong feedback loops that includes the voice of providers and people experiencing the system and the ability to flexibly respond to need and make changes where needed.



We have also identified areas for improvement in the short-term to respond to immediate needs

Our assessment has highlighted that there are specific immediate unmet needs for people accessing emergency housing...

- Some of these improvements may be able to be done quickly, while others may require additional funding, or time to develop, and may be better incorporated into any wider system changes to the emergency housing system.
- **We seek your feedback on these areas** and will work, alongside other agencies, to understand what can be done quickly and within current funding parameters and to implement changes where possible.
- For changes that require further policy decisions or additional funding, we will seek these through the 18-month review of the Action Plan or in the further report backs of this work.
- In addition to these improvements, it is also critical that housing supply is increased (for example through the Affordable Housing Fund) to reduce pressure on the system.

Potential areas for improvement to the current system

We have identified areas for improvement within the system as it currently operates. While there is need to reform the current system, in the short-term improvements could be made to respond to the need that is present. These include:

- broadening the use of provider-led placements (as done by Kāhui Tū Kaha) with the aim of providing more timely access to emergency housing and improved coordination around who is placed where
- putting in place support for mental health and addiction needs, including harm reduction measures, mobile support services, or outreach services to remove barriers to access health support
- increasing training, resources, information and guidance across the system to ensure consistency across agencies and providers and a better service for people needing support
- addressing safety concerns at motels, particularly for vulnerable groups such as women and young people, and providing more onsite management or support to help mitigate antisocial behaviour
- increased focus on alternative options for people with long stays, such as specialist or cohort-specific Transitional Housing places according to local unmet needs, for example more kaupapa Māori provision, women-focused support or single people with multiple and complex needs
- integration of support for people at risk of and in EH SNGs experiencing challenging situations such as needing support with mental and/or physical health, addiction, violence, abuse, and/or time in prison
- making sure that people who are refused access to motels are assisted to find alternative accommodation. There is a concern that young people and people with high and complex needs are being refused access
- establishing or supporting local responses that include representation from Iwi and Māori organisations, Pacific and youth organisations, councils, social service providers, agencies and housing providers in areas with high EH SNG use to resolve coordination, referral and collaboration issues.



Next steps

Following this briefing, further advice will be developed, setting out:

- the role and purpose of EH SNGs in relation to Transitional Housing – currently and in an ideal state – in late October 2021. This report back will include:
 - further analysis on how Transitional Housing and EH SNGs currently interact, and links with the public housing register
 - the outcomes we want from the system, including the ideal levels of support services and accommodation, the role of agencies and providers, and what an ideal state would look like
 - a discussion on potential options that would make the biggest difference to getting to an ideal state, for example, changes to gateway settings, supported housing, devolved decision-making, contracting motels, further place-based approaches
- a plan to achieve desired end state, in November 2021.

We will consider the relationship of our advice to wider work underway

This includes work directly related to the emergency housing system:

- place-based approaches to urgent housing need in Rotorua (pilot underway), and in Hamilton City and the Wellington Metro
- advice on the exclusive use of motels
- review of Housing Support Products
- 18-month review of the Homelessness Action Plan
- Code of Practice for Transitional Housing
- youth homelessness responses.

There is also work outside of the emergency housing system that intersects with the issues raised in this briefing, including:

- work being carried out by the Implementation Unit at DPMC
- MAIHI Ka Ora National Māori Housing Strategy, including Whai Kāinga Whai Oranga, MAIHI partnerships and Te Au Taketake
- Affordable Housing Fund
- work across government, including: roll out of the Mental Health and Addiction Package; social sector commissioning; and the National Strategy and Action Plan to eliminate family violence and sexual violence.





The results on slide 13 are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit <https://www.stats.govt.nz/integrated-data/>. The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.



Briefing

Progressing the reset and redesign of the emergency housing system			
Date:	11 March 2022	Security level:	Budget - Sensitive
Priority:	Medium	Report number:	BRF21/22111190 & REP/22/1/014

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	For decisions and to discuss with officials. Refer to Housing Ministers.	28 March 2022
Hon Carmel Sepuloni Minister for Social Development and Employment		

Contact for discussion			
Name	Position	Telephone	1 st contact
Hilary Eade	General Manager, System Policy, HUD	s 9(2)(a)	✓
Hayley Hamilton	General Manager, Employment and Housing Policy, MSD	s 9(2)(a)	✓

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
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Date returned to HUD:

Briefing

Progressing the reset and redesign of the emergency housing system

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

Security level: Budget - Sensitive

Priority: Medium

Report number: BRF21/22111190
REP/22/1/014

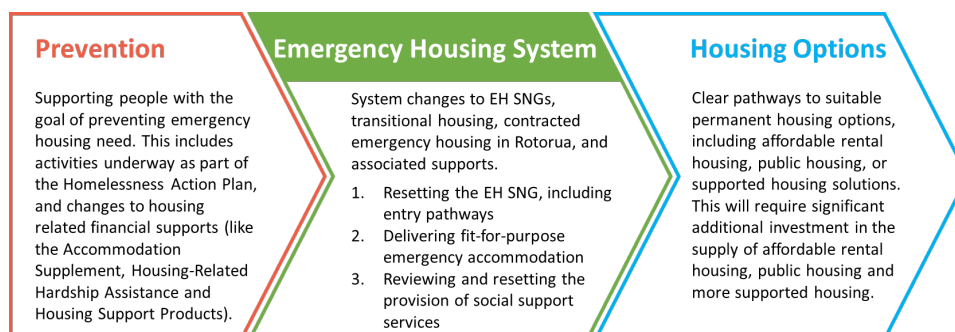
Purpose

1. In October 2021 you received a first report on the Emergency Housing System Review and agreed in principle to a reset and redesign of the emergency housing system. This paper is the second report back which sets out:
 - 1.1 a description of an 'ideal' future state for the emergency housing system
 - 1.2 a national framework providing the basis for immediate actions and longer-term planning.

Executive summary

2. In October 2021, you received advice on the current assessment of the emergency housing system and agreed in principle to a reset and redesign of the system [REP/21/9/1043 and BRF21/22091120 refers]. While the emergency housing system provides an important backstop for people, it is not providing safe and quality accommodation, supporting people appropriately, or providing sustainable pathways to permanent housing solutions.
3. The emergency housing system currently consists of accommodation provided through:
 - 3.1 **Emergency Housing Special Needs Grants (EH SNGs)**, which assist with the cost of short-term commercial accommodation (usually a motel). Some support services are available. They are a last resort payment administered by MSD.
 - 3.2 **Transitional Housing**, which provides short-term stays (intended to be 12 weeks) in accommodation contracted by HUD (in some cases motels) with support services provided by NGOs.
 - 3.3 **Other related forms of emergency housing** (e.g. contracted and emergency housing in Rotorua, and motels used in the COVID-19 response).
4. We propose an 'ideal' future system in which emergency accommodation is rarely needed. When emergency accommodation is used, it should:
 - 4.1 be brief and nonrecurring – with clear pathways to suitable permanent housing options, including affordable rental housing, public housing, or supported housing solutions
 - 4.2 meet peoples' accommodation and other needs – providing warm, dry and safe temporary accommodation and being responsive to different social support needs.

5. Even in the ideal state, we consider the emergency housing system will still require some form of EH SNG (or related income support payment) for people with immediate and very short-term housing need (e.g. weeks). It should also include transitional housing, or similar, that is focused on longer but still temporary stays (e.g. months).
6. Reaching the future state requires changes within and outside of the emergency housing system, as depicted below.



7. Outside of the emergency housing system:
 - 7.1 **Growing the supply of affordable housing** is critical for achieving an ideal future state for emergency housing. While the Government is expected to deliver 8,000 new public houses and transitional housing places by June 2024, it will not be enough. Unless we significantly increase the supply of public and affordable housing that is affordable for low- and moderate-income households, together with supported housing, demand across the emergency housing system will continue to grow and there will not be a clear pathway out of motels.
 - 7.2 Wherever possible **preventing the need for emergency accommodation** is the goal. The Aotearoa/New Zealand Homelessness Action Plan (HAP) sets out a range of prevention and support activities that will begin to address some of the drivers of demand for emergency housing. Housing-related income supports including the Accommodation Supplement, Housing-Related Hardship Assistance, and Housing Support Products also support people to access and retain housing.
 - 7.3 **A well-functioning supported housing system** is needed to help resolve issues with emergency housing. Existing programmes include Housing First, Rapid Rehousing and Community Group Housing. However, New Zealand's supported housing system has evolved in an ad-hoc way and there are some issues and key gaps in the system. In an ideal state, it would provide accommodation and tailored supports to people who need it, for as long as they need it.
8. As our first step towards the ideal state, we propose the development of a national framework for the emergency housing system. The core operational and policy shifts would include:
 - 8.1 **Resetting the EH SNG, including entry pathways.** We propose that work be undertaken to review and reset policy and operational settings for the EH SNG. Changes to EH SNG eligibility will ensure that it is targeted to those individuals in immediate need, where there are no other suitable solutions.
 - 8.2 **Delivering fit-for-purpose emergency accommodation.** We propose that Government:

8.2.1 **adopt a national strategic approach to contracting and purchasing motels** over a three-to-five-year period, enabling improvements to the quality, safety and security of emergency accommodation and supporting the effective delivery of appropriate social service supports

8.2.2 **reset the role of supported housing (alongside transitional housing)** as a critical underpinning of the future state. s 9(2)(f)(iv)

8.3 **Reviewing and resetting the provision of social support services in emergency motel accommodation.** In the first instance, we propose the development of a consistent approach to assessment, triage and referral processes for people receiving EH SNGs. This work will be closely related to the work on supported housing, as the current lack of supported housing means that people can get stuck in the emergency housing system.

9. All three of these areas will be informed by data analysis, including work to better understand the characteristics of key cohorts in the emergency housing system.
10. The implementation of these shifts will be driven by approaches that support Māori-led local solutions to emergency housing. Early and ongoing engagement and co-design with hapū, iwi, Māori and Māori housing providers is a critical part of successfully designing and reaching the ideal state for emergency housing. There is an opportunity to ensure changes across the system respond to the issues raised in the Wai 2750 Kaupapa Inquiry into Māori Housing Policy and Services.
11. The national level framework should also support **place-based approaches**, ensuring that emergency housing responses reflect community needs and aspirations and build on existing community strengths and assets. As far as possible, place-based approaches should be delivered through existing partnerships and relationships with local stakeholders. Intensive approaches, such as that adopted by the Rotorua Taskforce, could also be used in areas with very high need to prioritise key shifts to the emergency housing system.
12. We need to take a phased approach to reach the 'ideal' future state, with an immediate focus on improving the experience of people in the emergency housing system, while also working towards significant shifts in system settings. The actions proposed in this paper could be completed over at least the next 18 months to three years. With swift action and additional investment in affordable housing for households on low-to-moderate incomes, these changes would enable a reduction in the use of motels. However, there are other factors that could slow progress, including the ongoing impacts of COVID-19 and rising inflation. It will take time for changes to be implemented and for increased supply of public and other housing that is affordable for households on low-to-moderate incomes to come on stream.
13. Delivering on these changes will require long-term commitment, resources, and investment. Budget 2022 decisions and the ongoing impacts of COVID-19 are likely to impact the ability of agencies to deliver over the next 18 months.

Next steps: we want to discuss this plan with you

14. The implementation of the proposed plan will require a significant programme of work spanning the housing system and welfare system reforms. Some components are also contingent on Budget 2022 funding. We would like the opportunity to discuss the proposed plan with you, with a view to understanding your priorities and preferences.
15. We recommend you forward this paper to other Housing Ministers; you may want to discuss the paper at the Housing Ministers' meeting on 28 March 2022.
16. You may also want to update your Cabinet colleagues on the direction or next steps for this work.

Recommended actions

17. It is recommended that you:

1. **Note** that in October 2021, you received advice setting out issues with the current emergency housing system and agreed in principle to a reset and redesign of the system [REP/21/9/1043 and BRF21/22091120 refers]
2. **Note** that the emergency housing system consists of accommodation used by EH SNG recipients, transitional housing, and related forms of emergency housing (e.g. contracted emergency housing in Rotorua, motels used in the COVID-19 response)

Noted

Noted

The 'ideal' future state

3. **Agree** that in an 'ideal' future state:
 - 3.1. emergency accommodation would not be used to address persistent housing need, as people in housing stress would be able to easily access support to maintain their existing tenancy or move into more suitable housing (including supported housing and public housing options)
 - 3.2. emergency accommodation is rarely needed and when it is used, stays are brief and non-recurring, and people are supported to quickly move into suitable, permanent housing
4. **Note** that key features of the future state would include:
 - 4.1. clear entry points and 24/7 access to emergency accommodation and support
 - 4.2. accommodation that is: accessible, warm, dry and safe; provides value for money; and is appropriate for the potential maximum length of stay
 - 4.3. support would be easily accessible for those who need it, and would be culturally responsive and consistent with whānau-centred and strengths-based approaches
 - 4.4. clear pathways to permanent housing, including affordable rental housing, public housing, or supported housing solutions

*Agree/
Disagree*

Noted

Increasing the supply of affordable housing is a critical enabler

Noted

5. **Note** that increasing the supply of both public and affordable rental housing is critical for reducing inflows into the emergency housing system and providing pathways out, enabling a reduction in motel use over time
6. **Note** that you received advice on the potential for the Accommodation Supplement to better support housing outcomes in November 2021 (BRF21/22111154, REP/21/11/1271 refers). § 9(2)(f)(iv)

[REDACTED]

Noted

A national framework for the emergency housing system

7. **Agree** to the development of a national framework for the future state emergency housing system, providing the basis for immediate actions and longer-term planning
8. **Agree** to work to develop the national framework being progressed in the following areas:

*Agree/
Disagree*

Resetting the EH SNG, including entry pathways

- 8.1. Exploring changes to eligibility for EH SNGs so they are targeted to those most in need, and to ensure they are fit-for-purpose in the envisaged future state

Delivering fit-for-purpose accommodation

- 8.2. Developing and implementing a national strategic approach to contracting and purchasing motels for the next three to five years, to improve the security, quality and safety of accommodation and enable effective social service delivery
- 8.3. Reviewing the role of supported housing within an integrated future state emergency housing system

Resetting the provision of social support services for people in emergency motel accommodation

- 8.4. Developing a consistent approach to assessment, triage and referral processes, to improve social service delivery to people in emergency motel accommodation (EH SNG and contracted or purchased motels)
9. **Note** that work undertaken in each of these areas will be informed by in-depth cohort analysis to ensure actions are well targeted and responsive to need

*Agree/
Disagree*

Noted

Empowering and supporting Māori-led solutions

10. **Note** that Māori are significantly overrepresented among those in urgent housing need and that the Crown's policies and services in relation to emergency housing were examined as part of Stage One of the Wai 2750 Kaupapa Inquiry into Māori Housing Policy and Services in 2021

Noted

- | | |
|--|----------------------------|
| 11. Note that the reset and redesign of the emergency housing system will be guided by Te Maihi o Te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) Framework | <i>Noted</i> |
| 12. Agree that the development of the national framework (referred to in recommendation 7) retains sufficient flex to empower and support Māori-led local solutions to the delivery of appropriate accommodation and support services | <i>Agree/
Disagree</i> |
| 13. Note that proposed short-term actions to enable Māori-led emergency housing delivery and Māori-led alternatives to emergency housing are contingent on Budget 2022 decisions | <i>Noted</i> |

Expansion of place-based approaches

- | | |
|---|----------------------------|
| 14. Note that the development of place-based approaches will be informed by the lessons learned and planned evaluations of the Rotorua pilot, including an interim report back in October 2022 | <i>Noted</i> |
| 15. Note that, as far as possible, place-based approaches would be delivered through existing partnerships and relationships with local stakeholders, but in addition there is also the option to take a targeted approach in places of very high need | <i>Noted</i> |
| 16. Agree that officials report back to Ministers with updated regional assessments of urgent housing need to identify potential priority locations | <i>Agree/
Disagree</i> |
| 17. Note that on the completion of regional assessments we will seek decisions on whether to prioritise work in identified locations | <i>Agree/
Disagree</i> |

Funding

- | | |
|------------------------------|--------------|
| 18. s 9(2)(f)(iv) [REDACTED] | <i>Noted</i> |
|------------------------------|--------------|

Next steps

- | | |
|--|----------------------------|
| 19. Agree that officials report back to joint Ministers, in the first instance, with detailed proposals and timelines for the delivery of each of the three broad areas referred to in recommendation 8, by June 2022 | <i>Agree/
Disagree</i> |
| 20. Note that, in addition to the report backs specified in recommendation 19, officials will provide you with: | |
| 20.1. updated regional analysis of EH SNGs, transitional housing and available supply data in April 2022 | |
| 20.2. advice on changes to national settings based on an interim review of the Contracted Emergency Housing pilot in Rotorua by October 2022 | <i>Noted</i> |
| 21. Agree to forward this paper to other Housing Ministers, and to discuss at the next Housing Ministers' meeting on 28 March 2022 | <i>Agree/
Disagree</i> |

22. **Agree** to discuss with officials your preference for a report back to Cabinet.

*Agree/
Disagree*

Hilary Eade
General Manager, System Policy, HUD

..... / /

Hayley Hamilton
**General Manager, Employment and
Housing Policy, MSD**

..... / /

Hon Dr Megan Woods
Minister of Housing

..... / /

Hon Carmel Sepuloni
**Minister for Social Development and
Employment**

..... / /

Background

18. In July 2021, Ministers asked officials to review the emergency housing system and provide a series of report backs [CBC-21-MIN-0061 refers]. In October 2021, Housing Ministers received the first report back, which outlined how the emergency housing system is currently operating and areas for improvement. Ministers agreed in principle to a reset and redesign of the emergency housing system [REP/21/9/1043 and BRF21/22091120 refers]. Officials signalled that the next set of advice would include advice about the purpose of emergency housing, what an ideal state would look like and a plan to achieve it.
19. This piece of work sits within a wider context, including preparation for Budget 2022, responding to Stage One of Wai 2750 Kaupapa Inquiry into Housing Policy and Services and the findings of the 18-month review of the HAP, implementing MAIHI Ka Ora – the National Māori Housing strategy, , and an evaluation of the contracted emergency housing pilot in Rotorua.
20. There are also links with the work being undertaken by the Implementation Unit at the Department of the Prime Minister and Cabinet (DPMC), which has been tasked with providing support and advice to agencies to implement any decisions made as part of the longer-term reset and redesign. The Implementation Unit completed an assessment of emergency and transitional housing at the end of 2021, focusing on current working arrangements between agencies.¹ It is currently completing an assessment of the Rotorua Pilot, which is due to be reported the Deputy Prime Minister on 11 March 2022.

Key components of the current emergency housing response

21. The emergency housing system provides temporary accommodation and support for people in urgent housing need. Current approaches were designed to provide stop-gap measures while more permanent housing was found, either through the private rental market or public housing.
22. Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) and the Ministry of Social Development (MSD) currently fund and deliver emergency housing system responses through:
 - 22.1 **EH SNGs** to assist with the cost of short-term commercial accommodation (usually a motel) when contracted places were unavailable. EH SNGs are intended to support stays of up to seven nights, longer in specific circumstances. The grants are an option of last resort and are administered by MSD. Some support services are available to recipients of EH SNGs. The total amount paid in EH SNGs has increased 272%, from \$88.1 million (2018/19) to \$320.5 million (2020/21).
 - 22.2 **Transitional housing** that includes tailored support services and short-term accommodation (in some cases contracted motels). The accommodation is contracted by HUD and support services are provided by NGOs. Transitional housing is intended to support households for 12 weeks. Government expenditure on transitional housing has increased by 151% from \$150.9 million (2018/19) to \$253.3 million (2020/21).
23. More recently, as part of the response to COVID-19 pandemic, HUD has contracted motels and specialist support services to ensure that people who were rough sleeping

¹ Note the findings from the assessment have been [proactively released](#).

or in unsuitable housing, could safely isolate. These 'COVID-19 motels' continue to be managed by HUD.

24. There are also a range of short-term emergency accommodation options provided by local government, churches and NGOs, such as night shelters, which are outside of the scope of this review.
25. The emergency housing system operates within the context of a broader housing system, which includes supported housing (including Housing First and Rapid Rehousing), alongside the Public Housing Plan, and a range of wider welfare supports.

The current system is not fit-for-purpose

26. Demand for emergency accommodation has far exceeded what was anticipated when the current system was designed. As a result, the two core components – EH SNGs and transitional housing – do not provide an effective response to the growing number of people experiencing urgent housing need.²
27. The key challenges with the emergency housing system are set out below.

Affordability and supply in the wider housing market	There is not enough affordable housing supply to meet the needs of those in emergency accommodation (EH SNG and transitional housing). This means people become 'stuck' in the emergency housing system for prolonged periods, with no pathway out.
EH SNG, as a welfare payment, is limited and capacity in transitional housing has not kept pace	The EH SNG is an income support payment rather than a housing product or programme, and is not intended to function as a response to a persistent housing problem. EH SNGs were introduced to provide a stop-gap for people with an acute emergency housing need while they secured appropriate permanent housing or moved into transitional housing. However, the supply of transitional housing has not kept pace with demand. This has led to an inability to triage effectively, and people with ongoing needs receiving EH SNGs for extended periods.
Reliance on motels	<p>There are multiple emergency accommodation responses that rely on motels:</p> <ul style="list-style-type: none"> • EH SNGs (non-contracted motels nationwide) • Transitional housing (~900 contracted motel places) • Contracted Emergency Housing pilot in Rotorua (limited to around 300 families/whānau) • Motels used in response to the COVID-19 lockdown (~900 contracted places). <p>The use of <u>non-contracted</u> motels does not provide for the safety, stability or wellbeing of people, or provide adequate rights.³ This can make it challenging to address the holistic needs of individuals, families and whānau. Concerns have been raised about levels of drug and alcohol use, violence and poor-quality accommodation, as well as</p>

² The effectiveness of other key responses to urgent housing need, Housing First and Rapid Rehousing, are being reviewed through an [external evaluation](#).

³ The Residential Tenancies Act 1986 does not apply to premises used to provide emergency or transitional accommodation that are funded wholly or partly by EH SNGs or any other payment made by a government department. The lack of rights and expectations for people staying in emergency accommodation has been a strong area of concern from Community Law. For example, there is no security or stability as people can be told to leave without any recourse or refused a room by moteliere.

	specific concerns for the safety of children and young people. ⁴ Disruption to education and social connections due to frequent temporary moves can have significant negative impacts on children and their longer-term outcomes. Some of the concerns can be managed where motels are contracted and we have more control over quality, placement and can fund security.
Complex circumstances of people in urgent housing need	People in the emergency housing system often face other disadvantages and exclusion, including low income, debt, experience of trauma and poor mental and physical health. There are a range of upstream factors that precipitate people entering the emergency housing system (e.g. high levels of interactions with government services including the justice system, health and Oranga Tamariki). Some of these groups are more likely to have higher needs and require ongoing housing and support. There is no coordinated approach to prevention across government, and a lack of options for permanent supported housing, limiting the opportunities to prevent the need for emergency accommodation at key transition points.
Response does not work for Māori	Māori are significantly overrepresented, making up 61% of EH SNG recipients in February 2022. Claimants raised many issues about the failures of the emergency housing system during Stage One of Wai 2750 Kaupapa inquiry into Māori Housing Policy and Services. Māori face a range of challenges in accessing and navigating the emergency housing system, such as feeling discriminated against and experiencing whakamā when asking for help. Existing contracting methods and the fragmentation of programmes restricts the ability of Iwi and Māori providers to deliver kaupapa Māori support. ⁵

28. Differences in structural drivers, and local housing costs and responses, mean the levels of need experienced are not uniform across New Zealand. The report provided to you in October 2021 included a regional map of those areas of high emergency housing need as of June 2021 (showing both EH SNG data, and available supply data). Officials are updating this analysis to reflect data to the end of December 2021, and expect to provide it to you in April 2022. A summary of the data and insights to date for EH SNG clients has been provided in Annex One.

An 'ideal' future system would look very different to the current one

29. The depiction of an 'ideal' state for emergency accommodation and support has drawn on claimant submissions from Wai 2750 and engagement from the MAIHI Ka Ora development. The ideal state has also drawn on engagement with sector experts, internal workshops, Te Matapihi and Community Housing Aotearoa, MSD's Housing Reference Group, Community Law, and key agencies. It also aligns with the vision in the Aotearoa/New Zealand Homelessness Action Plan.
30. In an ideal state, emergency accommodation would not be used to address persistent housing need. Individuals, families and whānau in housing stress would be able to easily access support to maintain their existing tenancy or move into more suitable housing.

⁴ The recent [Auditor General's report](#) highlighted issues with both quality and value for money of EH SNG use. The Auditor General encouraged the Ministry to consider the needs of people requiring emergency housing more carefully and more strategically, consistent with the principles of the Homelessness Action Plan.

⁵ During Wai 2750, the Crown specifically acknowledged that where disparities exist at a population or group level, the Crown should aim to target housing services in an attempt to remove those disparities.

31. The 'ideal' future state is where emergency accommodation is **rarely needed** and when it is used, **stays are brief and non-recurring**. Emergency accommodation would be used by individuals, families and whānau who had experienced a shock (e.g. family breakdown, natural disaster) and they would be **supported to quickly move into suitable, permanent housing**.
32. Even in the ideal state, we consider the emergency housing system will still require some form of EH SNG (or related income support payment) for people with immediate and very short-term housing need (i.e. weeks). It should also include transitional housing, or something similar, that is focused on longer, but still temporary stays, (i.e. months). Emergency housing would be complemented by supported housing, which can be short- or long-term or permanent.
33. In this future state an emergency housing response would include:
 - 33.1 clear entry points and 24/7 access to emergency accommodation and support
 - 33.2 accommodation that is accessible, warm, dry and safe; provides value for money; and is appropriate for the potential maximum length of stay
 - 33.3 support that is easily accessible for those who need it, and is culturally responsive and consistent with whānau-centred and strengths-based approaches
 - 33.4 clear pathways to permanent housing, including affordable rental housing, public housing, or supported housing solutions.
34. In addition, the system would:
 - 34.1 **Be flexible** – achieved through sufficient supply and a diversity of emergency accommodation matched to needs, as well as flexible approaches to funding support service providers. Flexible approaches would facilitate the provision of increasingly tailored approaches, responsive to individual and whānau needs.
 - 34.2 **Provide choice** – people would be able to remain close to their community, if they wished, and be empowered to be living well, appropriately housed, and resilient, achieving Te Mauri o te Whānau (enabling the life force, an essence for revival and fulfilment to be sustained in wellbeing). Individuals, families and whānau would be at the centre of decision-making and would quickly receive the response that is best for them.
 - 34.3 **Provide a pathway to permanent or supported housing** – to enable sustainable transitions to permanent housing after a short-stay in emergency accommodation, there would need to be sufficient supply of affordable housing of the right type in the right places. This may be public housing, private rentals, or homeownership options. There would be a range of supported housing options that people could enter directly, without spending time in emergency accommodation..⁶
 - 34.4 **Be well connected to local responses and across agencies** – agencies would work closely with Iwi, Māori, providers and communities to develop locally-led responses to preventing homelessness and providing alternatives to emergency accommodation. Coordinated assessment and referral processes across government would ensure individuals, families and whānau receive

⁶ Our working definition of supported housing is accommodation alongside support services that are not normally provided for in the mainstream rental housing sector. Supported housing addresses an identified housing need alongside assessed social, health, cultural, safety and other needs.

support when they need it, addressing the risk of urgent housing need at key transition points (e.g. when leaving prison or healthcare facilities).

- 34.5 **Learn and change over time** – It would be underpinned by clear data, reporting of progress, and feedback loops, including from people with lived experience of the system, to identify issues quickly and make necessary changes.

Reaching the ideal state relies on increasing supply of affordable housing

35. A lack of affordable rentals for low- and moderate-income households means large numbers of people flow into the emergency housing system, and exits into permanent housing are limited. It also puts pressure on the public housing register. For example, in February 2022, there were 1,593 new applications onto the Public Housing Register, while 450 were housed in public housing and 279 had a provisional offer approved.
36. Investment through the Public Housing Plan 2021-24 will see the total number of public and transitional homes increase by 18,350 from June 2018 to June 2024. However, as at 28 February 2022, there were 31,1653 applicants on the Public Housing Register.⁷ One-bedroom units are required by almost half of Register applicants, reflecting a lack of housing that is suitable and affordable for single adults to live in independently. This is consistent with the high share of single adults receiving EH SNGs (48%). § 9(2)(f)(iv)
37. However, while continued increases in the supply of public houses is critical, it is not solution in itself and will not address the underlying shortage of affordable homes, which has been a key driver in the growth of the Public Housing Register.
38. Increasing the supply of rental housing that is affordable for low- and moderate-income households is critical to moving to our ideal state for emergency housing, and reducing motel use over time. Improving the availability and affordability of rental housing can also contribute to the effectiveness of measures aimed at preventing homelessness (e.g. transitions out of State care).
39. Given the costs of development and more profitable alternatives, the market will not deliver housing that is affordable for low- and moderate-income households without additional financial support from government. Significant and ongoing government investment to support increased supply will be required.
40. § 9(2)(f)(iv)
41. The \$350 million Affordable Housing Fund, proposed to be launched in August this year, will start to support the increased supply of affordable rentals for those on lower incomes. However, the size of the Fund is very small relative to the scale of need, and it will also make it challenging to support the supply of rentals for those on the lowest

⁷ 25,998 on the Housing Register and 5,241 on the Transfer Register

incomes. However, it will fund projects that can show the type of housing that could be supplied and give an indication of scale of government support that is needed. s 9(2)
(f)(iv)

Prevention activities have a critical role in ensuring people do not enter the emergency housing system

42. There are other ways to prevent people from entering the emergency housing system. Support or intervention at the right time can prevent someone from needing emergency housing.
43. Gains can be made through continuing to deliver on cross-agency commitments in HAP, for example:
 - 43.1 improving transitions from acute mental health and addiction inpatient units into suitable accommodation (pilot currently underway with Auckland and Waikato District Health Boards)
 - 43.2 the development of responses for at-risk groups (current focus is on rangatahi/young people – subject to Budget 2022 decisions)
 - 43.3 enhancing referral and information processes between government agencies and providers.
44. Prevention actions, such as those listed above, require cross-agency collaboration, recognising that uncoordinated services can result in people falling through the gaps, placing them at-risk of homelessness. We will continue to progress the HAP preventative actions, alongside other agencies, with a particular focus on groups who are at high-risk of entering the emergency housing system.
45. At the same time, we are looking to identify further early intervention and prevention measures, including the potential for front-line service providers to incorporate a stronger focus on housing needs, when working alongside individuals and whānau.
46. Income supports and housing-related financial assistance are also preventative in nature, to help people access and sustain housing. MSD has work underway to:
 - 46.1 change Housing Support Products and Housing Related Hardship assistance (including rent in advance, bond grants and rent arrears assistance) to help low-income households access and sustain housing in the private rental market (subject to Budget 2022 decisions)
 - 46.2 increase the take-up of the Accommodation Supplement by non-beneficiaries, with initial advice planned for the end of April 2022.

Development of a national framework for emergency housing

47. We propose the development of a national framework for the future state emergency housing system, consisting of policy and operational shifts in three areas:
 - 47.1 resetting the gateway to EH SNG eligibility
 - 47.2 delivering fit-for-purpose accommodation in the short, medium and long terms
 - 47.3 resetting the provision of social support services.
48. Actions in these three areas will establish approaches to assessing people's housing and support needs, developing an appropriate range of accommodation options, and building the capacity of social services of the right type in the right places.

49. Building on the data previously provided, we intend to undertake an in-depth analysis of the different cohorts in receipt of EH SNGs to better understand their accommodation and other support service needs. This will provide an improved understanding of the mix of people receiving EH SNGs and what they need, including the need for transitional housing, public housing and affordable rentals. Transitional housing data remains limited, meaning that cohort analysis would not be possible without establishing a new data collection approach.
50. The following sections set out the key activities proposed in each of the three areas.

Resetting EH SNGs, including entry pathways

51. Even in the ideal state, we consider the emergency housing system will still require some form of EH SNG (or related income support payment) for people with immediate and short-term housing need. This should remain distinct from transitional housing, or other short-term supported housing.
52. Since EH SNGs were established in 2016, a number of changes to policy and operational settings have been implemented in response to the growing numbers of people receiving EH SNGs. The intent of these changes has varied over time, but in the main have been about:
 - 52.1 changes to support for people receiving EH SNGs, including flexible funding, housing brokers, and complaints processes
 - 52.2 changes to improve the administration of the EH SNG
 - 52.3 changes to align EH SNGs with other welfare system supports, or for consistency across the housing system (e.g. the emergency housing contribution).
53. At present, the emergency housing system is too heavily weighted towards EH SNGs. The number of people receiving EH SNGs is higher than ever anticipated, and in some regions, motel availability is a key constraint, with no alternative supply in the face of seasonal and event-based supply impacts. Coupled with limited influence over the quality of emergency housing suppliers, or over the safety and security concerns with motels, a reset of the EH SNG is timely.
54. While changes to the EH SNG itself will not get people into better forms of accommodation (as it relies on commercial accommodation), or permanent housing, we can make changes to ensure, that as an income support payment, it is fit-for-purpose for the current environment and 'ideal' future system.
55. Shifting away from the EH SNG, so it reverts to being the last resort, ultimately requires increased supply of public housing and affordable rentals, increased contracting or purchasing of motels and supported housing options (for those with long-term needs).
56. The first step is to reset the EH SNG, which may extend to changes in the pathway or entry and who is eligible for support. At present the criteria is broad and open.⁸ We propose tightening these criteria so that that the EH SNG goes to those most in need.

⁸ MSD may make an emergency housing grant to an applicant if MSD considers that the applicant has an immediate emergency housing need, and that not providing the emergency housing grant would-

- (a) worsen the applicant's position; or
- (b) increase or create any risk to the life or welfare of the applicant or the applicant's immediate family; or
- (c) cause serious hardship to the applicant or the applicant's immediate family.

We will provide you with further advice on these changes in June 2022, which will include consideration of:

- 56.1 amending income and asset limits (which would have a low impact)
 - 56.2 changes to what is considered exceptional circumstances
 - 56.3 changes to the criteria – particularly around not granting would “worsen the applicant’s position” or “increase or create any risk to the life or welfare of the applicant...”
 - 56.4 changes to the duration of the grant, or other timing-related considerations
 - 56.5 introducing obligations for those receiving EH SNGs
 - 56.6 any changes for particular cohorts such as non-beneficiaries.
57. We will also outline any operational changes that would be required to reset the EH SNG, and the impact of potential changes for other parts of the emergency housing system (e.g. the nature of supports for people in EH SNG).
58. s 9(2)(f)(iv)
59. Changes to the eligibility for EH SNGs would be complemented by prevention measures (including the accommodation supplement and housing-related hardship assistance) designed to ensure that people are, as far as possible, supported to access and maintain accommodation (e.g. in the private rental market).

Delivering fit-for-purpose emergency accommodation in the short, medium and long term

Investing in motels to improve the security, safety and quality of accommodation

60. At the moment, motels provide an important source of accommodation for people in urgent housing need, and will continue to do so in the foreseeable future. The pathway out of large-scale motel use relies on sustained and significant investment in new affordable housing matched to the needs of cohorts, while at the same time ensuring that EH SNGs are used as intended, for short-term emergency situations.
61. We recognise that motels are a sub-optimal accommodation option for many individuals and whānau requiring long-term housing support. However, there are steps that can be taken in the short-to-medium term to improve the standard of motels used in this way until new supply is delivered at scale.
62. We propose that Government adopt a national strategic approach to contracting and purchasing motels for emergency housing over the next three-to-five years. This has two significant advantages:
- 62.1 contracting and/or purchasing motels provides opportunities to improve the security, quality and safety of accommodation (this is particularly important for children) and, in doing so, provides a stable platform for the delivery of other social service supports
 - 62.2 a planned national approach provides greater flexibility around how motels are used in the short-to-medium term in the context of the government build programme and evolving place-based partnerships (for example, purchased motels may ultimately be demolished and the site used to develop purpose-built public housing).

63. Government has already invested in a limited way in contracting motels for emergency housing (in the Rotorua place-based pilot) and Ministers have given approval for the conversion of motel and other facilities on a case-by-case basis.⁹
64. A formal evaluation of the outcomes achieved through the contracting of motels for emergency accommodation and other actions in Rotorua is planned over the next 18 months. We are also proposing a narrower evaluation of the benefits of contracted emergency motels compared to EH SNGs, planned to report in October 2022.
65. In the interim, we have collaborated with DPMC's Implementation Unit on the identification of early 'lessons learned' in Rotorua. Contracted emergency motels, with the associated support services and security, are more expensive than EH SNGs. However, key stakeholders report that contracted motels have created a positive environment for people living in them, and that the motel environment is safer and more secure, particularly for children. At the same time, there has been a noticeable reduction in anti-social behaviours, visible drug and gang activity and domestic disputes in motels. Annex Two provides further detail on the outcomes achieved in Rotorua to date.
66. As a first step, we recommend that motels be contracted or purchased for emergency housing:
 - 66.1 as opportunities arise in different parts of the country, as long as the purchase meets agreed criteria (e.g. quality and location, price parameters, potential land utilisation and assessed ongoing urgent housing need)
 - 66.2 through a targeted place-based approach in places of very high need.
67. The type of support services provided to people in contracted or purchased motels would be informed by the work on resetting social support services outlined below. Assessment, referral and placement approaches (including which cohorts are prioritised into contracted places) would be guided by the national strategy, but could look different in different locations.
68. Significant and sustained investment would be required to support this proposal. As noted, our experience in Rotorua demonstrates that there is not a direct and equal trade-off between spend on EH SNGs and spend on contracted motels. However, where motels are purchased, there are likely to be long-term benefits, particularly where sites are redeveloped.
69. Should you agree to this approach, we seek your direction on how quickly you would like us to implement a contracting/purchasing approach. One option is to wait until we have further information on the outcomes achieved through the contracting of motels in the Rotorua place-based pilot – planned for October 2022 – s 9(2)(f)(iv)
70. We know that in practice, motel purchases will take time and that there are likely to be regional variations in our ability to contract and/or purchase suitable motels. We would also need to manage risks related to resource consent issues (including the potential for adverse community responses) and Building Act requirements (related to change of use from short-to-long-term accommodation).
71. As the supply of affordable housing increases and demand for emergency accommodation falls, we anticipate ending motel contracts and converting purchased motels into longer-term public or supported housing. It is expected that this will happen

⁹ Ministers have indicated motel purchase and conversions could be progressed in Whangarei, Tauranga, Rotorua, Napier/Hastings, Wellington, Nelson and Blenheim [BRF20/21080749 refers].

in three-to-five years, but this is heavily dependent on the scale of investment in housing that is affordable to low- and moderate-income households.

Reviewing the role of supported housing

72. Supported housing refers to housing provided alongside support services that are not normally provided for in the mainstream rental housing sector. Supported housing addresses an identified housing need alongside assessed social, health, cultural, safety and other needs. In this context, the provision of housing is critical to the delivery of support services, and support services are critical to the successful sustained provision of housing.
73. The length of time that people spend in supported housing varies. Some forms of supported housing are intended to address a need that may be relatively short-term, for example the Creating Positive Pathways programme to house people leaving prison and help them reintegrate into the community. Other models of supported housing are designed to provide people with ongoing, permanent accommodation and supports, for example for people with intellectual disabilities. In general, supported housing is available for as long as it is needed.
74. Rapid Rehousing and Housing First are examples of current models of supported housing. Oranga Tamariki and Ara Poutama Aotearoa – Department of Corrections provide cohort-specific supported housing (in conjunction with Kāinga Ora), in response to the identified needs of people leaving their care, who may face significant barriers to accessing and maintaining suitable housing and are at-risk of homelessness.
75. New Zealand's supported housing system has evolved in an ad-hoc way in response to shifts in the health system (deinstitutionalisation of mental health and disability services) and the identified housing and other needs of specific cohorts.
76. Under current settings:
 - 76.1 there is no overarching framework, guiding principles or shared funding approach underpinning the development of supported housing in New Zealand
 - 76.2 there appears to be an overall shortage of supported housing supply and gaps in specific support services (e.g. for people with mental health needs)
 - 76.3 there is a lack of kaupapa Māori based services.
77. All of these factors contribute to stresses on emergency housing and a heightened risk of homelessness for some of the most vulnerable New Zealanders. In an ideal state, a coherent approach to supported housing, along with adequate supply, would mean people in urgent housing need could be supported directly into a house that met their needs, with no need for an intermediary stay somewhere.
78. Officials have begun work on a review of supported housing, s 9(2)(f)(iv)

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9(2)
(f)
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Resetting the provision of social support services for people in emergency motel accommodation

82. We want to ensure that people in the emergency housing system get the support that they need to improve their overall wellbeing and to develop a pathway into permanent housing.
83. The support needs of individuals will vary, with some requiring very little support, and others requiring intensive and ongoing support. We need to ensure the right level of support across EH SNGs, contracted emergency housing and transitional housing.
84. Since 2019, a number of services and supports have been introduced for EH SNG recipients including Ready to Rent, Housing Brokers, Intensive Case Managers, Navigators and flexible funding. Clients may also be eligible for other social services and income supports. However, we know that resource constraints mean that not everyone can be supported, as demand for services currently exceeds supply.
85. In an ideal state, social support services should follow people as they transition out of the emergency housing system into appropriate housing options, such as public housing, submarket or market rentals, or some form of long term supported housing (for those with very high needs).
86. As the first step, we recommend reviewing the assessment, triage and referral processes for people receiving EH SNGs or in contracted emergency housing in Rotorua. This could start with MSD services and supports.

Supporting Māori-led solutions

87. Māori are significantly overrepresented among those in urgent housing need, making up around 60 percent of those receiving an EH SNG and 50% of those on the Public Housing Register. The Crown's emergency housing-related policies and programmes were the subject of evidence and submissions during the Waitangi Tribunal's Wai 2750 Housing Policy and Services inquiry into Māori homelessness throughout 2021.¹⁰ The Tribunal expects that themes from evidence presented at that inquiry is reflected in policy advice.

¹⁰ These policies and programmes included EH SNGs and transitional housing, as well as: the Public Housing Plan, MAIHI, the Homelessness Action Plan, Accommodation Supplement, Temporary Additional Support, Housing Navigation Service, and the Ready to Rent Pilot Programme. The inquiry considered how policies were designed and implemented, and their effectiveness and outcomes.

88. Specifically, claimants expressed:
- 88.1 frustration at inefficiencies and lack of empathy in managing what was referred to as the Emergency Housing Waitlist and the EH SNG¹¹
 - 88.2 anger at the Crown's failures to provide funding and other resources to Māori to improve existing homes and to assist Māori service providers in their provision of emergency accommodation and housing to Te Paatu Māori and Māori generally
 - 88.3 dismay at the inability of to-be-released prisoners to even register for emergency housing until after they've left prison (by which time it is too late)
 - 88.4 concern at how many of the motels and boarding lodges are not safe and do not provide suitable accommodation for individuals or whānau who require emergency housing
 - 88.5 alarm at the lack of emergency housing and housing supports for rangatahi, for kaumatua, for the disabled, and for mentally unwell
 - 88.6 outrage at the quality of much of the emergency housing made available
 - 88.7 an absence of trust in the Crown to provide safe, secure emergency housing.
89. Claimants noted the need for further support for papakāinga developments on Māori land as one way to address the significant emergency housing issues for Māori. However, overwhelmingly there was a call for Māori housing providers to be resourced and funded to provide the necessary emergency housing places and wrap-around support that only Māori can design, develop and implement in a 'by Māori, with Māori, for Māori' manner.
90. Immediate and ongoing engagement and co-design with hapū, iwi, Māori and Māori housing providers is a critical part of successfully designing and reaching the ideal state for emergency housing, particularly given the overrepresentation of Māori in emergency housing. It will also be essential to ensuring the system responds to the needs of Māori now, and Māori are supported to move away from reliance on emergency accommodation.
91. Māori-led local solutions are a priority area in MAIHI Ka Ora, the National Māori Housing Strategy. A focus on Māori-led local solutions will enable Māori and the Crown to better identify the need at a local level and deliver fit for purpose housing solutions that take a 'by Māori for Māori' approach. The reset of emergency housing could include providing funding to iwi and Māori providers to develop accommodation and service responses that align with Kaupapa Māori of the region. Giving iwi and Māori housing providers the support required to design and deliver emergency accommodation and associated supports is important in building an emergency housing system that recognises Te Mauri o te Whānau and addressing the disparities that exist in the current system.
92. An example of Māori housing providers delivering emergency housing is Visions of a Helping Hand Charitable Trust providing emergency housing in Rotorua and Taupō. They provide a safe and secure environment with wraparound support services for individuals and whānau with the aim to support people to achieve their goals and source sustainable long-term housing. In Tauranga, Te Runanga o Ngāi Te Rangi Iwi have recently purchased an apartment block to be used as transitional housing.
93. The key shifts required to move towards an ideal future state emergency housing System will be driven at the national level (e.g. guidelines supporting the contracting or

¹¹ While there is a Public Housing Register, there is no emergency housing waitlist.

purchase of motels, and assessment and referral processes) and form a cohesive national framework. However, it is imperative that the framework retains sufficient flex to empower and support Māori-led local solutions to urgent housing need, alongside place-based approaches.

94. In the short-term, new funding is being sought through Budget 2022 to enable Māori-led emergency housing delivery and Māori-led alternatives to emergency housing. However, this is likely to require ongoing additional investment if we are to assist in building service provider capability and capacity to deliver accommodation and related services to the scale required. Some funding from the Homelessness Action Plan was used to create He Taupua Fund. He Taupua is intended to provide funding to strengthen Māori organisations' capacity and capability to deliver kaupapa Māori focused housing initiatives on their whenua.
95. Funding from Budget 2022 would complement He Taupua and further support capability building efforts of iwi and Māori housing providers. The process of working with Māori to strengthen Māori capability needs to start now if it is to provide additional Māori led emergency housing capacity in the short to medium term. The resulting capacity is very likely to be over and above any contracted motel capacity. It is also likely to provide far better wellbeing outcomes for those experiencing homelessness.

Supporting the phased expansion of place-based approaches

96. The development of a flexible national framework will enable regions to plan and implement place-based responses that reflect community needs and aspirations, and build on existing community strengths and assets.

Targeting resource to priority locations

97. Government is already working collaboratively with local government, iwi and other stakeholders to progress a broad range of regional housing initiatives. These initiatives have partnership and other governance structures in place that could form the basis for implementing the identified key shifts required, depending on the specific priority in each location (e.g. urban growth, place-based and MAIHI partnerships, regionally led housing initiatives and homelessness taskforces).
98. One implementation choice would be to prioritise improvements to the emergency housing system in those regions identified as experiencing significant urgent housing need. This would allow government agencies to work intensively and collaboratively with local stakeholders to fast-track the development of plans and help to ensure that government investment is targeted to areas of greatest need (for example, purchasing/contracting of motels could be proactively pursued in prioritised locations).
99. Cabinet has agreed to the development of place-based plans for Hamilton City and the Wellington metropolitan area. We have not proactively engaged with local stakeholders on the development of plans at this point, as we are aware that regions have prioritised responding to the impacts of COVID-19. However, work to develop public and transitional housing programmes in these locations is ongoing.
100. Should Ministers agree to prioritise actions to improve the emergency housing system, we propose that further, updated regional assessments of urgent housing need be undertaken to identify priority locations (including whether Hamilton and Wellington should still be the focus). Our approach would also be informed by evaluating the Rotorua Pilot. A targeted evaluation of contracted emergency motels is planned for October 2022 and a full evaluation of the initiatives implemented in Rotorua expected in 18 months.

We propose a phased approach to the work over the next 18 months

101. The nature and scale of the challenges will not be resolved in the next few years. Ultimately, a successful reset and redesign of the system relies on coordinated and sustained action within the emergency housing system, acknowledging that a significant shift is reliant on changes outside the system by increasing the supply of affordable rentals, public and long-term supported housing.
102. Over the next 18 months (through to 1 September 2023), we propose to focus on making change across the three areas. Some of the actions are already underway, and some are new. The actions are a mix of:
 - 102.1 changes in the shorter term that will make a difference for people (including a new transitional housing referral tool, and assessing the nature of supports, contracting or purchasing in some instances).
 - 102.2 further system policy design work and advice to Ministers (including on the EH SNG, transitional housing, national system settings based on Rotorua learnings, and Supported Housing). Some of these require significant data analysis, policy work, engagement and co-design, and potential investment.
103. We have set out a list of indicative actions in **Table One**. There are choices around the scaling and timing of each of the actions. We seek your feedback on these actions, and plan to report back to you with detailed proposals and timelines for the delivery of each of the three broad areas referred by June 2022.
104. We will use the aims and principles of Te Maihi o Te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) Framework and the Homelessness Action plan to guide the reset and redesign actions we have outlined. Early and ongoing engagement with iwi and Māori, providers and others will be critical to the design and delivery of many of the actions.
105. Additional actions or further work will fall out of the system policy design work and advice or connected to the wider housing system and welfare system reform work.

Table One: Indicative actions for the next 18 months

HUD lead ■ MSD lead ■ Joint work ■

Action	Outcome sought	Nature of action	Dependencies
Resetting EH SNGs, including entry pathways			
<p>1. Changes to eligibility for EH SNGs to ensure they remain fit for purpose:</p> <ul style="list-style-type: none"> • changes to the income and asset limits • changes to guidance about exceptional circumstances • changes to the criteria • obligations for those receiving EH SNGs • changes for particular cohorts such as non-beneficiaries. <p>s 9(2)(f)(iv)</p>	Reset the role of EH SNGs as short-term assistance, targeted to those with acute and immediate housing need.	<p>Policy work followed by implementation</p> <p>New</p>	<p>s 9(2)(f)(iv)</p> <p>Guidance and training for front line staff</p> <p>System changes would require additional funding</p>
Delivering fit-for-purpose emergency accommodation			
2. Continue with Contracted Emergency Housing pilot in Rotorua – ongoing funding in Rotorua and evaluation of the pilot.	Understanding the outcomes of a contracted emergency housing model before wider application	<p>Implementation</p> <p>Existing initiative</p>	Budget 2022
3. Fund Māori and iwi providers to lead and deliver solutions for Māori:	Development of kaupapa Māori (by Māori for Māori) models that better meet their urgent housing needs	<p>Implementation</p> <p>New</p>	Budget 2022 s 9(2)(f)(iv)

<ul style="list-style-type: none"> • Social support services • Assessment and placements services 			
4. Undertake detailed regional analysis of urgent housing need – drawing together both demand and supply side data to identify a prioritised list of potential locations for a phased expansion of place-based approaches.	Structured roll-out of locally-led initiatives that draw on identified good practice, while retaining flexibility	Policy work New	N/A
5. Design and implement a national strategic approach to contracting and purchasing motels : <ul style="list-style-type: none"> • Nationally, as opportunities arise • Targeted place-based approaches in identified locations of very high need 	Ability to improve the security, quality and safety of accommodation and facilitate the provision of support services	Policy work followed by implementation New (<i>but building on previous approaches</i>)	s 9(2)(f)(iv) Motel availability
6. Develop a framework to guide place-based approaches to urgent housing need – this would build on lessons from the Rotorua pilot to enable a phased roll-out of place-based approaches to urgent housing need (e.g. establishment of local taskforces, use of contracted motels).	Structured roll-out of locally-led initiatives that draw on identified good practice, while retaining flexibility	Policy work New	N/A
7. Reset and consolidate existing motel-based programmes (for example, Contracted Emergency Housing in Rotorua, motels used in the COVID-19 response, and motel-based Transitional Housing places) together into one consistent contracted emergency accommodation model.	Consistent level of support provision and client obligations for those in motel accommodation Streamlined contracting approach	Implementation New	s 9(2)(f)(iv)
8. Review of supported housing to better understand the current provision and identify ways it could be improved. s 9(2)(f)(iv)	s 9(2)(f)(iv)	Policy work Underway	Policy work Underway

s 9(2)(f)(iv)	s 9(2)(f)(iv)		
9. Implement a new tool to manage transitional housing referrals, placements and vacancies. The tool (being piloted in 2 regions first) will ensure providers and MSD can easily communicate with each other and the information collected about placements and vacancies is up-to-date and securely stored. The data collected by this tool will enhance our reporting, giving us a better understanding of the client journey through transitional housing and how we can continue to improve our service for clients.	Understanding the outcomes of a contracted emergency housing model before wider application	Implementation New	N/A
10. Improve the quality of emergency housing suppliers, for example through alignment with the Transitional Housing Code of Practice.	Improving the quality of emergency housing, noting that this is likely to be voluntary	Implementation	Operational and practice changes
Resetting the provision of social support services for people in emergency motel accommodation			
11. Cohort analysis. Building on the pathways information from the October 2021 report, further detailed work to understand cohorts. This will inform other actions (e.g. social support service planning).		Data analysis New	
12. Increased contracting of supports delivered by social service providers, particularly kaupapa Māori, Pacific and other cohort-specific (e.g. youth) approaches.	Greater availability of support services (housing, health, social, and employment) for people in	Implementation	Budget 2022 s 9(2)(f)(iv)

	any type of emergency accommodation		
13. Retain (and potentially expand) MSD housing services for people in emergency housing. MSD received time-limited funding under the Homelessness Action Plan for Ready to Rent, Housing Brokers, Intensive Case Managers, Navigators and flexible funding which ends in January 2023. An evaluation of ICMs and Navigators is now complete, and an evaluation of Housing Brokers and Ready to Rent will be completed in 2022 s 9(2)(f)(iv). MSD plans to work with regions to determine scope of funding required for 2023 and beyond.	EH SNG recipients are supported while they are in emergency housing including to find alternative accommodation.	Implementation Existing initiative	s 9(2)(f)(iv)
14. Develop and implement new triage and referral approaches. Based on cohort analysis of EH SNG clients, develop a new triage and referral approach to match interventions (and potentially identify gaps), with the aim of getting people out of emergency housing more quickly. This would start with MSD supports / services and could then be expanded to include other social services.	People living in EH for extended periods are assisted to access appropriate service supports	Policy work followed by implementation New	Cohort analysis, and understanding of ongoing data needs May require funding depending on the nature of changes
15. Develop targeted initiatives with other agencies (e.g. Ministry of Health, or Ministry of Corrections) for clients with urgent housing need s 9(2)(f)(iv) – based on an in-depth analysis of the cohorts accessing EH SNGs and their wider wellbeing needs. <i>Links to work on improving access to health and mental health and addiction support for people experiencing homeless within the Homelessness Action Plan.</i>	To either prevent, or proactively support people who have interacted with the health or justice sectors who have urgent housing need	s 9(2)(f)(iv) New	Cohort analysis s 9(2)(f)(iv) You may want to test this with the Minister of Health, or other Ministers.

Significant new investment will be required over several years

106. Many of the proposed changes are contingent on additional funding through Budget 2022 s 9(2)(f)(iv)
- [REDACTED]
- [REDACTED] Changes to Housing Support Products and Housing-Related Hardship Assistance are also being considered through Budget 2022 which will help people access and sustain private rentals.
107. The Minister of Housing has submitted a bid for funding through Budget 2022, which would support the implementation of some changes in the first phase to:
- 107.1 enable Māori-led emergency housing delivery and Māori-led solutions to emergency housing to begin addressing the disparities in emergency housing use for Māori, and respond to issues raised through Stage One of Wai 2750 on Māori Homelessness
 - 107.2 implement changes to the emergency housing system to improve the safety and wellbeing of individuals, families and whānau and begin the transition to an ideal system where everyone has a safe and stable place to call home.
108. Our advice on the detailed proposals and timelines for the delivery of each of the three broad areas will indicate the expected funding requirements, including how funding through Budget 2022 would be allocated.

Risks, limitations and assumptions

109. High-level risks associated with this work include:
- 109.1 **Failure to engage comprehensively with Māori.** The Crown's failure to engage with Māori on the design and implementation of current emergency housing system and practice was well canvassed in the Wai 2750 Inquiry. To redesign and reset the system, Māori must be engaged meaningfully. If engagement is limited or consultative only, the Crown risks failing in its role as Treaty partner.
 - 109.2 **Constraints on ability to contract motels.** Our ability to use, contract or purchase motels (through Kāinga Ora) as a part of the emergency housing system is not guaranteed. Consistent with our experience pre-COVID, we expect motel availability to decrease in some areas due to projected growth in domestic and international tourism from later this year. This may mean we run out of options for people in need.
 - 109.3 **Insufficient capability and capacity within the sector and across agencies.** Many service providers have contributed significant time and resource to expanding the supply of transitional housing and to immediate COVID-19 related responses. Similarly, government agencies have been challenged to maintain regular services, while responding to immediate demands. It is therefore likely that key stakeholders may struggle to contribute to this programme of work and that the expansion of accommodation and support services may be slowed. We will provide further advice on these issues as part of the next phase of work.
 - 109.4 **Housing supply does not come on stream as expected.** The changes outlined in this paper assume the ongoing use of motels by the emergency housing system. Until we significantly increase the supply of affordable rental housing, we will need to utilise the physical infrastructure provided by motels

(or similar commercial options) as there are no other alternatives. COVID-19 has seen a number of agencies using motel accommodation (including for community-based self-isolation).

110. While the advice in this paper has been informed by discussions with CHA and Te Matapihi and other key stakeholders (including other agencies) late in 2021, we have not socialised the ideas with them more recently. We will need to update our stakeholders and work through how they are involved in the next phase of the work.

Next steps: We want to discuss this with you

111. To progress the reset and redesign, we invite further discussion on the approach outlined in this paper. We recommend that you share this paper with other Housing Ministers.
112. Subject to your direction, we can:
- 112.1 prepare material to enable you to update your colleagues on this work
 - 112.2 work with the Treasury to reflect any changes that might be required to relevant initiatives for Budget 2022
 - 112.3 update DPMC's Implementation Unit, other agencies, and key stakeholders on the work.

Annexes

113. Annex One: Data and Insights Summary
114. Annex Two: Update on Rotorua Pilot

Annex One: Data and insights summary

This annex provides a summary of data and insights from past reports. Relevant dates and sources are indicated throughout.

1. As of 28 February 2022, there were 31,653 live applications on the Public Housing Register and 4,731 households in emergency housing.¹²

Who is accessing emergency housing?

2. As of 28 February 2022, there were 5,352 adults and 4,722 children in emergency housing. Most households who receive an EH SNG are either sole parent or single adult households. While there is some variation by month and by region, this group tends to be relatively evenly split between sole parents and single adults.¹³

Households in emergency housing (28 Feb 2022)

Sole parents	Couples w/ children	Single adults	Couples w/o children
41%	9%	46%	4%

3. As of June 2021, Auckland (62%), Northland (69%), Southern (85%), Waikato (61%) and Taranaki (63%) had a greater percentage of households with children than the national average (53%). For the Wellington Region this is reversed, with the proportion of households without children (70%) significantly higher than the national average (47%).
4. As of June 2021, most people in emergency housing were in the 20-39 age range, although the age mix of households varies by both region and cohort.
 - 4.1 Nelson, Northland and Central had larger proportions of clients aged over 60.
 - 4.2 Southern had less 40- to 49-year-olds than the national average.
 - 4.3 In Wellington, clients were more likely to be over 40.
 - 4.4 Single adults accessing emergency housing are generally older and male.¹⁴

How long are people staying in emergency housing?

5. People are staying in emergency housing for longer. The average number of weeks a person stays in emergency housing, the percentage of people staying more than 6 months and the percentage of people staying for more than 12 months all increased from May 2020 to May 2021.¹⁵ For February 2022, the average duration reached 20.4 weeks.

	Sep 2018	May 2020	May 2021
Average number of weeks in EH	5	11	18
% of clients in EH for 6+ months	1%	10%	26%
% of clients in EH for 12+ months	-	2%	7%

¹² Monthly Housing Dashboard | Feb 2022.

¹³ Monthly Housing Dashboard | Feb 2022.

¹⁴ Regional Housing Analysis and Dashboards | (30 June 2021).

¹⁵ REP/21/9/992 Demand for Public Housing Register and EH SNG in 2021 | May 2021.

6. Regions with a larger proportion of households with children have a shorter average duration in emergency housing than regions with a smaller proportion of households with children.¹⁶
7. As of June 2021, single adults were overrepresented in those remaining in emergency housing for 6 months or longer, making up 40% of all households in emergency housing but 45% of households staying for 6+ months and 50% of households staying for over a year. Singles in emergency housing for more than a year tend to be older, with only 8% aged below 30 and 51% aged between 30-50.¹⁷

What do we know about the needs and experiences of people in emergency housing?

8. From an analysis of IDI data from September 2016 to March 2020, we know that people accessing EH SNGs often have acute levels of need and likely to have experienced several risk factors over the course of their life.¹⁸
9. In the year prior to receiving an EH SNG:
 - 9.1 25% had an acute hospitalisation.
 - 9.2 53% received a mental health or addiction service.
 - 9.3 94% received a main benefit.
 - 9.4 59% had no income.
 - 9.5 57% entered the Public Housing Register.
10. Most under 30-year-olds who have received an EH SNG had experienced challenges as a child with:
 - 10.1 70% having had a Care and Protection event.
 - 10.2 26% having had a Youth Justice interaction.
 - 10.3 77% supported as a teenager by a parent receiving a main benefit.
11. People who have received an EH SNG in multiple quarters of the year were more likely to have had:
 - 11.1 a Care and Protection or Youth Justice interaction as a child.
 - 11.2 an acute hospitalisation or accessed a mental health or addiction service.
 - 11.3 no income in the past 12 months.
 - 11.4 time in prison in the past 12 months.
12. Around 30% of under 30-year-olds who received an EH SNG in all four quarters of the prior year had experienced six or more factors, compared to 15% of under 30-year-olds who only received an EH SNG in one quarter in the prior year.

¹⁶ Regional Housing Analysis and Dashboards | (30 June 2021).

¹⁷ Description of people receiving the EH SNG. MSD Modelling and System Analytics, September 2021. Analysis of IDI data covering the period between September 2016 and March 2020.

¹⁸ For under 30-year-olds, analysis included childhood factors (C&P event; YJ interaction and as a teen supported by a parent on a main benefit) as well as factors experienced in the last year (no income in prior 12 months; acute hospitalisation; received mental health and addiction services; in prison; received main benefit; entered main benefit; public housing entry in last 12 months; public housing exit in last 12 months; entered public housing register). For over 30-year-olds, data on childhood factors are not available.

- 13 For Māori who receive an EH SNG, 70% had a Care and Protection event as a child and 80% were supported as a teenager by a parent receiving a main benefit.
- 14 More than 70% of Europeans receiving an EH SNG had received a mental health or addiction service in the last year. The proportion of EH SNG recipients who had a mental health or addiction service in the last year increases as age increases.
- 15 Of 16- and 17-year-olds who have received an EH SNG:
 - 15.1 93% had a Care and Protection event (97% for rangatahi Māori)
 - 15.2 28% had a Youth Justice interaction (32% for rangatahi Māori)
 - 15.3 78% were supported as a teenager by a parent receiving a main benefit (89% for Māori)
- 16 Of 18- to 24-year-olds:
 - 16.1 77% had a Care and Protection event (83% for rangatahi Māori)
 - 16.2 26% had a Youth Justice interaction (30% for rangatahi Māori)
 - 16.3 81% were supported as a teenager by a parent receiving a main benefit (32% for rangatahi Māori).¹⁹

What do we know about EH SNG use in Rotorua following the introduction of the contracted emergency housing model (CEH)?

- 17 The number of households receiving an EH SNG decreased in the period immediately following the introduction of the contracted emergency housing model in Rotorua in July 2021. EH SNG numbers have since been increasing steadily.
- 18 The amount granted is also beginning to increase again, although at a slightly slower rate than prior to the introduction of the new CEH model. This is likely related to the generally lower costs associated with single adult households as compared to families with children.
- 19 At the end of January 2022, just under 100 families and whānau with children (sole parents and couples with children) are receiving EH SNGs and staying in non-contracted emergency housing. This accounts for 26% of households receiving EH SNGs in Rotorua. In comparison at the end of June 2021, families and whānau with children accounted for 49.5% of households receiving EH SNGs in Rotorua.
- 20 Rents in Rotorua are increasing. HUDs rent price index for Rotorua (which applies the same method as Stats NZ RPI), shows that rents are up 13.4% over 2020 and 2021 and up 5.8% in 2021. This increase was mainly from the second half of 2021, with rents remaining largely flat in the first half of 2021.
- 21 In Rotorua, the proportion of single adult households receiving EH SNGs increased from 47.0% in June 2021 to 70.1% in January 2022.²⁰ This is aligned with national trends.

¹⁹ Description of people receiving the EH SNG. MSD Modelling and System Analytics, September 2021. Analysis of IDI data covering the period between September 2016 and March 2020. IDI disclaimer: These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit <https://www.stats.govt.nz/integrated-data/>. The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes and is not related to the data's ability to support Inland Revenue's core operational requirements.

²⁰ EH SNG use in Rotorua. February 2022. MSD Housing Insights.

What do we know about need by region?

- 22 The level of urgent housing need differs regionally, as does the relative impact of different indicators of need. We know that there is a link between the availability of emergency housing (i.e., motels that will take emergency housing clients) and the total number of households that are granted EH SNG. This means that the total number of households and related metrics like the percentage of the total population in emergency housing or total spend may not give a true indication of the level of housing need in regions where demand exceeds available supply.

Emergency and public housing need indicators by region - June 2021 quarter²¹

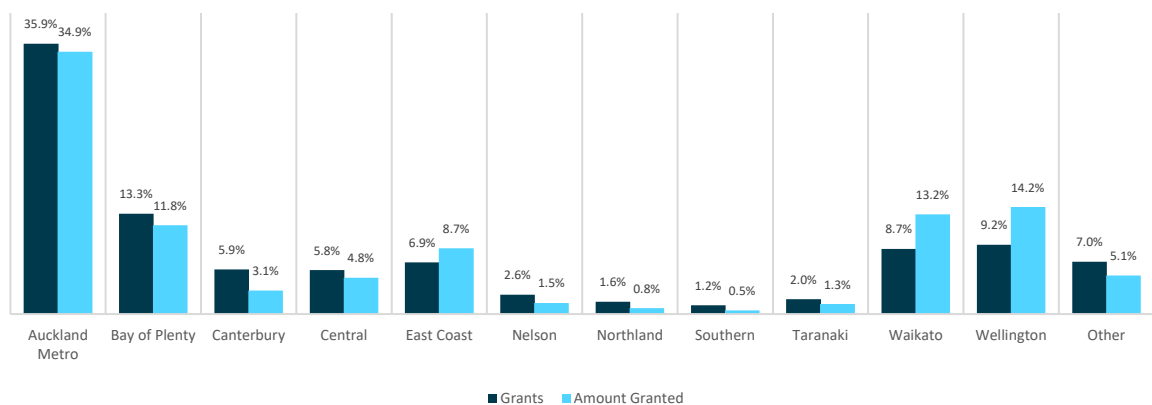
	Nor thla nd	Au ckl and	Wa ika to	Bay of Plent y	East Coa st	Tar an aki	Ce ntr al	Well ingt on	West Coast Tasman	Can terb ury	So uth ern
EH SNG per 1000 people	0.8	1.4	2.4	2.8	2.9	1.4	1.4	1.9	1	0.8	0.2
Average stay weeks	9	12	15	21	18	6	15	18	9	9	3
No. of EH clients per TH place	0.7	1.3	4	2.3	1.5	7.2	2.3	2.4	2.2	1.3	0.5
PH register applicants per 1000 people	5.4	4.9	5.2	6	9.6	6.1	5.7	4.4	4.5	3.3	1.6

	Nor thla nd	Au ckl and	Wa ika to	Bay of Plent y	East Coa st	Tar an aki	Ce ntr al	Well ingt on	West Coast Tasman	Can terb ury	So uth ern
AS recipients in severe housing stress	41 %	59 %	44 %	45%	35%	34 %	50 %	50 %	42%	44%	39 %
Renting HHs earning <\$40K	47 %	29 %	38 %	40%	26%	46 %	51 %	34 %	45%	37%	43 %
Affordable rentals for HH earning <\$40K	10 %	6%	9%	9%	8%	16 %	13 %	9%	13%	13%	17 %

²¹ REP/21/9/1043 | BRF21/22091120 Emergency Housing System Review: Assessment of the current emergency housing system and areas for improvement – Slide set: Regional housing need (MSD and HUD data).

Regional distribution of EH SNG grants and spend for the year ending 30 June 2021.²²

EHSNG grants and spend from 1 July 2020 - 30 June 2021



²² Regional Housing Analysis and Dashboards | (30 June 2021).

Annex Two: Update on Rotorua pilot

1. The Rotorua Housing Taskforce was established in March 2021. It involves government officials working in partnership with Te Arawa Iwi, Rotorua Lakes Council, and other community stakeholders. The Taskforce was established to provide better support and outcomes for people living in emergency housing motels, and to address wider community concerns.
2. In June 2021, Cabinet agreed to fund a series of actions to improve the provision of emergency housing in Rotorua, including:
 - 2.1 Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) contracting specific motels to provide emergency accommodation, with an initial focus on the approximately 200 families and whānau with children receiving an EH SNG
 - 2.2 the provision of support services to better meet the needs of the families in contracted motels (wraparound services contracted by HUD), and improved supports for those remaining in the current EH SNG-funded places (supports contracted by MSD)
 - 2.3 the establishment of Te Pokapū – a Rotorua Housing Hub to strengthen assessment and placement processes for emergency housing clients and co-locate relevant services, including those provided by MSD. The Hub is intended to provide a single point of contact for individuals and whānau and ensure that the right supports are put in place. Assessments are holistic and utilise a kaupapa Māori approach.
3. As part of the Taskforce, Kāinga Ora intensified its efforts in Rotorua to identify building opportunities and provide more permanent homes.
4. Officials have also committed to provide advice on ending the “mixed use” of remaining motels providing accommodation to households receiving an EH SNG.

Progress against actions

5. As of March 2022, the following progress has been made:
 - 5.1 HUD has contracted around 300 motel units within 13 motels in Rotorua. While occupancy numbers vary day-to-day, roughly 180-190 units are usually occupied by parents and children.²³ Wraparound support services are being provided.
 - 5.2 MSD is providing additional support for those remaining in non-contracted motels.
 - 5.3 Te Pokapū is operating virtually – the physical premises are not yet open to the public.
 - 5.4 Kāinga Ora has 191 homes under construction or planned. Renovation work on the former Boulevard Motel (purchased for use as transitional housing) is underway with 14 units due to be available from April 2022, and a further 16 units in July 2022.
 - 5.5 Advice on ending the “mixed use” of motels was deferred to early 2022 due to resourcing pressures resulting from the COVID-19 response.

²³ At any point in time, around 40 further units are occupied by couples and singles, and around 65 are undergoing some form of repair or remediation, or are awaiting arrivals or referrals. A small number of units are also used for on-site management.

Impact to date

Feedback from on the ground

6. The key impact of the actions to date has been the placement of whānau in contracted motels and improved access to services. Consistent feedback has been that the contracted motels in Rotorua provide safer, more secure and more stable accommodation than non-contracted motels, especially for children. This also provides a sounder base to offer other supports. Experience to date is that providing enhanced supports to those receiving an EH SNG who are staying in commercial accommodation remains challenging.
7. Since the beginning of February, providers have been pooling resources to transport tamariki in both contracted and non-contracted motels to and from school. Trade-based training has been provided and WERA (one of the support service providers) has commenced a marae partnership programme with Tuhourangi hapū to reconnect whānau. A clinical response team is providing people in contracted motels with immediate medical or mental health solutions, reducing the number of related issues across the contracted motels. Council and police have reported a decrease in incidents in and around the contracted motels.
8. At this early stage, with no significant increases to the supply of public and affordable housing, this initiative is unlikely to have had a material impact on improving pathways to permanent accommodation.

Formal evaluation

9. A full evaluation of the Rotorua pilot is planned over the next 18 months. This timeframe will ensure key elements, such as Te Pokapū, have been operational long enough to assess their impact (noting that the database that will support Te Pokapū will provide better information on whānau outcomes), and that new supply that is currently under construction or in planning will have come on stream.
10. To better understand the costs and benefits of contracting motels, HUD and MSD are looking to procure an evaluation that would focus on the relative experience of whānau accommodated in contracted emergency housing motels compared to EH SNGs. Depending on provider availability this could be completed by October 2022.
11. DPMC's Implementation Unit is also providing advice to the Deputy Prime Minister on 11 March that will identify lessons from the implementation of the Rotorua Housing pilot. The advice identified aspects of the approach that worked well and could be reflected as part of any emergency housing models, those features best suited to places with characteristics like Rotorua and areas of challenge. The advice will help inform the approach to the phased expansion of place-based approaches within the emergency housing system.

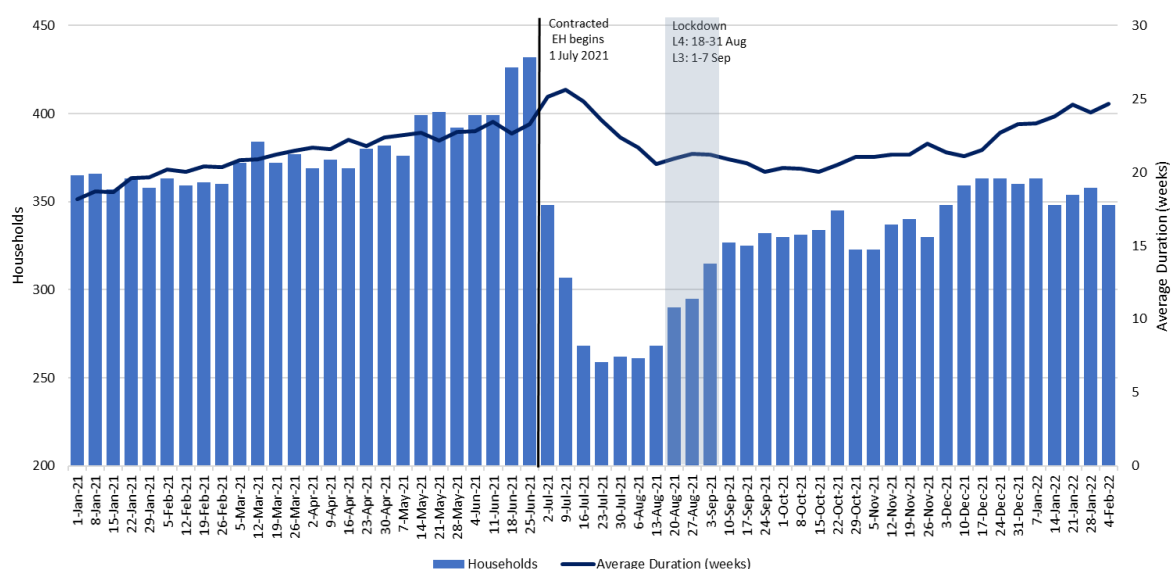
Cost of the initiative

12. When including the cost of 24/7 onsite management and wraparound service provision, contracted emergency housing costs significantly more than EH SNGs alone. For the 2021/22 year, the total cost of the contracted emergency motels, services and security is expected to be around \$28.6 million (\$17.5 million of which is for accommodation).
13. Funding is being sought through Budget 2022 for the continued contracting of motels and wraparound support services, the operation of Te Pokapū, and the provision of support services for people in non-contracted EH SNG motels. The total amount sought for this package is around \$36 million a year.

EH SNG use

14. Rents in Rotorua have continued to grow, increasing by 5.5 percent in the second half of 2021 (and by 13.4 percent since January 2020).²⁴ Combined with limited public housing delivery to date and limited turnover in public housing tenancies, the housing register has continued to increase, up from 741 in June 2021 to 973 in December.
15. In this context, after the initial drop when families moved into contracted motels, the number of households receiving an EH SNG has continued on an upward trend (see Figure 1). Some of the motels that have been contracted were not previously used for EH SNGs, so it is likely that more motel units have become available for emergency housing in Rotorua. Further, moving whānau from EH SNGs to contracted emergency housing motels freed up significant capacity within EH SNG motels. To the extent there was unmet emergency housing need, it is likely the freeing up of capacity that has contributed to the rebound in EH SNG numbers.

Figure 1: Rotorua Households in emergency housing, funded by EH SNGs by week



Increasing housing supply in Rotorua

16. New public housing supply is under way, with Kāinga Ora expecting to deliver 109 public homes this year. Iwi and CHPs will deliver a further 29 public homes this year.
17. While overall supply to Rotorua is growing, with more consents issued in the year to January 2022 than the previous two years, further growth in public, affordable and market supply is needed. Rotorua Lakes Council's proposed Local Bill will enable a number of local reserves to be developed as public, affordable and market homes, and applying the Medium Density Residential Standard to Rotorua should also support increased development.
18. HUD is working with Ngati Whakaue on options to accelerate housing development and enable iwi housing.

²⁴ Based on HUD's Rental Price Index for new tenancies.

Rotorua partnership and upcoming Ministerial visit

19. Ngāti Whakaue recently met with members from Te Kāhui Kāinga Ora – Māori Housing, Te Puni Kōkiri, Kāinga Ora and Rotorua District Council to discuss their housing aspirations and strategy.
20. Minister Woods will visit Rotorua on 24 March. Housing events include a visit to Te Pokapū (the Rotorua Housing Hub), and meetings with Ngati Whakaue and Mayor Chadwick. Ministers Sepuloni, Henare and Davidson are also likely to attend.
21. s 9(2)(g)(i)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



Aide-mémoire

Lessons Learnt from the Rotorua Emergency Housing Pilot

Date:	1 April 2022	Security level:	In Confidence
Priority:	Medium	Report number:	AMI21/22030814

Information for Minister(s)

Hon Dr Megan Woods Minister of Housing	
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Contact for discussion

Name	Position	Telephone		1 st contact
Hilary Eade	General Manager, System Policy	04 831 6032	s 9(2)(a)	✓
Peter Chaudhry	Acting Manager, Homelessness Policy	09 953 6409	s 9(2)(a)	

Other agencies consulted

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Minister's office to complete

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



Aide-mémoire

Lessons Learnt from the Rotorua Emergency Housing Pilot

For: Hon Dr Megan Woods

Date: 1 April 2022

Security level: In Confidence

Priority: Medium

Report number: AMI21/22030814

Purpose

1. This paper provides a high-level response to the briefing *Lessons learned from the Rotorua Emergency Housing Pilot*, prepared by the Implementation Unit of the Department of Prime Minister and Cabinet (DPMC). You are meeting with the Deputy Prime Minister, the Minister of Social Development and the Executive Director of the Implementation Unit (Katrina Casey) on Monday 4 April, to discuss the report. Talking points to support you in the discussion are attached (see Annex A).

Background

2. In June 2021, Cabinet agreed to fund a series of actions to improve the provision of emergency housing in Rotorua, including contracting specific motels for the use of families with children, providing wraparound supports, and the establishment of a housing hub (Te Pokapū) with local Iwi [CAB-21-MIN-231.01 refers].
3. DPMC's Implementation Unit has prepared two briefings for the Deputy Prime Minister, the Hon Grant Robertson, on emergency housing, as follows:
 - an assessment of current working arrangements between agencies responsible for delivering emergency and transitional housing, including their milestones and plans for reporting back to Cabinet (provided to Deputy Prime Minister on 26 November 2021)
 - the identification of lessons learned from the Rotorua emergency housing pilot, to inform Ministerial decisions on the emergency housing system review in 2022 (provided to Deputy Prime Minister on 11 March 2022)¹.
4. On 11 March 2022 you received a briefing, *Progressing the reset and redesign of the emergency housing system* (BRF21/22111190), reporting on progress in the next stage of the emergency housing system review, jointly led by Te Tūāpapa Kura Kāinga and the Ministry of Social Development. The report set out an 'ideal' future state for the emergency housing system and proposed the development of a national framework to guide immediate actions and longer-term planning.
5. Officials will be reporting to joint Ministers in June 2022 with detailed proposals and timelines for the delivery of the three key components of the national framework:

¹ The November 2021 assessment of working arrangements between agencies that deliver the emergency housing system noted that: "working arrangements in a pilot in Rotorua are promising but challenging to replicate at scale." This resulted in Ministers requesting the second report focused on the Rotorua pilot.

- resetting the EH SNG, including entry pathways
- delivering fit-for-purpose accommodation
- resetting the provision of social support services for people in emergency motel accommodation.

Key lessons learned

6. HUD collaborated with DPMC on the identification of the early lessons learned from the Rotorua pilot, and we are in general agreement with their assessment of progress to date.

Place-based approaches must be responsive to local conditions

7. As noted by DPMC, the Rotorua pilot was developed in response to a particular set of circumstances presenting in the Rotorua community. A place-based approach was adopted, which focused on responding to identified needs and aspirations, and building on existing relationships. A range of local and national stakeholders were involved in early planning and design of the approach, and the process was resource-intensive.
8. We agree with DPMC's overall assessment that "the design of the Rotorua pilot cannot, and likely does not, need to be replicated at scale in its entirety", and that "a more targeted approach is warranted where the promising aspects of the Rotorua pilot approach can be applied."
9. Our March report on progressing the emergency housing review noted the importance of place-based approaches as the means of delivering improvements to the emergency housing system. Place-based approaches support the development of fit-for-purpose plans that are responsive to local circumstances.

Lessons incorporated into the emergency housing review

10. Our work to date on the reset and redesign of the emergency housing system is consistent with the key findings of the DPMC report. Table One sets out the 'key lessons learned' as identified in the DPMC report, alongside the proposed direction for the reset and redesign of the emergency housing system.
11. We have referenced the specific actions set out in the briefing provided to you in March, *Progressing the reset and redesign of the emergency housing system* (BRF21/22111190), as appropriate (refer to Table one of that briefing).

Table One: Key lessons learned from the Rotorua pilot and emergency housing review responses

Structures	Key lessons learned	How incorporated or addressed through the emergency housing review (with reference to specific actions as noted in Table one of our March advice)
Aspects that have worked well, and that should be part of the design of emergency housing options		
Governance	Targeted use of locally led taskforces that are nationally enabled to deliver locally responsive solutions can be effective to solve location specific issues (lead role should be determined locally)	<ul style="list-style-type: none"> We have recommended that place-based approaches provide the vehicle for delivering key shifts in the emergency housing system at a local level We propose the development of a national framework to guide place-based approaches, including the establishment of local taskforces, and the potential roles and responsibilities of central government agencies (Action 6) We envisage that local governance structures would build on existing relationships as far as possible.
	A lead government agency with the mandate to coordinate the Government response on the ground is critical to success	
Systems Design	Aligned services including contracting motels for the exclusive use of EH-SNG clients, and providing social services and 24/7 security, is a promising practice to improve living environments, safety and stability of emergency accommodation	<ul style="list-style-type: none"> We agree that contracting/purchase of motels is a promising means of improving the security, quality and safety of emergency accommodation and enables effective social service delivery We have planned an evaluation to report on the outcomes for whānau living in contracted emergency motels (due in October 2022) We have proposed the design and implementation of a national strategic approach to contracting and purchasing motels (Action 5).
	Initiating a triage approach to improve referrals, assessments and placements of clients into motels that are suited to their needs	<ul style="list-style-type: none"> MSD will be developing and implementing new triage and referral approaches for people receiving EH SNGs (Action 14) MSD is implementing a new tool to manage transitional housing referrals, placements and vacancies (Action 9) These two actions will help to ensure that people's needs are appropriately responded to and will assist to identify an appropriate and supported pathway out of emergency housing.
	Social and support services delivered by providers with a kaupapa Māori approach embedded in the longer-term housing continuum, is promising where there is a high proportion of Māori clients	<ul style="list-style-type: none"> The reset and redesign of the emergency housing system will be guided by Te Mahi o Te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) Framework

		<ul style="list-style-type: none">Budget 2022 funding is being sought to enable Māori-led delivery of emergency housing functions and alternatives to emergency housing (Action 3)He Taupua Fund provides funding to build Māori organisations' capacity and capability.
Practices trialled in Rotorua that may be difficult to replicate due to localised conditions		
Governance	Coordinated communications among partners (and a workgroup) is valuable in delivering consistent messaging where there is strong public and media interest, which may not be present or needed at the same level in other locations.	<ul style="list-style-type: none">We agree that these are aspects of the Rotorua approach that may not have universal applicationWe have recommended that place-based approaches provide the vehicle for delivering key shifts in the emergency housing system at a local level
Programme Design	The housing “Hub” model that physically co-locates social services with MSD staff is responsive to Rotorua’s high concentrated demand and strong provider partnerships, which may not exist in other places. A resource intensive model to replicate that should be assessed before considering it as part of ongoing design.	<ul style="list-style-type: none">We propose the development of a national framework to guide place-based approaches, including the establishment of local taskforces and the potential roles and responsibilities of central government agencies (Action 6). This will support the development of ‘fit-for-purpose’ approaches at a local level.
	Acceleration of medium and long-term housing solutions by Kāinga Ora was essential to give confidence locally that there are pathways to more stable housing options but may not be able to be applied in all locations due to market conditions and supply constraints.	
Aspects of the Rotorua pilot that remain challenging and should be addressed prior to the commencement of any similar programme and considered as part of the emergency housing review		
Programme Design	Agency roles, responsibilities, policy and legislative settings to be clearly defined and can be operationalised prior to commencement, especially if it is a multi-agency programme with overlapping agency functions, or agencies are operating in unfamiliar, or new, settings.	<ul style="list-style-type: none">We acknowledge the need for greater clarity of agency roles and responsibilities, prior to the expansion of place-based approaches to urgent housing need. The Rotorua pilot surfaced issues that had to be quickly resolved, but which could benefit from further review. Similarly, we agree that a more thorough examination of current policy and legislative settings is required, as we shift towards an ‘ideal state’ emergency housing systemProposals to develop a national strategic approach to contracting and purchasing motels (Action 5), and a framework to guide place-based approaches (Action 6), will support further examination and clarity of these issues

	<p>Agencies lack end to end responsibilities for the whole housing system which should be resolved to help reduce gaps in delivery, data collection and visibility of the outcomes for people as they move through the housing system.</p>	<ul style="list-style-type: none"> • We acknowledge the paucity of robust and comprehensive data related to the emergency housing system. This has hindered our ability to plan/design service responses and limits our ability to report on outcomes for people as they move through the emergency housing system
	<p>Very early prioritisation in the design of a monitoring and evaluation framework that includes appropriate data collection and data-sharing mechanisms between relevant delivery agencies to ensure outcomes can be defined and measured from the outset, including:</p> <p>A kaupapa Māori approach, and operationalising the Māori and Iwi Housing Innovation (MAIHI) framework in setting client outcomes and measures.</p>	<ul style="list-style-type: none"> • Current proposals do not incorporate an explicit focus on data collection and information sharing at a system-wide level. This is a gap that will be addressed in the next phase of work, as we develop a theory of change to inform the monitoring and evaluation of the pilot (and any other similar initiatives that follow) • We agree that data collection must incorporate the operationalisation of MAIHI and an explicit focus on the outcomes sought for hapū, Iwi and Māori.
Programme Planning	<p>Scale and complexity of the problem, and the proposed solution need to be well-defined from the outset to ensure capacity and capability of agencies, and that delivery partners are resourced to deliver at pace.</p>	<ul style="list-style-type: none"> • We are prioritising detailed cohort analysis (Action 11) and regional analysis (Action 4) to help inform the planning of each of the action areas, including identifying social service support needs and priority locations for place-based approaches • We envisage that the development of a national framework to guide place-based approaches (Action 6) will include guidance on developing a shared understanding of the nature and scale of issues to be addressed, the outcomes sought, and the resources available within the locality.
	<p>Multi-year funding is needed to ensure consistency in services, activities and recruitment of qualified local staff.</p>	<ul style="list-style-type: none"> • We agree that multi-year funding is necessary to provide stakeholders (including Iwi, NGOs and moteliers) with the ability to plan with confidence • Ongoing funding for the Rotorua pilot is being sought through Budget 2022 • Proposed work on the development of the national framework will incorporate a focus on funding approaches to guide new initiatives.
Partnerships	<p>Iwi are included as part of solution, design and implementation phases and are resourced appropriately to participate.</p>	<ul style="list-style-type: none"> • Our work has emphasised the importance of immediate and ongoing engagement and co-design with hapū, iwi, Māori and Māori housing providers as critical to the reset of the emergency housing system. • We envisage that the development of a national framework for the emergency housing system will retain sufficient flex to empower and support Māori-led local solutions (as recommended in recommendation 12 of the March 2022 briefing)

		<ul style="list-style-type: none"> • We expect that the proposed national framework to guide place-based approaches (Action 6) will provide guidance on early and ongoing engagement with with hapū, iwi, Māori and Māori housing providers • Budget 2022 funding has been sought for Māori-led delivery of EH functions and provision of alternatives to EH (Action 3) • He Taupua Fund provides funding to build Māori organisations' capacity and capability.
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Response to specific DPMC recommendations

Consolidation of approaches to contracted motels

12. Recommendation 3 of the DPMC report notes that “while contracted motels for (i) emergency housing (ii) transitional housing and (iii) COVID-19 were established to meet different purposes with distinct funding streams and settings, they have over time provided increasingly similar services. The emergency housing review should consider how these individual motel models operate as part of a wider housing system that is complex for clients to navigate, and whether there remain benefits to moving clients from one motel model to another.”
13. We agree that there is a need to look at these programmes in the broader context of the emergency housing system. Our March briefing to you included an action to reset and consolidate existing motel-based programmes into one consistent contracted emergency accommodation model (Action 7). The proposed timing of this work will be reported to you in June 2022.

Financial assessment of costs

14. Recommendation 4 seeks agreement to: “a financial assessment of the costs of the Rotorua Pilot, comparing the Pilot to the costs of, and potential savings in, the operation of the Emergency Housing Special Needs Grant and enhanced social services in Rotorua, and that the results of this assessment should be considered as part of the agencies’ review of the emergency housing system.”
15. We recommend that this work be undertaken in collaboration with the Ministry of Social Development, and reported back to Ministers as a part of the proposed June 2022 report back on the next phases of work.

Supporting pathways to longer term housing

16. Recommendation 5 seeks agreement to: “determine if selecting social service providers that operate as part of the broader housing continuum, as has occurred in the Rotorua Pilot, enables better pathways to longer term housing, thereby meeting one of the Pilot’s key intended benefits”.
17. We recommend that this be included as a part of the planned, phased evaluation of the Rotorua pilot. It would require a comparison of the outcomes achieved for whānau by each of the three contracted social service providers that deliver both contracted emergency motels and transitional housing – compared to the outcomes for whānau in EH SNG motels.
18. The evaluation of the Rotorua pilot is being funded by HUD and undertaken in partnership with the Ministry of Social Development.

Annexes

Annex A - Talking points for discussion with Ministers on 4 April 2022.

Annex A – Talking points for meeting

There is good alignment between the identified 'lessons learned' and the direction of the emergency housing review

- HUD officials were engaged in the DPMC review process and are in broad agreement with the identified 'lessons learned'.
- The DPMC findings have informed the ongoing review of the emergency housing system and there is strong alignment between the 'lessons learned' and the direction being taken.
- Place-based approaches, such as that adopted in Rotorua, will provide an important vehicle for delivering improvements to the emergency housing system. However, the Rotorua pilot is not intended to be a 'blueprint' to be adopted in its entirety in other locations.
- Place-based approaches support the development of fit-for-purpose plans that are responsive to local circumstances.

An evaluation of the Rotorua pilot will inform key decisions as shifts are made towards an 'ideal state' emergency housing system

- A formal evaluation of the outcomes achieved through the contracting of motels for emergency accommodation and other actions in Rotorua is planned over the next 18-months.
- A narrower evaluation of the benefits of contracted emergency motels compared to EH SNGs will be reported in October 2022.
- The October report will provide critical information for Ministers to make decisions on any proposals to expand our approach to contracting and/or purchasing motels as a means to improving the security, safety and stability for individuals and whānau in emergency housing.
- Regional assessments are also being undertaken to inform decisions on the location of further place based approaches.

Improving data collection and collation is both a critical enabler of an enhanced system, and will provide the basis for ongoing monitoring and evaluation

- There is a paucity of robust and comprehensive data related to the emergency housing system. This makes it difficult to plan/design service responses and to report on outcomes for people as they move through the emergency housing system.
- The development of more detailed advice on proposed shifts to the emergency housing system will draw, as far as possible, on detailed cohort analysis of those in receipt of emergency housing services and regional analysis of urgent housing need.
- In addition, officials intend to identify data collection requirements to inform, in the first instance, the monitoring and evaluation of the Rotorua pilot (and any other similar initiatives that follow).
- This action will help to form the basis of the development of a minimum data set for the emergency housing system.



Action sought		
	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	Provide feedback on the attached draft Cabinet paper	27 April
Hon Carmel Sepuloni Minister for Social Development and Employment	Forward to other Housing Ministers	

Other agencies consulted

Minister's office to complete

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



Briefing

Draft Cabinet paper: *Progressing the Emergency Housing System Review*

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

Date: 22 April 2022

Security level: In Confidence

Priority: High

Report number: BRF21/22041306
REP/22/4/344

Purpose

1. This briefing seeks your feedback on the attached draft Cabinet paper, *Progressing the Emergency Housing System Review*.

Recommended actions

2. It is recommended that you:
 1. **Note** that the attached draft Cabinet paper has been prepared for consideration by SWC on 18 May 2022, and that this will require a condensed timeframe for Ministerial consultation *Noted*
 2. **Provide feedback** on the attached draft *Feedback provided*
 3. **Agree** to forward this briefing to other Housing Ministers *Agree/disagree*

Stephanie Rowe
**Deputy Chief Executive, Intelligence
and System Direction, HUD**

..... / /

Alex McKenzie
Manager, Housing Policy, MSD

..... / /

Hon Dr Megan Woods
Minister of Housing

..... / /

Hon Carmel Sepuloni
**Minister for Social Development and
Employment**

..... / /

Background

3. In July 2021, Ministers asked officials to review the emergency housing system and provide a series of report backs. Cabinet noted that responsible Ministers and the Associate Minister of Housing (Public Housing) would report back to SWC on the outcomes of the review [CBC-21-MIN-0061 refers].
4. In October 2021, Housing Ministers received the first report back, which outlined how the emergency housing system is currently operating and areas for improvement. Ministers agreed in principle to a reset and redesign of the emergency housing system [BRF21/22091120 and REP/21/9/1043 refer].
5. In March 2022, you received the second report back, which set out a description of an 'ideal' future state for the emergency housing system, and a national framework for the emergency housing system to provide the basis for immediate actions and longer-term planning [BRF21/22111190 and REP/22/1/014 refer].
6. The attached draft Cabinet paper provides a summary of these two report backs. An annex providing an overview of data and insights about EH SNG clients is being developed and will be included in the draft provided for Ministerial consultation.

Key decisions sought from Cabinet

7. The draft Cabinet paper seeks Cabinet's agreement to:
 - a. the vision for an 'ideal' future state for the emergency housing system
 - b. the development of a national framework to drive and enable the transformation of the emergency housing system, with work being progressed across three areas over the next 18 months:
 - i. Resetting the EH SNG, including entry pathways
 - ii. Delivering fit-for-purpose accommodation
 - iii. Reviewing the provision of social support services, including triage and referral processes, for people in emergency motel accommodation
 - c. the Cabinet decision in October 2021 to develop plans to address urgent housing need in Hamilton City and the Wellington metro area being reviewed, following the outcomes of up-to-date regional analysis.
8. The paper proposes that you next report back to Cabinet on this work in October 2022.

Consultation and next steps

9. We are seeking feedback from you on the attached draft Cabinet paper by 27 April 2022. The proposed timing and next steps for the Cabinet paper are:

Milestone	Date
Draft paper provided for Ministerial consultation, with agency consultation undertaken concurrently	28 April (for feedback by 6 May)
Final paper provided for lodging with Cabinet Office	11 May (to lodge 12 May)
Cabinet Social Wellbeing Committee considers paper	18 May

10. The timeframes require condensed Ministerial and agency consultation. If your preference is for a longer consultation period, we can provide updated timelines, noting that the next SWC meeting is not until 1 June 2022.

Annex

Annex One: Draft of *Progressing the Emergency Housing System Review*



Briefing

Revised draft Cabinet paper: <i>Progressing the Emergency Housing System Review</i>			
Date:	23 May 2022	Security level:	In Confidence
Priority:	High	Report number:	BRF21/22051336 REP/22/5/465

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	Circulate paper for Ministerial consultation	26 May 2022
Hon Carmel Sepuloni Minister for Social Development and Employment		

Contact for discussion			
Name	Position	Telephone	1 st contact
Hilary Joy	General Manager, System Policy, HUD	s 9(2)(a)	✓
Hayley Hamilton	General Manager, Employment and Housing Policy, MSD	s 9(2)(a)	✓

Other agencies consulted

Minister's office to complete

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



Briefing

Revised draft Cabinet paper: *Progressing the Emergency Housing System Review*

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

Date: 23 May 2022

Security level: In Confidence

Priority: High

Report number: BRF21/22051336
REP/22/5/465

Purpose

1. This briefing updates you on changes made to the attached draft Cabinet paper, *Progressing the Emergency Housing System Review*, and recommends that you commence Ministerial consultation.

Recommended actions

It is recommended that you:

1. **Circulate** the attached draft for Ministerial feedback *Agree/disagree*

Hilary Joy
General Manager, System Policy, HUD

..... / /

Hayley Hamilton
**General Manager, Employment and
Housing Policy, MSD**

..... / /

Hon Dr Megan Woods
Minister of Housing

..... / /

Hon Carmel Sepuloni
**Minister for Social Development and
Employment**

..... / /

Background

2. On 22 April 2022, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) and Ministry of Social Development (MSD) officials provided you with a draft Cabinet paper for your feedback: *Progressing the Emergency Housing System Review* [BRF21/22041306 and REP22/4/244 refer].
3. The attached draft of the paper incorporates feedback received from your offices, and through agency consultation.

Changes made since the first draft

4. Key changes made to the draft Cabinet paper include:
 - a. a new section on the establishment of the emergency housing system in 2016, and how it has evolved (paras 21-24)
 - b. a new section on the drivers of emergency housing demand (paras 36-39)
 - c. a new appendix with a table bringing together detail on the proposed areas of focus and the key challenges that will be addressed (Appendix two)
 - d. articulation of how the vision for the emergency housing system is related to the vision laid out in the Homelessness Action Plan (para 47)
 - e. integration of content on Māori-led solutions and place-based approaches into the paper, rather than in separate sections at the end
 - f. revised sections on increasing the supply of affordable housing, split across near-term and longer-term activities (paras 71-81 and 93-94)
 - g. introduction of “rebalancing” language (paras 7 and 41) as within the system the proposed changes are to move away from the emergency housing special needs grant as the primary response
 - h. a new section setting out what the transformation period will look like (paras 50-55)
 - i. planned approach to the redesign clearly split into the first 18 months (paras 56-87) and longer-term activity (paras 88-96).

Feedback received from agencies

5. Agency feedback was supportive of the aims of the paper and suggested changes were not substantial. Many of the queries raised by agencies were detailed in nature, and will be the subject of the next phase of work. We will be advising agencies that, subject to Cabinet’s agreement to the proposed work programme, we will be looking to work alongside them over the coming months.
6. Treasury have indicated that they are comfortable with the proposed direction of travel and that the paper was “analytically strong”. They did raise questions about the level of funding that will be required over the next 3-5 years to shift the system, but acknowledged detailed costing will take time to develop.
7. The Department of Prime Minister and Cabinet Policy and Advisory Group have also indicated that they are comfortable with the paper.

Next steps

8. The proposed next steps for the Cabinet paper are:

Milestone	Date
Draft paper provided for Ministerial consultation	26 May 2022 (for feedback by 9 June)

Final paper provided for lodging with Cabinet Office	15 June 2022 (to lodge 16 June)
Cabinet Social Wellbeing Committee considers paper	22 June 2022

Officials are available to respond to any questions you may have about the revised Cabinet paper.

Annex

Annex One: Draft of *Progressing the Emergency Housing System Review*



Briefing

Final draft Cabinet paper: <i>Progressing the Emergency Housing System Review</i>			
Date:	17 June 2022	Security level:	In Confidence
Priority:	High	Report number:	BRF21/22061360 REP/22/6/566

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	For lodging	17 June 2022
Hon Carmel Sepuloni Minister for Social Development and Employment	For noting	17 June 2022

Contact for discussion			
Name	Position	Telephone	1 st contact
Hilary Joy	General Manager, System Policy, HUD	s 9(2)(a)	✓
Hayley Hamilton	General Manager, Employment and Housing Policy, MSD	s 9(2)(a)	✓

Other agencies consulted

Minister's office to complete

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

Comments

Date returned to HUD:



Briefing

Final draft Cabinet paper: *Progressing the Emergency Housing System Review*

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

Date: 17 June 2022

Security level: In Confidence

Priority: High

Report number: BRF21/22061360
REP/22/6/566

Purpose

1. This briefing:
 - a. attaches a final version of the draft Cabinet paper: *Progressing the Emergency Housing System Review*
 - b. seeks your agreement to lodge this Cabinet paper, for consideration at the Social Wellbeing Committee on 22 June 2022.

Recommended actions

2. It is recommended that you:

1. **Agree** to lodge the attached Cabinet paper, ahead of consideration at the Social Wellbeing Committee on 22 June 2022.

Agree/disagree

Hilary Joy
General Manager, System Policy, HUD

17, 6, 22
..... / /

Hayley Hamilton
General Manager, Employment and
Housing Policy, MSD

17 / 06 / 2022

Hon Dr Megan Woods
Minister of Housing

..... / /

Hon Carmel Sepuloni
Minister for Social Development and
Employment

..... / /

Background

2. On 23 May 2022, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) and Ministry of Social Development (MSD) officials provided you with a revised draft Cabinet paper for your feedback: *Progressing the Emergency Housing System Review* [BRF21/22051336 and REP22/5/465 refer].
3. The paper draws on early briefings provided to you, setting out how the emergency housing system is currently operating and areas for improvement [BRF21/22091120 and REP/21/9/1043 refer]; and an 'ideal' future state for the emergency housing system, and areas for action over the coming 18 months [BRF21/22111190 and REP/22/1/014 refer].
4. Feedback from your respective offices was incorporated into the final draft prepared for Ministerial consultation. The draft paper was circulated to Ministers on 3 June 2022.

Changes made in response to Ministerial feedback

5. Written feedback has been received from the following Ministers: Minister for Children, Minister for Rural Communities, Associate Minister of Housing (Homelessness) and Minister for the Prevention of Family and Sexual Violence. The Department of Prime Minister and Cabinet (Implementation Unit) provided updated paragraphs related to their areas of work.
6. Overall, the changes made to the paper are relatively minor. We note, in particular, the concerns raised by Hon Marama Davidson (in respect of her two portfolios), which centre on ensuring that any proposed changes to EH SNGs settings do not contribute to an increase in homelessness. The Minister has suggested that work on improving the supply of fit-for-purpose accommodation should precede any shifts in the EHSNG, to avoid inadvertently excluding people in need, such as those leaving a violent relationship.
7. We agree that the sequencing of actions will be important. Minor changes have been made to the paper to ensure that this intention is clear. We have not responded to all of the suggestions made, as some of these (including the identification and phasing of actions) will be worked through in the next tranche of advice provided to you in July 2022.
8. The table at Annex One summarises the issues and questions raised by Ministers and our response to them.

Other issues raised

9. In addition to the feedback from Ministers, we understand that the Prime Minister's Office and the Office of the Minister of Finance have provided some feedback on the paper.

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10. We note that the paper reflects decisions on the proposed work programme taken by Ministers in March 2022. We anticipate providing you with more detailed actions and timelines in advice to be delivered in July 2022. We will also ensure that your talking points for use at the Social Wellbeing Committee respond directly to these concerns.

Next steps

11. Subject to you agreeing for the Cabinet paper to be lodged, officials will provide Ministers with an aide-mémoire and talking points on 20 June 2022, to support your discussion at the Social Wellbeing Committee on 22 June 2022.



Annex One

Portfolio	Comment/question	Response
Homelessness and Family and Sexual Violence Prevention	<p>Seeks clarity that any proposed changes to EH SNGs will not inadvertently result in an increase in homelessness, and to ensure that any changes to criteria do not make EH SNGs less accessible to victims of family violence and sexual violence.</p> <p>Suggests a stronger emphasis on access to health supports for people in emergency housing.</p> <p>Seeks to ensure that remote/rural areas are not excluded from proposed system improvements.</p> <p>Suggests a stronger emphasis on ongoing development of Māori-led solutions in the longer term.</p> <p>Asks if any further advice is planned on potential delivery of additional public housing following the Medium Density Residential Standards, changes to building consenting and the establishment of the Consentium.</p>	<p>New addition to paragraph 10:</p> <p>“Any changes in the eligibility for an EH SNG must be undertaken in the context of an adequate supply of suitable emergency accommodation and social supports”.</p> <p>New addition to Table two (page 14).</p> <p>“Any changes to the pathway to entry, or eligibility for, EH SNGs need to be appropriately sequenced in the context of other system shifts, to ensure that people who cannot access housing through alternate channels are not made worse off – such as rough sleeping or being without shelter. This will be particularly important throughout the transition period.”</p> <p>We have maintained a distinction between access to health services and provision of other social services. This follows ongoing discussions with the Ministry of Health about access issues.</p> <p>Particular needs of rural communities have been highlighted in new paragraph 65.</p> <p>We have not added to text on Māori-led solutions. We think there is sufficient clarity that the development of Māori-led solutions is imperative to the overall and ongoing approach to system redesign, and the wider housing context.</p> <p>We think that this is out of scope of this paper.</p>
Rural Communities	<p>Asks what data we have on current demand for emergency housing in rural areas. Concerns that people in rural areas are likely to have more limited access to emergency housing and other supports. Not clear how this will be addressed.</p>	<p>We do not have nuanced data or insights across rural areas. However, this is something that can be addressed through place-based approaches that will draw on data and qualitative information from local stakeholders. We are aware that a lack of services in rural locations may mask the level of emergency housing need and may require innovative, place-based responses. New paragraph 65 inserted to reflect this.</p>

DPMC (Implementation Unit)	Requested that text be updated to reflect that the nature of support to be provided by the Implement Unit on the development of system enablers will be determined following the next tranche of advice to Cabinet in October 2022.	New paragraphs 69 and 70 inserted.
Children	Notes that it would be useful to have standardised data collection from providers to ensure a stronger evidence-base of decisions-making	Improvements to data collection and collation has been identified as a key system enabler to be addressed as a part of the system redesign.

Aide-mémoire



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

Meeting

Date: 22 June 2022 **Security Level:** IN CONFIDENCE

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

File Reference: REP/22/6/571

Meeting about Emergency Housing System Review

Meeting/visit details 6.00pm, 22 June 2022.

Expected attendees Hon Jacinda Ardern, Prime Minister
Hon Dr Megan Woods, Minister of Housing

Purpose of meeting/visit To discuss progress on the emergency housing system review.

Background In June 2021, Ministers asked officials to undertake a review of the emergency housing system (the review) [CAB-21-MIN-0231.01 refers]. The review is being progressed by Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) and the Ministry of Social Development (MSD).

To date you and the Minister of Housing have received two reports as part of the review:

- current state assessment of the emergency housing system, in October 2021 [REP/21/9/1043 and BRF21/22091120 refer]
 - advice on progressing the reset and redesign of the emergency housing system, in March 2022 [REP/22/1/014 and BRF21/22111190 refer].
-

These reports were used as the basis for the draft Cabinet paper "*Progressing the Emergency Housing System Review*". This paper has not been submitted for consideration at the Cabinet Social Wellbeing Committee.

Officials are developing the next tranche of advice on the review. This is currently planned for July 2022, with the anticipation that any discussion at Cabinet Social Wellbeing Committee would inform this advice.

Key issues

Your responsibilities

With respect to the emergency housing system:

- the Minister of Housing is responsible for the policy settings for the emergency housing special needs grant (EH SNG)
- you are responsible for the Social Security Act 2018, and the Special Needs Grant Programme which is administered by MSD. This is the enabling legislation for the EH SNG
- the Minister of Housing is responsible for the appropriation for accommodation assistance (which includes the EH SNG) under Vote Social Development.

HUD is responsible for strategy, policy, funding, monitoring and regulation of New Zealand's housing and urban development system. HUD and MSD have a memorandum of understanding (MOU) that sets out the principles and governance reflecting respective roles and responsibilities for housing. The MOU outlines that HUD is the lead for policy advice for EH SNGs, in consultation with MSD. MSD is responsible for operationalising the EH SNG.

For the emergency housing system review agencies have agreed to MSD leading the policy development on EH SNGs and support services, with the advice going up from both agencies to joint Ministers.

What it will take to reach the ideal state

As outlined in the March 2022 advice, and draft Cabinet paper, reaching the ideal future state will require changes within and outside of the emergency housing system.

Housing options that are the right type of accommodation, in the right place, and at the right cost, are essential to reducing demand on the system. The future state is reliant

on significantly increasing supply for low-income households.

Prevention activities that stop people from entering the emergency housing system are critical. This is work largely underway within the Homelessness Action Plan (HAP). MSD wants to focus on prevention strategies including:

- aligning housing service offerings with prevention strategic including links to employment, training and support
- using current housing subsidies (like the Accommodation Supplement) more effectively
- implementing the new Housing-Related Hardship Assistance Programme to help sustain or improve current housing options.

Within the emergency housing system, the proposal is to “rebalance” the system – to reduce reliance on EH SNGs, focus on the provision of quality accommodation and supports, and consolidate and reduce the use of motels over time. The three areas of change or focus are:

- changes to the EH SNG to ensure that it continues to target those most in need
- fit-for-purpose emergency accommodation (ie, more contracted places, including both transitional and supported housing)
- resetting support services (ie, to prevent urgent housing need, or help people prepare and move into a longer-term housing option more quickly).

MSD has identified potential changes to the EH SNG

MSD has been leading the development of options to change the EH SNGs. Potential options have been identified with the aim of reducing reliance on the EH SNG, returning the EH SNG to being short-term assistance (ie, weeks) and ensuring the EH SNG and associated supports are suitable for the current housing context and for the ideal state.

These are more about tightening the current settings to influence demand, as opposed to taking away support from people.

Further analysis of the options is underway to inform our advice to Ministers in July. This includes:

- assessment of the options (ie, benefits and risks) including the impact of any proposed changes on clients (current and potential clients) and staff
- determining the implications of each option (ie, cost, timing)
- weighing the benefits and risks of each change in the context of the emergency housing system supply-side changes, wider housing context, and cost of living.

Together this analysis will help shape official's advice to Ministers on which options to consider, and when. For example, as the rebalance of the system and returning the EH SNG to last resort and short-term assistance are reliant on supply, some of the changes are likely to be more appropriate where there is an increase in contracted places and longer-term housing options.

The current suite of options that have been identified include:

A. Retaining some elements of the EH SNG	<ol style="list-style-type: none">1. Retain current income and cash asset limits to ensure that the EH SNG, alongside other forms of hardship assistance remain tightly targeted (noting there is discretion to grant if over the income limit in exceptional circumstances).2. Retain residency qualifications.3. Retain current grant periods (ie, 1 to 21 days) given the long waiting times for longer-term housing solutions for those receiving an EH SNG.
B. Tightening some elements of the EH SNG	<ol style="list-style-type: none">4. Revise the contribution level (currently set at 25 percent of income) to account for the differences in after-housing costs between Public Housing and EH SNG. This could be applied broadly, or in certain situations (for example when clients have not met obligations; for people above the income limits).5. Clarify when it is appropriate for staff to decline an EH SNG.6. Strengthen opportunities to engage with housing support services and obligations to accept adequate housing options outside of emergency housing.

C. Actions to optimise MSD's emergency housing service offering	<ol style="list-style-type: none"> 7. Improve housing resources and client awareness of housing options and other available support. 8. EH SNG Business process and communication enhancements. 9. Technology and System Enablers including temporary housing virtual management tool.
D. Potential approaches to improve supplier standards and obligations	<ol style="list-style-type: none"> 10. Develop a voluntary code for suppliers that incorporates key standards and obligations from existing regulations. This may include elements from the transitional housing code of practice (which HUD is developing). 11. Establish a preferred emergency housing supplier panel. This would set out a process for “assessing” or “pre-approving” suppliers before they receive payment from MSD. <p>NOTE:</p> <ul style="list-style-type: none"> • these approaches could be used to complement additional HUD-led contracting of motels / places. • other changes to the EH SNG may be connected to these options, for example to allow MSD staff to direct clients to particular suppliers.

MSD has identified potential changes to support services

MSD has been leading the development on options to reset support services for people in emergency housing. The types of options are predicated on changes enabling a flexible and tailored approach where people receive support, and where they would benefit from support, as opposed to the same level of service for everyone.

Agencies have discussed that while support services are important, they cannot address supply side challenges.

Further work is required on the options, including working with HUD to identify any other gaps, and the role of additional support services in the national strategic approach to contracting.

Potential changes that have been identified include:

<p>E. Amend some of the supports and services available</p>	<p>12. s 9(2)(f)(iv) [redacted] [redacted] [redacted] [redacted] [redacted]</p> <p>13. Expanding MSD housing-related support services: <ul style="list-style-type: none"> – retaining them for the 2023/24 financial year </p> <p>s 9(2)(f)(iv) [redacted] [redacted] [redacted] [redacted] [redacted] [redacted]</p> <p>14. Targeted funding for Kaupapa Māori services (connections to HAP and Māori led-local solutions for emergency housing).</p> <p>15. Develop better information (for clients and staff) about the support services available, criteria, and service intent for each service.</p>
<p>F. Further work in two key areas</p>	<p>16. Develop and implement new triage and referral approaches (which could include time-based reviews of eligibility, alternative options, and support needs).</p> <p>17. Develop new targeted initiatives with other agencies, s 9(2)(f)(iv) [redacted] [redacted] This could include: <ul style="list-style-type: none"> – considering changes to ensure that agencies take all steps before directing them to MSD for emergency housing – ensuring support services align across cohorts (Health, Corrections, Transitional Housing, Public Housing etc...) to provide continuity of service. </p>

MSD have been engaging with key stakeholders

As part of the policy development process MSD have been engaging with stakeholders. MSD have shared the suite of options as a working product, with the express purpose of informing the analysis of the options and advice to Ministers.

s 9(2)(g)(i) [redacted]
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Engagement is also planned with the Housing Reference Group, Māori Reference Group and Pacific Reference Group in the coming weeks.

Ongoing work with HUD on other elements

HUD is leading the development of options around “delivering fit-for-purpose emergency accommodation”. MSD have been involved in discussions about contracting and purchasing and included in the supported housing review cross-agency working group.

MSD is also supporting HUD in the proposed approach to designing how Budget 2022 funding for by Māori, for Māori solutions to emergency housing is used.

Next steps

We expect that your discussion will determine a way forward with the review.

MSD will:

- seek clarification from your office about next steps
- continue to work with HUD on advice on the review, and any Cabinet updates that are requested.

Author: Samantha Fitch, Principal Policy Analyst, Employment and Housing Policy

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



Aide-memoire

22 JUNE MEETING WITH MINISTERIAL COLLEAGUES TO DISCUSS THE EMERGENCY HOUSING SYSTEM REVIEW

Date	22 June 2022	Security level	In Confidence
Priority	Medium	Tracking number	AMI21/22060871

INFORMATION FOR MINISTER(S)

Hon Dr Megan Woods Minister of Housing	Note the contents of the following aide-memoire.
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CONTACT FOR DISCUSSION

Name	Position	Telephone	1st contact
Charlie Russell	Manager, Homelessness	s 9(2)(a)	✓
Hilary Joy	General Manager, System Policy	s 9(2)(a)	

OTHER AGENCIES CONSULTED

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) _____	Comments
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Aide-memoire

22 JUNE MEETING WITH MINISTERIAL COLLEAGUES TO DISCUSS THE EMERGENCY HOUSING SYSTEM REVIEW

Minister	Hon Dr Megan Woods, Minister of Housing		
Date	22 June 2022	Security Level	In Confidence
Priority	Medium	Tracking number	AMI21/22060871

PURPOSE

- To provide information on work to date and planned next steps on the emergency housing system review.

BACKGROUND

Advice provided to Ministers to date

- Annex B provides a timeline of Cabinet papers and advice to Ministers relevant to the Emergency Housing System Review since July 2020.

Responsiveness of advice

- The review of the emergency housing system is a complex and challenging cross-agency piece of work. This has meant that it has taken longer than first anticipated to deliver some aspects of the advice sought.
- The pace at which we have been able to progress this work has been slowed by our ability to actively engage with and draw on the insights of operationally-focused staff - who have necessarily been focused on delivering COVID responses.
- Responses to the Delta outbreak drew heavily on operational resources, with a focus on contributing to cross-agency work to stand-up the Care in Community COVID response.
- Feedback received in January 2022 was to reset the direction of the work, informing the development of advice provided to joint Ministers in March 2022.
- We are also awaiting the outcomes of an early evaluation of the outcomes achieved for whānau in contracted motels in Rotorua. This will provide important insights to inform decisions on future place-based approaches.

Links to advice and work on wider supply

- As emphasised in our March advice, our ability to significantly shift the pressure on the emergency housing system is reliant on considerably increasing the supply of affordable housing for low-to-moderate income households. In many places people



are in motels because there is a shortfall in housing. While we have made good progress on increasing the supply of public housing, and housing supply overall (through removing system barriers) we need more community affordable rental housing in cities and regions. The targeted support for affordable housing for households on lower incomes (Whai Kāinga Whai Oranga and the Affordable Housing Fund) are and will make some difference but they are not enough.

- It is imperative that future work on enacting changes within the emergency housing system be aligned with, and complementary to, plans to increase the affordable rental housing supply for those on lower incomes. s 9(2)(f)(iv)

NEXT STEPS

- Officials are developing the next tranche of advice on the emergency housing system review, which will be provided to you in July 2022. This was planned for June, in anticipation that any discussion at Cabinet Social Wellbeing Committee would inform this advice.

ANNEXES

Annex A: Talking points

Annex B: Timeline of advice provided to date


Annex C: Additional information sought

Annex A: Talking points

Improving the experience of emergency housing

- The emergency housing system is not fit for purpose and is not delivering the desired outcomes. Motels are an essential part of the current emergency housing infrastructure because, despite a massive increase in overall housing supply and public housing, in many places there is still a shortfall of the right kind of homes. In many instances motels are a suboptimal accommodation solution. The situation is exacerbated by longer periods of stay, that can extend into months.
- Due to a lack of alternative accommodation options, we will continue to rely on motels over the coming years.
- The short-term focus of work is on improving the emergency housing experience in these settings and supporting the wellbeing of people in urgent housing need. At the same time, work will begin on broader and longer-term system-level improvements in the emergency housing system.
- This will need to be complemented by work on how to increase the supply of rental housing for those on lower incomes. It is not just about increasing overall supply: the market won't deliver the right typology that people need, in the right places, at prices people on lower incomes can afford. It is not possible to fix the emergency housing system without fixing the wider housing system through increased supply.
- Over the next 18 months we will focus on:
 - *Resetting the EH SNG, including entry pathways* – work being led by MSD, incorporating a focus on improving client experience, enabling staff and enhancing available tools (MSD led)
 - *Developing and implementing a strategic approach to contracting and purchasing motels* – aiming to improve the quality, safety and security of accommodation (HUD led)
 - *Improving the range of social supports available to people in emergency housing* – ensuring that supports are matched to assessed need and aspirations (initial work being led by MSD).
- Ultimately, emergency housing should support individuals and whānau to thrive in their current circumstances, while ensuring that they are well-equipped to move into and sustain longer-term accommodation, as it becomes available.

Advice to be provided in July 2022


- s 9(2)(f)(iv)
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- I will receive advice on a strategic approach to contracting and purchasing motels to ensure the wellbeing of people and communities until more new supply comes on stream, and how we can better prevent people needing emergency housing in the long term.
- I will also receive advice on supported housing, which includes the housing and support for people transitioning from state care.

Contracting and purchasing motels

- HUD officials are preparing advice on potential approaches to contracting and purchasing motels. In July, I expect to receive initial advice on:
 - the potential strategic approach to contracting and purchasing motels and key considerations
 - a high-level indication of the likely scale of investment required, based on demand scenarios
 - the proposed core elements of a national framework to guide contracting/purchasing decisions.
- Contracting motels provides us with exclusive use and ability to exercise more control around provision of wrap around support services and security. We can also be more deliberate about how we triage and group clients.
- Our experience in Rotorua is that contracted motels provide safer more secure environments for vulnerable households and are less visible to the community.
- Purchasing motels provides similar benefits to contracting but also provides opportunities for redevelopment.
- A key challenge facing Kāinga Ora is access to land suitable for development. Motels will often be well located and after a period of use as transitional housing could be redeveloped to provide permanent public, affordable and market housing.
- Officials will continue to work up proposals in greater detail. Subject to Cabinet agreement, I anticipate that contracting and purchasing of motels could begin by the end of 2022, supported by Budget 2022 funding (held in contingency).

Supported housing

- s 9(2)(f)(iv) 
- Supported housing refers to housing provided alongside other support services in response to people's assessed health, social and other needs. It includes housing for people leaving state care (for example long-term hospitalisation or Correction's facilities.)
- This work sits alongside, and in support of, the emergency housing redesign.

Increasing the supply of affordable housing is critical to the success of the emergency housing system reset – this will take time but we need to invest now

- An adequate supply of the right type of accommodation, in the right place and at the right cost, is essential for reducing the demand for emergency housing and providing people with a pathway out of the emergency housing system.
- We have made good progress in increasing public housing supply but public housing will never be enough to address the shortage of affordable homes. Many of the people now in emergency housing may just need access to a rental that is suitable and affordable.
- We're also making good progress to support an increase in overall supply through removing barriers (for example, planning changes), investing in infrastructure and land programmes. We are currently seeing record building consents.
- However, many people in emergency housing cannot afford a market rent even with housing support like the Accommodation Supplement. The private housing market will not (and has never been able to) respond to the housing needs for people on low-to-moderate incomes.
- To this end, we introduced a number of affordable housing programmes such as Whai Kainga Whai Oranga and the Affordable Housing Fund, which will be launched in August. However, these are targeted programmes that will not deliver the quantum of affordable homes that is needed.
- It is clear that we need a focus on ramping up the supply of affordable housing to provide low-to-moderate income households with suitable long-term accommodation options.

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[REDACTED]

In the longer-term, we want to shift the emergency housing system from crisis response to a focus on prevention and fit-for-purpose supported housing

- The emergency housing system is currently heavily weighted towards the use of demand-driven EH SNGs. There is a need to shift towards a more preventative approach, otherwise we will continue to be locked into crisis responses.
- Work is progressing through the Aotearoa New Zealand Homelessness Action Plan on strengthening homelessness prevention.

- Officials are also progressing work to review the role of supported housing. Providing fit-for-purpose supported housing is a critical system element, ensuring that people have the right level of support, at the right time in the right housing typology. This includes people transitioning from state care (e.g. mental health and correction facilities).
- New Zealand's supported housing system has evolved in an ad hoc way in response to shifts in the health system (deinstitutionalisation) and in specific situations (e.g. people leaving Correction's facilities). There is no existing government strategy for supported housing in New Zealand, and key gaps in the system (including a reliance on the private rental market for accommodation).
- s 9(2)(f)(iv)

Funding provided through Budget 22 will support our efforts to improve the experience of people in emergency housing

- \$355 million was provided through Budget 2022 to progress changes identified through the review of the emergency housing system.
- Part of the funding received s 9(2)(f)(iv) will be used to enable Māori-led solutions to emergency housing to begin addressing the disparities in emergency housing use for Māori, and respond to issues raised through Stage One of Wai 2750.
- Details around how this funding will be used will be determined through a process of robust engagement with Māori and iwi planned for late 2022 and early 2023.
- s 9(2)(f)(iv) of the funding has been allocated to making improvements to the provision of emergency housing: to improve the wellbeing and safety of individuals, families and whānau in emergency housing and improve the experience of accessing emergency housing.
- This Budget funding is being held in contingency and detailed plans for drawdown will be provided before October 2022, with implementation of actions beginning before the end of 2022.

Annex B: Additional information sought

The following information is provided in response to specific questions from the Office:

- 1) *What is the health funding contributing to the supported / transitional housing supply? (e.g. there was a pilot in AKL that the minister was going to see).*

A large number of supported housing places support people psychiatric and intellectual disability support needs and are primarily funded through DHBs.

We understand that 73 percent of Kāinga Ora's Community Group Housing portfolio (of 1,500 homes - not places) are funded through DHBs.

Auckland pilot programme

- One of the actions in the Homelessness Action Plan (HAP) is to "Improve transitions from acute mental health and addiction inpatient units".
- In response, pilot programmes are being trialled in Auckland and the Waikato. \$16.3 million has been allocated over four years to support the pilots (as part of funding allocated to support the HAP).
- The pilots aim to prevent homelessness at the transition point of people leaving inpatient units and incorporate housing supply and other wraparound support.

What are the transitional housing numbers over the past four years by region:

a. For new builds

b. Motel purchases

Table 1. Transitional housing contracted motel places by fiscal year added

Fiscal Year	FY17/18	FY18/19	FY19/20	FY20/21	YTD to end May-22	Grand Total
Auckland	265	68		47	3	383
Bay of Plenty	67	25	8	17		117
Canterbury	39	5		2		46
Central	10			20		30
East Coast	111	47	17	18	40	233
Northland	14	7		8		29
Southern	12	15		24		51
Waikato	43	35		31	1	110
Wellington	41	16		13	5	75
West Coast Tasman	26			12	3	41
Grand Total	628	218	25	192	52	1,115

Note - these figures reflect when a contracted motel place or motel was added to supply for the first time. It does not include motel places that have expired so does not reflect the net number of places available at the time.

Table 2. Transitional housing motels added by fiscal year

Fiscal Year	FY17/18	FY18/19	FY19/20	FY20/21	YTD to end May- 22	Grand Total
Auckland	18	3				21
Bay of Plenty	8					8
Canterbury	7	1				8
Central	1					1
East Coast	9	3	2		1	15
Northland	2	1				3
Southern	3	2				5
Waikato	4					4
Wellington	5	1		1		7
West Coast Tasman	4					4
Grand Total	61	11	2	1	1	76

Table 3. Transitional housing new builds places added

Fiscal Year	FY17/18	FY18/19	FY19/20	FY20/21	YTD to end May- 22	Grand Total
Auckland			28	512	517	1,057
Bay of Plenty			8	37	10	55
Canterbury			8	55	81	144
Central				1	8	9
East Coast			4	36	37	77
Northland			3	14	30	47
Southern				12		12
Taranaki						
Waikato			4	67	64	135
Wellington				99	3	102
West Coast Tasman				3		3
Grand Total			55	836	750	1,641

What have we done in terms of buy ins for public housing over the past four years, by region?

Kainga Ora Buy Ins

Buy Ins When Kāinga Ora acquires existing properties (that have already been lived in), usually through a standard sale and purchase agreement

	2017/18	2018/19	2019/20	2020/21	2021/22 (April 2022)
Auckland	198	275	153	63	50
Bay of Plenty	5	9	43	9	10
Canterbury	7	7	40	17	8
Central	2	13	9	7	4
East Coast	5	36	14	9	12
Northland	8	11	25	4	7
Southern	1	1	0	5	3
Taranaki	3	0	2	0	3
Waikato	12	42	29	12	26
Wellington	3	5	6	5	14
West Coast					
Tasman	5	3	5	146	11
Unknown/ Other	0	0	0	0	0
Grand Total	249	402	326	277	148

Notes:

This data only covers Buy ins by Kainga Ora. There may be houses bought by CHPs over this period which would be included as part of the redirects figure, however it is not possible for us to break these out in the timeframe

What numbers do we have on demand for emergency housing? How many? And Where?

EH SNGs Grants by year

	2017/18	2018/19	2019/20	2020/21	2021/22 (March 2022)	Total
Auckland	14,603	27,516	49,241	57,749	37,104	186,213
Bay of Plenty	1,941	9,933	17,215	19,129	12,986	61,204
Canterbury	1,633	4,367	8,050	10,191	8,980	33,221
Central	1,136	2,367	5,291	6,649	5,190	20,633
East Coast	3,002	5,183	10,391	12,419	8,915	39,910
Northland	1,337	1,228	1,718	2,686	2,452	9,421
Southern	644	1,089	2,796	1,369	982	6,880
Taranaki	204	738	1,781	2,497	2,087	7,307
Unknown/Other	158	55	97	176	196	682
Waikato	1,668	9,399	18,308	18,314	18,362	66,051
Wellington	3,185	6,776	12,858	17,181	11,467	51,467
West Coast/Tasman	1,203	1,880	3,485	4,146	3,105	13,819
Total	30,714	70,531	131,231	152,506	111,826	496,808

In Confidence

Office of the Minister of Housing

Office of the Minister for Social Development and Employment

Cabinet Social Wellbeing Committee

Progressing the emergency housing system review

Proposal

- 1 This paper seeks Cabinet's agreement to a long-term vision for an 'ideal' future state emergency housing system, together with proposed first steps towards a system redesign.

Relation to Government priorities

- 2 The proposals presented will contribute to the Government's priority of laying the foundations for the future, including addressing key issues such as our climate change response, housing affordability and child poverty. This work also supports the common goal set out in the Cooperation Agreement between the Labour and Green Parties to improve child wellbeing and marginalised communities through action on homelessness, warmer homes, and child and youth mental health.

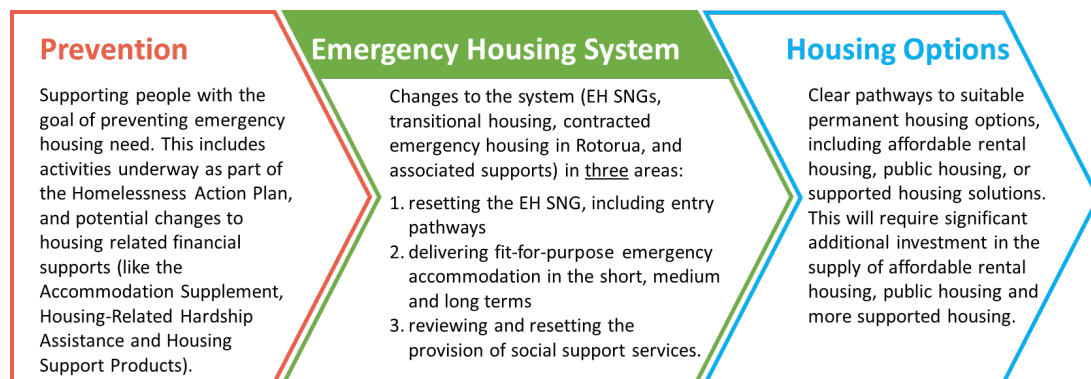
Executive Summary

- 3 This year we are redesigning the emergency housing system to ensure that it meets the needs of New Zealanders. This builds on initiatives already in place, including progress on the Aotearoa New Zealand Homelessness Action Plan (HAP), MAIHI Ka Ora – the National Māori Housing Strategy, and the delivery of public housing places by Kāinga Ora and Community Housing Providers.
- 4 The emergency housing system¹ is under pressure. One of the primary causes of this is that not enough houses have been built in the right places, at the right prices, and of the right types to meet people's needs. This means people do not have access to sustainable and affordable homes. Pressure has built over decades and this will take time and significant new investment to turn around.
- 5 People are living in temporary emergency accommodation settings for months at a time. There is not a clear pathway into affordable long-term housing as a result of a lack of supply. Emergency accommodation was not intended to be used for longer-term stays, and consequently, does not always deliver safe and quality accommodation, or support people appropriately.

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

- 6 People who enter the emergency housing system often have complex life circumstances. Integrated Data Infrastructure (IDI) analysis has identified that risk factors including mental health and addiction services, acute hospitalisation, receiving a main benefit, being in prison, or having a Care and Protection event as a child (for those under 30), are considerably higher among the EH SNG population than the New Zealand population.
- 7 Claimants in Stage One of the Wai 2750 Kaupapa Inquiry into Housing Policy and Services (Wai 2750) raised many failings of the emergency housing system. Claimants noted that Māori face a range of challenges in accessing and navigating the system, such as feeling discriminated against and experiencing whakamā (shame) when asking for help.
- 8 Existing emergency housing interventions need ‘rebalancing’ to reduce the reliance on emergency housing special needs grants (EH SNGs), focus on the provision of quality accommodation and supports that are responsive to identified need, and (over time) consolidate and reduce the use of motels.
- 9 Our long-term vision is an emergency housing system in which emergency accommodation is rarely needed and, when it is used, stays are brief and non-recurring. Emergency accommodation will be used by individuals and whānau who have experienced a shock or crisis (e.g. family breakdown, unexpected change in circumstances), and people will be supported to quickly move into suitable long-term housing.
- 10 The scale of the housing crisis is such that, in the interim, we realistically need to plan for a transition period of at least five years. During this time large numbers of people will continue to be accommodated in motel-based emergency housing for prolonged periods of time (i.e. months, rather than weeks).
- 11 Shifting to the future state is reliant on significantly increasing the supply of affordable housing for low-to-moderate income households. This will take time and substantial investment, not only in public housing, but in affordable housing more generally. Any changes in the eligibility for an EH SNG must be undertaken in the context of an adequate supply of suitable emergency accommodation and social supports.
- 12 This paper seeks Cabinet agreement to the first 18 months of activity through the transition period (to December 2023). The immediate emphasis is on ensuring that emergency supports are appropriately targeted, and improving the experience of those in emergency accommodation. Proposed action is focused on three areas:
 - 1.1 resetting EH SNGs, including entry pathways
 - 1.2 delivering fit-for-purpose emergency accommodation in the short, medium and long-term
 - 1.3 reviewing the provision of social support services for people in emergency motel accommodation.
- 13 The diagram below summarises the key areas of change proposed to the emergency housing system, in the context of the broader housing system. Subject to your

agreement, officials will develop detailed advice in each of these areas. Cabinet approval of specific policy proposals for the key shifts in the emergency housing system will be sought in October 2022.



- 14 Work on the emergency housing system redesign must also retain sufficient flex to empower and support Māori-led solutions in the delivery of appropriate accommodation and support services. The redesign will be guided by the principles of the Māori and Iwi Housing Innovation Framework for Action (MAIHI) and delivered through place-based approaches, utilising existing local-level relationships and structures.
- 15 Budget 2022 delivered new funding to enable faster progress on elements of the redesign of the emergency housing system. \$355 million over two years is available, and is being held in contingency to support the following objectives: enabling Māori-led solutions to urgent housing need s 9(2)(f)(iv) and improving wellbeing outcomes for people in emergency motel accommodation s 9(2)(f)(iv)
- 16 In the medium-to-longer term, the focus needs to shift to ramping up the supply of affordable housing for those on low to moderate incomes. s 9(2)(f)(iv)
- 17 Increasing the supply of affordable rental properties remains critical, but we also need to maintain a focus on preventing emergency housing need. Prevention includes ensuring people are supported to sustain a rental, are transitioned quickly and safely from state care, are diagnosed as being in need of support before their need becomes critical and have culturally appropriate support that they can easily access. The Homelessness Action Plan is our main way of progressing these actions which require cross-sector coordination and effort. We will develop prevention and support activities to meet the unique needs of those in the emergency housing system with

current or previous engagement with the health, criminal justice or child protection systems. We have asked relevant agencies to work together on these solutions.

Background

- 18 On 21 June 2021, Cabinet:
- 1.4 noted that the current model of EH SNG provision does not consistently ensure safe and quality motels, or provide for wraparound social support services
 - 1.5 noted that responsible Ministers had asked officials to undertake a fundamental review of the emergency housing system, culminating in advice on the role of emergency housing and a plan to move to an 'ideal state'
 - 1.6 agreed to fund a suite of changes to meet urgent housing need in Rotorua, including contracting motels to provide emergency accommodation, enhanced social service supports, and the establishment of centralised assessment and referral services, and the co-location of services [CAB-21-MIN-231.01 refers].
- 19 This paper reports on progress on the review of the emergency housing system, noting current challenges, the core features of an 'ideal' state, and proposals to redesign the system.
- 20 Work on implementing the Rotorua place-based pilot has continued alongside the policy review process. An evaluation of the pilot has been contracted and will inform the continued development of proposals contained in this paper.

Establishment of the emergency housing system

- 21 Over a number of years, housing supply has failed to keep up with demand. We do not have enough of the right kind of housing, in the right places, and at the right cost. This has particularly impacted on lower income households who have been pushed out of the rental market in increasing numbers. These households cannot access suitable accommodation putting increasing pressure on the emergency housing system.

The emergency housing funding model was introduced in 2016

- 22 In 2016, the then Government introduced a new 'Emergency Housing Funding Model', in response to pressure on the emergency housing sector and increases in homelessness. The model provided:
- 22.1 a set number of contracted places with selected providers for emergency accommodation and wraparound support (what is now known as transitional housing). Contracted places were intended to be for up to 12 weeks (a further 12 weeks of follow-up support once people were housed was later introduced).
 - 22.2 a new Special Needs Grant (the EH SNG) to meet the cost of emergency housing stays at commercial accommodation (hostel, backpackers, night shelter or motel) when no contracted places were available. EH SNGs were designed to be used as a last resort to provide a safe place for people to stay for up to seven days, and be granted at most once a year.

- 23 The model was based on anticipated demand being relatively low – initial funding was sought for 800 contracted places and 2,000 EH SNGs a year. It was assumed that, with the help of Housing Support Products and the Accommodation Supplement, people would be able to quickly move out of emergency housing and into permanent accommodation in the private market or in public housing.

What is happening now: Current operation of the emergency housing system

The emergency housing system has evolved incrementally, as demand has grown

- 24 Over the past six years, demand for emergency housing has grown rapidly. Changes to the emergency housing system have been made in an incremental way, in response to higher-than-expected demand, and to address the differences in supports provided across transitional housing and EH SNGs. We have implemented a range of actions to support people in emergency accommodation, including:
- 24.1 introduction of 1200 Intensive Case Managers and Navigators to support people receiving EH SNGs (2019)
 - 24.2 introduction of Housing Brokers and Ready to Rent programmes to assist people receiving an EH SNG to obtain a private tenancy (2019)
 - 24.3 launch of a Flexible Funding package for families and whānau with children receiving an EH SNG, to support the wellbeing and education needs of children (2019)
 - 24.4 introduction of a requirement that people receiving an EH SNG pay 25 percent of their income towards accommodation costs after the first seven days (2020)
 - 24.5 extension of the maximum grant period for an EH SNG up to 14 nights at a time when there is low availability of commercial accommodation, or up to 21 nights at a time when a client engages with intensive support services (2020)
 - 24.6 increasing the number of transitional housing places by 4,020 since June 2017.
- 25 This Government has also introduced new emergency housing responses in specific circumstances:
- 25.1 starting in early 2020, in response to the COVID-19 lockdowns and ongoing after-effects, we moved quickly to contract additional motel places with wraparound support services to house people who were without shelter or were in unsuitable accommodation
 - 25.2 in July 2021, we launched the Rotorua place-based emergency housing pilot, targeting support to families and whānau with children. The pilot aims to deliver emergency accommodation that is safe and suitable for whānau by contracting 13 motels with wraparound supports, and Te Pokapū – the Rotorua Housing Hub, providing assessment and placement services.
- 26 Transitional accommodation services for people in the justice system have expanded through the Housing and Support Services Programme (2018). The Department of Correction (Corrections) now delivers housing services with capacity for 1,400 placements each year, with more beds in development, but there is still significant

need. Corrections also funds and delivers emergency housing for the highest risk people on parole and on Extended Supervision Orders.⁴

The emergency housing system operates at a large scale and expenditure is rising

- 27 The scale of operation of the emergency housing system has increased considerably since its establishment and now operates at a level well beyond original expectations. Table one provides a breakdown of the emergency housing responses currently being used and the scale of each.

Table one: Summary of current emergency housing responses⁵

Intervention	Agency	Accommodation type	Support services	# people / places at 31 March 2022
Emergency Housing Special Needs Grant	MSD	Non-contracted commercial accommodation, usually motels (relationship is between client and supplier; grant paid to the supplier)	Intensive Case Managers, Navigators, Housing Brokers, Ready to Rent programmes, and Flexible Funding	4,728 households
Transitional housing	HUD	Mostly residential houses/apartments or converted facilities, with some in contracted motels	Wraparound support (with a further 12 weeks of support once in permanent housing)	5,143 places (899 of which are in motels)
Motels used in the response to COVID-19	HUD	Contracted motels	Wraparound support	879 motel places
Rotorua contracted emergency housing	HUD	Contracted motels	Wraparound support	300 motel units supporting 200 whānau across 13 motels

- 28 Government expenditure on emergency housing has increased significantly over recent years (Figure 1) in response to growing demand. In the March 2019 quarter, approximately \$45.6 million was spent.⁶ By the March 2022 quarter, expenditure across emergency housing responses had nearly quadrupled to \$174.5 million.⁷

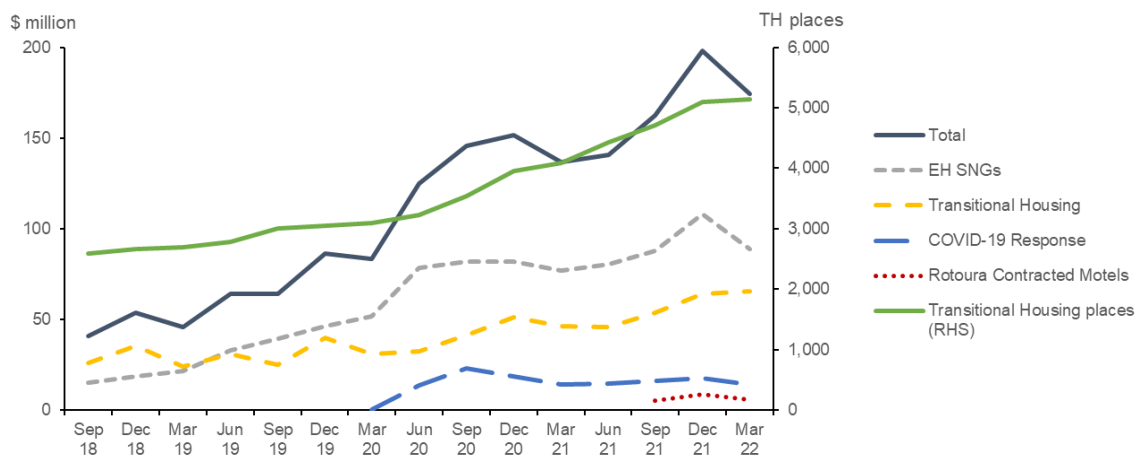
⁴ The highest risk parolees are categorised as people with electronic monitoring (residence or whereabouts) conditions

⁵ In addition, emergency, transitional and contracted emergency housing providers may require a security deposit to provide security against loss or damage to their property (whether intentional or unintentional), before they will allow clients to move into their accommodation. The cost of any security deposits paid to providers is not reflected in expenditure above. MSD may approve a recoverable security deposit before start of stay, but any payment to the provider is made to cover the actual costs incurred (up to the amount originally approved), and generally only paid once a client agrees.

⁶ \$21.7 million on EH SNGs and \$23.9 million on Transitional Housing.

⁷ \$88.7 million on EH SNGs, \$65.7 million on Transitional Housing, \$14.2 million on motels used in the response to COVID-19, and \$5.9 million on contracted emergency housing in Rotorua.

Figure one: Quarterly emergency housing expenditure – September 2018 to March 2022⁸



- 29 While it is difficult to make direct comparisons between the total spend on EH SNGs and transitional housing,⁹ total expenditure on EH SNGs exceeds that of transitional housing by at least 25 percent.¹⁰
- 30 As the number of EH SNGs (which support people to choose their motel accommodation) has increased, concerns about the safety, security and appropriateness of some motel settings have too. People accommodated in these suboptimal settings can experience considerable stress, impacting on their wellbeing.
- 31 In some instances, available facilities do not align with what people need. For example, the configuration and size of motels may not suit family structures (e.g. number of bedrooms) and motels may not have appropriate facilities for longer-term stays (e.g. adequate cooking facilities). People may also need to move from one motel to another at short notice to accommodate other bookings. MSD has worked with moteliers to address some of these issues. However, without contracts in place, it can be very difficult to ensure that facilities appropriately meet the needs of people requiring emergency housing.
- 32 In contrast, transitional housing properties are required (under contract) to be warm, safe and dry, and suitable for the people living there for several months. Support services provided in transitional housing also help address wellbeing and security needs. Where motels are used to provide transitional housing (around 1,000 places currently), they do so under contract, providing the basis for establishing standards, the introduction of security measures, and greater stability of accommodation supply.

⁸ Regarding EH SNG expenditure, note: the 25% client contribution was introduced in October 2020; the figures are actuals, while the total amount granted will be higher; and the March quarter includes expenditure to 26 March 2022, due to a change in MSD's financial management system.

⁹ EH SNG figures relate to accommodation only, and do not include additional supports provided by MSD's Intensive Case Managers, Navigators and Housing Brokers. Transitional housing figures include the spend accommodation and social supports.

¹⁰ Note that expenditure figures for transitional housing is money paid to contracted providers to deliver the transitional housing service (which includes accommodation and support). The graph does not include any up-front funding provided to allow the delivery of new supply. On average (since the September 2018 quarter), expenditure on transitional housing motels represents around 35 percent of total expenditure on transitional housing.

People in emergency housing can have other unmet needs

- 33 While we have a good understanding of the characteristics of people receiving an EH SNG, we have more-limited information about people in transitional housing,¹¹ and do not have a coherent system view. Appendix One provides an overview of key data and insights.
- 34 More people are entering the emergency housing system, and they are staying longer. The mean length of stay in EH SNG accommodation is 21 weeks (March 2022) and the median length of stay in transitional housing is 27 weeks (December 2021).¹²
- 35 The information we have highlights population groups that are overrepresented in the emergency housing system:
- 35.1 Māori represent 59 percent of recipients of EH SNGs
 - 35.2 single adult households comprise 45 percent of EH SNG recipients and 59 percent of transitional housing recipients
 - 35.3 children are present in 51 percent of EH SNG households
 - 35.4 young people disproportionately access EH SNGs (18 percent)
 - 35.5 disabled people and tāngata whaikaha (Māori disabled people) are more likely to experience homelessness.
- 36 The relatively lower rate of Pacific people in the emergency housing system (approximately 13 percent) may reflect the fact that Pacific communities are likely to provide informal housing supports to each other. However, Pacific peoples are disproportionately impacted by homelessness, including living in over-crowded conditions (almost 40 percent of Pacific peoples were living in a crowded home in 2018).¹³ This highlights the unknown level of unmet need for emergency housing supports, and the importance of ensuring that system-level responses are tailored to meet diverse needs, and build on community strengths and preferences.
- 37 Information from the Integrated Data Infrastructure (IDI) also suggests those accessing EHSNGs represent a group with particularly acute levels of need.¹⁴ Analysis for those aged 16 and over receiving an EH SNG between September 2016 and March 2020, that in the previous 12 months:

¹¹ Information on who is in transitional housing is collected by transitional housing providers and reported to HUD. The information provided has little standardization and its quality varies significantly, making the data challenging to use and limiting the range of insights we have about transitional housing.

¹² Median length of stay for households who were still in service at the end of the month.

¹³ Ministry for Pacific Peoples (2020) Pacific Aotearoa Status Report: A Snapshot 2020, p. 73. Source: Pacific-Peoples-in-Aotearoa-Report.pdf (mpp.govt.nz).

¹⁴ This analysis used the Integrated Data Infrastructure (IDI). Results based on IDI analysis are not official statistics. For more information about the IDI please visit <https://www.stats.govt.nz/integrated-data/>. The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes.

- 37.1 94 percent received a main benefit¹⁵, compared to 11 percent of the New Zealand (NZ) population¹⁶
- 37.2 53 percent received mental health or addiction services, compared to 24 percent of the NZ population¹⁷
- 37.3 25 percent had an acute hospitalisation, compared to 8 percent of the NZ population
- 37.4 10 percent had been in prison, compared to 1 percent of the NZ population
- 37.5 For those under 30 years old, 70 percent had a Care and Protection event as a child, compared to 18 percent of the NZ population aged 16 to 30 years.
- 38 This demonstrates a need to address both the structural barriers to access to services and ensure that there are appropriate prevention and support actions tailored to those at risk of homelessness or urgent housing need. These responses are likely to require ongoing cross-agency collaboration across the health, justice, and child protection systems.
- 39 Budget 2019 included significant investment in new primary mental health and addiction services. However, housing sector stakeholders have ongoing concerns about the unmet high and complex needs, including the mental health and addiction needs, of some people experiencing homelessness. There may be a variety of causes for this, including the accessibility and appropriateness of service supports and wider barriers to access services (e.g. transport, income). It is also likely that for some people, housing insecurity itself impacts on mental wellbeing. Health and housing officials will continue to work closely to understand and respond to this issue.

Demand for emergency housing is caused by a lack of supply and other system failures

Pressure on the rental market

- 40 The growing numbers of people in urgent housing need is largely a reflection of a shortage of housing, particularly rental properties that are affordable for lower income households, are of the right typology and in the right locations¹⁸. This contributes to increased rents, growing pressure on the public housing register, and increased demand for emergency housing. Turning this situation around requires investment in houses that meet the needs of people (e.g. number of bedrooms, accessible houses), in the right locations (e.g. access to public transport, services, social and cultural infrastructure), at the right price points. The impact of a lack of suitable and

¹⁵ Main benefits for working age (18- 64 years) include: Jobseeker Support, Sole Parent Support, Supported Living Payment, Youth Payment, and Young Parent Payment, Emergency Benefit, Emergency Maintenance Allowance, Widow's Benefit Overseas, and Sole Parent Support Overseas.

¹⁶ New Zealand general population aged 16 and over.

¹⁷ Mental health and addiction services include specialist mental health services, mental health hospitalisations, pharmaceuticals generally prescribed for mental health and addictions, or mental health or addiction reason coded as the main reason for reduced capacity to work on their medical certificate for benefit support.

¹⁸ The estimated growth in rental properties for the year ended March 2022 is 863 (0.2%) - based on Tenancy Services and Census data.

affordable rental housing is further intensified by discrimination in the rental market, poverty and income inadequacy, and barriers to building housing on whenua Māori.

Availability of commercial accommodation alongside increasing need contributes to demand for EH SNGs

- 41 We cannot fully distinguish between whether availability of accommodation or increased need is the key driver of demand for EH SNGs:
- 41.1 the availability of commercial accommodation during the COVID-19 response (due to lock downs and border closures) has influenced the number of EH SNGs. While the number of households receiving an EH SNG was largely stable over 2021, single clients had a significant increase following the COVID-19 lockdown. At the peak in June 2020, they made up 47 percent of all households receiving an EH SNG, as household ‘bubbles’ during the lockdown made it more difficult to search for private accommodation or to stay with friends and family. This increase will also reflect the explicit decision to house people experiencing homelessness (i.e. rough sleepers) throughout the lockdown period.
- 41.2 analysis of the increase in priority scores of people on the Public Housing Register and increasing duration for some groups suggests people have higher needs. For instance, Public Housing Register applicants living in Emergency Housing have a score 2-3 higher than the total Public Housing Register distribution. The priority scores are then higher again for those receiving an EH SNG for 6 months or longer, demonstrating that this group has the highest needs which are not met by the system in a timely way.

System fragmentation and individual stressors

- 42 Other system failures (such as siloed services and limited data on homelessness), result in people not getting the right support at the right time.
- 43 Individual stressors (such as job loss, mental health and/or addiction needs, care and protection system experience, relationship breakdown, and family violence) also have a part to play. These stressors can result in people being unable to sustain their housing and entering the emergency housing system. Many of these factors have been magnified in the context of the COVID-19 pandemic. There is likely to be a group of people with high and complex needs who will always need some additional level of support to maintain sustainable housing, irrespective of housing supply.

Significant actions have been taken, but demand for emergency housing is growing

- 44 This Government has taken significant steps to directly address homelessness and reduce the need for emergency housing. Key initiatives include:
- 44.1 the launch of the Aotearoa New Zealand Homelessness Action Plan (HAP) in February 2020, backed by over \$300 million of funding
- 44.2 the launch of Te Maihi o Te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) Framework for Action in June 2020, MAIHI Ka Ora Strategy in September 2021 and the Implementation Plan in March 2022

- 44.3 the delivery of an additional 3,480 transitional housing places.¹⁹ and 9,113 public homes since September 2017
- 44.4 investment of \$730 million through Whai Kāinga Whai Oranga to accelerate Māori-led housing solutions.
- 45 In the context of the COVID-19 response and subsequent to that we have also taken steps to address housing insecurity including:
 - 45.1 implementing a freeze on rent increases and increased protection from having their tenancies terminated between 26 March and 25 September 2020
 - 45.2 changes to the Residential Tenancies Act to improve tenants' security and stability while protecting landlords' interests. Changes include:
 - 45.2.1 that rent can only be increased once every 12 months
 - 45.2.2 landlords cannot end a periodic tenancy without a reason
 - 45.2.3 tenants who need to leave a tenancy quickly due to family violence will be able to provide the landlord with a family violence withdrawal notice
 - 45.3 pausing the periodic three-yearly tenancy reviews for public housing tenants in 2020, with decisions on the future state of the reviews to be considered in early 2023
 - 45.4 increasing income limits for Hardship Support through MSD (except for emergency housing) from 1 November 2021 so that more people could receive assistance. These income limits became permanent through Budget 2022.
 - 45.5 funding a new programme for Housing-related Hardship Assistance through Budget 2022 to help low-income households to access or sustain private rental housing. This new programme will be implemented from March 2023.
 - 45.6 increased main benefit rates from 1 April 2022 – MSD estimates that compared to 2017 policy settings, 364,000 beneficiaries will be better off by on average \$109 per week, increasing to \$133 per week during the 2022 winter period.
- 46 While good progress has been made, the demand for emergency housing has continued to grow. Addressing the structural drivers underpinning this growth will require significant ongoing investment, alongside proposed shifts in the emergency housing system.

What we need to do next - redesign and reset the emergency housing system

- 47 Further work will focus on redesigning and resetting the emergency housing system, building on the work that has already been undertaken to date.

¹⁹ Note that around 900 of these are motel places.

Redesigning the system will address key system-level challenges

- 48 We propose a redesign of the emergency housing system, with a focus on reducing demand pressures and addressing the key challenges facing the operation of the current system, identified as:
- 48.1 *reliance on EH SNGs to address persistent housing need* – the EH SNG is an income support payment and, as such, is not an appropriate primary response to housing need at the intensity or scale of demand currently required
 - 48.2 *accommodation that is not fit-for-purpose* – growing urgent housing need, coupled with increased length of stay in emergency housing, has resulted in a heavy reliance on motels at a scale never intended. Motel accommodation can be appropriate for short-stays but is not designed to accommodate individuals and whānau for lengthy periods. We have concerns about the safety, security, accessibility and stability of some motel accommodation.
 - 48.3 *the high and complex needs of individuals and whānau* – some people entering the emergency housing system have high and complex needs (including mental health and addiction needs) that require health and social service responses beyond the housing-focused supports offered. Similarly, disabled people are often not able to access adequate supports.
- 49 In our view, existing emergency housing interventions need ‘rebalancing’ to reduce the reliance on EH SNGs, focus on the provision of quality accommodation and supports that are responsive to identified need, and (over time) consolidate and reduce the use of motels.
- 50 Shifting the balance of investment towards transitional housing (or similar contracted and supported accommodation) is one way that we could improve the safety and security of emergency housing responses, enhance people’s wellbeing, and secure supply. This approach also offers the possibility of converting transitional housing into public housing in the longer term. Ultimately, investing in new secure, affordable housing for those in the greatest need is essential if we are to improve the wellbeing of New Zealanders.
- 51 The overrepresentation of Māori within the emergency housing system suggests that current approaches do not work for Māori and do not align with a te ao Māori worldview. During Wai 2750, claimants raised many issues about the failure of the emergency housing system. Māori face a range of challenges in accessing and navigating the emergency housing system, such as feeling discriminated against and experiencing whakamā (shame) when asking for help. The system lacks ‘by Māori, for Māori’ solutions to homelessness, while existing contracting methods and the fragmentation of programmes restrict the ability of Iwi and Māori providers to deliver appropriate supports.
- 52 It is imperative that the redesign of the emergency housing system retains sufficient flex to empower and support Māori-led local solutions to urgent housing need. Māori-led local solutions are a priority area in MAIHI Ka Ora – the National Māori Housing Strategy. New funding of s 9(2)(f)(iv) is being provided through Budget 2022 to enable Māori-led emergency housing design and delivery. However, ongoing

additional investment is likely to be required to assist in building provider capability and capacity to deliver accommodation and related services at the scale required.

Vision for an 'ideal' future state emergency housing system

- 53 We propose that the redesigned emergency housing system has a clearly defined focus on the provision of supports in response to short-term emergency situations (covering a period of weeks, rather than months).
- 54 We seek Cabinet agreement to the following vision for an ideal state emergency housing system:
- Emergency accommodation is **rarely needed** and when it is used, **stays are brief and non-recurring**. Emergency accommodation will be used by individuals and whānau who have experienced a shock or crisis (e.g. family breakdown) and they will be **supported to quickly move into suitable, long-term housing**.
- 55 The vision is closely aligned to the HAP vision for homelessness (that homelessness in New Zealand is prevented where possible, or is rare, brief and non-recurring) and builds on actions to prevent homelessness, increase housing supply and to provide appropriate support services.
- 56 The key features of the ideal future state for emergency housing include:
- 56.1 clear entry points and access to emergency accommodation and support
 - 56.2 accommodation that is: accessible, warm, dry and safe; provides value for money; and is appropriate for the potential maximum length of stay
 - 56.3 support that is easily accessible for those who need it, and is culturally responsive and consistent with whānau-centred and strengths-based approaches
 - 56.4 clear pathways and access to long-term housing, including affordable rental housing, public housing, and supported housing²⁰ solutions.
- 57 A well-functioning emergency housing system should be flexible enough to facilitate the provision of a variety of accommodation and support services that respond to individual and whānau needs (including family size and cultural norms or preferences, such as intergenerational living). Ultimately, people should be supported to remain close to their community and transitions should be as seamless as possible.

Shifting to the ideal state – a transition period of at least five years

- 58 The challenges that we currently face have built up over decades, and sustained effort over a long period is required to address the often complex and systemic issues that have resulted in housing inequalities. The pace with which we can move away from a heavy reliance on motels will be determined by our ability to significantly increase

²⁰Supported housing addresses an identified housing need alongside assessed social, health, cultural, safety and other needs (e.g. for people with intellectual disabilities, or those with serious drug and/or alcohol addictions). Supported housing may be permanent (e.g. for people with a permanent disability) or short-term, programme-based initiatives (e.g. for people leaving the justice system).

the supply of suitable longer-term housing options, including affordable rentals, public housing and supported housing.

- 59 We anticipate that it will be at least five years, or longer, before we can expect to see the impact of new supply. However, the actual time taken to achieve this will be dependent on a number of factors including the overall level of investment in affordable housing, and the capacity of infrastructure networks and the construction industry. At the same time, it is difficult to estimate the potential impact of macro-level structural drivers of demand for emergency housing, including shifts in regional labour markets and global events (e.g. COVID-19), which could slow progress.
- 60 This means we need to plan for a transitional period of at least five years, during which time significant numbers of people may continue to need emergency housing (primarily motels) potentially for prolonged periods of time (i.e. months, rather than weeks).
- 61 Once we have increased the supply of affordable housing, we anticipate the ideal future state would operate on a smaller scale:
- 61.1 supports would be provided to a reduced number of people, as demand subsides over time and increasing numbers of people are able to access affordable long-term housing options
 - 61.2 motels would continue to be used as the primary commercial source of emergency accommodation, but on a significantly reduced scale and only for immediate housing need for short-term stays (e.g. weeks).
- 62 Transitional housing, or some form of short-term supported housing, would also continue to be a feature of the system, providing an interface between the emergency housing and wider housing systems.
- 63 Prevention activities will continue to play a vital role in ensuring that people do not enter the emergency housing system. Coordinated action by the wider social, health and justice sectors to identify and appropriately respond to people at risk of homelessness will be important, as will clear assessment and referral procedures.

Planned approach to the redesign – the first 18 months

- 64 This paper presents a proposed work programme for the first 18 months of activity through the transitional period (to December 2023). The recommended actions centre on the emergency housing system redesign, while acknowledging ongoing complementary activity is required to address the supply of affordable housing and to prevent people from becoming homeless.

Emergency housing system redesign

- 65 We recommend that initial efforts should focus on actions to improve the experience of people in the emergency housing system, while building the platform for system redesign. We therefore seek agreement to progress work focused on potential policy and operational shifts in the following three areas, over the next 18 months:

- 65.1 *resetting the EH SNG, including entry pathways* – to ensure that it is fit-for-purpose in the current environment and ‘ideal’ future emergency housing system
 - 65.2 *delivering fit-for-purpose accommodation in the short, medium and long-term* – to support the development of an appropriate range of accommodation options that address support needs through the transitional period, while establishing the basis for longer-term redesign (including appropriate triage and placement processes). Actions are proposed in two areas:
 - 65.2.1 *developing and implementing a national strategic approach to contracting and purchasing motels* for the next three to five years, to improve the security, quality and safety of accommodation (and mitigate potential impact of tourism on supply) and to enable effective social service delivery
 - 65.2.2 *reviewing the role of supported housing* alongside a future state emergency housing system, to ensure that it delivers the optimal mix of supported housing
 - 65.3 *reviewing the provision of social support services for people in emergency motel accommodation* – incorporating a focus on better understanding the type of service needs and building the capacity of social services of the right type, in the right places.
- 66 Detail on the proposed focus areas is provided in Table two. Subject to Cabinet’s agreement, officials will report to joint Ministers in August 2022 with detailed proposals and timelines for the delivery of each of these three broad areas, noting the interdependences and connections between them. Each of these areas will be informed by data analysis, including work to better understand the characteristics of key cohorts in the emergency housing system.
- 67 The EH SNG is a vital support for people facing insecurity. It is targeted to those in need using income and cash asset limits, and immediate emergency housing need as the basis for a grant. We want people who are in urgent housing need and who do not have resources available to pay for temporary housing arrangements to continue to access this support. While we think the vast majority of people receiving an EH SNG are in genuine need, changes to the EH SNG may help to ensure that all of those accessing the grant are doing so in line with the grants intended purpose. In addition, changes to the EH SNG alongside increases in transitional housing or other contracted places will help rebalance the system.
- 68 The impact of proposed shifts across the three areas would see an increase in the number of motels contracted (or purchased) by Government to provide emergency housing. The intent is to increase the safety and security of accommodation used for emergency housing and enhance the supports provided to people, recognising the longer-term nature of stays. In the longer term, purchased motels could be repurposed or redeveloped to provide supported housing or redeveloped into permanent affordable housing supply.

- 69 \$355 million is available through Budget 2022 to support the reset and redesign of the emergency housing system. This funding is being held in contingency (in Vote Housing and Urban Development) and will support activities over the next two years.
- 70 s 9(2)(f)(iv) of this funding is allocated to improve the wellbeing and safety of individuals, families and whānau in emergency housing and improve the experience of accessing emergency housing. Subject to further detail to be provided in August 2022 advice to joint ministers, we propose using this funding to support:
- 70.1 contracting and purchasing of motels in priority locations – the Wellington metropolitan area and Hamilton City initially, as priority locations agreed by Cabinet in October 2021 [CAB-21-MIN-0395 refers], subject to confirmation that these are still locations with very high needs in comparison to other areas. Contracting and purchasing would be done using a decision-making framework approach that is under development.
 - 70.2 contracting of support services to clients in contracted and purchased motel accommodation (in Wellington and Hamilton initially), to improve wellbeing and safety and support transitions to longer-term accommodation solutions. Support services will be tailored appropriately to levels of need and include enabling access to health and other government support services. Funding could also be used to provide security at contracted motels.
 - 70.3 improvements to the provision of support services in EH SNG motels, including ensuring continuity of support through existing MSD services.
 - 70.4 changes to the EH SNG, including to optimise key operational aspects of the EH SNG, improve supplier obligations and standards, and potentially introduce mutual obligations.
- 71 A further s 9(2)(f)(iv) is earmarked to enable Māori-led solutions to emergency housing. Our intention is to work in partnership with Māori to design how this funding is used. This will provide an immediate opportunity to work with our Te Tiriti partners as we redesign the broader emergency housing settings. A partnership approach aligns with MAIHI and MAIHI Ka Ora – the National Māori Housing Strategy, and responds to concerns that Māori were not adequately consulted during the development of the current emergency housing funding model. We envision that funding could be used on accommodation, support or system changes, depending on what we hear from Māori.
- 72 Joint ministers will receive advice in August seeking agreement to an engagement plan and to draw down some of the Budget contingency funding to support this. At this stage, we anticipate the engagement and design process will take approximately 9 months, so delivery could begin at the end of first quarter 2023.
- 73 We anticipate seeking approval for the strategic approach and framework for contracting and purchasing motels from Cabinet in October 2022. October advice would also be informed by the findings from the Rotorua evaluation. Subject to timing of decisions made and the desired sequencing around the outcome of the evaluation in Rotorua, contracting and purchasing of motels in Wellington and Hamilton could begin in the final quarter 2022 or first quarter 2023.

Table two: Proposed key areas of focus for improving the emergency housing system – to December 2023

A) Resetting the EH SNG, including entry pathways	
Area of focus	Identified challenges to be addressed
<p>Consider changes to the EH SNG to ensure that it is fit-for-purpose in the current environment and ‘ideal’ future emergency housing system. This will include exploring:</p> <ul style="list-style-type: none"> • potential changes to the pathway or entry and who is eligible for support. Officials will provide advice on potential changes to the EH SNG, which may include tightening the criteria so that it goes to those most in need, where there are no other suitable options. Other options may include time limits, and clarifying guidance to staff about exceptional circumstances and when an EH SNG is not appropriate, noting this should never jeopardize the ability for someone in genuine housing hardship to access support. • options to introduce mutual obligations and whether other incentives or consequences may be required • options to improve emergency housing supplier standards and obligations to ensure clients have access to quality emergency housing that is warm, dry and safe. This advice will include options that propose policy or operational changes to the EH SNG so that it aligns more with transitional housing (for example, changes that would shift the ability to direct clients to, or away from particular places). • operational changes to optimise the emergency housing service that MSD provides to benefit clients and staff. <p>We expect this advice to outline what the implications of any change would be on people who are currently eligible, including those who may be eligible but do not engage with MSD. It will also consider the impacts on staff, as changes to eligibility may be challenging for frontline staff expected to implement the change in policy when people are in difficult circumstances.</p>	<p>The emergency housing system is too heavily weighted toward EH SNGs. As an income support mechanism, it is unable to influence the quality of emergency housing suppliers and is limited in its ability to address safety and security concerns with motels.</p> <p>In addition, in some regions, motel availability is a constraint, with no alternative supply in the face of seasonal and event-based supply impacts. With an increasing number of vulnerable individuals and families having to rely on this type of accommodation, a reset of the EH SNG is needed.</p> <p>At present the criteria to receive an EH SNG is broad and open, and there are few obligations on those receiving them. However, a recent evaluation of Intensive Case managers and Navigation services found that families experienced stress from some of the current requirements of EH SNGs and felt it was unhelpful in their search for a home.</p> <p>Changes to the EH SNG itself will not get people into better, or longer-term, forms of accommodation (as it relies on commercial accommodation) and will not necessarily improve the outcomes or experience for clients. However, we can consider changes to ensure that as an income support payment, it is fit-for-purpose for the current environment and ‘ideal’ future system.</p> <p>Any changes to the pathway to entry, or eligibility for, EH SNGs need to be appropriately sequenced in the context of other system shifts, to ensure that people who cannot access housing through alternate channels are not made worse off – such as rough sleeping or being without shelter. This will be particularly important throughout the transition period.</p>

B) Delivering fit-for-purpose accommodation in the short, medium and long-term	
Area of focus	Identified challenges to be addressed
<p>i. Investing in motels to improve the security, safety and quality of accommodation</p> <p>The development of a national strategic approach to contracting and purchasing motels for emergency accommodation over the next three-to-five years (noting that motels will continue to be used beyond this point, but at a reduced level). The approach would involve motels being purchased or contracted for emergency housing:</p> <ul style="list-style-type: none"> • through a targeted place-based approach in identified locations of very high need. • in the Wellington metropolitan area and Hamilton City initially, and then in other priority locations as opportunities arise, as long as the purchase meets agreed criteria (e.g., quality and location, price parameters, potential land utilisation and assessed ongoing urgent housing need) <p>As the supply of affordable housing increases and demand for emergency housing falls, motel contracts would be ended and purchased motels may be converted into longer-term public or supported housing.</p>	<p>Commercial accommodation and, in particular motels, will remain an important source of emergency accommodation in the foreseeable future, and individuals and whānau will likely stay in motel accommodation for prolonged periods of time through the transitional period.</p> <p>A planned approach to contracting/purchasing motels will assist to secure supply and provide the basis for improvements to the security, safety and quality of supply. The provision of stable accommodation may also facilitate the effective provision of social service supports.</p> <p>Transitional housing provides an important ‘bridge’ between emergency housing and longer-term housing options. Work is required to better understand the outcomes achieved through transitional housing and good practice in the provision of short-term supported housing of this nature.</p> <p>Ultimately, this work would support the consolidation of existing motel-based programmes, including motels used in the COVID-19 response, motel-based transitional housing places, and contracted motels operating as part of the Rotorua pilot. Social services provided alongside these forms of motel-based accommodation would also be aligned with the proposed reset of social support services (below).</p>
<p>ii. Reviewing the role of supported housing</p> <p>Supported housing addresses an identified housing need alongside assessed social, health, cultural, safety and other needs. Some models of supported housing are intended to meet the ongoing care needs of people on a permanent basis (e.g., housing and supports provided for people with intellectual disabilities, and the Housing First programme for people with complex mental health and/or addiction needs). Other models are designed to be short-term in nature (e.g. for people transitioning out of the Corrections system).</p>	<p>New Zealand’s supported housing system has developed in an ad hoc way and lacks coherence. There appears to be an overall shortage of supported housing and gaps in specific support services (e.g. for people with mental health needs). There is a lack of kaupapa Māori services. Funding mechanisms and approaches are inconsistent, and reflect historical arrangements.</p> <p>Anecdotally, it appears that a shortage of affordable rental accommodation has impacted on supported housing, with providers (agencies and NGOs) competing for rental properties.</p>

<p>Officials will review New Zealand's supported housing system to identify improvements that can be made to ensure people can access supported housing and other forms of housing supports for as long as they need them. s 9(2)(f)(iv)</p> <p>[REDACTED]</p>	<p>It is evident that some people in receipt of emergency housing have high and complex needs that extend beyond housing and require coordinated and timely responses. Information from the IDI suggests those accessing EHSNGs represent a group with particularly acute levels of need. Clients receiving these grants are more likely to have experienced challenging situations such as needing acute healthcare, support with mental health and addiction, low incomes, or spending time in prison. Given this complexity some form of supported housing would better address a persons identified housing needs alongside assessed social, health, cultural, safety and other needs.</p> <p>A comprehensive approach to supported housing, alongside adequate supply, would mean that people in urgent housing need could be supported directly into a house that met their needs, by-passing the emergency housing system.</p>
C) Reviewing the provision of social support services for people in emergency motel accommodation	
Area of focus	Identified challenges to be addressed
<p>The review will incorporate advice on the supports for people in emergency motel accommodation to respond to their needs and to help them exit the system. We recognise the support needs of individuals will vary considerably and will seek to ensure that the right level of support is provided at the right time.</p> <p>In an ideal state, stays in emergency accommodation would be brief, and the primary focus would be on the provision of supports to assist people to move quickly into suitable, long-term housing. However, in light of the longer-term nature of stays, we propose that the review considers approaches to the provision of social service supports likely to be required over a five-year period, as we shift to the ideal state emergency housing system.</p> <p>The review will draw on the findings from the evaluation of Intensive Case managers and Navigation services.</p>	<p>Current approaches to social service provision are inconsistent and have evolved in an ad hoc way over time, with no overall strategic intent.</p> <p>Prolonged periods of stay in emergency housing may contribute to the need for social service supports, particularly where people are distanced from their community, whānau and other social networks.</p> <p>Two initiatives from the HAP were recently evaluated, Intensive Case Managers (ICMs) and navigation services. Key findings from the evaluation were that although the initiatives were functioning largely as intended, there are some areas where they could be improved. Examples of areas for improvement include the referral process being strengthened and further training, and increased clarity of roles and responsibilities to ensure that ICMs and navigators are aware of the differences between their roles.</p>

- 74 Action is required in all three areas. It will be important to make sure that system shifts are well-integrated and coordinated, ensuring that people are appropriately supported and the risk of homelessness is minimised. For example, changes in the eligibility for an EH SNG must be undertaken in the context of an adequate supply of suitable emergency accommodation and social supports.

Ensuring responsiveness to local needs

- 75 Central government is already working collaboratively with local government, Iwi, and other stakeholders to progress a broad range of regional housing initiatives. We propose that this work be utilised to deliver proposed shifts towards the redesigned emergency housing system.
- 76 Targeted, resource-intensive approaches may be required where regional needs are assessed as particularly acute, and where existing resources and relationships are assessed as unlikely to deliver changes at the pace required. Decisions about where this occurs would be taken on a case-by-case basis and in a phased way (recognising that such approaches are resource-intensive).
- 77 In October 2021, Cabinet agreed to the development of place-based plans for Hamilton City and the Wellington metropolitan area [CAB-21-MIN-0395 refers]. Work on the development of these plans has been paused in recognition that regional stakeholders were heavily engaged in responding to the impacts of COVID-19. We propose that the development of these plans is resumed and that Hamilton and Wellington are priority locations for the contracting and purchasing of motels, subject to confirmation that they are still locations of very high need.
- 78 Regional analysis is being undertaken to provide this confirmation and identify other areas we may want to prioritise next. Analysis will draw on a mix of quantitative and qualitative insights. This recognises that, in some communities, data may mask the fact that lower uptake of EH SNGs reflects a lack of accommodation options and/or overcrowding or inadequate housing conditions. This may particularly be the case in smaller and rural communities. In these instances, officials will work alongside local stakeholders to identify alternative place-based approaches.
- 79 We are aware that concerns are periodically raised about the location and level of emergency and transitional housing, alongside public housing more generally, within some communities. Perceptions of threats to safety, unease about the presence of gangs and increased levels of crime, have all been raised in the context of the increased growth of emergency and public housing provision and may hinder plans to implement sustainable longer-term housing solutions.
- 80 Our experience in the Rotorua place-based pilot underscores the importance of working effectively alongside a broad range of local-level stakeholders and adopting a long-term, collaborative approach.

Appropriate system supports

- 81 At the same time, work will begin on the identification and development of the system enablers required to ensure the sustainability and effectiveness of the emergency housing redesign. In early 2022, the Implementation Unit (the Unit) within the Department of the Prime Minister and Cabinet identified ‘lessons learned’ from

the set-up and implementation of the Rotorua place-based emergency housing pilot. That report went to the Cabinet Priorities Committee on 8 June 2022 as part of the regular report back on the work of the Unit. The findings of the Unit's Report are relevant for the work being undertaken in the rest of emergency housing.

- 82 The Unit will support the implementation of a redesigned emergency housing system, with a specific focus on ensuring appropriate system enablers are developed. Details of the form this support will take will be worked through after the report back in October 2022 on the nature and timing of the work that HUD and MSD will do as part of the redesign.

Cabinet approval will be sought for key shifts in the emergency housing system

- 83 We intend to seek Cabinet approval for key shifts in the emergency housing system in October 2022. Advice will include:

- 83.1 proposals to change the EH SNG
- 83.2 the proposed parameters to guide further investment in motels for emergency housing purposes (including quality, location, price, potential land utilisation and regional assessments of ongoing urgent housing need), and proposed scale of investment over five years, with investment focused on the Wellington metropolitan area and Hamilton City initially
- 83.3 an assessment of the current state of supported housing and an indication of the scale and nature of change required to 'reset' the approach, ensuring that supported housing is fit-for-purpose and supports an integrated emergency housing system
- 83.4 proposals to incrementally move towards a reset of the delivery of social support services provided to people in emergency motel accommodation
- 83.5 the scope and scale of work required to design system enablers, including the development of system-wide data, monitoring and reporting processes, and established roles and responsibilities across agencies to inform place-based approaches to urgent housing need.

- 84 The advice will incorporate the findings of an evaluation of the outcomes for individuals and whānau living in contracted emergency housing motels in Rotorua, and a value-for-money assessment of the Rotorua approach. These insights will inform proposals to invest further in motels to provide emergency accommodation, together with advice on the reset of social service supports.

Complementary activity - increasing the supply of affordable housing for lower income households

- 85 An adequate supply of the right type of accommodation, in the right place and at the right cost is essential for reducing the demand for emergency housing supports and providing people with a pathway out of the emergency housing system.
- 86 We have committed to adding over 18,000 public and transitional housing places by 2024. Good progress has been made, with a net 9,075 public housing places and 3,425 transitional housing places added since November 2017.²¹ We have further

²¹ As at March 2022, there were 26,868 applicants on the Housing Register and 5,409 on the Transfer Register.

committed ensuring that at least 15 per cent of new state homes meet full universal design standards, making them more accessible to a wider group of people, including disabled people and older people.

- 87 While continued increases in the supply of public houses is critical, it will not be enough to address the underlying shortage of affordable homes. There is a visible gap in support for affordable rental supply which the private market is not going to address, even in a well-functioning housing system.
- 88 Over the next 18 months, action is being undertaken on multiple fronts to better understand and respond to the challenges facing the supply of affordable housing that is accessible to low-to-moderate income households.

Construction of affordable housing

- 89 Over the coming 18 months, the Affordable Housing Fund (the Fund) will be implemented. The \$350 million Fund will support the development of new housing that is affordable for low to moderate income households.²² Officials anticipate the first round of contracts being signed by March 2023²³, with the bulk of homes delivered over 2023-24, depending on market conditions. The size of the Fund is very small relative to the scale of need. However, the Fund will valuably demonstrate the price points and types of housing that could be delivered with different levels of subsidy or co-investment to scale up the affordable housing sector in the near future.

Challenges facing public housing delivery

- 90 The impacts of COVID-19 and the accelerating construction market headwinds are making the pace and scale of public housing delivery that is required to meet targets more challenging. These headwinds include challenges on the supply side (for example, supply and labour shortages) and demand side (e.g. the recent drop in house prices and sales numbers, which could limit the sector's ability to offset rising costs).
- 91 Kāinga Ora has reported challenges in obtaining building materials (e.g. GIB plasterboard) alongside the rest of the sector. HUD officials are working with Kāinga Ora to understand the delivery risks and how projects are progressing through their pipeline.
- 92 The Minister for Housing will shortly be bringing papers to Cabinet that seek to ensure the continued delivery of affordable housing in the context of these headwinds. These will include changes to KiwiBuild settings to ensure the programme can continue to deliver modestly sized homes for first home buyers. An additional paper will consider how assisting stalled and at-risk developments via prepurchase commitments and underwrites could help to achieve our public and affordable housing priorities.

²² The first round of the Fund will be launched in August 2022 and will offer up to \$50 million worth of grant funding to not-for-profit organisations to deliver subsidised affordable rental housing in six areas of high need (Auckland, Tauranga, Rotorua, Napier-Hastings, Wellington, and Nelson-Tasman). The focus of future funding rounds over the remaining funding period into 2025 will consider the context of the rapidly changing housing market and headwinds facing the residential construction sector.

²³ If any projects qualify for the fast-track process, contracts could be signed as early as December 2022.

s 9(2)(f)(iv)

[REDACTED]

Complementary prevention actions

- 96 The HAP sets out a range of prevention and support activities that will begin to address some of the drivers of demand for emergency housing. Work includes a focus on population groups at higher-risk of homelessness (including Māori, Pacific peoples, rangatahi/young people, disabled people, and people exiting forms of State care, including Corrections, Oranga Tamariki and health settings).
- 97 In December 2021, Cabinet considered progress in the implementation of the HAP in the initial 18-month period. At the time, Cabinet noted that significant progress had been made in delivering the 18 immediate actions in the HAP, with 17 actions fully underway and the remaining action were due to be implemented in early 2022 [CAB-21-MIN-0548 refers].
- 98 Priority areas for the next phase of implementation, over the 2021-23 period, include: strengthening Māori-led approaches to preventing homeless, improving supports for rangatahi at risk of homelessness, and improving access to health services for people experiencing homelessness.
- 99 Budget 2022 allocated significant new funding to support further implementation of the action plan in two of these areas:
- 99.1 *strengthening kaupapa Māori approaches to prevent and reduce Māori homelessness* - \$25 million allocated to support Māori and Iwi to provide holistic wraparound support. The service design approach will be completed in 2022 and the fund will be accessible to Māori and Iwi providers from July 2023.

- 99.2 *support for rangatahi/young people experiencing, or at-risk of, homelessness - \$40 million allocated to: expanding the supply of rangatahi-focused transitional housing, with 54 places planned for delivery by June 2022 and additional delivery from late 2022; and for a new supported housing service for rangatahi with higher and more complex needs.*
- 100 Improving access to health services, including mental health and addiction services, for people experiencing homelessness remains a key priority. The HAP supported a pilot programme focused on helping people who have experienced, or are at risk of, homelessness, back into the community following inpatient care. The pilot is being run in Auckland and Waikato, and provides housing support, ongoing mental health and addiction support, and other services for people transitioning out of acute mental health and addiction inpatient units. HUD and the Ministry of Health will continue to work closely together to identify gaps and opportunities for improving the interface between health and mental health and addiction services, and housing services, to better meet the needs of people experiencing homelessness.
- 101 At the same time, MSD is working to implement a new and enhanced programme to provide financial assistance to help people access and sustain private rental housing. It will combine and extend assistance currently provided through Advance Payment of Benefit, Recoverable Assistance and Housing Support Products, and will help more lower to middle income households to access and sustain private rental housing. The 2022 Budget has provided investment to implement this new programme from March 2023.

Longer-term activity to support shifts to the ideal state emergency housing system

- 102 The cumulative impact of these actions should reduce the pressure on the emergency housing system. However, we cannot lose sight of the fact that one of the most significant shifts is an adequate supply of affordable housing.
- 103 In the medium-to-longer term (at least three to five years), we need a clear focus on ramping up the supply of affordable housing, providing low-to-moderate income households with suitable long-term accommodation options, providing intensive supports for people with high and complex needs and, where possible, preventing people from entering the emergency housing system. This will complement public housing.

Emergency housing system redesign

- 104 Activity to progress the redesign of the emergency housing system will continue in each of the three identified areas of focus set out in paragraph 57. Longer term actions will be informed by insights gained through the initial 18 months of work including work with other agencies.
- 105 We want to maintain sufficient flexibility to align activities with the pace and scale of change in affordable housing supply, wider macroeconomic changes, and global events (e.g. COVID-19). Retaining this level of flexibility will also allow us to see how the operating environment, including the recent border reopening and current inflation levels, impact the demand for, and supply of, emergency and transitional housing.

s 9(2)(f)(iv)

- 109 Coordinated work across government is essential to prevent homelessness before people reach a crisis point. Officials will also look for opportunities through key reforms such as reforms of the health system, welfare overhaul, accessibility legislation and the formation of the Ministry for Disabled People.
- 110 There is an opportunity to identify specific prevention and support activities to respond to those in the emergency housing system with current or previous engagement with the health, criminal justice or child protection systems. We have directed HUD and MSD officials to work with Manatū Hauora – Ministry of Health, Ara Poutama – Department of Corrections and Oranga Tamariki – Ministry for Children to identify actions for the emergency housing system that complement or extend those under the Homelessness Action Plan.

Financial Implications

- 111 There are no immediate financial implications arising from the proposals in this paper. However, the paper clearly signals the significant investment required to support emergency housing responses throughout the medium-term transformative period, and to enable the longer-term shift to the ideal state via a step-increase in the supply of affordable housing. Officials will be working to quantify the potential impacts on future Budget allowances.

Legislative Implications

- 112 There are no legislative implications arising from the proposals in this paper. There may be legislative implications (i.e. changes to the welfare programme) arising from any proposals to change the EH SNG.

Regulatory Impact Statement

- 113 A regulatory impact statement is not required for the proposals in this paper.

Population Implications

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

Population group	How the proposal may affect this group
Māori	Māori are over-represented in all categories of homelessness, including emergency housing, and have low rates of home ownership making them particularly susceptible to rising rental prices. Māori make up 59 percent of all households accessing EH SNGs. The cumulative effect of these disadvantages is felt in social, economic and health terms for whānau Māori across the motu. The proposals in this paper are intended to support Māori-led local solutions to urgent housing need, including emergency accommodation and associated social service supports.
Pacific people	Pacific peoples are disproportionately impacted by homelessness, including living in over-crowded conditions (almost 40 percent of Pacific peoples were living in a crowded home in 2018). ²⁴ Pacific peoples are overrepresented as recipients of EH SNGs. A lack of houses designed for large multi-generational households and severe housing unaffordability in the regions that Pacific peoples are concentrated in, contribute to housing stress. Proposals to work with stakeholders to address urgent housing needs at the local level, coupled with efforts to increase the supply of affordable housing, will support improved housing outcomes for Pacific people.
Ethnic communities	The proposals in this paper acknowledge that investment is needed in houses that meet the needs of people, are in the right locations (including access to cultural infrastructure), and at the right price points. This would benefit ethnic communities, who can struggle to access the housing market due to discrimination, and income inequalities. Proposals will ensure the cultural needs of ethnic community members in emergency housing are met, by delivering support services that are culturally responsive.
Women	Women are more likely to be the sole or primary caregiver of children and young people. Sole parents make up a high proportion of those in emergency accommodation and sharing accommodation temporarily. Women who leave an unsafe situation can struggle to access safe and affordable accommodation for themselves, their children, and other dependents. Proposals to improve the quality, safety, and security of emergency housing, coupled with appropriate social service supports, will enhance the wellbeing of women in emergency housing.
Children and young people	Children and young people are disproportionately affected by housing stress. Census data reflects that young people ages <15-24 make up a significant proportion of the housing deprived population (approximately 48.3 percent of the housing deprived population in 2018). Almost half of the people living in accommodation funded by an EH SNG are children. Young people transitioning to independence from care or youth justice placements have a high risk of experiencing housing deprivation and the need for emergency housing support. They often have multiple, compounding high and complex needs, as well as fragmented personal support systems. The housing system does not cater

²⁴ Ministry for Pacific Peoples (2020) Pacific Aotearoa Status Report: A Snapshot 2020, p. 73. Source: Pacific-Peoples-in-Aotearoa-Report.pdf (mpp.govt.nz).

	effectively to the specific needs of many in this cohort. Proposals in this paper aim to enhance the quality and security of emergency accommodation for whānau with children, and for young people.
Gender diverse people	Gender diverse people (including whakawahine, transgender, fa’afafine, takatāpui, non-binary, and gender-neutral people) have an increased risk of homelessness and a high-level of vulnerability within mainstream services. Proposals in this paper are intended to provide flexibility to support a range of services, reflecting diversity of need.
Disabled people	Approximately one in four people in New Zealand are disabled and this rate increases with age. Disabled people have specific risk factors that can lead to homelessness, including very low incomes which inhibit their accommodation choices, as well as specific needs when experiencing homelessness. Housing needs may differ from non-disabled people, and may require modifications to accommodation or support to live in residential communities. As further detailed advice is developed on proposals to improve the quality, safety and security of emergency housing, it will be important to ensure that responsiveness to disability is a core consideration.
Rural communities	A lack of available emergency accommodation options within a reasonable travel distance can mean rural communities face additional barriers to accessing emergency housing, alongside other health and social supports. Proposals to enable place-based responses and Māori-led alternatives to emergency housing are intended to provide flexibility so that tailored solutions can be developed with communities to meet their needs and aspirations.

Human Rights

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

Consultation

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

Communications

- 117 Ministers will develop communication plans to align with the detailed work programme, which they will consider in August 2022.

Proactive Release

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

Recommendations

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

Cabinet directed a review of emergency housing

- 1 **Note** that in June 2021, Cabinet noted that responsible Ministers had asked officials to undertake a fundamental review of the emergency housing system, culminating in advice on the role of emergency housing and a plan to move to an ‘ideal state’ [CAB-21-MIN-231.01 refers]

The emergency housing system has evolved in an ad hoc way

- 2 **Note** that the current emergency funding model was introduced in 2016, and was modelled on relatively low levels of anticipated demand
- 3 **Note** that changes to the emergency housing system have been made incrementally, in response to growing demand (including in response to COVID-19)

The emergency housing system is no longer fit-for-purpose

- 4 **Note** that the emergency housing system is under pressure and is not always providing safe and quality accommodation, supporting people appropriately, or providing clear pathways to affordable long-term housing
- 5 **Note** that the growing numbers of people in urgent housing need is largely a reflection of a shortage of housing, particularly rental properties that are affordable for lower income households
- 6 **Note** that there are also people with other stressors and high and complex needs that mean they need additional support to be able to enter and remain in longer-term housing

Significant action has been taken to increase housing options and prevent homelessness

- 7 **Note** this Government has taken significant steps to address homelessness and reduce the need for emergency housing, including the launch of the Homelessness Action Plan in 2020, backed by over \$300 million of funding
- 8 **Note** good progress has been made in the delivery of an additional 3,480 transitional housing places and 9,113 public homes since September 2017, alongside \$730 million invested to accelerate Māori-led housing solutions

Proposed redesign of the emergency housing system

- 9 **Agree** to the vision for an ‘ideal’ state emergency housing system: “Emergency accommodation is rarely needed and when it is used, stays are brief and non-recurring. Emergency accommodation will be used by individuals and whānau who have experienced a shock or crisis (e.g. family breakdown) and people will be supported to quickly move into suitable, long-term housing”
- 10 **Note** that key features of the future state would include:

- 10.1 clear entry points and access to emergency accommodation and support
- 10.2 accommodation that is: accessible, warm, dry and safe; provides value for money; and is appropriate for the potential maximum length of stay
- 10.3 support that is easily accessible for those who need it, and culturally responsive and consistent with whānau-centred and strengths-based approaches
- 10.4 clear pathways to long-term housing, including affordable rental housing, public housing, or supported housing solutions
- 11 **Note** that significant additional investment in public and affordable rental housing for lower income households is critical for reducing inflows into the emergency housing system and providing pathways out, enabling a reduction in motel use over time
- 12 **Note** that, realistically, shifts towards the ideal state will take time, and planning incorporates a transitional period of at least five years, during which people will live in emergency housing (primarily motels) for extended periods of time

Approach to the redesign of the emergency housing system – 18 months to December 2023

- 13 **Agree** to work to redesign the emergency housing system, focused on policy and operational shifts being progressed in the following three areas over the next 18 months, to December 2023:
 - 13.1 *Resetting the EH SNG, including entry pathways* – to ensure it is fit-for-purpose in the current environment and ‘ideal’ future emergency housing system
 - 13.2 *Delivering fit-for-purpose accommodation in the short, medium and long-term* - developing and implementing a national strategic approach to contracting and purchasing motels for the next three to five years, and reviewing the role of supported housing alongside a future state emergency housing system
 - 13.3 *Reviewing the provision of social support services* for people in emergency motel accommodation
- 14 **Note** that the emergency housing system redesign will retain sufficient flex to empower and support Māori-led solutions to the delivery of appropriate accommodation and support services
- 15 **Note** that Budget 2022 included investment that will contribute to progressing elements of the redesign of the emergency housing system, including enabling Māori-led solutions to urgent housing need and improving the outcomes for people in emergency motel accommodation
- 16 **Note** that the Minister of Housing and Minister for Social Development and Employment will seek Cabinet agreement to advice on key shifts in the emergency housing system in October 2022, s 9(2)(f)(iv)
- 17 **Note** that any changes to the eligibility for an EH SNG should occur the in the context of an adequate supply of suitable emergency accommodation and social supports

18 **Direct** officials to work with Manatū Hauora – Ministry of Health, Ara Poutama – Department of Corrections and Oranga Tamariki – Ministry for Children to identify prevention and support actions for the emergency housing system that complement or extend those under the Homelessness Action Plan

19 **Noted that:**

19.1 in October 2021, Cabinet agreed to develop plans to address urgent housing need in Hamilton City and the Wellington metropolitan area [CAB-21-MIN-0395];

19.2 the Minister of Housing and Minister for Social Development and Employment intend to report back to SWC in October 2022 to seek approval to the strategic approach and framework for contracting and purchasing emergency housing in Hamilton City and the Wellington metropolitan area;

19.3 October 2022 advice will also be informed by the findings from the Rotorua evaluation;

Complementary actions to increase affordable housing supply and prevent homelessness

20 **Note** that the \$350 million Affordable Housing Fund will be launched in August 2022 and begin to deliver more affordable rentals for low to moderate income households from 2023, though the scale of funding is small relative to the scale of need

21 s 9(2)(f)(iv)

22 **Note** that a range of preventative actions are being progressed under the Homelessness Action Plan to reduce demand for emergency housing

Longer-term actions need to focus on increasing the supply of affordable housing for low to moderate income households

23 **Note** that the core focus of longer-term actions (to 2026) will be on ramping up the supply of affordable housing, while continued shifts in the emergency housing redesign and prevention activities continue

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Authorised for lodgement

Hon Dr Megan Woods, Minister of Housing

Hon Carmel Sepuloni, Minister for Social Development and Employment

Appendix One: Data insights on the emergency housing system

This annex pulls together a combination of current data snapshots (📷) and findings from past analysis (🔍) to provide insight into the emergency housing system.

Who is receiving EH SNGs How this is reflected in our response

📷 As at 31 March 2022:

4,728 households were in receipt of an EH SNG

18% under 25,
31% 25-34, 4% 65+

Funding through Budget 2022 for rangatahi/youth-specific accommodation with wraparound support

59% Māori,
36% NZ European
Pākehā, 13% Pacific Peoples

Alongside the views of claimants in Wai 2750, this is the basis for allocating funding in Budget 2022 for by Māori, for Māori solutions to urgent housing need

41% sole parents with children
(around **4,800 children**)

- Focus on improving safety and stability of emergency accommodation through contracting motels
- Focus on resetting the provision of social support services

45% single adults with no children

- Focus on improving affordable housing options
- Opportunity for demand-side data to inform advice about current and future supply needs

Who is in Transitional Housing How this is reflected in our response

📷 As at 31 December 2021:

5,102 places available

59% single adults,
24% sole parents

- Focus on reviewing the role of supported housing

37% of households contained **at least one child**

- Focus on improving affordable housing options

The median number of weeks in TH (for those still in service) was **26.6 weeks**

How long people stay for How this is reflected in our response

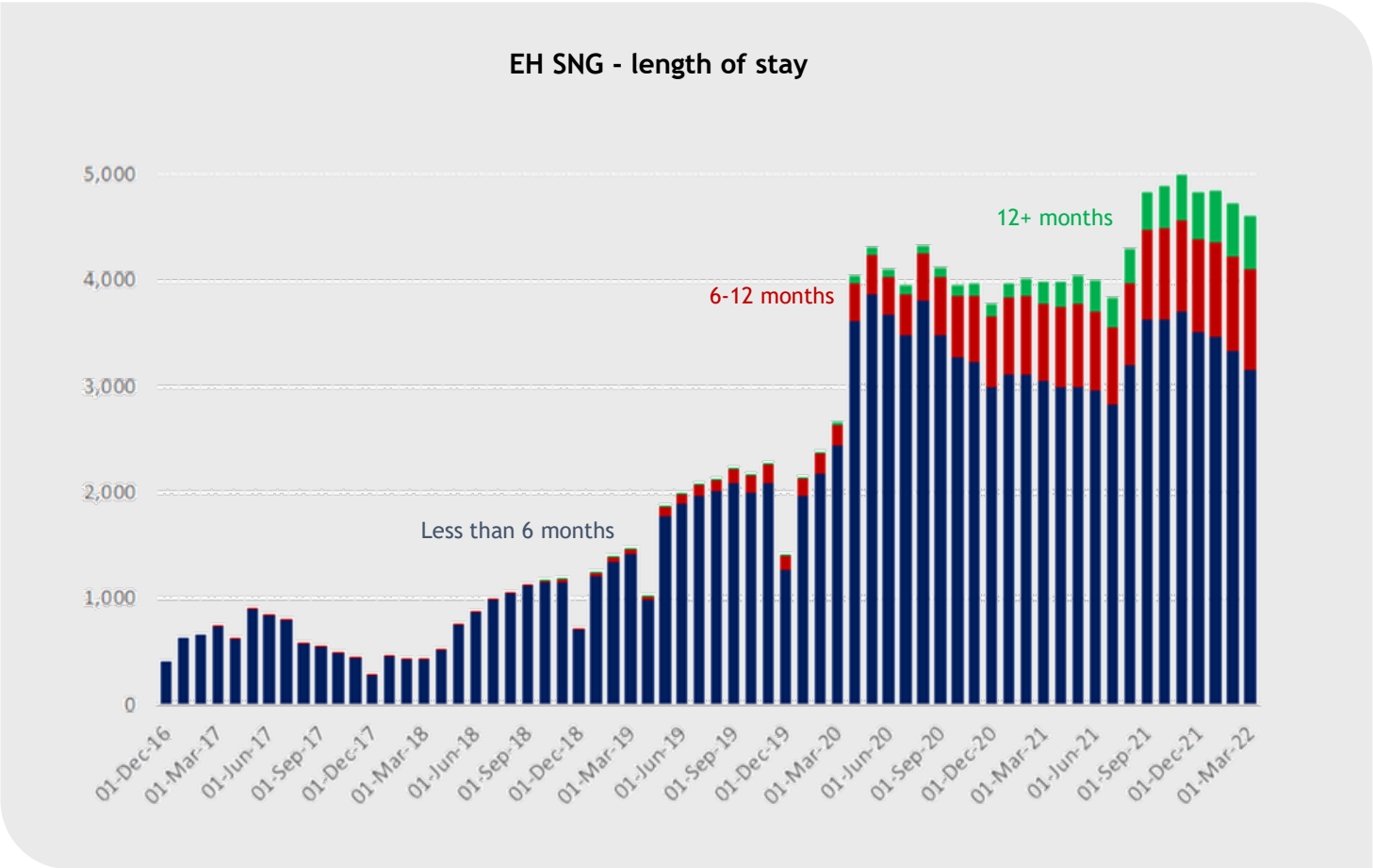
📷 As at 31 March 2022:

The average length of time spent in receipt of an EH SNG was **20.7 weeks**

Approximately **31%** of all households receiving EH SNGs had been there for **more than 6 months**, and **11%** had been there for **more than a year**

Single adults represent almost **50%** of those staying for **more than 6 months** and **sole parents** represent approximately **35%**

- Focus on improving safety and quality of emergency accommodation through contracting motels and increasing transitional housing
- Focus on resetting the provision of social support services for people in emergency motel accommodation
- Focus on improving affordable and supported housing options



Where people come from and leave to How this is reflected in our response

🔍 What we know from 2020 administrative data...

In the twelve months prior to receiving an EH SNG:

43% had received **Accommodation Supplement**

Focus on improving affordable housing options

🔍 Analysis of a small sample of case notes suggests that in addition to around 40% of EH SNG recipients previously living in a private rental, a third were staying with family prior to entering emergency housing.

🔍 What we know from analysis of EH SNG exits over 2020/21+...

After leaving emergency housing:

5%
Moved into
public housing

41%
Accessed
Accommodation
Supplement

9%
Received another
EH SNG within 90
days

45%
Other

- Focus on improving affordable and supported housing options
- Focus on improving system data and insights, particularly to increase visibility of contracted emergency housing and transitional housing

What support needs people might have How this is reflected in our response

🔍 What we know from 2019 IDI analysis...

In the twelve months prior to receiving an EH SNG:

25% had an **acute hospitalisation**

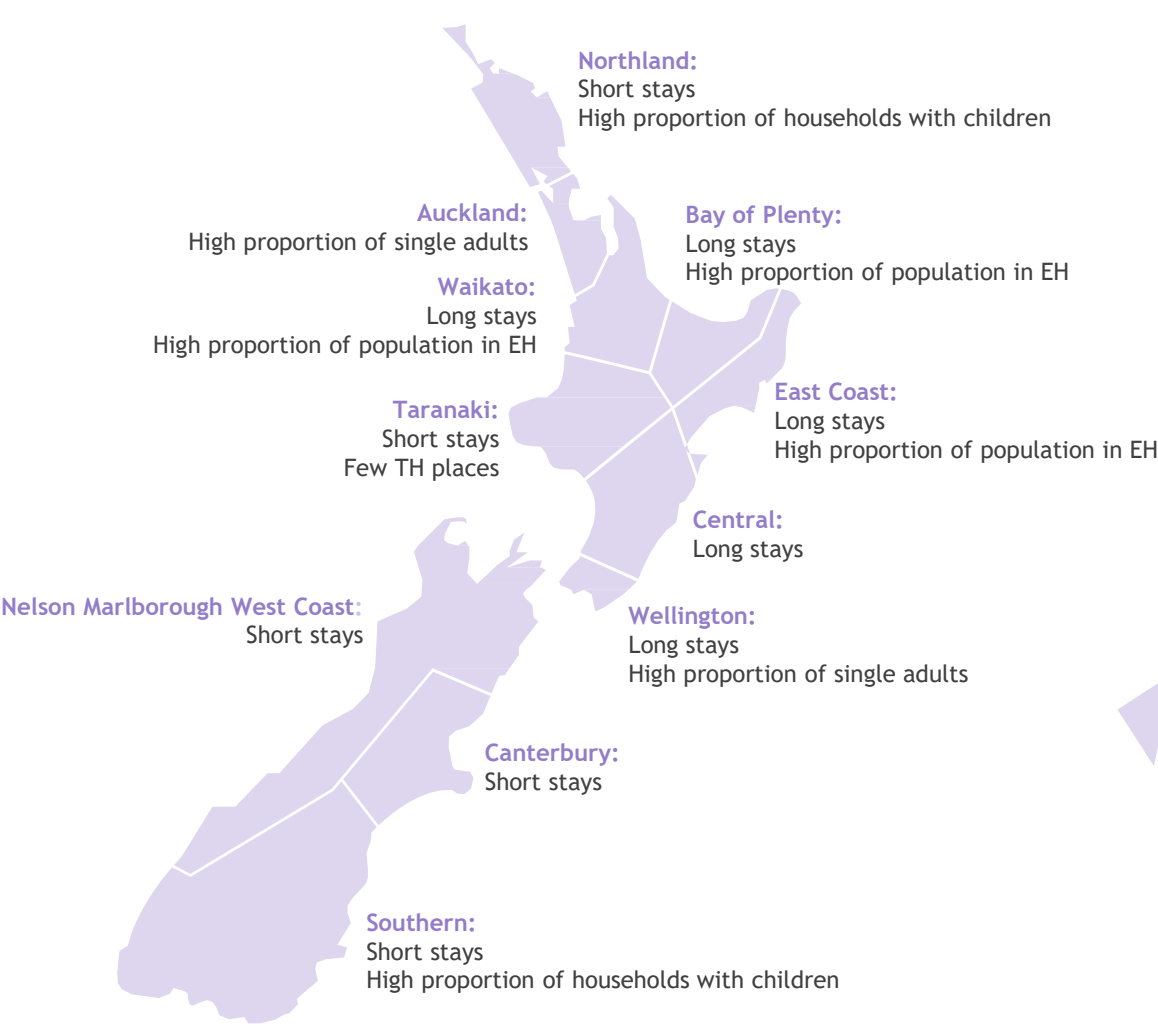
- Focus on resetting the provision of social support services for people in emergency motel accommodation

10% had been in **prison**

- Focus on reviewing the role of supported housing

53% received **mental health or addiction services***

- Focus on progressing longer-term actions within the Homelessness Action Plan



Regional differences How this is reflected in our response

📷 As at 31 December 2021:

The share of households with children receiving an EH SNG ranges from **27%** in **Wellington** to **78%** in **Southern**

Average length of time in receipt of an EH SNG ranges from **12 weeks** in **Southern** to **31 weeks** in **Wellington**

The ratio of EH SNGs to transitional housing places ranges from **0.2:1** in **Southern** to **4:1** in **Taranaki**

A flexible national approach that enables tailored responses across locations

This map provides an illustrative example of how the emergency housing system functions differently across the country, based on EH SNG data as at 31 December 2021

* Mental health and addiction services include specialist MH services, MH hospitalisations, laboratory tests, pharmaceuticals generally prescribed for MHA, or MH or addiction reason coded as the main reason for reduced capacity to work on their medical certificate for benefit support.

+ This analysis was based on the number of unique clients who exited between 1 June 2020 and 31 May 2021 (approximately 19,000 clients). The proportions are based on the number of unique exits from Emergency Housing. The same client can have multiple exits from Emergency Housing, if they came back into Emergency Housing more than once during the time period, so this information is not directly comparable.

The results based on IDI analysis are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit <https://www.stats.govt.nz/integrated-data/>. The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes.



Cabinet Social Wellbeing Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Progressing the Emergency Housing System Review

Portfolio **Housing / Social Development and Employment**

On 27 July 2022, the Cabinet Social Wellbeing Committee (SWC):

Background

- 1 **noted** that in June 2021, Cabinet noted that responsible Ministers had asked officials to undertake a fundamental review of the emergency housing system, culminating in advice on the role of emergency housing and a plan to move to an 'ideal state' [CAB-21-MIN-231.01];

The emergency housing system has evolved in an ad hoc way

- 2 **noted** that the current emergency funding model was introduced in 2016, and was modelled on relatively low levels of anticipated demand;
- 3 **noted** that changes to the emergency housing system have been made incrementally, in response to growing demand (including in response to COVID-19);

The emergency housing system is no longer fit-for-purpose

- 4 **noted** that the emergency housing system is under pressure and is not always providing safe and quality accommodation, supporting people appropriately, or providing clear pathways to affordable long-term housing;
- 5 **noted** that the growing numbers of people in urgent housing need is largely a reflection of a shortage of housing, particularly rental properties that are affordable for lower income households;
- 6 **noted** that there are also people with other stressors and high and complex needs that mean they need additional support to be able to enter and remain in longer-term housing;

Significant action has been taken to increase housing options and prevent homelessness

- 7 **noted** that the government has taken significant steps to address homelessness and reduce the need for emergency housing, including the launch of the Homelessness Action Plan in 2020, backed by over \$300 million of funding;
- 8 **noted** that good progress has been made in the delivery of an additional 3,480 transitional housing places and 9,113 public homes since September 2017, alongside \$730 million invested to accelerate Māori-led housing solutions;

Redesigning the emergency housing system

- 9 **agreed** to the following vision for an ‘ideal’ state emergency housing system:
- “Emergency accommodation is rarely needed and when it is used, stays are brief and non-recurring. Emergency accommodation will be used by individuals and whānau who have experienced a shock or crisis (e.g. family breakdown) and people will be supported to quickly move into suitable, long-term housing”;*
- 10 **noted** that key features of the future state would include:
- 10.1 clear entry points and access to emergency accommodation and support;
 - 10.2 accommodation that is: accessible, warm, dry and safe; provides value for money; and is appropriate for the potential maximum length of stay;
 - 10.3 support that is easily accessible for those who need it, and culturally responsive and consistent with whānau-centred and strengths-based approaches;
 - 10.4 clear pathways to long-term housing, including affordable rental housing, public housing, or supported housing solutions;
- 11 **noted** that significant additional investment in public and affordable rental housing for lower income households is critical for reducing inflows into the emergency housing system and providing pathways out, enabling a reduction in motel use over time;
- 12 **noted** that, realistically, shifts towards the ideal state will take time, and planning incorporates a transitional period of at least five years, during which people will live in emergency housing (primarily motels) for extended periods of time;

Focus of the redesign of the emergency housing system – 18 months to December 2023

- 13 **agreed** that work to redesign the emergency housing system, focused on policy and operational shifts, be progressed in the following three areas over the next 18 months, to December 2023:
- 13.1 resetting the Emergency Housing Special Needs Grant (EH SNG), including entry pathways – to ensure it is fit-for-purpose in the current environment and ‘ideal’ future emergency housing system;
 - 13.2 delivering fit-for-purpose accommodation in the short, medium and long-term - developing and implementing a national strategic approach to contracting and purchasing motels for the next three to five years, and reviewing the role of supported housing alongside a future state emergency housing system;
 - 13.3 reviewing the provision of social support services for people in emergency motel accommodation;
- 14 **noted** that the emergency housing system redesign will retain sufficient flex to empower and support Māori-led solutions to the delivery of appropriate accommodation and support services;

- 15 **noted** that Budget 2022 included investment that will contribute to progressing elements of the redesign of the emergency housing system, including enabling Māori-led solutions to urgent housing need and improving the outcomes for people in emergency motel accommodation;
- 16 **invited** the Minister of Housing and Minister for Social Development and Employment to report back to SWC in October 2022 to seek agreement to key shifts in the emergency housing system, in time to inform Budget 2023 decisions;
- 17 **noted** that any changes to the eligibility for an EH SNG should occur in the context of an adequate supply of suitable emergency accommodation and social supports;
- 18 **directed** officials to work with Manatū Hauora – Ministry of Health, Ara Poutama – Department of Corrections and Oranga Tamariki – Ministry for Children to identify prevention and support actions for the emergency housing system that complement or extend those under the Homelessness Action Plan;
- 19 **noted** that:
- 19.1 in October 2021, Cabinet agreed to develop plans to address urgent housing need in Hamilton City and the Wellington metropolitan area [CAB-21-MIN-0395];
- 19.2 the Minister of Housing and Minister for Social Development and Employment intend to report back to SWC in October 2022 to seek approval to the strategic approach and framework for contracting and purchasing emergency housing in Hamilton City and the Wellington metropolitan area;

Complementary actions to increase affordable housing supply and prevent homelessness

- 20 **noted** that the \$350 million Affordable Housing Fund will be launched in August 2022 and begin to deliver more affordable rentals for low to moderate income households from 2023, though the scale of funding is small relative to the scale of need;
- 21 s 9(2)(f)(iv)
- 22 **noted** that a range of preventative actions are being progressed under the Homelessness Action Plan to reduce demand for emergency housing;
- 23 **invited** the Associate Minister of Housing (Homelessness) to provide a briefing on the funding and support targeted to rangatahi/young people to the Prime Minister, Minister for Children, Minister of Housing, Minister for Social Development and Employment, Associate Minister of Housing (Māori Housing), and Minister for Youth;

Longer-term actions need to focus on increasing the supply of affordable housing for low to moderate income households

- 24 **noted** that the core focus of longer-term actions (to 2026) will be on ramping up the supply of affordable housing, while shifts in the emergency housing redesign and prevention activities continue;

25

s 9(2)(f)(iv)

Rachel Clarke
Committee Secretary

Present:

Rt Hon Jacinda Ardern
Hon Grant Robertson
Hon Dr Megan Woods
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Peeni Henare
Hon Kiri Allan
Hon Dr Ayesha Verrall
Hon Priyanka Radhakrishnan
Hon Aupito William Sio
Hon Meka Whaitri
Hon Marama Davidson

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for SWC

Briefing

FURTHER ADVICE ON THE RESET AND REDESIGN OF THE EMERGENCY HOUSING SYSTEM

Date	12 August 2022	Security level	Budget – Sensitive
Priority	High	Tracking number	HUD2022-000252 REP/22/7/642

ACTION SOUGHT FROM MINISTERS

Minister of Housing	For decisions and to discuss with officials. Refer to Housing Ministers.
Minister for Social Development and Employment	

CONTACT FOR DISCUSSION

Name	Position	Telephone	1st contact
Hilary Joy	General Manager, System Policy, HUD	s 9(2)(a)	✓
Hayley Hamilton	General Manager, Employment and Housing Policy, MSD	s 9(2)(a)	✓

OTHER AGENCIES CONSULTED

Kāinga Ora – Home and Communities, The Treasury

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) _____	Comments
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DATE RETURNED TO HUD:

Briefing

FURTHER ADVICE ON THE RESET AND REDESIGN OF THE EMERGENCY HOUSING SYSTEM

Ministers receiving	Hon Dr Megan Woods, Hon Carmel Sepuloni		
Date	12 August 2022	Security level	Budget – Sensitive
Priority	High	Tracking number	HUD2022-000252 REP/22/7/642

PURPOSE

1. This is the third report of the emergency housing system review (EH review). It sets out detailed proposals and timelines for the reset and redesign of the system (reflecting recent decisions by Cabinet) and seeks key decisions to progress the work. This should be read in conjunction with HUD2022-000368 and REP/22/7/690, “Emergency housing system review: Resetting the emergency housing special needs grant”.

EXECUTIVE SUMMARY

2. In March 2022, you received advice on the ideal future state for the emergency housing system and an indication of the policy and operational shifts required [BRF21/22111190 and REP/22/1/014 refers].
3. The Cabinet Social Wellbeing Committee (SWC) agreed on 27 July 2022 to the first 18 months of activity focusing on three areas:
 - resetting the Emergency Housing Special Needs Grant (EH SNG), including entry pathways
 - delivering fit-for-purpose emergency accommodation
 - reviewing the provision of social support services for people in emergency motel accommodation [SWC-22-MIN-0134 refers].
4. Given the high numbers of people in motels and the current lack of available alternatives to emergency housing, we will be dependent on motel accommodation for at least the next 5 years. Work on both supply as well as an effective supported housing sub-system will contribute to the gradual exit from motel accommodation.

You will receive the final EH review advice in October 2022, prior to seeking approval from Cabinet on the detailed plan to reset the emergency housing system

5. We will provide you with the final report on the EH Review in October 2022 which will set out a detailed plan for change, the timing, and allocation of funding. This will



support your report back to Cabinet in October 2022, seeking approval for the plan to make key shifts in the emergency housing system.

Resetting the EH SNG, including entry pathways

6. We propose developing a new assessment and referral pathway to the emergency housing system, to include all emergency housing options. This will ensure that people can access the most appropriate accommodation option with the support that best meets their needs.
7. You have choices about how to reset the EH SNG within the broader system changes proposed. You have received advice on these proposals in a separate report titled “Emergency housing system review: Resetting the emergency housing special needs grant” [HUD2022-000368, REP/22/7/690 refer].

Delivering fit-for-purpose emergency accommodation

8. Having enough suitable and good quality emergency accommodation is critical to meet the needs of people with an immediate housing need, while moving away from the current reliance on EH SNGs. To achieve this, we seek your agreement to progress the following work to deliver fit-for-purpose accommodation:
 - *a strategic approach for contracting (and where appropriate and feasible, purchasing) motels and support services* – we will provide final advice on this approach and a draft framework in October 2022, for initial implementation in Hamilton City and the Wellington metropolitan area
 - *a phased approach to improving EH SNG supplier standards and obligations* – this will improve the quality of EH SNG suppliers and improve wellbeing outcomes for EH SNG clients.

Reviewing the provision of social support services for people in emergency motel accommodation

9. There is the opportunity to move to a new support services model over time, to ensure that people have appropriate and tailored housing and support to meet their needs while in emergency accommodation. We seek your agreement to undertake a design process for this through from October 2022 – to mid-2023.
10. We also propose to progress the following three elements in the interim 18-month period until support services are reset:
 - Provide appropriate contracted support services to clients in contracted (or purchased) emergency housing motels, as required and according to an assessment of support needs (utilising part of the s 9(2)(f)(iv) Budget 2022 contingency).
 - Retain the current suite of MSD support services for people receiving an EH SNG until the end of the 2023/24 financial year. We also propose to expand and improve services to: increase the number of Intensive Case Managers (ICMs) and navigator support services, and; increase the number of housing brokers in those regions where there are rental opportunities, so that they can



support more people to find a private rental (utilising part of the s 9(2)(f)(iv) Budget 2022 contingency).

- Strengthen the provision of mainstream Government support to emergency housing clients, including Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (HUD) and the Ministry of Health continuing to work together on opportunities to increase connections between health and housing services.

Careful sequencing and alignment between actions will be necessary to ensure the best outcomes, as we reset the emergency housing system through place-based approaches

11. Changes to deliver fit-for-purpose accommodation and services and resetting the EH SNG will need to be carefully aligned, and sequenced. For example, resetting EH SNG eligibility could leave people with an urgent housing need worse off, if alternative emergency accommodation is not available.
12. Increasing standards and obligations for EH SNG suppliers, and additional motel contracting, may change the pool of available motels where we want to balance motel quality with availability of supply.
13. Taking a place-based approach provides the opportunity to ensure that the emergency housing system reset is implemented in a way that informs and takes account of plans to increase public, transitional and affordable housing supply, as well as the provision of supported housing s 9(2)(f)(iv)

Work to contract and purchase motels and support services will be dependent on preliminary findings from the Rotorua evaluation, due in September 2022

14. An externally commissioned evaluation of the Rotorua emergency housing pilot is underway with preliminary findings due in September 2022, and evaluation to be complete at the end of 2022. Alongside the evaluation, a comparative analysis of the costs of EH SNG and contracted emergency housing in Rotorua is underway and will inform the final EH Review advice in October 2022.
15. Pending preliminary findings from Rotorua review activities, we will seek Ministers' agreement in October 2022 to use the s 9(2)(f)(iv) available through the Budget 2022 tagged contingency to improve the safety and wellbeing of people in emergency housing in Hamilton City and Wellington metropolitan area over 2023-24.
16. Lessons from Rotorua will be used to inform the work in Hamilton City and Wellington metropolitan area but each location will require a tailored approach, and aspects of the Rotorua model may not be applicable or appropriate in other locations.

Regional analysis has confirmed Hamilton City and the Wellington metropolitan area remain areas of high need, alongside four other regions

17. Analysis of housing need has confirmed that Hamilton City and the Wellington metropolitan area remain areas of high need in comparison to the rest of the country,



with these two locations accounting for 30 percent of households receiving an EH SNG at the end of June 2022, and over 50 percent of EH SNG suppliers accommodating more than 10 households. We have also identified further areas of similarly high need (Te Tai Tokerau, Te Tāirāwhiti, South Auckland, Eastern Bay of Plenty). (See Annex C). These areas are notable for having high rates of housing deprivation, but relatively fewer motel options, meaning people remain in overcrowded or unsuitable accommodation. Urgent housing need in some of these locations could be addressed through utilising the s 9(2)(f)(iv) available through the Budget 2022 tagged contingency available for Māori led alternatives to emergency housing.

18. We are keen to discuss with you your expectations around how far system changes should extend to areas with high housing need with a lack of motel (or other) options. s 9(2)(f)(iv)

We propose a two-track approach to developing Māori-led solutions

19. We know Māori are disproportionately represented in emergency housing and are often adversely impacted by their experiences in the system. Alongside wider housing supply solutions for Māori, we need to find better solutions to respond to the immediate housing and support needs of Māori, and enable Māori-led solutions. We seek your agreement to the following two-track approach to the design and implementation of Māori-led solutions (utilising the s 9(2)(f)(iv) available for this purpose in Budget 2022 contingency):
- *Track One:* Māori-led initiatives that are close to being implementation ready – acknowledging the need for urgent action, and existing activity on the ground
 - *Track Two:* Targeted engagement to explore additional and new solutions, and to work in partnership with Māori to design and deliver those solutions.
20. The implementation of both tracks can help to deliver fit-for-purpose accommodation and a place-based response. These two tracks are mutually reinforcing and aim to be responsive and tailored to the needs of vulnerable New Zealanders.

In the October advice we will identify system enablers to strengthen the emergency housing system

21. Changes to the emergency housing system need to be adequately enabled by clear governance and oversight and system data and insights. To ensure you can have confidence in the ability of agencies and the sector to deliver on the scale of change outlined, our final report on the EH Review in October 2022 will include advice on:
- governance arrangements for the delivery of the redesign programme (noting that we would like to discuss this with you)
 - ways of working with the Department for Prime Minister and Cabinet (DPMC) Implementation Unit
 - changes to increase system data and improve insights



- changes that provide clarity over agency roles and responsibilities moving forward, and how this work will be resourced.

We are seeking your approval for an initial draw down on the Budget 2022 contingency to support further planning and preparation work in 2022

22. Subject to your approval, in September 2022 we will seek approval to draw-down funding from the Budget 2022 contingency for the actions outlined above to support planning for Māori-led solutions to emergency housing, and for additional resources to support further work on developing the contracting and purchasing framework, including place-based analysis and planning.

RECOMMENDED ACTIONS

It is recommended that you:

- | | |
|---|-------|
| 1. Note that you will receive the final report of the emergency housing system review in October 2022 | Noted |
| 2. Note that you will receive advice on specific proposals to reset the EH SNG in a separate report “Emergency housing system review: Resetting the emergency housing special needs grant” [HUD2022-000368 and REP/22/7/690 refer] | Noted |
| 3. Note that this paper seeks in principle decisions, and that progressing work after October 2022 will be contingent on preliminary findings from the Rotorua evaluation due in September 2022 | Noted |

Entry to the system – assessment and triage

- | | |
|--|------------------|
| 4. Note that over time the entry points to the emergency housing system for clients, and who the different responses are for, have become unclear | Noted |
| 5. Agree that officials will provide you with advice by October 2022 on the next steps on developing a new nation-wide assessment and referral system | Agree / Disagree |

Delivering fit-for-purpose accommodation

- | | |
|---|-------|
| 6. Note that delivering fit-for-purpose accommodation requires the right mix of contracted, purchased and EH SNG motel suppliers, and support services | Noted |
|---|-------|



- | | |
|---|------------------|
| 7. Note you will receive a draft strategic framework and national implementation guidance to steer the contracting and purchasing of motels and support services, in October 2022. Regional Delivery Plans for Hamilton City and Wellington metropolitan region will be developed from late 2022, with implementation expected to begin from early 2023. | Noted |
| 8. Agree to officials providing further advice on a phased approach to improve the quality of accommodation used for EH SNGs, in conjunction with the framework described in recommendation 7 | Agree / Disagree |
| 9. Agree to provide feedback on your expectations on how far system changes should extend to areas with high housing need but a lack of motel (or other) accommodation options so we can provide advice on this in October 2022 | Agree / Disagree |
| 10. Note that to avoid adverse impacts and to maximise benefits, work to reset the emergency housing system will need to be carefully coordinated and sequenced across the three areas of work: contracting and purchasing motels and support services; improving EH SNG supplier standards and obligations; and resetting the EH SNG gateway | Noted |

Resetting social support services for people in emergency accommodation

- | | |
|---|------------------|
| 11. Agree to seek Cabinet approval in October 2022 to interim actions (over next 18 months) to reconfigure the social supports for emergency housing including: | |
| i. that all contracted motels will have social support services as required and according to an assessment of client needs | Agree / Disagree |
| ii. funding intensive case managers (ICMs), navigators, housing brokers, Ready to Rent programmes and flexible funding for EH SNG clients, for another year through to 30 June 2024 | Agree / Disagree |
| iii. expanding and improving support services for people in EH SNG emergency housing, in line with the evaluation of ICMs and navigators | Agree / Disagree |
| iv. expanding MSD's housing broker service programme to help prevent more people from entering the emergency housing system | Agree / Disagree |



12. **Agree** to officials undertaking design work on a new model for support services that enables people to get support tailored to their needs, irrespective of the type of accommodation provided, with implementation options to Ministers in late 2023

Agree / Disagree

13. **Note** that HUD and the Ministry of Health will continue to work together on solutions to support clients to access mainstream primary health care services and mental health and addiction services, and will provide the Minister of Housing and Minister of Health with initial advice later in 2022

Noted

Māori-led solutions for emergency housing

14. **Agree** to a two-track approach to the design and implementation of funding for Māori-led solutions to respond to immediate issues while also working in partnership on longer-term solutions to reset the system

Agree / Disagree

System enablers

15. **Note** that officials will provide you with further advice in the October 2022 report on changes to improve system data and insights, clarify agency roles and responsibilities and oversight of the change programme

Noted

16. **Discuss** with officials your preferences around arrangements for Ministerial oversight over the delivery of the reset and redesign of the system

Agree / Disagree

Budget 2022 funding

17. **Agree in principle** that the \$355 million Budget 2022 contingency funding be allocated as follows:
- i. s 9(2)(f)(iv) to enable Māori-led emergency housing delivery and Māori-led alternatives to emergency housing to begin to address the disparities in emergency housing use for Māori and respond to concerns raised in the Wai 2750 Kaupapa inquiry into Māori housing policy and services
 - ii. s 9(2)(f)(iv) to improve the wellbeing and safety of individuals, families and whānau in emergency housing

Agree / Disagree



- | | |
|--|------------------|
| 18. Agree that officials seek to draw down funding from the Budget 2022 contingency in September 2022 to support an engagement and design process for Māori-led solutions to emergency housing | Agree / Disagree |
| 19. Agree that officials seek to draw down funding from the Budget 2022 contingency in September 2022 to support further work on the contracting and purchasing framework, including regional analysis and planning | Agree / Disagree |
| 20. Note that officials will provide further advice on utilising the Budget 2022 contingency in the final October 2022 report | Noted |

Next steps

- | | |
|--|------------------|
| 21. Agree to forward this paper to Hon Peeni Henare, Associate Minister of Housing (Māori Housing) and Hon Marama Davidson, Associate Minister of Housing (Homelessness) for their information. | Agree / Disagree |
|--|------------------|

Hilary Joy
**General Manager, System
Policy, HUD**
12 / 8 / 22

Hon Dr Megan Woods
Minister of Housing
..... / /

Hayley Hamilton
**General Manager,
Employment and Housing
Policy, MSD**
12 / 08 / 2022

Hon Carmel Sepuloni
**Minister for Social Development
and Employment**
..... / /



BACKGROUND

23. In March 2022, you received the second report on the EH Review [BRF21/22111190 and REP/22/1/014 refers]. This report described an ‘ideal’ future state where:
- “Emergency accommodation is rarely needed and when it is used, stays are brief and non-recurring. Emergency accommodation will be used by individuals and whānau who have experienced a shock or crisis (e.g., family breakdown) and people will be supported to quickly move into suitable, long-term housing”.
24. The report indicated that policy and operational shifts were required in several areas, with a report back to Ministers in mid-2022 with detailed proposals and timelines. It also signalled that prevention and supply related activities were critical to achieving a significant shift in the emergency housing system. You have work programmes underway to support this.
25. On 27 August 2022 Cabinet Social Wellbeing Committee (SWC) agreed to the vision for an ideal state emergency housing system (in paragraph 23) and approved work to redesign the system over the 18 months to December 2023, focusing on:
- resetting the EH SNG, including entry pathways
 - delivering fit-for-purpose accommodation in the short, medium and long-term
 - reviewing the provision of social support services for people in emergency motel accommodation [SWC-22-MIN-0134 refers].
26. You were invited to report back to SWC in October 2022 to seek agreement to key shifts in the emergency housing system, s 9(2)(f)(iv).

PART A: RESETTling THE EH SNG, INCLUDING ENTRY PATHWAYS

27. You have received a companion report to this one, about policy and operational changes to the EH SNG [REP/22/7/690, HUD2022-000368 refers]. Following your direction on proposals, officials will do further policy work and report back to enable you to seek Cabinet approval for the policy changes in October 2022.
28. The current emergency housing system has several gateways or entry points.
- MSD is the critical entry point into the system and assesses whether people have any other options – including eligibility for a range of housing-related financial supports and whether there are transitional housing places. MSD processes both the first EH SNG and subsequent grants.
 - People can self-refer (including via walk in) or be referred by other agencies or providers to get entry into transitional housing, Housing First, Rapid Rehousing and motels used in the COVID-19 response.



- In central Rotorua, Te Pokapū the community-led housing hub, is a single access point connecting people with the right support services for them including contracted emergency housing.
29. While the nature of the assessment for entry into the system and the entity carrying out the assessment varies, the central qualifications for assistance are the same (i.e., meeting criteria including income and cash assets, residency, and demonstrating an immediate housing need).¹
30. Right now, people get access to an EH SNG, transitional housing, or other emergency housing response based on what is available at the time, instead of what would best meet their needs. We advise that the assessment and triage processes for different emergency housing system responses be reset to look more coherently at the way people enter the system, and what they need. We propose to develop a new assessment and referral pathway that supports these different cohorts.
31. This would be a key feature of the future state where there are clear entry points and 24/7 access to emergency accommodation and support for vulnerable New Zealanders, and accommodation and support tailored to meet their needs.
32. We envisage the EH SNG being used for those with lower support needs/shorter duration of stay, while people with higher needs would be placed in either contracted motels or transitional housing.
33. Resetting entry to the system will require:
- visibility about the availability of contracted places at any one time – the Transitional Housing Vacancy Management Tool is designed to help with this challenge
 - availability and flexibility of social support services (see Part D)
 - accurately capturing people's support needs – for example when people receive an EH SNG or during provider-led assessment for transitional housing
 - embedding the principles of the Māori and Iwi Housing Innovation (MAIHI) Framework for Action and ensuring assessments are whānau-centred and strengths-based.
34. This is a medium-to-long-term shift and would rely on additional funding, operational process shifts and training for MSD staff. It may also entail changes to roles and responsibilities (if other partners are administering). The key dependency for this approach is getting the right mix of emergency and other accommodation to meet the needs of those entering the system.

¹ Transitional housing providers are responsible for identifying any health and social needs affecting the household that need to be addressed, and will assess whether they are appropriate for their service. MSD does not undertake this type of assessment of clients, but may refer clients to social support services, navigator, housing broker or Ready to Rent programme.



35. During development of the new assessment and triage approach, we would draw on insights from Te Pokapū – the Rotorua housing hub and other co-location models to inform where entry and assessment might occur and who undertakes assessment.
36. We propose to undertake engagement with key stakeholders on a new assessment and triage approach, and to progress this in conjunction with the longer-term actions in the HAP to enhance assessment, referral and information processes. We will provide advice on the next steps for this as part of our October 2022 advice.

PART B: DELIVERING FIT-FOR-PURPOSE ACCOMMODATION AND SERVICES

37. In our ideal state, emergency accommodation will be accessible, warm, dry and safe, include tailored supports, provide value for money and be appropriate for the maximum length of stay.
38. We anticipate fewer people will need emergency housing support over time and that those that do will have less days in emergency housing as the supply of public housing, supported housing and community affordable is increased. This is a long-term vision that requires sustained investment and input from agencies across the housing and social sectors.
39. In the interim, we need to advance a range of activities to reduce reliance on the EH SNG, which is not the right lever to secure some of the outcomes we want.
40. With our current levers (the EH SNG, and contracted places) we need to:
 - *lift the base standard overall* – to ensure that people with urgent housing needs can access warm, dry and safe emergency accommodation, while maintaining an adequate pool of available suppliers
 - *shift the balance of the system* – to increase the number of contracted emergency housing motels and transitional housing places and reduce reliance on EH SNG suppliers
 - *secure sufficient emergency accommodation to meet demand in different places in the shorter term* – which should be relevant to the needs of cohorts and may include a mix of transitional housing, contracted places, suppliers for EH SNG, and Māori-led solutions.
41. Making the changes described above, alongside supporting Māori-led solutions to emergency housing, will support provision of an appropriate range of accommodation options that address whānau support needs through the transitional period. This will also establish the basis for longer-term redesign, described below.

Contracting and purchasing motels

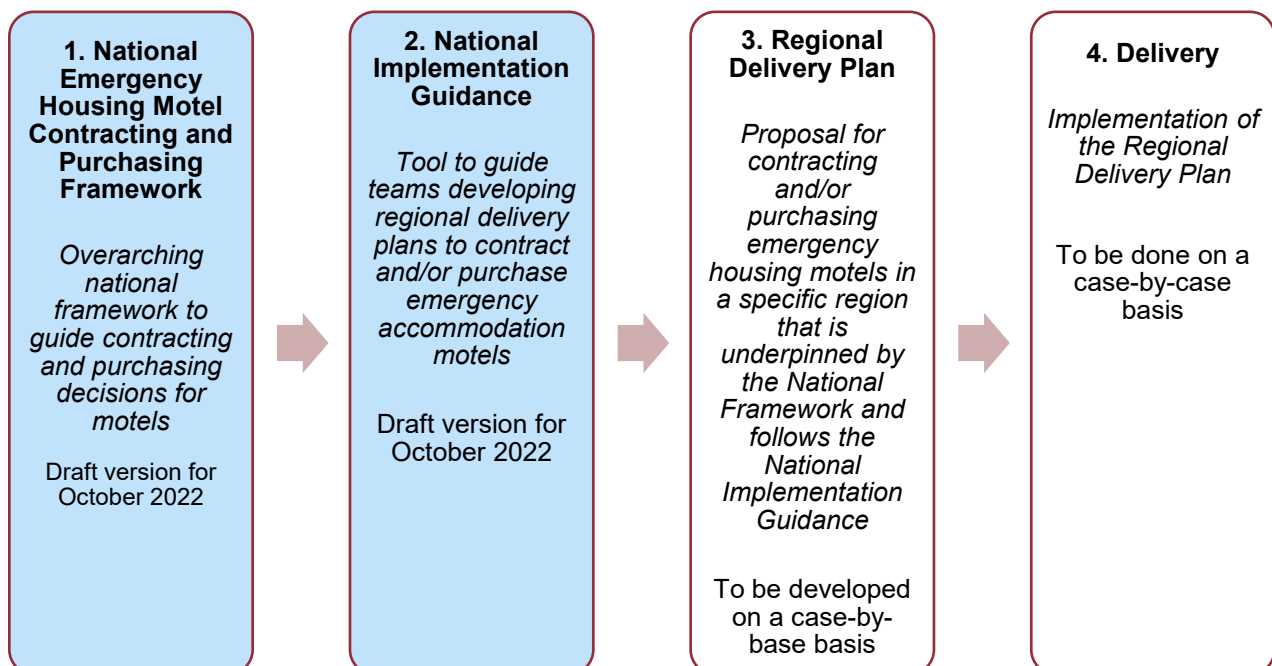
42. Increasing the number of contracted motel places in the system is a key part of our interim plan to deliver fit-for purpose accommodation by shifting away from the high use of an income support payment. In doing this, we expect to see an improvement in the quality of accommodation and supports so they are responsive to identified



need. We are progressing work on a **national strategic approach to contracting and purchasing motels and support services** (the strategic framework).

43. The strategic framework will guide contracting and purchasing decisions for motels including delivery of support services. It will build off experiences from contracting motels to date, including in Rotorua, through the COVID response work and HAP delivery. The framework will connect people with services delivered through the support models already in operation (such as the through the Rotorua response), rather than establishing a new support services model.
44. To manage contracting and purchasing motels and support services, and provide flexibility where needed, the strategic framework will inform the following suite of tools to guide implementation at a regional level:

Figure 1: Suite of tools to guide regional implementation



45. There will be some system-wide issues that could become barriers for implementing the framework. s 9(2)(f)(iv)



Proposed components of the strategic framework and national implementation guidance

46. We propose that the framework will include the following components.



- **Objectives, outcomes and guiding principles** for what we are seeking to achieve through contracting/purchasing. These will set the expectations of the national approach, such as local involvement in solutions, support service delivery, value for money considerations, and the use of standardised contracts.
- **Criteria that must be met to inform contracting or purchasing decisions.** Criteria will support the objectives and outcomes, and seek to address known contracting issues such as suitability of facilities and location, client safety and wellbeing, support service delivery, and stability of accommodation.
- **The framework will be iterative and will align with other activity across the emergency housing system reset as it progresses.**

47. National implementation guidance will outline key issues for teams to consider, such as:

- current state regional analysis (including sector capability and capacity)
- legal issues
- financial issues
- procurement approach, including decision-making for contracting vs. purchasing
- engagement approach
- monitoring and reporting.

48. Draft versions of the strategic framework and national implementation guidance will be developed for approval in the final advice in October 2022. Regional Delivery Plans will be developed for Hamilton City and Wellington metropolitan area from late 2022, with implementation expected to begin from early 2023 following your approval.

Consolidating existing motel-based programmes

49. Alongside the work to develop the strategic framework and supporting tools, there is also a need to consolidate current motel models into a single approach (covering motels used in the COVID-19 response and transitional housing motels). We propose to progress this work after October 2022 so that it can be informed by the strategic framework.

Stakeholder engagement

50. Securing community and stakeholder support for the proposed changes will be a critical part of the process of resetting emergency housing in particular locations. Experience from Rotorua highlights the importance of working closely with regional councils in managing regulatory compliance concerns, alongside providing security and the right kinds of services for clients. Stakeholder engagement will take place as we develop regional delivery plans in Hamilton City and the Wellington metropolitan area after October 2022.



Regional analysis and prioritisation

51. Updated assessment of the severity of regional housing needs has indicated that Hamilton City and the Wellington metropolitan area remain areas of high need in comparison to the rest of the country. Alongside these two locations, regional analysis indicates four further locations are similarly areas of high need (see Annex C: Regional Analysis):
- Te Tai Tokerau
 - Te Tairāwhiti
 - South Auckland
 - Eastern Bay of Plenty.
52. There are two different sets of drivers across the six locations: places with high EH SNG/TH numbers and high motel use (Hamilton City and the Wellington Metropolitan area), and places with high deprivation but low EH SNG/TH numbers – the latter are places where commercial accommodation supply may be limited, and with high levels of overcrowding or people living in inadequate housing (Te Tai Tokerau and Te Tairāwhiti).
53. We would need to take quite different approaches and have different choices in each of the locations identified. In Te Tai Tokerau and Te Tairāwhiti in particular, there may be significant scope to explore Māori-led solutions, utilising the s 9(2)(f)(iv) Budget 2022 contingency. Both regions are areas of high need where contracting or purchasing motels may not be feasible and where a mixed model may be required, and Iwi and Māori partners are already exploring alternative solutions. We are seeking feedback on your expectations on how far system changes should extend to areas with high housing need but a lack of motel (or other) accommodation options, so we can provide advice on this in October 2022.
54. Following Cabinet approval in October 2022, we will formally engage with regional stakeholders (including motel owners) to develop location-specific plans for Hamilton City and the Wellington Region and will utilise the s 9(2)(f)(iv) Budget 2022 contingency funding, which we will seek to draw down in late 2022 or early 2023. We would anticipate using this funding for the contracting and possible purchasing of motels in the first quarter 2023.
55. While the focus of the emergency housing system reset will be on these priority locations, we propose retaining sufficient flexibility to contract or purchase motels in other locations where the need is clear, good opportunities arise and the criteria and requirements in the contracting and purchasing framework are clearly met.
56. s 9(2)(f)(iv)



57. Advice to Cabinet in October 2022 will include preliminary findings from the evaluation currently underway of the Rotorua emergency housing pilot (including analysis of the what the government is purchasing through contracted motels). Decisions on whether to proceed with a contracted motel model will be contingent upon positive evidence from the evaluation.

EH SNG supplier standards and obligations

58. EH SNG suppliers are exempted from the Residential Tenancies Act, meaning EH SNG recipients do not have the rights that other tenants have.²
59. MSD relies on the commercial market where EH SNG suppliers register with MSD (involving suppliers sending their business name, IRD number, and bank account details) to receive payment (at nightly market rate) with no additional service standard requirements. MSD relies on EH SNG suppliers to comply with a range of regulations which impose quality standards and obligations under their respective regimes.³ MSD does not monitor EH SNG supplier compliance regulations which impose quality standards and obligations.
60. Current settings mean that market mechanisms determine the availability of EH SNG suppliers which at times have not met the needs of EH SNG recipients. As MSD pays the EH SNG amount to the supplier on behalf of the client, MSD does not have a contractual relationship with suppliers. MSD are aware of quality, safety and fairness issues impacting EH SNG clients. At present MSD relies on informal relationships between regional staff and suppliers to resolve such matters, and the complaints process as a mechanism for raising concerns.
61. The lack of EH SNG standards and obligations have also been raised as a serious concern by clients (via MSD's complaints process), Rotorua Housing Taskforce (including iwi/hapū), justice and child welfare and protection agencies, and wider stakeholders (such as the Auditor General and Community Law Centres Aotearoa).

Improving emergency housing supplier standards and obligations will help meet the needs of vulnerable New Zealanders

62. Improving quality standards and obligations for accommodation used by EH SNG recipients should support the delivery of fit-for-purpose emergency accommodation in the near-term. To ensure that EH SNG recipients, including families/whānau with children and young people,⁴ can access quality emergency accommodation we propose to undertake further work to identify mechanisms to improve standards and obligations while maintaining supply.
63. The key objectives of improving EH SNG supplier standards and obligations would be to:

² This also applies to transitional housing.

³ Such as the Consumer Guarantees Act 1993, Health Act 1956, Building Act 2004 and regulations, Resource Management Act 1991, and Human Rights Act 1993.

⁴ As at 30 April 2022, there were 4,536 children in EH.



- promote the wellbeing of vulnerable New Zealanders in emergency housing
- ensure accommodation is suitable for different cohorts
- prevent unfair treatment of EH SNG recipients.

64. EH SNG accommodation needs to be fit-for-purpose while providing flexibility to ensure those with urgent housing need can access accommodation in regions with limited supply. Officials will work on a phased approach to support the reset and redesign of the EH system, which may include:

- amending the EH SNG framework, such as establishing the power for MSD to direct clients to suppliers who have been “pre-approved” or “pre-assessed”
- extending the Transitional Code of Practice (currently in draft, with implementation expected to start in early 2023) and preferred supplier panel to cover EH SNG suppliers
- creating new processes for registration and onboarding of EH SNG suppliers
- having a clear process to manage EH SNG suppliers who are not meeting quality standards and obligations.

65. HUD and MSD will work together on this, to ensure a coherent approach across all emergency housing suppliers and TH providers. We will need to work out the timing for how this approach fits at a national level with implementation of the TH code of practice, and in specific places related to additional contracting of motels. We will provide further advice on how government can implement such mechanisms to improve EH SNG supplier standards and obligations in the final report of the EH Review.

PART C: RESETTING SOCIAL SUPPORT SERVICES

There are a range of supports available for people in the emergency housing system

66. HUD currently contracts support (including security) as part of Transitional Housing (including Transitional Housing motels), contracted emergency housing in Rotorua, and contracted motels used as part of the COVID-19 response.
67. People receiving an EH SNG can access additional supports through MSD. Services and supports are focused on meeting a person’s immediate needs, through financial support, help navigating the welfare system and help finding more appropriate or permanent accommodation. This support includes:
- ICMs and navigator support services⁵
 - housing brokers

⁵ ICMs provide intensive support to those clients who need it, and navigators help clients access support from other government agencies.



- funding to better prepare people for being a tenant through Ready to Rent programmes
- flexible funding assistance for family/whānau with children in emergency housing to cover education and other costs arising from being in emergency housing.

68. People in the emergency housing system may also receive support from other agencies including Education, Health, Oranga Tamariki and Corrections. This may include navigation-based services (multiple services exist across different agencies) or cohort targeted services and support (such as support through the Youth Service).

There are current challenges in providing support for people in emergency housing

The support system for people experiencing housing need is fragmented and inconsistent

69. Support services are not currently configured in a way that can prevent urgent housing need or address the underlying causes of housing insecurity. Supports are also not always available in the right places, connected to other government services or well-tailored to the diverse and often complex needs of people in the emergency housing system.
70. The type of emergency housing people are put into determines the type of support received and supports do not usually follow a person when they move between different types of housing. Service provision varies considerably between emergency accommodation models and decisions about the placement of clients into emergency housing are not always made through assessing the support needs of an individual and their whānau (see Part A above). A “one-size-fits-all” approach to everyone can lead to an under or over-servicing of need.
71. A lack of coordination and integration by government agencies leads to gaps and overlaps in access to and availability of support services. Funding for support services is fragmented and time-limited for providers, which contributes to difficulties in hiring, retaining, and developing staff capability. Providers are also often contracted by multiple agencies to provide similar services to overlapping cohorts.
72. Stakeholder engagement has highlighted significant capacity constraints for support service providers. Steps will need to be taken to strengthen the capability and capacity of the sector if they are to successfully deliver an enhanced range and increased quantity of support services.

People in emergency accommodation have complex support needs

73. People in emergency accommodation often have complex, intersecting needs that are not primarily housing related. Updated cohort analysis using the Integrated Data Infrastructure (IDI) has identified a high prevalence of risk factors for EH SNG clients including police proceedings, interactions with mental health and addiction services, and acute hospitalisations. The occurrence of these factors is considerably higher among the EH SNG population than the general population, and higher than other



comparable groups (see Annex A: IDI Analysis).^{6 7} Many people in the emergency housing system have experiences of state care.

74. There is a complex interaction at work between three systems: social services support, health services support (clinical or specialist treatments for addiction and mental health for example) and housing services (housing navigators, budgeting, tenant courses). The failures of the social and health services can lead to homelessness and/or contribute to housing and social service providers attempting inappropriately to substitute for health services through their own non-specialist support.

And the current rental market is not meeting their needs

75. MSD analysis of case notes from Hastings explored reasons for why clients ended up in emergency housing. Rental terminations figured prominently and shows the rental market is currently not meeting needs, and that an increased supply of rentals for people on low incomes is needed. This includes community affordable rentals, where not-for-profit entities could provide tenure security for clients.

There is a need to expand Māori-led support service provision

76. Māori are significantly overrepresented among people experiencing housing insecurity, representing around 60 percent of all EH SNG recipients at the end of June 2022. Current funding for Māori providers is disproportionately low and insufficient to meet this level of need. The Wai 2750 Kaupapa inquiry into Māori housing policy and services (Wai 2750) has highlighted challenges navigating the system, discrimination, experiences of whakamā when asking for help, and cultural needs not being met while in emergency housing.
77. Alongside enabling Māori-led solutions to emergency housing need, the system should provide culturally appropriate support no matter how or where Māori access support. Rotorua is an example, where Ngāti Whakaue run Te Pokapū – the housing hub and use a cultural framework (Ngā Pou e Rima) to assess whānau need and establish a plan for achieving whānau housing aspirations.

A new, integrated model for support services for people in emergency housing is needed and this will be developed from October 2022 – July 2023

78. We propose to develop a new model of support that is flexible, regionally led, and centrally enabled to achieve the elements of an ideal state discussed above.

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⁶ This analysis used the IDI. Results based on IDI analysis are not official statistics. For more information about the IDI please visit www.stats.govt.nz. The results are based in part on tax data supplied by Inland Revenue to Statistics NZ under the Tax Administration Act 1994 for statistical purposes.

⁷ Note we do not have robust data about the circumstances of people in Transitional Housing, but we expect they would be similar given the common eligibility criteria across emergency housing responses, for income, residency, and immediate housing need.



The new model of support services would look quite different

79. Responding to the complex needs of people in emergency housing also requires cross-agency coordination and collaboration – as much of this support is beyond the remit of MSD and HUD. Ideally, people in emergency housing would be easily able to access other publicly funded services and supports provided by government agencies, for example through the provision of mental health and addiction support. The new model would align closely with changes to the health system, to improve access to publicly funded services.
80. Under the new model for support services, people in emergency housing would receive a level of support appropriate for their needs. Support would be:
- weighted towards prevention and designed to respond early and effectively to address need
 - well-integrated with the new assessment and triage approach to allow for rapid referral to appropriate housing and wider support services
 - well-coordinated and easily accessible, tailored to the needs of individuals and their whānau
 - culturally responsive, consistent with whānau-centred, kaupapa Māori, and strengths-based approaches
 - able to transition with people as they journey quickly to a permanent housing solution
 - in line with the principles of social sector commissioning and could take a relational approach to design and delivery.

In the interim (next 18 months) we will contract support services for clients in contracted and purchased motels ...

81. The provision of support services to clients in contracted motels will be a key component of the motel contracting and purchasing framework (see Part B). Pending preliminary findings from the evaluation of the Rotorua pilot, we anticipate contracting support services for clients in contracted motels in a similar way, with providers supporting distinct cohorts or groups of clients with a similar level of need, in each contracted motel. Alongside contracted supports, it will be important that government agencies are also providing social support and clinical services to clients in emergency housing.

... and propose to increase funding and expand current supports for people in EH SNG accommodation

82. Funding for the current suite of support initiatives for people receiving an EH SNG will end on 30 June 2023. The rebalancing of the system will take time and while we continue to see large numbers of households receiving EH SNGs, we need to ensure that support services continue to be appropriate and responsive to this reality.



83. To ensure continuity while contracted motels come on board and we develop a new support model, we propose to retain the current level of support services for EH SNG motels in the next financial year (2023/24 financial year).
84. In addition, we propose the following changes to expand and improve supports over the next two years. This recognises that while the number of people receiving an EH SNG has decreased, and is expected to decrease further as the number of contracted motels increases, it is still beyond the 1,200 people that these initiatives were originally designed to reach.⁸ While we do not recommend that the supports be extended to all people receiving an EH SNG, as not everyone needs or wants this type of support, we think there is a case for:
- Increasing the number of housing brokers in areas where there are affordable rental properties and allowing housing brokers to assist people who are at risk of needing an EH SNG (for example when a person contacts MSD more than seven days before the end of their current housing) in addition to EH SNG recipients. This would be subject to the findings of the evaluation of housing brokers due later this year.
 - Increasing the number of, and improving, the intensive case management and navigator services for people receiving an EH SNG, and implementing the findings from the evaluation.
85. We propose to draw down funding to continue these initiatives from the Budget 2022 tagged contingency for the 2023/24 financial year.

We will continue to work across government to strengthen supports for people facing housing insecurity, to prevent homelessness

86. Improved and more effective social support service capacity in the wider system is needed. This includes clinical models of support for complex health, mental health, addiction, as well as support for people transitioning out of care and protection or Corrections.⁹
87. HUD and Manatū Hauora – Ministry of Health are working together to identify opportunities to improve health and housing delivery services to increase health and wellbeing outcomes for people in emergency accommodation. They will provide the Minister of Housing and Minister of Health with initial advice later in the year. Key reforms, such as the reform of the health system, welfare overhaul, accessibility legislation and the formation of the Ministry of Disabled people provide further

⁸ Noting that, as per the experience in Rotorua, this may not occur due to other drivers of urgent housing need.

⁹ Budget 2019 included significant investment in new primary mental health and addiction services. However, housing sector stakeholders have ongoing concerns about the unmet high and complex needs, including the mental health and addiction needs, of some people experiencing homelessness. There may be a variety of causes for this, including the accessibility and appropriateness of service supports and wider barriers to access services (e.g., transport, income). It is also likely that for some people, housing insecurity itself impacts on mental wellbeing.



opportunities to better support the needs of those at risk of experiencing urgent housing need.

88. There is also an opportunity to identify specific prevention and support activities to respond to those in the emergency housing system with current or previous engagement with the criminal justice or child protection systems. Officials will also work with Ara Poutama – Department of Corrections and Oranga Tamariki – Ministry for Children to identify actions for the emergency housing system that complement or extend those under the HAP.

PART D: MĀORI-LED SOLUTIONS

89. Consistent with our advice through the Budget 2022 process we recommend that s 9(2)(f)(iv) of the total \$355 million (over two years, held in contingency) be allocated to enable Māori-led emergency housing delivery and Māori-led alternatives to emergency housing. We propose that this funding be used to begin addressing the disparities in emergency housing use for Māori, and to respond to the issues raised in Stage One of Wai 2750.
90. In accordance with the Māori-led nature of this Budget funding, we propose to work in partnership with Māori to design how some of the funding is used. Acknowledging that genuine engagement and partnership takes time, we seek your agreement to taking a two-track approach to design and implementation. This would take a MAIHI approach by responding to the urgent need for action while also supporting the EH Review. This approach strikes a balance between responding to the immediate issues identified by Māori to date, while engaging with Māori to identify longer-term Māori-led solutions to emergency housing.

Track one – respond to immediate need

91. Acknowledging the need for urgent action, some of the funding could be invested in Māori-led initiatives that are identified as being implementation ready. This could involve piloting new Māori-led initiatives or supporting existing initiatives with no, or limited, government funding that Māori wish to expand.
92. We propose initially focusing on areas identified as having greatest need, such as Te Tai Tokerau and Te Tairāwhiti. Officials will utilise existing partnerships in these regions and leverage the role of Regional Public Service Commissioners. These partnerships will be critical to identifying implementation-ready initiatives quickly and investing in initiatives which best meet Māori housing aspirations. If there are no suitable initiatives in these regions, we would look to identify other opportunities through targeted discussions with kaupapa Māori providers. In implementing track one initiatives, it will be important to ensure alignment with existing emergency housing responses and the need (in Te Tairāwhiti for example), to transition out of motels used in the COVID-19 response.
93. There are significant risks with this track one approach. Rather than resetting the emergency housing system, it risks perpetuating siloed responses to urgent housing need that do not improve housing outcomes and may exacerbate issues raised by



claimants in Wai 2750. To partially mitigate this, it is imperative that track two is implemented in addition to track one. Track two provides the opportunity for system-level changes and meeting our responsibilities under Te Tiriti o Waitangi.

Track two – work in partnership to design how funding is used to enable a reset of the emergency housing system

94. During engagements with iwi and Māori providers, and through Wai 2750, Māori have overwhelmingly expressed long-term stays in motels are undesirable, that there is a desire for more-flexible funding models and a ‘single door’ approach that would allow them to provide emergency accommodation and support in a ‘by Māori, with Māori, for Māori’ manner.
95. Building on what we have heard through Stage One of Wai 2750, previous engagements, and publicly available information, we propose developing options with Māori to deliver alternatives to the way emergency housing is currently delivered. Māori Crown partnership is a priority area of MAIHI Ka Ora, the National Māori Housing Strategy. Working with hapū, iwi, Māori with lived experiences of emergency housing and Māori housing providers in this process is critical if we are to deliver responses to homelessness that meet the needs of Māori and begin to design genuine alternatives to the emergency housing system.
96. We seek your agreement in principle to drawing down on the Budget 2022 contingency funding to contract an external provider to support this process. We will provide more detailed advice on this drawdown in September 2022.

PART E: SUPPORTED HOUSING REVIEW

97. The HAP sets out the longer-term action to review supported housing, with the aims that people can access the type of supported housing they need for as long as they need it, and that funding meets current and future demand. In July 2022 Cabinet confirmed the SWC decision to progress the review [SWC-22-MIN-0134 refers].
98. The supported housing sub-system has evolved in an ad-hoc way and in response to shifts in the health system, for example through the deinstitutionalisation of mental health and disability services. There are no clear and agreed roles and responsibilities for commissioning, providing, or funding supported housing services and not enough supply of suitable housing to meet the volume and diversity of demand. This means many people who need supported housing cannot access it, and end up in the emergency housing system when in fact a supported housing solution would be more appropriate.
99. s 9(2)(f)(iv)



s 9(2)(f)(iv)

PART F: SYSTEM ENABLERS

We need to take steps to improve data quality, accessibility and data sharing, and establish a system view

101. While MSD have good quality data around who receives an EH SNG, there are issues with the quality of data around HUD's transitional housing and contracted emergency housing. This is partly attributable to challenges with the reporting and monitoring of contracted providers. Work is underway to improve the data that HUD receives, through the Transitional Housing Vacancy Management Tool, which will improve client information alongside improving vacancy management. But gaps in our system data remain.
102. At present we cannot easily ascertain how people flow into and out of the emergency housing system (we have client case notes, but analysing this data is resource intensive). We think that developing a system view is critical to future monitoring of the system and to glean insights to improve the system. This will require:
- improving the quality of transitional housing data including changes to how contracted providers capture and report data
 - developing capacity and capability across MSD and HUD to report data from a system perspective.
103. Work to improve data and evidence on homelessness has continued, led by HUD, with the focus on building a stronger evidence base to inform understanding of homelessness. This ongoing work includes:
- producing point-in-time estimates of severe housing deprivation from the 2018 and 2023 censuses
 - making data more accessible through the monthly Government Housing Dashboard
 - improving the data collected through providers
 - building understanding of homelessness from relevant research and evaluation activity
 - developing indicators that provide an overview of the state of homelessness to complement the five-yearly estimates of severe housing deprivation.

We propose clarifying roles and responsibilities of agencies within the system



104. The DPMC Implementation Unit assessed the working arrangements between HUD and MSD in the delivery of emergency and transitional housing in late 2021 and undertook a “Lessons Learned” process from the Rotorua Pilot in early 2022. Roles and responsibilities were identified as an area for clarification, particularly as it relates to place-based approaches and quality of motel-based accommodation.

105. Officials have commenced discussions about these matters and will provide you with advice in the October 2022 paper that clarifies roles and responsibilities going forward.

We want to discuss your preferences for the oversight of the delivery of the redesign programme

106. To ensure that Ministers have confidence in the ability of agencies to deliver on the changes, and that agencies and the sector will be able to deliver on the scale of change outlined, we are considering what Ministerial and agency governance arrangements are required.

107. We welcome a discussion about your preferred approach to oversight including Ministerial arrangements and nature and frequency of reporting.

Accessing funding to progress the activity described in this paper

108. Subject to preliminary findings from the Rotorua evaluation, we envisage the emergency housing Budget 2022 contingency will be used to fund work to deliver fit-for-purpose accommodation and services, for the supply of contracted motels, and support services in Hamilton City and the Wellington region, s 9(2)(f)(iv)

109. In the interim, we are seeking your approval to request draw-down funding from the Budget 2022 contingency for the actions outlined above to support planning for Māori-led solutions to emergency housing, and for additional resources to support further work on developing the contracting and purchasing framework, including place-based analysis and planning. Subject to your approval, we will make this request in September 2022 to the Minister of Finance and the Minister of Housing.

TE TIRITI O WAITANGI IMPLICATIONS

110. Officials consider emergency housing to be a key component of a Tiriti-compliant housing system, but this is dependent on a broader housing system delivering mutual benefits for government and Māori.



111. The current emergency housing system is not designed to reach Tiriti-based outcomes, or necessarily be responsive to tikanga values.¹⁰ This is to be expected, as the EH SNG, transitional housing, and associated policies were developed without engagement with Māori, or a focus on the distinct needs of Māori clients.

112. Specific to the proposals in this paper, we consider that:

- Improving emergency housing supplier standards and obligations, increasing the number of contracted places and changes to social support services are an opportunity to demonstrate effective kāwanatanga that actively protects the interests and wellbeing of whānau in the emergency housing system, as well as their wider communities.
- People in emergency housing experiencing multiple disadvantages (e.g., unemployment, recent incarceration, mental health and addiction) often require a tailored form of support that is mana-enhancing and demonstrates manaakitanga. Though agencies aim to support people into more stable and permanent housing arrangements, MSD is not always best placed to provide appropriate support that addresses a range of needs. This support may be more effective when delivered by community or kaupapa Māori providers who have a more trusted connection with the people affected.
- The Crown's failure to engage with Māori on the design and implementation of current emergency housing system and practice was raised by claimants in Wai 2750. Engagement with Māori on the design and implementation of Māori-led solutions will demonstrate partnership.

POPULATION IMPACTS

113. While the current set of proposals do not prioritise vulnerable cohorts, there are opportunities to achieve better outcomes for these cohorts in the Maori-led solutions work, assessment/triage and support services, and delivering quality emergency housing. There is also the potential to prioritise vulnerable cohorts such as households with children, youth/rangatahi and disabled people though the contracting of motels specifically for these cohorts and their needs. Prioritising particular cohorts into contracted accommodation will need to be balanced with the nature and complexity of people's needs, and the wrap around social supports that may be required. The improved stability and safety provided by contracting motels will have a particularly large positive impact on children, especially those in their first 1000 days.

114. Rangatahi are disproportionately impacted by homelessness and existing services are not always suitable for their specific needs. Budget 2022 invested \$40 million to

¹⁰ For instance, directing an individual to a commercial motel room that is not required to be close to whānau or one's tūrangawaewae is not reflective of values/practices such as whanaungatanga, whakapapa, or manaakitanga.



expand rangatahi focused transitional housing and a new supported accommodation service through the HAP.

115. Pacific Peoples are disproportionality impacted by homelessness and overcrowding. We note that the changes proposed will not meet the needs of Pacific people, particularly in relation to intergenerational living. The use of mainly small motel units for emergency housing means that families may be split across multiple units, or people may not access emergency housing at all. We will need to consider how to incorporate greater flexibility in system responses to meet the needs of Pacific people – including culturally responsible social support services; and considering other community-led solutions or alternatives to motels.

RISKS

116. There is a risk associated with the contracting and purchasing approach. Our ability to use, contract or purchase motels (through Kāinga Ora) as a part of the emergency housing system is not guaranteed. We will need to test the market to see what the likelihood of contracting is. This may be easier in some places, though it is unclear what compromises this may require – for example, around the size, location, suitability or quality of potential motels. If there is ongoing pressure on the system, there is a risk that the system may not be able to meet the needs of people due to supply constraints. Agencies will continue to monitor this risk, and keep you apprised should signs of increased demand arise.

117. s 9(2)(g)(i)
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118. Data indicates a sustained decline in EH SNG suppliers following the peak during 2020. This suggests a shift in the type and size of suppliers and the potential shift back to seeking revenue from international tourists rather than EH SNG clients. During the reset of the system we will need to monitor the availability of motel supply.
119. Internal agency capacity remains a risk for the delivery of this change programme. The tight labour market may also create challenges to recruit or contract additional staff over the short term where internal expertise is limited. To mitigate this risk, the options are that the programme of change would take longer to implement, or that agencies require additional departmental operating expenditure to appropriately resource the work. We can discuss this risk and your preferred mitigation.

CONSULTATION

120. The proposals in this report relating to improving EH supplier standards and obligations, and resetting social support services were tested with five of MSD's external reference groups:

- National Beneficiary Advocates Consultative Group.¹¹
- Community Law Centres Aotearoa.¹²
- Māori Reference Group.¹³
- Pacific Reference Group.¹⁴
- Housing Reference Group.¹⁵

121. MSD intends to keep these groups informed as the work develops, and will involve them during the design and implementation phase. We also propose to engage with Community Housing Aotearoa, and Te Matapihi between now and October 2022 on the proposals.

122. Kāinga Ora, DPMC (Policy Advisory Group and Implementation Unit), and the Treasury were consulted on a draft of this paper.

NEXT STEPS

123. We recommend that you forward this paper to Hon Peeni Henare, Associate Minister of Housing (Māori Housing) and Hon Marama Davidson, Associate Minister of Housing (Homelessness) for their information. You may want to share this with other Ministers, including the Prime Minister and Minister of Finance.

124. Your decisions will help shape our work between now and the end of the year culminating in the final report of the EH Review in October 2022. We propose that you agree to the drawdown of Budget 2022 contingency funding for several

¹¹ The National Beneficiaries Advocacy Consultative Group (NBACG) comprises members from beneficiary advocacy organisations across New Zealand. Members are from organisations or are individuals who provide specialist benefit advocacy and support for people. Regular quarterly meetings between NBACG and MSD provide a forum to discuss on-going issues of concern, share information and, where there are mutually agreed problems, to identify what changes in legislation, programmes, directives and operational policy and practices could be made.

¹² Community Law Centres Aotearoa (CLCA) is the national body for community law centres around the country. Community law centres provide one-on-one legal help to low-income households. MSD and CLCA have regular forums to discuss ongoing issues of concern, share information, and to provide feedback on policy development.

¹³ The Māori Reference Group members are Māori community leaders who contribute a diverse range of skills, knowledge and experience. The Māori Reference Group provides strategic advice to MSD for E Tū Whānau and has input into government policy that affects whānau wellbeing.

¹⁴ The Pacific Reference Group is made up of external Pacific Leaders, and was established to support Pacific Prosperity, MSD's Pacific strategy and action plan.

¹⁵ The Housing Reference group comprises transitional housing and housing support services providers from across the country. MSD convenes meetings with this group quarterly to share information, discuss issues of concern and to seek feedback on potential changes.



components to enable work to progress. We will provide advice and the request to drawdown to the Minister of Housing and Minister of Finance in September 2022.

125. We will progress further work on the following between now and October 2022:

- an evaluation (including financial analysis of what the government is purchasing) of the Rotorua pilot
- development of the proposal for a new model for assessment and triage
- costing of the proposals to expand support services for those EH SNG clients in need
- further develop the framework for contracting and purchasing motels and support services
- begin planning for resetting the emergency housing system in Hamilton City and the Wellington region initially
- undertake further regional analysis of what might be done in other locations of high need.

ANNEXES

Annex A: Definition of Terms

Annex B: IDI Analysis

Annex C: Regional Analysis

Annex D: Timeline of Key Deliverables

Annex A: Definitions of Terms

Definition of Terms

126. People in the emergency housing system are experiencing homelessness.

Homelessness is defined as a living situation where people with no other options to acquire safe and secure housing are: without shelter, in temporary accommodation, sharing accommodation with a household, or living in uninhabitable housing.¹⁶

127. The emergency housing system comprises three Government-funded temporary accommodation elements.

128. **Emergency housing special needs grants (EH SNGs)**, which assist with the cost of short-term commercial accommodation (usually a motel). Some support services are available. They are a last resort payment, and form part of the third-tier assistance in the welfare system, enabled by the Special Needs Grant Programme administered by the Ministry of Social Development (MSD).

129. **Transitional housing (TH)**, which provides short-term stays (originally intended to be 12 weeks) in accommodation contracted by Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) (in some cases motels) with support services provided by non-government organisations (NGOs).

130. Other related forms of **emergency housing** (e.g., contracted and emergency housing in Rotorua, and motels used in the COVID-19 response).

131. **Supported housing** addresses an identified housing need alongside assessed social, health, cultural, safety and other needs. Supported housing provides housing alongside support services that are not normally provided for in the mainstream rental housing sector.¹⁷ Supported housing may be:

- transition housing for those that are transitioning from state care (corrections, health, and Oranga Tamariki) and will move back into the community. Stays are not permanent but may vary
- housing for assisted living which maximises and enables people with disabilities or frailty to live in the community who would otherwise need residential care.

¹⁶ Statistics New Zealand definition.

¹⁷ New Zealand's provision of supported housing has evolved over time in an ad-hoc way through the creation of supports for specific cohorts across government such as to meet the needs of people within the justice system, and in response to shifts in the health system. Through the supported housing review agencies will work together to understand how the current system is working and identify what an ideal future state looks like and the shifts to get there. This will be aligned with the reset and redesign of the emergency housing system.

Annex B: IDI Analysis

IDI ANALYSIS – ANALYSIS FOR THOSE AGED 16 AND OVER WHO RECEIVED AN EH SNG BETWEEN SEPTEMBER 2016 AND JUNE 2021

Acute health, mental health, and addiction needs

- 25 percent of people receiving an EH SNG have had an acute hospitalisation in the previous year. This is higher than the rates of Public Housing and main benefit clients (21 percent and 15 percent respectively), and the general population (8 percent). This indicates that EH-SNG clients may experience barriers to accessing primary health care or other factors leading to acute hospitalisation or higher rates of rehospitalisation.
- More than one in three (39 percent) EH SNG recipients accessed a mental health or addiction service¹⁸ in the previous year. This is a higher rate than for main benefit clients (32 percent), Register clients (31 percent) and the general population (13 percent).
- This finding suggests that this cohort experiences heightened vulnerability including a complex interrelationship between mental health and addiction issues, employment, and housing challenges.

Engagement with the criminal justice system

- Thirty-one percent of EH SNG clients had police proceedings against them in the previous year (this was 36 percent for those who received an EH SNG in three or more quarters). This is higher than the rate for Register clients (15 percent) and main benefit clients (10 percent).
- Twenty-three percent of EH SNG clients had an offence¹⁹ (excluding driving). This is higher than the rate on the Register (12 percent) and the main benefit (8 percent).
- Ten percent of EH SNG clients had been in prison in the previous year, a rate higher than that for people on the Register (4 percent) and main benefit clients (3 percent).
- Notably, while the number of EH SNG recipients has grown over time, similar proportions have experienced imprisonment, police proceedings, and having an offence since 2017.

Rangatahi/youth and young adults

- A high proportion of EH SNG clients under the age of 30 were identified as experiencing several childhood challenges. These include an Oranga Tamariki care and protection event and involvement with youth justice. In addition, a high proportion were raised in families where the guardian was receiving a main benefit.
- Seventy-one percent of EH SNG recipients under 30 had an Oranga Tamariki care and protection event in their childhood. This is higher than comparable Register clients (61 percent) and main benefit clients (48 percent). Longer-duration EH SNG recipients were even more likely to have had a care and protection event (76 percent).
- 25 percent of EH SNG recipients under 30 had a youth justice interaction, which is much higher than comparable Register clients (16 percent) and main benefit clients (12 percent). People who have received EH SNGs over three or more quarters are more likely to have had a youth justice interaction (30 percent).

¹⁸ Mental health or addiction services include specialist mental health services and pharmaceuticals generally prescribed for mental health and addictions. Note that this definition is different to the previous IDI analysis which is why this percentage is lower than what was stated in the July Cabinet paper.

¹⁹ Offence in this context means the individual has been convicted and had a Department of Correction's managed sentence.

Annex C: Regional Analysis

REGIONAL ANALYSIS OF VARIOUS NATIONAL-LEVEL FACTORS EXACERBATING HOUSING NEED ACROSS SIX REGIONS

HAMILTON CITY

Like most urban centres in the country, Hamilton City faces a growing population who live with increasing rental and housing costs, although the rent cost has been stable in the past year. There are existing problems with housing deprivation (90.7 per 10,000 people, with 80.5 of this figure concentrated in overcrowded, shared accommodation) according to Census 2018 data. In the wider Waikato Region, it was also identified that around 5,500 people are living in uninhabitable housing (120.1 per 10,000 people).

While iwi and Māori in the Hamilton area are working to provide housing provision and support for vulnerable whanāu, including Te Rūnanga o Kirikiriroa which became a new CHP in February 2020, the number of Public Housing Register applicants has risen in Hamilton City from around 550 in late 2018 to almost 1,800 in March 2022, with 66 percent of applicants identifying as Māori. The register also indicates a high demand for one-bedroom dwellings in the CBD, with almost one in two applicants requesting one-bedroom accommodation. Currently, only 6 percent of existing public homes are bedsit/one-bedroom dwellings.

Further, lack or shortages of temporary accommodation in neighbouring towns are likely shifting emergency and transitional housing use into Hamilton City, which is reflected in an insecure accommodation usage of 158.4 per 10,000 people, the highest in the country bar Rotorua. Emergency motel usage (i.e., EH SNG) appears to be particularly concentrated in Hamilton City (89.5).

WELLINGTON REGION

Housing costs, rising rents and income disparities in the Wellington region are contributing to significant problems with affordability. Lower quartile rents continued to rise throughout the region in the past year with the exception of Upper Hutt, perhaps reflecting high rents in the central city pushing lower-income households further out.

Porirua has the highest rates of severe housing deprivation (SHD) rates in the region at 115.4 per 10,000 people, which is mostly attributed to overcrowding. Lower Hutt and Wellington City's SHD rates are relatively low, at 67.9 and 61.9 respectively. Upper Hutt has the lowest levels of housing deprivation (47.0). The number of Public Housing Register applicants has continued to increase from around 1,600 in late 2019 to approximately 2,520 in June 2022.

While Upper Hutt, Lower Hutt and Wellington City are experiencing lower rates of emergency and transitional housing use (57.0, 45.6 and 43.8 respectively) compared to the other regions identified here, the population size of the broader region makes the absolute number of people living in insecure housing comparatively high (there are 4,890 people in uninhabitable housing in the area or 96.5 per 10,000 people).

Further, Porirua's usage of the emergency housing system is at 39.9 per 10,000 people: This is lower than other Wellington region districts, but Porirua has a much more significant overcrowding issue (88.0 per 10,000 people). These numbers in part indicate a lack of appropriate temporary accommodation in Porirua and may also suggest a tendency for emergency housing need there to be met by motels in the CBD. This tendency looks likely to continue in the future: Additional single-room properties in the CBD (Webb St and Taranaki St, approximately 40 places) are being made available in the next six months to supplement existing capacity.

The largest CHP in the region is Te Rūnanga o Toa Rangatira (Ngāti Toa) provider Te Āhuru Mōwai, which in 2020 entered into a Public Housing and Project agreement to manage and upgrade around 900 homes in Western Porirua.

TE TAI TOKERAU

Te Tai Tokerau is currently experiencing significant housing challenges across the housing continuum and particularly in emergency housing. This has been caused in part by rapid and unexpected growth in population and increases in regional housing demand, particularly for one-bedroom dwellings. Combined with low average incomes and development economics unfavourable to expanding supply, these factors have contributed to significant and sustained increases in price and decreases in housing and rental affordability.

The Far North has a very high level of housing deprivation at 202.1 per 10,000 people, which is the highest rate in the country outside of South Auckland and the Bay of Plenty. Key drivers of this figure include a high rate of people in uninhabitable housing (4,809 people or 161.3 per 10,000), people without shelter (61.6, the highest in the country) and people living in overcrowded dwellings (108.5). Whangārei and Kaipara districts are also experiencing high rates of deprivation at 120.6 and 98.3 respectively. Concurrently, the number of Public Housing Register applicants has also continued to increase in the area, from around 550 in late 2019 to approximately 1,260 in June 2022.

Te Tai Tokerau's SHD numbers are not accurately reflected in motel use numbers. This is likely a reflection of the low availability of emergency and transitional housing. With very little temporary accommodation existing in the region, homelessness is being addressed largely outside formal governmental systems, and this is reflected in both actual use of emergency housing and in applications for emergency housing grants.

Iwi and Māori in Te Tai Tokerau are closely involved in housing provision and support for vulnerable whānau. Of the six CHPs operating in Te Tai Tokerau, all are Māori-led. Organisations such as He Korowai Trust, Te Runanga O Whaingaroa, and Ngatihine Health Trust, for example, are working to provide emergency and transitional housing alongside other housing services. For the long-term, Te Tai Tokerau Māori Housing Collective are currently developing a joined-up Te Tai Tokerau Iwi-Māori Housing Strategy for Northland with support from Whai Kāinga Whai Oranga funding.

TAIRĀWHITI

Tairāwhiti has begun to grow after a population plateau, placing increasing pressure on housing supply. Housing costs in the area are also rising (e.g., a 17 percent increase in lower quartile rents between March 2021 and 2022), especially compared to incomes. These factors have had significant impacts on rental and housing affordability and are especially impacting Māori, who make up the majority of those on the Public Housing Register in the area (roughly 500 out of 600 as of March 2022).

The district's housing deprivation rates are high at 120.6 per 10,000 people, with overcrowding (95.3) as the core driver of this figure. Also, the Gisborne Regional Council area has the highest regional-level rate of people in uninhabitable housing (195.1 per 10,000 people).

The use of emergency and transitional housing (which includes COVID motels) in Napier and Gisborne is also high at 126.7 and 67.5 per 10,000 people respectively. Motel usage in the region is reaching saturation.

A particular issue in the region is housing typology mismatch: The majority of houses are three- or four-bedrooms, while the overwhelming need seen in Public Housing Register is for one-to-two-bedroom dwellings.

Iwi in Tairāwhiti are already heavily involved in driving work across the housing space, particularly through the Totitū Tairāwhiti iwi collective (through, for example, the building of new affordable housing as part of the Whai Kāinga Whai Oranga partnership). Ngāti Porou are the sole CHP in the region, while the cross-Iwi group Manaaki Tairāwhiti are more generally involved in emergency housing work. Broader Māori-led housing delivery in the region also includes Ngāti Kahungunu Iwi's Whai Kāinga Whai Oranga prototype.

SOUTH AUCKLAND

The population in Auckland as a whole has grown in recent years, and a backlog of housing undersupply has contributed to rising housing costs. Rental affordability in the area has also decreased (lower quartile rents in Māngere-Ōtāhuhu increased by 17.5 percent between March 2021 and 2022), which is in part reflected in increases in both overcrowding and the Public Housing Register. For example, seven out of ten of New Zealand's most overcrowded areas are in Auckland (all over 108.0 per 10,000 people), and the number of Public Housing Register applicants in Auckland more broadly increased from around 5,400 in late 2019 to over 8,500 today; a more than 60 percent increase.

South Auckland's SHD rates are particularly high, at 300.3, 267.9, 213.1 and 139.5 in Māngere-Ōtāhuhu, Ōtara-Papatoetoe, Manurewa and Papakura respectively. These local board areas also have extremely high rates of people in uninhabitable housing at 359.8, 318.6, 264.0 and 180.6 respectively (a total of 9,102 people).

These high SHD figures are not clearly reflected in emergency and transitional housing usage, with the four local board areas reporting a lower range of usage (from 55.0 to 27.6 per 10,000). This may reflect overcrowding and the cultural makeup of the region, with South Auckland being home to the majority of the region's Pacific Peoples and Māori populations. Housing typology mismatch is a related issue, with a high demand and low supply of four-bedroom+ dwellings in the area.

Iwi in Auckland are strongly connected to emergency and transitional housing provision. Kāhui Tū Kaha, for example, an organisation of Ngāti Whātua, provides around 700 emergency and transitional housing places across the region.

EASTERN BAY OF PLENTY

Population growth in the Eastern Bay of Plenty has outpaced StatsNZ predictions and has not been matched by increased housing supply. Urban areas in the region have been growing since 2013 after periods of decline (in the case of Kawerau and Ōpōtiki) and relative stability (in the case of Whakatāne), in part thanks to government investment in the horticulture and aquaculture sectors.

Despite housing supply increases, average rents in the region are also increasing while incomes in the area are generally lower than the national median (the median household income in Kawerau and Ōpōtiki was \$25,000 below the national median in 2021). Whakatāne experienced a 30.3 percent increase in lower quartile rents last year (March 2021 to March 2022), and a high demand for one-bedroom dwellings continues.

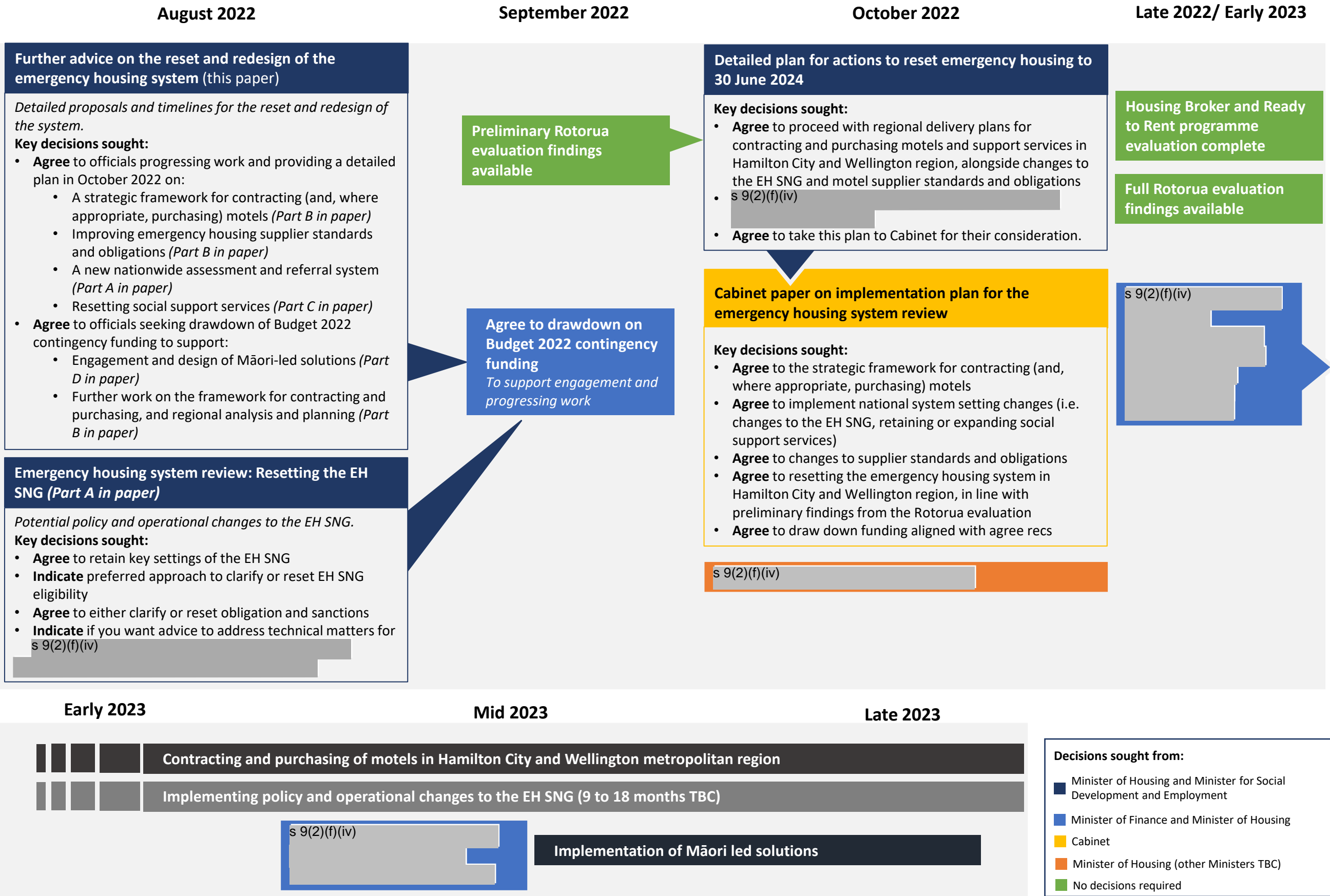
These factors have contributed to significant levels of SHD in the region. Kawerau has some of the highest levels of overcrowding in the country (214.1) behind only parts of South Auckland, while Ōpōtiki (206.9) has both high levels of overcrowding and high numbers of people reporting a lack of shelter (the highest number outside of the Far North and Kaipara). Whakatāne's SHD rates are also high (123.8). In the wider Bay of Plenty Regional Council area, 2,691 people live in uninhabitable housing (87.2 per 10,000 people).

Reported use of emergency housing in the area is similarly high. Kawerau's EH SNG rate is at 95.2 and Ōpōtiki is at 61.7 per 10,000 people. There is no transitional housing available in Kawerau, which is a likely cause of these high emergency housing rates.

While there is relatively little CHP provision of emergency and transitional housing in the area, iwi and Māori organisations are involved in addressing emergency housing. This includes provision of housing support services (e.g., Ngāti Awa Social and Health Services) and expanding housing supply generally, such as Whakatōhea's involvement in the Pirirākau development of 46 homes in Ōpōtiki.

ANNEX D: Emergency Housing System Review: Timeline of key deliverables

August 2022 – end 2023



Report

Date: 12 August 2022 **Security** IN CONFIDENCE

Level:

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

Emergency Housing System Review: Resetting the Emergency Housing Special Needs Grant

Purpose of the report

- 1 This report seeks your direction on options to retain, clarify, and reset the Emergency Housing Special Needs Grant (EH SNG).

Executive summary

One of the key challenges identified in the emergency housing system review (the Review) is the reliance on the EH SNG to address ongoing housing need

- 2 The EH SNG is an income support payment that helps with the actual and reasonable costs of commercial accommodation (usually motels). At the end of June 2022, over 4,100 households were staying in commercial accommodation paid for by an EH SNG.
- 3 As an income support payment, it is designed to support people for short periods of time (one to 21 days) when a person has no other options. As such it is not the right intervention to serve as the primary response to housing need at the intensity or scale currently required. Reliance on the EH SNG carries several challenges including that it is expensive, and there are challenges with the suitability, quality, and safety of accommodation.
- 4 If you want to rebalance the emergency housing system by reducing reliance on the EH SNG and ultimately have fewer people receiving an EH SNG in the future and for shorter periods of time, you will need to make changes across the system. Achieving this will require more:
 - housing options for people (ie public and affordable rental housing, contracted emergency housing and transitional housing places)
 - appropriate tools to prevent urgent housing need, including financial and social supports to help people access and sustain housing.

While the most effective way to reduce reliance on the EH SNG is to increase supply and prevention, you have options to retain, clarify or reset the EH SNG

- 5 Where you want to focus changes on the EH SNG will depend on how you want to balance:
 - meeting the needs of people who have ongoing housing needs versus those with a need that can be resolved in the short-term
 - ensuring access to the EH SNG for people in need, with an appropriate range and scale of emergency accommodation, longer-term housing options and homelessness responses (including Māori-led solutions).
- 6 This report seeks your direction on how far to go with changes to the EH SNG with the following options set.
 - **Retain** elements if they are aligned with the “ideal” state (in Table One). This includes elements that target the grant to those most in need (ie income and asset limits) and ensure it is short-term (ie grant period).
 - **Clarify** current settings and make operational improvements to ensure that the EH SNG is operating at its best within current settings. This includes options to provide clearer signals and expectations to front-line staff about current EH SNG eligibility, obligations and sanctions and make the grant easier to administer via changes to guidance for staff, and process enhancements (Option A in both Table Two and Three). These changes may also improve client experience.
 - **Reset** elements to substantially change the approach, to target assistance more tightly (eg by changing the definition of “immediate emergency housing need”) or to strengthen obligations and sanctions (Option B in Table Two and Three).
- 7 While we expect changes to clarify current settings to have a minor impact on the number of current or future EH SNG recipients, it may impact client and staff experience and provide clearer signals and expectations around the use of EH SNGs relative to other housing support mechanisms. As Māori are overrepresented among people experiencing housing insecurity, and represent around 61 percent of EH SNG recipients, resetting client obligations and sanctions, or the definition of “immediate emergency housing need” is likely to presents greater risks for Māori. Preventative measures and alternative emergency accommodation options would help these risks.

We would like to discuss the sequencing of any EH SNG changes with you

- 8 To support your consideration of the options, we have considered how they might be sequenced/phased alongside wider changes to the system [set out in ‘*Further advice on the reset and redesign of the emergency housing system*’, HUD2022-000252 and REP/22/7/642]. Choices around the sequencing may also mitigate some of the risks associated with elements you may want to reset.

- 9 We have constructed three scenarios to give you a sense of how changes could be sequenced:
- **Scenario A – lead with the EH SNG changes:** initiate all EH SNG changes (ie clarify and reset) ahead of wider changes to the emergency housing system.
 - **Scenario B – a phased approach to implementing changes:** make the changes to clarify EH SNG settings first while implementing the first phase of the place-based reset of emergency accommodation and support services, and make changes to reset later.
 - **Scenario C – wait for place-based approach to take effect:** wait until we have more contracted motel places in the system via the place-based reset of emergency accommodation and supports before making any EH SNG changes.

s 9(2)(f)(iv)

Next steps

- 12 Pending your decisions, we will continue to progress this work with further advice in the final report of the Review in October 2022.

Recommended actions

It is recommended that you:

- 1 **note** that in July 2022 Cabinet agreed to the following vision for an “ideal” state emergency housing system [SWC-22-MIN-0134 refers]:
“Emergency accommodation is rarely needed and when it is used, stays are brief and non-recurring. Emergency accommodation will be used by individuals and whānau who have experienced a shock or crisis (eg family breakdown) and people will be supported to quickly move into suitable, long-term housing”
- 2 **note** that Cabinet agreed that work to redesign the emergency housing system would be focused on policy and operational shifts being progressed over the next 18 months, including *“resetting the EH SNG, including entry pathways to ensure it is fit for purpose in the current environment and ‘ideal’ future emergency housing system”* [SWC-22-MIN-0134 refers]

Options to retain elements of the EH SNG that are aligned with the ideal state

3 **agree** to:

3.1 retain the current income and cash asset limits for the EH SNG

Agree/Disagree

3.2 retain the current residency requirements for the EH SNG

Agree/Disagree

3.3 retain the current grant period (between 1 and 21 days)

Agree/Disagree

3.4 retain the emergency housing contribution at 25 percent of a client's income

Agree/Disagree

Options to clarify or reset elements of the EH SNG

4 **indicate** your preferred approach to clarify or reset EH SNG eligibility:

4.1 **Option A:** clarify current eligibility settings by providing guidance for staff to explore alternative accommodation options with clients and clarify situations where it may not be appropriate to grant an EH SNG

Yes/No

AND/OR

Option B: to receive further advice in October 2022 on resetting eligibility settings by changing the definition of "immediate emergency housing need" to target more tightly the EH SNG to particular situations

Yes/No

5 **note** that current EH SNG obligations largely rely on the discretion of the Ministry of Social Development (MSD) frontline staff to balance between providing ongoing access to emergency accommodation to people with no other options and applying sanctions when people do not meet obligations

6 **indicate** your preferred approach to clarify or reset obligations and sanctions:

6.1 **Option A:** clarify current obligations and sanctions via updated guidance and communications material for staff and clients

Yes/No

OR

6.2 **Option B:** receive further advice in October 2022 on resetting the obligations for people receiving an EH SNG and the corresponding sanctions regime

Yes/No

7 **note** that MSD are refreshing public facing information about emergency housing and improving information and guidance for staff in late 2022

8 **note** that the operational and system changes required to support the changes to the EH SNG and wider changes to the emergency housing system, the costs and timeframes for implementation will be provided by October 2022

s 9(2)(f)(iv)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Yes/No

s 9(2)(f)(iv)

Next steps

14 **agree** to discuss sequencing of EH SNG changes with officials

Agree/Disagree

15 **note** that you will receive the final report of the emergency housing system review in October 2022

16 **agree** to forward this paper to Hon Peeni Henare, Associate Minister of Housing (Māori Housing) and Hon Marama Davidson, Associate Minister of Housing (Homelessness) for their information.

Agree/Disagree



Hilary Joy

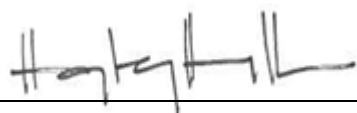
**General Manager, System
Policy, HUD**

12 / 08 / 2022

Hon Dr Megan Woods

Minister of Housing

..... / /



Hayley Hamilton

**General Manager, Employment
and Housing Policy, MSD**

12 / 08 / 2022

Hon Carmel Sepuloni

**Minister for Social Development
and Employment**

..... / /

Background

The purpose of the EH SNG

- 13 The Emergency Housing Special Needs Grant (EH SNG) was established in 2016. The purpose of the grant is to help those with an urgent housing need, with the actual and reasonable costs of short-term commercial accommodation (usually a motel) where the need cannot be met in another way. The components of the EH SNG are set out in **Appendix One**.
- 14 The EH SNG is a form of hardship assistance (third tier assistance) and should be used as a last resort. Before paying an EH SNG, Case Managers work with applicants to consider places they could stay using their own resources or other sources, such as:
- retaining their current accommodation
 - accessing a contracted emergency housing or transitional housing place
 - accessing other sources of accommodation, eg staying with family or friends, accessing community accommodation like a night shelter, a temporary boarding arrangement, hostel or backpackers, cabin, mobile home, or caravan where there is access to facilities and amenities.
- 15 Within the broader housing system, the purpose of the EH SNG is to pay for a stable place where an individual or household can stay while their needs can be understood and addressed, and another accommodation solution can be found. This other accommodation may include a contracted place, private rental housing (eg rental, flatting or boarding) or public housing.

Trend in EH SNG numbers over time

- 16 When the EH SNG was established in 2016, MSD expected fewer than 2,000 EH SNG recipients annually. The trend since 2016 is shown in **Figure One**. Over this time a range of actions were implemented including:
- Homelessness Action Plan initiatives including Intensive Case Managers and Navigators, Housing Brokers and Ready to Rent programmes, Flexible Funding package in 2019
 - introducing the contribution and extending the grant period in 2020.

EH SNGs increased dramatically during and following COVID-19 lockdowns

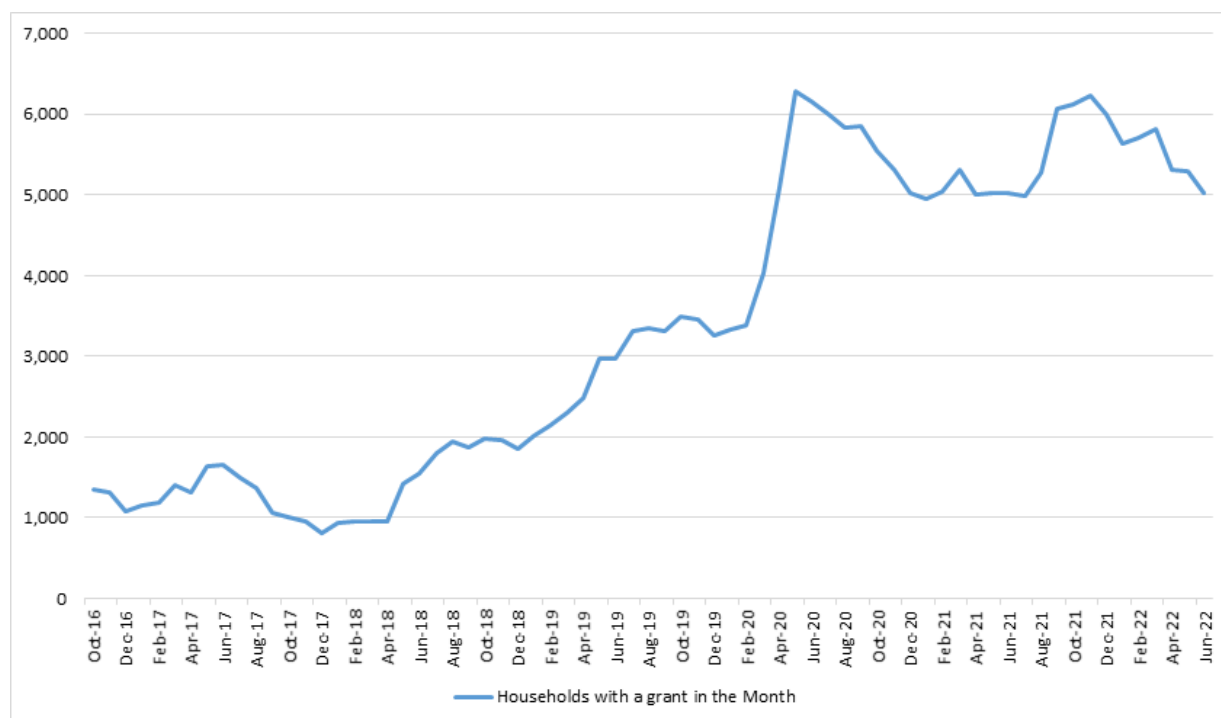
- 17 There was a steep increase in the number of households receiving an EH SNG due to COVID-19 lockdowns (in March 2020, and August 2021). This reached over 6,000 households in May 2020. While this stabilised at around 4,000 households between October 2020 and July 2021, following the lockdown in August 2021 saw the numbers again reached over 6,000 in late 2021.

The number of households supported by an EH SNG has been trending down since the December 2021 peak

- 18 The total number of grants and number of households supported by an EH SNG has declined over the first half of 2022.

19 This is down from a peak in November 2021 of 13,938 grants and 6,225 households in the month, to June 2022 where there were 10,611 grants and 5,019 households, a decrease in 1,206 households (19 percent). While this has declined it has not returned to pre-COVID-19 levels of around 3,400 households in February 2020.

Figure 1: Number of EH SNG recipients (households) by month



20 The June 2022 monthly report shows a reduction in the number of households receiving an EH SNG when compared to the end of May 2022. At the end of June 2022, there were 4,113 households receiving an EH SNG, a decrease of 216 (5.1 percent). There were also fewer children (4,155 at the end of June 2022). The Auckland (-66), Bay of Plenty (-48), Central (-24) and Wellington (-21) regions were the key drivers of the reduction in households.

21 We consider that a range of factors will be driving the reduction in EH SNG households since December 2021, such as:

- moving from the COVID-19 Alert Level Framework to the COVID-19 Protection Framework (traffic lights) at 11.59pm on 2 December 2021 – this had the largest impact on Auckland who had been in “lockdown”, with regional boundaries between 17 August and 2 December 2021
- placing people into public housing as places come online – including up to 80 places for single people at Auckland City Mission Home Ground
- increasing transitional housing placements – particularly in Auckland and Wellington (eg in Auckland some transitional housing facilities who were unable to take referrals due to COVID-19 becoming available again)
- co-locating staff between MSD sites and Community Housing Provider offices for a couple of days each week, at Te Pokapū in Rotorua.

- 22 It is too early to say whether the numbers are stabilising or will continue to reduce. Nevertheless, we know that there is likely to be a limit to how far they will reduce without additional contracted places and an increase in affordable rental housing, public housing, and other options.

Why make changes to the EH SNG?

A key challenge identified in the Review is the reliance on EH SNGs to address ongoing housing need

- 23 As raised in previous advice, there are a range of challenges with the EH SNG within the emergency housing system.

- **Demand has grown over time** (see **Figure One**), and people are receiving an EH SNG for longer than anticipated. This means that the EH SNG is not being used as originally intended (as short-term assistance). In some instances, people may be granted an EH SNG when they are not eligible – because they have access to adequate accommodation, or the situation was foreseeable.
- **The system is skewed towards the EH SNG** as it was designed to be a small part of the system, providing access to accommodation when contracted places were not available.
- **Reliance on commercial accommodation (mostly motels)** and paying market rate makes the EH SNG an expensive intervention, and we cannot guarantee that clients receive the same service as any other paying customer. We cannot guarantee stability for clients to be able to stay at the same place for the duration they receive an EH SNG, or guarantee that accommodation is suitable or of appropriate quality.

- 24 The underlying causes largely stem from:

- **a shortage of suitable housing**, particularly rental properties that are affordable for lower income households
- **a lack of transitional housing places, or contracted emergency housing places** – while the number of places has grown by approximately 4,000 places since 2017, they have not kept pace with the growth in EH SNG numbers.

Rebalancing emergency housing and reducing reliance on the EH SNG requires changes across the system

- 25 In July 2022 Cabinet agreed to the following “ideal” state emergency housing system [SWC-22-MIN-0134 refers]:

*Emergency accommodation is rarely needed and when it is used, stays are **brief** and **non-recurring**. Emergency accommodation will be used by individuals and whānau who have experienced a **shock** or **crisis** (eg family breakdown) and people will be supported to quickly move into suitable, long-term housing.*

- 26 Consistent with the ideal state we expect that:
- fewer people would need an EH SNG, and for shorter period (ie weeks)
 - the EH SNG would be used by people experiencing a shock or crisis.
- 27 Critically, achieving the ideal state and any reduction in the number of EH SNGs will require an increased supply of housing options (within and outside of the system), and prevention activities. However, as part of a coordinated set of actions across the emergency housing system, changes to the EH SNG itself could support a shift to the ideal state by either improving the administration/operation of the grant, or via changes to the grant.
- 28 We have identified a range of options where you could **retain, clarify, or reset** elements of the EH SNG set out below. Where you want to focus changes is likely to depend on how you want to balance the following:
- Meeting the needs of people who have ongoing housing needs versus those with a need that can be resolved in the short-term. This comes down to who you want the EH SNG to be targeted to, and you could choose to change this to ensure it is aligned with the ideal state where the EH SNG is a last resort and short-term assistance for people who have experienced a shock or crisis.¹
 - Ensuring access to support for people in need via the EH SNG, with an appropriate range and level of emergency accommodation and longer-term housing options or other homelessness responses (including Māori-led and local solutions).

Retaining elements that are aligned with the ideal state

- 29 We think there is a case for retaining elements of the EH SNG if they are consistent with the ideal state and remain fit-for-purpose in the current state. We think you could retain five elements of the EH SNG set out in **Table One**.

Table 1: Five elements of the EH SNG you could retain

Element	Rationale
Income limits	<ul style="list-style-type: none"> • Income limits for the EH SNG were previously considered when the Government increased hardship assistance income limits in 2021 and 2022. • When Cabinet considered the temporary increase (which became permanent through Budget 2022), the reason it was not applied to EH SNG was on the basis that it is unique compared to other SNGs. This is because it can provide ongoing support for people's immediate housing need (as opposed to one-off assistance) and there is already discretion to grant over the income limits in exceptional circumstances.

¹ As part of wider changes to the emergency housing system we are proposing to triage people with shorter term, less complex needs into EH SNGs and those with longer term complex needs are placed into contracted motels.

Income limits (continued)	<ul style="list-style-type: none"> The current income limits remain tightly targeted, with most recipients receiving a main benefit, NZ Superannuation, or the Veteran's Pension. Approximately 6.4 percent of total grants for the 2021/22 year had income over the NZ Superannuation income level.
Cash asset limits	<ul style="list-style-type: none"> As a form of hardship assistance current settings assume that applicants have used their own resources to access adequate accommodation. Consistent with that, the current cash asset limit is within the range of an average seven-day EH SNG.
Residency qualifications	<ul style="list-style-type: none"> These are consistent with other forms of hardship assistance.
Grant period (one to 21 days)	<ul style="list-style-type: none"> This is consistent with the EH SNG as short-term and last resort. In considering the optimal period for grant renewal there needs to be a careful balance of maintaining stability for families, compliance burden (client visits to MSD and time to grant a new EH SNG) and ensuring that support is being provided to clients to access stable housing quickly. Over the 2021 calendar year, 54 percent of grants were for seven nights or fewer, 23 percent were for 14 nights, and 19 percent were for 21 nights. Due to ongoing pressures in the housing system, retaining the grant period would maintain flexibility to respond to periods of low emergency housing availability and to provide some stability (21 days) for clients when they are engaged with intensive case management or navigator support services.
Emergency housing contribution settings	<ul style="list-style-type: none"> The rationale for introducing a contribution was to ensure equity across the housing system. Given current housing context we consider that the current rate (25 percent of income from day eight) remains appropriate. Analysis in the total incomes working paper² shows that clients receiving an EH SNG or in transitional housing have higher after-housing-costs income than those in public housing (by approximately \$20), we know that these clients often have additional costs, such as additional food costs as they do not have full sized kitchens or access to larger whiteware items like fridges and freezers to store beyond a few days of food.

Clarifying or resetting current EH SNG settings

30 The EH SNG is a discretionary grant, which means that MSD's Chief Executive has the authority to decline a grant. At present there is a level of discretion for frontline staff in determining when to grant an EH SNG and applying sanctions when people do not meet their obligations.

Eligibility for the EH SNG – including the definition of “immediate emergency housing need” and exploring alternative options

31 Frontline staff (case managers, intensive support case managers and contact centre staff) assess whether a person is eligible for an EH SNG. Unpacking whether an applicant has an immediate emergency housing need and meets the other criteria requires staff to have good conversations with applicants.

² Page 15, www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/working-papers/wp-total-incomes-of-msd-main-benefit-clients-as-at-april-2022.pdf

- 32 Frontline staff have told us it is not always clear when it may be appropriate to decline an EH SNG, and they would like more support to have robust conversations with clients about alternatives. The guidance is not always clear, and the examples are not immediately applicable to client's situations.
- 33 Determining that there is an "immediate emergency housing need" is a critical eligibility criterion for the EH SNG. This definition has two elements:
- **that the need is immediate** – they have a need on the date of applying or will have for some or all of the next seven days
 - **that there is a specific need for emergency housing** – they cannot remain in their usual place of residence (if they have one) and will not have access to other accommodation that is adequate for their needs.³
- 34 We consider that the immediate component remains aligned with the ideal state where an EH SNG is used as last resort to meet a short-term need for accommodation. However, as the EH SNG is being used to respond to persistent housing needs, you may want to clarify or reset eligibility and the associated operational process and practice to better align with the ideal state. The options are set out in **Table Two**.
- 35 Resetting the eligibility by changing the definition of "immediate emergency housing need" (Option 2 in Table Two) either requires changes to:
- the definition of "adequate" accommodation
 - specify only situations that are the result of a crisis or shock (for example a family breakdown, family violence, job loss, eviction)
 - exclude groups where circumstances could be considered foreseeable, such as transitions out of care of a government department, for example:
 - people who have been living in a hospital, hospital unit, mental health inpatient unit or residential home
 - people currently undergoing medical treatment (eg cancer treatment or dialysis) or at end of life
 - young people who have been in care under the Oranga Tamariki Act 1989 who are leaving care to live independently
 - people who have been released from prison and/or are service any type of sentence or order in the community.⁴

³ Including no available transitional housing or contracted emergency housing places.

⁴ There is a process for the Corrections cohort where people present to Corrections and/or MSD with an emergency housing need. This includes consistent messaging to clients, information sharing between agencies, clear processes, and mutual clients being allocated based on the type of sentence or order the client is receiving to ensure that people receive appropriate emergency housing assistance. Each agency explores with the client all alternative accommodation options before considering an EH SNG.

Table 2: Options to clarify or reset EH SNG eligibility

OPTION	BENEFITS	RISKS
<p>OPTION A</p> <p>Clarify current eligibility settings by providing guidance for staff to explore alternative accommodation options with clients and clarify situations where it may not be appropriate to grant an EH SNG</p>	<ul style="list-style-type: none"> • More people may access accommodation that meets their needs in the short-term. • Ensure that signals to and expectations of staff are clear and aligned. • Streamlined business processes that better support good conversations to take place and subsequent decision-making. Supported by frontline staff engagement who said if the process was easier, they could spend more time exploring alternatives with clients, and that the guidance for when to decline was unclear. • Ensure greater consistency across regions or sites in terms of the circumstances where EH SNGs are granted. • May be more effective in conjunction with prevention tools coming online in March 2022 in new housing-related hardship assistance programme (funded in Budget 2022), which can be used to help access or sustain a private rental. 	<ul style="list-style-type: none"> • May have a minor increase in the number of declines – which may be warranted – but there is a risk if the person does not actually have an adequate alternative. • May only delay EH SNG use if alternative accommodation options are not sustainable (eg staying with friends or family). • May exacerbate stress, sense of whakamā, and loss of dignity for clients depending on the nature of the interaction with MSD. • Some staff may find the change in expectations challenging particularly when people are in difficult circumstances. • Staff need the right tools to have good conversations – time, clear information/guidelines, training, and support. Lack of ongoing support and testing that the information works for staff may mean that benefits are not realised, or that there is inconsistency across regions or sites. • Lack of alternative accommodation options. • Risk to social licence.
<p>OPTION B</p> <p>Reset eligibility settings by changing the definition of “immediate emergency housing need” to target more tightly the EH SNG to particular situations – with further advice to Ministers by October 2022</p>	<p>The benefits stated for Option A, and:</p> <ul style="list-style-type: none"> • Ensure the EH SNG is for people experiencing a shock or crisis who have an urgent housing need (aligned with the ideal state). • Shift away from use of the EH SNG as a response to ongoing/persistent housing need. • Could be implemented once options from the supported housing review are implemented. 	<ul style="list-style-type: none"> • Likely to reduce the number of people who are eligible, which may have a negative outcome for people if they cannot find alternative accommodation. May create pressure elsewhere across Government. • Would disproportionately impact groups who have multiple disadvantages, and/or who face barriers accessing other accommodation. Further, it would disproportionately negatively impact Māori. Could be mitigated through increase in supported housing options. • Risk that people resort to rough sleeping, sleeping in private cars and garages, staying in places that are not fit for human habitation, or illegally squatting. We received feedback from external stakeholders that they consider any changes to eligibility would have poor outcomes for people. • May not align with vision in the Homelessness Action Plan. • Staff may find the change in expectations challenging to implement.

Clarifying or resetting obligations and sanctions

- 36 Clients must acknowledge a set of obligations (responsibilities and conditions of payment as set out in **Appendix One**), and the consequences of not meeting these when they receive an EH SNG. The key sanctions are making the whole cost of the grant recoverable (ie client has to pay it back) or declining the grant.

What we know about the use of sanctions and their consequences

- 37 Making a grant recoverable is meant to serve as a financial disincentive, so that people will then meet their EH SNG obligations in future. We have established that:
- a small proportion of EH SNGs are made recoverable (between 0.9 percent and 1.2 percent over January to April 2022), and this has declined over time (from a high of 13.9 percent in December 2016)
 - front-line staff confirmed they try to do all they can to avoid making a grant recoverable – this is because they know that it adds potentially over a thousand dollars a week in debt and does not change the behaviour of clients.
- 38 At present declining an EH SNG is the most severe sanction. As described when looking through 2279 EH SNG decline comments, fewer than 2 percent of declines occurred where the client was not meeting their obligations, including not paying previous emergency housing contributions.
- 39 MSD acknowledges declining an EH SNG may result in clients being without shelter for a period or may put them in an unstable or unsafe environment. We understand that if there are dependent children then this sanction is not applied due to the risk to the safety and welfare of dependent children, but the grant may be made recoverable.

We have received mixed feedback about potential changes to the obligations and sanctions system for EH SNGs

- 40 We have heard mixed feedback from agencies and MSD's external reference groups (including housing and social service providers) about the role of obligations for the EH SNG, including:
- people should be meeting the obligations to get support and that there should be few, or no, excuses for not doing so. This is particularly in relation to antisocial behaviour (eg damage to the property, illegal activity, intimidating or aggressive behaviour)
 - making people do more when receiving an EH SNG is challenging for people when they are in complex and often crisis situations.
- 41 MSD consider that both positions are fair – and are aware of instances where a clear but firm approach around obligations/expectations would be appropriate, and where this may equally overwhelm a client in a precarious situation.

- 42 At present, beyond anecdotal examples, we do not have evidence about people's obligation failures or what changes to obligations would change this behaviour.⁵
- 43 We have identified options to clarify and reset the obligations and sanction system for EH SNGs set out in **Table Three**.

Table 3: Options to clarify or reset the obligations and sanctions system for those receiving an EH SNG

OPTION	BENEFITS	RISKS
OPTION A Clarify current obligations and sanctions via updated guidance and communications for clients and staff	<ul style="list-style-type: none"> • Ensure that signals to and expectations of clients and staff about obligations are clear. • Clearer guidance for staff about what "reasonable efforts to find alternative accommodation" could include. • May lead to some clients taking further steps to find accommodation (subject to rental market availability and other factors) and make it clear that some behaviour is not tolerated (eg damage). • Front line staff have indicated that this would be useful. • Avenue to provide information about client's rights (eg what they can expect, right to complain) in material which links to the work on EH SNG supplier standards and obligations. 	<ul style="list-style-type: none"> • Existing settings may already overwhelm some clients, and not be effective for others. • Increased application of the sanction to make the whole cost of the grant recoverable is likely to increase client's debt to Government. • Increased application of the sanction to decline an EH SNG due to obligations failures may mean the applicant goes without shelter for a period. • Risk that sanctions fall on those least able to meet obligations due to complex life circumstances.
OPTION B Refresh the obligations and sanctions – with further advice to Ministers by October 2022	<ul style="list-style-type: none"> • May incentivise people to take steps to find alternative accommodation. • Opportunity to reconfigure sanctions system for EH SNGs. For example, to: <ul style="list-style-type: none"> – make it easier / simpler – align it with the three-tier graduated sanction regime 	<ul style="list-style-type: none"> • Meeting obligations may not lead to better outcomes for people (eg if they cannot find rental accommodation). • May not change behaviour – as evidence about obligations and sanctions in welfare systems is mixed. • Changes to sanctions, if they include financial penalties, likely to

⁵ International evidence about obligations and sanctions in welfare systems is mixed. Research does indicate that obligations and sanctions can be costly to administer and comply with and may have harmful unintended consequences. There is even less evidence that non-work-related obligations and associated sanctions achieve the stated aims of intended behavioural modification.

<p>OPTION B (continued)</p>	<p>for clients with work and work preparation obligations</p> <ul style="list-style-type: none"> – introduce additional sanctions, such as increasing the emergency housing contribution, (noting that external stakeholders have stated they would not support this as a sanction) so that there are more options than just recoverable or decline – consider how sanctions apply to different groups (eg client's with dependent children) – consider how sanctions for EH interact with work, social, and hardship obligations. <ul style="list-style-type: none"> • Opportunity to consider whether the obligations are fit-for-purpose or move to an approach based on mutual expectations and responsibilities. • Provide front-line staff with new or different expectations of clients, and clear escalation process for how and when to apply sanctions. • Opportunity to consider not only sanctions but also supports that people might need to meet their obligations. 	<p>exacerbate debt (which may not be consistent with Government's goals to reduce debt to Government).</p> <ul style="list-style-type: none"> • Risk that people who are declined an EH SNG due to obligations failures go without shelter for a period. • Due to the nature of the population accessing EH SNGs, sanctions are more likely to fall on Māori, and groups who have limited ability to meet the obligations around finding alternative accommodation. This may include people in complex circumstances and who face discrimination in the private rental market. • May create additional burden for clients with work obligations, social obligations (parents/caregivers) and hardship obligations. • May not be supported by the public or housing sector. The National Beneficiaries Consultative Group and Housing Reference Group cautioned against changes to obligations that clients cannot meet in the current housing market, or sanctions that increase client hardship. They advise that there are clear signals in the system about the short-term nature of the EH SNG (ie the grant period) and that changes to obligations, particularly given housing supply constraints, will only create additional hardship for clients.
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We want to discuss sequencing of changes with you

- 44 Officials would like to discuss with you how we might sequence or phase the changes outlined in this paper, alongside changes in the wider system.
- 45 To support that conversation, we have considered how the options to clarify or reset elements of the EH SNG could be sequenced with other changes to the emergency housing system [as set out in 'Further advice on the reset and redesign of the emergency housing system', HUD2022-000252 and REP/22/7/642]. This is set out as three potential scenarios in **Table Four**.
- 46 Choices about sequencing could also serve to mitigate the adverse impacts of resetting eligibility and obligations and sanctions.

Table 4: Possible scenarios for sequencing

SCENARIO	IMPACTS
<p>SCENARIO A: lead with the EH SNG changes</p> <p>Implement all EH SNG changes (ie clarify and reset) ahead of wider changes to the emergency housing system</p>	<ul style="list-style-type: none"> Implementing all EH SNG changes without wider system responses may not have the desired impact and may exacerbate poor housing outcomes for disadvantaged groups. However, resetting could create tensions across the wider system to bolster additional accommodation options. Because the EH SNG is a national setting, and housing need varies across the country, Māori in areas of high housing need where there is low availability of motels such as Te Tai Tokerau (Northland) and Te Tairāwhiti (East Coast) may not have access to other options. Leading with EH SNG changes will not address the underlying drivers of urgent housing need which is a shortage of housing, particularly that rental properties that are affordable for lower income households are of the right typology and in the right locations.
<p>SCENARIO B: a phased approach to implementing changes</p> <p>Make the changes to clarify EH SNG settings first while implementing the first phase of the place-based reset of emergency accommodation and support services, and make changes to reset later</p>	<ul style="list-style-type: none"> This approach could be undertaken at the same time as the place-based reset of emergency accommodation and support services. A phased approach acknowledges that MSD can take further steps to reduce the current cohort receiving an EH SNG as much as possible via connecting people with jobs and supporting them into private rentals where that is possible. This would mean pulling levers to prevent people needing an EH SNG, clarifying settings, and making technical changes before resetting eligibility or obligations. This would also be supported by the new housing-related hardship assistance programme coming online in March 2023 and retaining and expanding housing brokers or other MSD supports (as set out in HUD2022-000252 and REP/22/7/642). Choosing to clarify settings first would mitigate the risk that people outside the prioritised place-based locations (eg Wellington and Hamilton) and areas with lower housing need (eg Southland), not having access to other emergency accommodation options.
<p>SCENARIO C: wait for place-based approach to take effect</p> <p>Wait until we have more contracted places in the system via the place-based reset of emergency accommodation and supports before making any changes.</p>	<ul style="list-style-type: none"> This scenario would focus on addressing the underlying drivers of reliance on the EH SNG, by prioritising the place-based reset of emergency accommodation and support, and wider increases to housing supply. While waiting would mitigate the risk of people having no support, it may take years before there is sufficient supply across most regions. We note that in Rotorua following the contracting of emergency housing there was a decrease in EH SNGs, but this was not sustained.

s 9(2)(f)(iv)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

<p>s 9(2)(f)(iv)</p> <p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p>
<p>[REDACTED]</p>	<p>[REDACTED]</p>
<p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p>
<p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

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[REDACTED]

[REDACTED]

s 9(2)(f)(iv)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

s 9(2)(f)(iv)

Operational changes to support the options in this paper

MSD are making some operational changes in 2022 to improve client experience and make the EH SNG easier to administer

63 Given the issues raised through the October 2021 and March 2022 advice, MSD is progressing three operational changes over the remainder of 2022:

- refreshing the public facing information about emergency housing
- taking the first steps to streamline and standardise the operational processes for EH SNGs including whether the application form can be amended or removed
- improving information and guidance for staff, by consolidating existing information.

We will provide further advice on the operational impacts, timing and cost of changes to clarify or reset elements of the EH SNG

64 MSD will need to make operational changes to implement the options, and address the technical matters set out in the paper. This includes changes to:

- s 9(2)(f)(iv)
- IT systems (primarily MSD's client management system), which will require additional funding
- guidance and training for staff to support new processes and practice
- data/information collection.

65 We estimate that changes to the EH SNG could take between nine to 18 months to implement from the date final policy decisions and funding is secured. This is driven by the lead in time for information technology resource to develop and implement IT system changes.

- 66 MSD capacity, particularly related to IT, is likely to be a key risk to the delivery of the changes in this paper. This is driven by calls on IT resource from across MSD to implement other changes across the welfare system. We can discuss this risk and potential mitigations with you.
- 67 We will provide you with detailed costings and timeframes for the proposals in the October 2022 advice. In that paper we will also indicate any other MSD operational changes required to support the implementation of the full suite of actions in the reset and redesign of the system, their cost and the timeframe to implement.

Te Tiriti o Waitangi/Treaty of Waitangi implications

- 68 Officials consider the EH SNG to be a key component of a Tiriti-compliant housing system, as it provides a last resort response for people and whānau where there are no other options. EH SNGs support many Māori whānau, with 61 percent of EH SNG recipients at the end of June 2022 being Māori.
- 69 The EH SNG is not designed to deliver Tiriti-based outcomes or be responsive to tikanga values. For instance, directing an individual to a commercial motel room that is not required to be close to whānau or one's tūrangawaewae is not reflective of values/practices such as whanaungatanga, whakapapa, or manaakitanga. The EH SNG is not Tiriti-based or tikanga-responsive outcomes or align with MAIHI principles because of its nature as a last resort financial transfer and the reliance on commercial accommodation. This is the result of how the EH SNG and associated policies were developed, ie, without engagement with Māori, or a focus on the distinct needs of Māori clients.
- 70 Some of the options in this paper can positively impact the experiences of Māori. This includes retaining key aspects of the EH SNG such as income limits (and ability to grant over that limit in exceptional circumstances), the grant period and contribution settings which mean people who need an EH SNG continue to be able to access them without additional barriers or difficulties. Also, operational changes that make the process easier may improve the experience of Māori clients with MSD.
- 71 Some of the proposals in this paper will disproportionately negatively impact Māori, due to the overrepresentation of Māori as recipients of EH SNGs, and do not align with Te Tiriti principles of active protection and equity, including:
- amending the definition of "immediate emergency housing need" to reduce eligibility which would disproportionately affect Māori whānau
 - resetting obligations and sanctions –people receiving EH SNGs are vulnerable and often experiencing difficult and complex situations and current settings removing an immediate need (via a decline) or increasing hardship (by making the whole grant recoverable) may not change behaviour. Applying additional obligations or sanctions may not have any positive change, and further disadvantage whānau.

- 72 These proposals do not enhance Māori wellbeing, are not aligned with the practice of manaaki or support Māori to exercise tino rangatiratanga. Even with sequencing, strong checks will be required to mitigate the potential negative impacts of resetting elements of the EH SNG on Māori.
- 73 As part of wider changes to the emergency housing system there are specific proposals to better respond to the needs of Māori, some of which would mitigate the impacts of changes to EH SNGs. This includes:
- Māori led solutions which will provide an opportunity for Māori to exercise tino rangatiratanga at a system level
 - the place-based reset of emergency accommodation and social supports which will secure suitable emergency accommodation and reduce reliance on EH SNGs in areas with high housing deprivation.

Consultation

- 74 The proposals in this report relating to resetting EH SNGs were tested with five of MSD's external reference groups: National Beneficiary Advocates Consultative Group⁶; Māori Reference Group⁷; Pacific Reference Group⁸; and Housing Reference Group.⁹
- 75 MSD heard consistently that more was required to provide suitable housing options for people, and that this relied on greater supply of affordable rental housing, supported housing options, and public housing. There were concerns that changes to the EH SNG would not meet the needs of people in emergency housing – particularly where greater support was required or to provide clearer pathways to longer-term housing. Feedback from stakeholders was used to refine the options in this paper, and scenarios for sequencing.

⁶ The National Beneficiaries Advocacy Consultative Group (NBACG) comprises members from beneficiary advocacy organisations across New Zealand. Members are from organisations or are individuals who provide specialist benefit advocacy and support for people. Regular quarterly meetings between NBACG and MSD provide a forum to discuss on-going issues of concern, share information and, where there are mutually agreed problems, to identify what changes in legislation, programmes, directives and operational policy and practices could be made.

⁷ The Māori Reference Group members are Māori community leaders who contribute a diverse range of skills, knowledge, and experience. The Māori Reference Group provides strategic advice to MSD for E Tū Whānau and has input into government policy that affects whānau wellbeing.

⁸ The Pacific Reference Group is made up of external Pacific Leaders, and was established to support Pacific Prosperity, MSD's Pacific strategy and action plan.

⁹ The Housing Reference group comprises transitional housing and housing support services providers from across the country. MSD convenes meetings with this group quarterly to share information, discuss issues of concern and to seek feedback on potential changes.

- 76 Changes that would impact MSD front line or regional staff were also tested with case managers, Regional Housing Managers and Regional Contract Managers. They were supportive of changes to clarify and simplify the process for granting.
- 77 We will update these stakeholders following your decisions on the paper. We also intend to engage with Community Housing Aotearoa (CHA) and Te Matapihi ahead of the October 2022 advice.

Next steps

- 78 Officials are available to discuss the contents of this paper with you, alongside discussions on wider system changes set out in the report '*Further advice on the reset and redesign of the emergency housing system*', [HUD2022-000252 and REP/22/7/642].
- 79 Subject to your decisions, we will:
- develop additional proposals for your consideration in October 2022
 - prepare detailed costings of the changes
 - reflect these changes in the October 2022 final advice on the Review, and draft Cabinet paper when required.
- 80 We recommend that you forward this paper to Hon Peeni Henare, Associate Minister of Housing (Māori Housing) and Hon Marama Davidson, Associate Minister of Housing (Homelessness) for their information.

Appendix One: Components of the EH SNG

File ref: REP/22/7/690 and HUD2022-000368

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

Appendix 1: Components of the EH SNG

- 1 The EH SNG is a last resort payment, which forms part of the third-tier assistance in the welfare system and is enabled by the Special Needs Grant Programme administered by the Ministry of Social Development (MSD).
- 2 The core components of an EH SNG include:
 - **eligibility settings** which clients must meet to get an EH SNG including:
 - that they have an immediate emergency housing need – meaning that on the date they apply or during some or all of the next seven days the applicant:
 - cannot remain in their usual place of residence (if any) AND
 - will not have any access to other accommodation that is adequate¹⁰ for the needs of the client and their immediate family
 - that the applicant requires payment for actual and reasonable costs of the emergency housing when not making the grant would:
 - worsen the applicant's position; or
 - increase or create any risk to the life or welfare of the applicant or the applicant's immediate family; or
 - cause serious hardship to the applicant or the applicant's immediate family
 - an income¹¹ and cash asset¹² test (unless there are exceptional circumstances, in which case there is discretion to grant an EH SNG when the client's income exceeds the appropriate income limit)
 - residency and ordinarily resident qualifications¹³

¹⁰ If a client has access to accommodation that is adequate for the short-term, then they do not have an immediate emergency housing need. The following accommodation options may be adequate in the short-term (depending on the client's circumstances), even if it is not suitable for longer-term accommodation: staying on a couch at a friend or family's home; night shelter; temporary boarding arrangement; staying in accommodation that is intended to be temporary e.g., cabins, mobile home, or caravan in a camping ground where there is access to facilities and amenities.

¹¹ Income limits for EH SNGs at 1 April 2022 are: Single 16-17 years \$545.01 gross weekly income limit; Single 18+ years \$626.37; Married, civil union or defacto couple (with or without children) \$909.91; Sole parent, one child \$760.08; Sole parent, two+ children \$800.78. Note that the temporary increase in income limits for SNGs from 1 November 2021 to 30 June 2022 excluded EH SNGs.

¹² The current asset limits for SNGs as of 1 April 2022 are: \$1,193.21 for singles, and \$1988.20 for married, civil union or defacto couples (with or without children) and sole parents.

¹³ Be a New Zealand citizen or permanent resident (ie not be in New Zealand unlawfully, here or on a temporary entry visa or a temporary permit). Ordinarily resident means

- **the length of the grant** – generally an EH SNG will be paid for up to seven nights at a time, however there is discretion to pay for longer in two situations:
 - for up to 14 nights at a time, when there is low availability of emergency housing in the region
 - for up to 21 nights at a time, when a client has had an emergency housing grant for at least seven nights and meets the additional qualifications, including engaging with intensive support services
 - **the emergency housing contribution** – contribution of 25 percent of a client's income towards the cost of the accommodation from night eight.
- 3 Clients must also acknowledge a range of responsibilities and conditions when granted an EH SNG, as outlined in the following table.
- 4 There are additional settings related to the security deposit including the maximum amount for a security deposit, the situations where a supplier can ask MSD to pay them the security deposit, and the steps clients can take when they do not agree.

Client obligations for an EH SNG

CLIENT RESPONSIBILITIES AND CONDITIONS OF PAYMENT
<ul style="list-style-type: none"> • To pay an emergency housing contribution towards the cost of their accommodation after the first seven nights for a new emergency housing event. • To be aware of the accommodation provider's rules of stay while staying in the accommodation. Examples may include keeping their room clean, obeying noise and other usage policies (including maximum occupancy rates and not removing any of the motel property). • To follow the rules of staying at the specific accommodation or risk facing consequences (eg responsibility for the costs arising from damage caused by them or anyone staying with them). The accommodation provider will follow up with the client if there are additional costs not covered by the security deposit. • To make reasonable efforts to find alternative accommodation and not contribute to their immediate emergency housing need. • Failure to meet these may mean the grant is declined or made recoverable.

someone who is normally and lawfully in New Zealand and intends to stay here, that is, they consider New Zealand to be their home.

Report

Date: 8 September 2022 **Security** IN CONFIDENCE
Level:

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

Emergency Housing System Review: Resetting entry pathways and changes to client and supplier expectations

Purpose of the report

- 1 Following a meeting with the Minister of Social Development and Employment about the emergency housing system review on 22 August 2022, this report provides additional advice on:
 - improving the assessment and collection of information about client and whānau needs to connect people with the right services/supports, and inform placement decisions into emergency accommodation
 - changes to expectations of emergency housing special needs grant (EH SNG) clients, and strengthening mutual expectations or obligations
 - changes to the expectations of EH SNG suppliers and ability to hold them to account without a contractual arrangement.

You will receive the final report of the Review in October

- 2 You will receive the final report of the Emergency Housing System Review (the Review) by October 2022. Ahead of this report, the Minister of Social Development and Employment asked for additional advice on:
 - changes to how people enter the emergency housing system and to the expectations of clients, suppliers, and agencies with respect to the EH SNG as set out in **Annex One**.
 - actions to address the needs of people with emergency housing need following an interaction with other parts of Government – conversations are underway with Ara Poutama – Department of Corrections, Manatū Hauora – Ministry of Health, and Oranga Tamariki – Ministry for Children and advice on key actions will be in the final report of the Review.

A new assessment and referral pathway to better support clients and whānau

- 3 A report provided to you in August 2022 on the emergency housing system review proposed developing a new assessment and referral pathway to the emergency housing system, to include all emergency housing options [HUD2022-000252 & REP/22/7/642 refer] (the August report). The rationale is to ensure that there is a single-entry to the system (ie single front door) where both people's housing and social needs are assessed and they are placed in suitable accommodation and referred to supports/services that best meets their needs.

Current state

- 4 We do not have a system-wide perspective about a person's journey into the emergency housing system, such as housing history (eg renting but it is no longer affordable, eviction), recent interaction with another part of Government (eg health, care and protection, or criminal justice systems) or other events (eg family breakdown).
- 5 Ministry of Social Development (MSD) currently collects information from clients based on face-to-face appointments or phone conversations to determine eligibility for the EH SNG and referral to transitional housing. The conversations and information collected to understand the needs and situation of a client and their whānau situation is invaluable to staff and good case management. However, this information is predominantly captured as free text in case notes and is not collated in a way that prompts further action or used for reporting and analysis purposes. Further, people may choose or be referred to an emergency accommodation option based on what is available, as opposed to whether it would best meet their housing and wider social needs. This is further exacerbated in places where there are few accommodation options.
- 6 Transitional housing providers who are under contract with Te Tūapapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) may undertake assessment of housing and other needs. There are issues with the quality of data around transitional housing and contracted emergency housing.

Capabilities of a future assessment and referral pathway

- 7 Building towards a future state where there is a single-entry point for the assessment of peoples' housing and support needs and then met via appropriate referral requires:
 - accurately capturing or assessing people's housing and support needs
 - using this information to determine the best accommodation option (eg EH SNG, contracted place, other options) for the client and their whānau and referral to services/supports (eg MSD or community-based services).

- 8 We have identified six capabilities of a new assessment and referral pathway:
- collecting the right information, at the right time, in a way that supports whānau to explore and identify their needs
 - consistency in data collection
 - using information to make placement decisions into emergency accommodation and referral to support services
 - visibility of available contracted emergency and transitional housing places across the country
 - ability to use information for reporting and analysis purposes, including to support a greater understanding of the pathways into EH SNG, contracted emergency housing or transitional housing, and out of the system (this can be used to inform work on improving the housing system including the Supported Housing Review and Public and Transitional Housing supply)
 - capability of staff or others who undertake assessment.
- 9 There are opportunities for other agencies to be involved in the assessment and referral process (as already exists with information sharing processes to help place Corrections cohort) or enable referral to the services/supports provided by other agencies.

Retaining a mixed model of assessment

- 10 You have choices about how and when different parties are included in the assessment and referral approach.
- 11 In the current state we have a mixed model of assessment where:
- MSD frontline staff assess whether someone is eligible for an EH SNG and may refer clients to a transitional housing provider and other services or supports
 - Transitional housing providers undertake an assessment of a client's suitability for their service including clients referred by MSD, or who have self-referred directly to the provider
 - In central Rotorua, Te Pokapū, the community-led housing hub (led by Te Taumata), is a single access point connecting people with the right support services for them including contracted emergency housing.
- 12 We propose to explore who may be best placed to assess a person's needs on a case-by-case basis during the assessment of priority locations in the place-based reset of emergency accommodation and support services. Undertaking this activity will help shape how we would achieve a single entry-point for assessment and referral in the future.

- 13 We will draw on the findings from the Rotorua evaluation to help inform our thinking but would not assume that a hub approach like Te Pokapū¹ would need to be established to undertake assessment and placement functions in all places. We will also draw on the experiences of MSD front-line staff, including those who are co-located in other community sites across the country. In addition, the work on enabling Māori led solutions remains open to solutions from partners to undertake different assessment and referral/placement approaches.

Actions over the short, medium, and longer term

- 14 We consider that there are steps agencies can take over the short, medium, and longer term to build this new assessment and referral pathway.

WHEN	WHAT WE CAN DO AND KEY CONSIDERATIONS
Short term (to December 2023)	<ul style="list-style-type: none"> MSD to progress initial changes to improve the data capture/collection process. This will include: <ul style="list-style-type: none"> pilot and then national roll out of the temporary housing vacancy management tool from late 2022 collecting additional information about whānau circumstances before seeking support for their immediate housing need (including interaction with other parts of government). Alongside supporting the data capture process, work is underway to build the capability of MSD front-line staff to work with whānau. This includes a focus on understanding the client and their whānau, helping them in the way they need it, and delivering well. Any possible changes to data collection for transitional housing will be reflected in the October advice.
Short to medium term (18 months to 2 years)	<ul style="list-style-type: none"> MSD and HUD work together to strengthen the assessment and referral pathway in key locations – Hamilton and Wellington as part of the place-based reset of emergency accommodation and support services, s 9(2)(f)(iv)

¹ In this model, MSD continues to retain responsibility for assessing eligibility for EH SNGs.

Medium to longer term	<ul style="list-style-type: none"> • In the medium- to longer-term agencies could implement an enhanced assessment or new assessment processes/tools nationally to support consideration of both housing and support service needs. • This will need to consider what national changes are required to support a new approach across the emergency housing system (ie encompassing all emergency accommodation options, and those who assess urgent housing need), and alignment with the new support services model being developed in 2023. • Moving to a whole of system approach is likely to require clarity about the ideal pathway (ie what intervention works for whom), whether a national approach is possible, the role of transitional and contracted emergency housing in the system, and what data or IT system changes are required to support it.
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- 15 We estimate that the cost of MSD system changes to support this new process will cost between \$4 million and \$6 million over a timeframe of 18 to 24 months from final policy decisions and funding being drawn down.
- 16 There may also be additional operational costs for the new assessment and referral pathway. This may include additional staff, funding for training and capability, and communications collateral.
- 17 There are risks that changes to the assessment and referral pathway could make the system additionally onerous for clients to navigate and staff to administer. There are also impacts on transitional housing and the privacy of clients that we will need to explore in further detail.
- 18 We seek your direction on any changes to clarify or reset EH SNG eligibility outlined in the August report as this will impact entry to the system and the timeframe for changes to be implemented.

Resetting expectations for clients, suppliers, and agencies for the EH SNG

- 19 We have considered how the expectations of clients, suppliers and agencies could be reset with a focus on mutual expectations.
- 20 In the current state the expectations of parties vary – some are written down (ie for clients), or in legislation (for situations where MSD can grant an EH SNG and what it can be used for), while others have not been formalised (ie for EH SNG suppliers).

Expectations of EH SNG clients

- 21 At present clients must acknowledge a set of obligations and the consequences of not meeting these when they receive an EH SNG.
- 22 These responsibilities and conditions of payment set out expectations that clients:
 - make reasonable steps to better their situation (consistent with hardship obligations)
 - pay a contribution towards the cost from night eight of their stay
 - know the rules of stay and abide by them

- not engage in behaviours that contribute to an ongoing need for emergency housing, eg being exited from transitional housing – this is consistent with the notion of assistance being last-resort assistance.
- 23 In addition to these, an EH SNG for 21 nights can be granted where clients are engaging with intensive service case management or support services.
- 24 As stated in the August report there is mixed evidence about the effectiveness of obligations². We have also received mixed feedback (from agencies, external reference groups and in the Evaluation of Intensive Case Management and Navigator Services³) about EH SNG obligations including:
- people meet certain obligations to get support and that there should be few, or no, excuses for not doing so. This is particularly related to antisocial behaviour (eg damage, illegal activity, intimidating behaviour)
 - making people do more when receiving an EH SNG is challenging for people when they are in complex and often crisis situations.
- 25 To strengthen expectations there are options to change the set of expectations, consequences, or how the consequences are applied. With respect to ongoing failure to meet expectations, or behaviour that is of a serious nature (including damage, illegal activity and aggressive or intimidating behaviour), taking a firmer approach to consequences would be in line with the purpose of the grant and the responsibilities described.

We consider that there may be an information gap, which could be overcome

- 26 As a first step to support clients is to provide clearer information about the current set of responsibilities and conditions of payment, and what they can expect from MSD in a client handbook (or similar).
- 27 This would include information to EH SNG clients that may support them and their whānau, while also referencing key behaviours such as:
- how they can engage with MSD and seek additional support while receiving an EH SNG
 - some of the things they can do to keep them and their whānau safe (which may be outlined in supplier rules of stay), such as:

² International evidence about obligations and sanctions in welfare systems is mixed. Obligations and sanctions can be costly to administer and comply with and may have harmful unintended consequences. There is even less evidence that non-work-related obligations and associated sanctions achieve intended behavioural modification.

³ The Intensive Case Manager and Navigators Initiatives Evaluation Report (February 2022) identified that requiring whānau to meet housing search targets does not align with the intent of the initiatives design and for example “continuously searching and applying for properties is demeaning and pointless, given the limited number of affordable rental properties and other pressing needs” (page 36).

- to provide access to suppliers for the purpose of cleaning and replacement of linens, which may include working with the supplier to determine a suitable time
 - to remove rubbish from their room / unit in a timely manner
 - to follow any signs or direction from suppliers about smoke alarms, fire sprinkler systems and fire exits
 - what to do in an emergency
 - that they have the right to complain about the place they are staying and how they can do this.
- 28 It would also set out what they can expect of MSD, for example:
- granting EH SNGs in a timely manner
 - booking a client in for a Public Housing Assessment
 - that wherever possible MSD seek to support people to stay in the same accommodation if they choose to
 - that MSD will refer people to support services where available in their region and meet their needs – such as Ready to Rent Programme, Housing Broker, Navigator etc after 8 days.
- 29 MSD consider that they can prepare and disseminate this information to new clients by March 2023.
- 30 MSD could also increase the expectations around additional engagement (including face to face engagement) with front-line staff or support services while receiving an EH SNG. MSD would need to determine whether this would be possible within existing resources.

Changes to the mechanisms MSD can use to hold clients to account

- 31 At present, the mechanisms for holding people to account include:
- case managers setting reasonable steps for the client to meet
 - making the full grant amount recoverable (ie client has to pay it back any amount paid for emergency housing over and above their emergency housing contribution) – approximately one percent of EH SNGs are made recoverable (between 0.9 percent and 1.2 percent over January to April 2022), and this has declined over time (from a high of 13.9 percent in December 2016)
 - declining the grant – this is the most severe consequence, and analysis of decline comments indicates that fewer than two percent of declines occurred where the client was not meeting their obligations, including not paying previous emergency housing contributions.

- 32 At present, MSD will not decline an EH SNG if there is a risk to safety and welfare, worsen client's position or cause serious hardship. In this situation staff will make the whole amount of an EH SNG recoverable less any emergency housing contribution (ie they will need to pay the 25 percent of their income, with the remaining balance of the grant made a debt).
- 33 We consider that there are three key options to strengthen the consequences.
- **Option 1: Status quo** – the current settings provide a very hard sanction (decline) and an option that may not have the desired behavioural effect (making the full amount of the grant recoverable).
 - **Option 2: Introduce new consequence where EH contribution can be increased up to 50 percent of income until the client meets the responsibilities/expectations** – this would align with Jobseeker sanctions however it may put people into further hardship in the short term and may disproportionately impact beneficiaries. This could be in addition to Option One.
 - **Option 3: Introducing financial incentives** where people meet their obligations. For example, that a portion of a client's contribution be paid to them as non-recoverable assistance once they find longer-term housing. We would need to work through whether this could be operationalised, and whether it creates any perverse incentives. We would need to determine how these would be added to Option One or any other combination of options.
- 34 We consider that the approach for how consequences are applied to clients should be adjusted. At present there is discretion about how these are applied, due to the focus on meeting an immediate need and not declining where there is a risk to the client or their whānau of not granting assistance. MSD note that front-line staff have asked for a stronger ability to follow through with consequences in response to the most serious behaviour.
- 35 We propose a more systematic approach considering either:
- **Introducing an X 'strikes' policy** – meaning that after a number of infractions the client would no longer be eligible for EH SNG. This could support the status quo. We note that Youth Support Services already use a 'strikes' policy but the decision to decline is rarely enacted.
 - **A tiered approach** where the use of the various consequences be set out more clearly (consistent with work obligations failures), for example:
 - MSD establishes that a client has no good and sufficient reasons for not meeting the responsibilities, and are given at least five working days to dispute or re-comply
 - Level 1: up to 50 percent contribution applied
 - Level 2: full amount of grant recoverable
 - Level 3: EH SNG is declined/cancelled.

- 36 We can provide further advice on the impacts of these changes for clients, including on client debt. We note that changes to expectations may not influence behaviour or lead to better outcomes for clients.
- 37 We received some feedback from stakeholders to suggest that a firmer approach may be effective with some clients. We have also heard concern about increasing consequences or sanctions and would want to ensure that this is for serious behaviour, and where the client has no good and sufficient reasons for failing to meet their responsibilities.
- 38 Changes to the Welfare Programme for EH SNGs would be required to support changes to the current set of expectations and consequences of behaviour. MSD will need to undertake further work to determine the costs and timeframes of any changes as set out above.

Taking steps to increase control or accountability over EH SNG suppliers would mean a contract would almost certainly exist (refer to Annex Two)

- 39 As stated in the August report, in our future state, emergency accommodation would be accessible, warm, dry and safe, provide value for money and be appropriate for the maximum length of stay. However, this is a long-term vision, requiring sustained investment and input from a range of agencies, and interim actions to shift away from high use of EH SNGs.
- 40 MSD has already taken steps to support clients with respect to their accommodation when concerns arise. This includes the introduction of the complaints process for clients in April 2021 where MSD provides suppliers with the opportunity to remedy issues. MSD will also support clients to find alternative accommodation if they choose to move. MSD may also inform other agencies / authorities⁴ so they can follow up.
- 41 Within current EH SNG settings, MSD has little or limited control over suppliers. This is due to the nature of the EH SNG as a form of financial assistance paid to a supplier on behalf of the client. As the client is the recipient of the EH SNG the contractual relationship is between clients and suppliers in this situation. MSD's current role is to determine eligibility for an EH SNG and grant this assistance and support the client, including by responding to client complaints and referral to support services. In the current state MSD does not have any formal power to stop using a particular supplier, or to get them to comply with our expectations.
- 42 Emergency and transitional housing are exempt from the Residential Tenancies Act 1986 meaning that EH SNG recipients do not have enforceable rights that people have in public housing or private rentals. HUD have sought

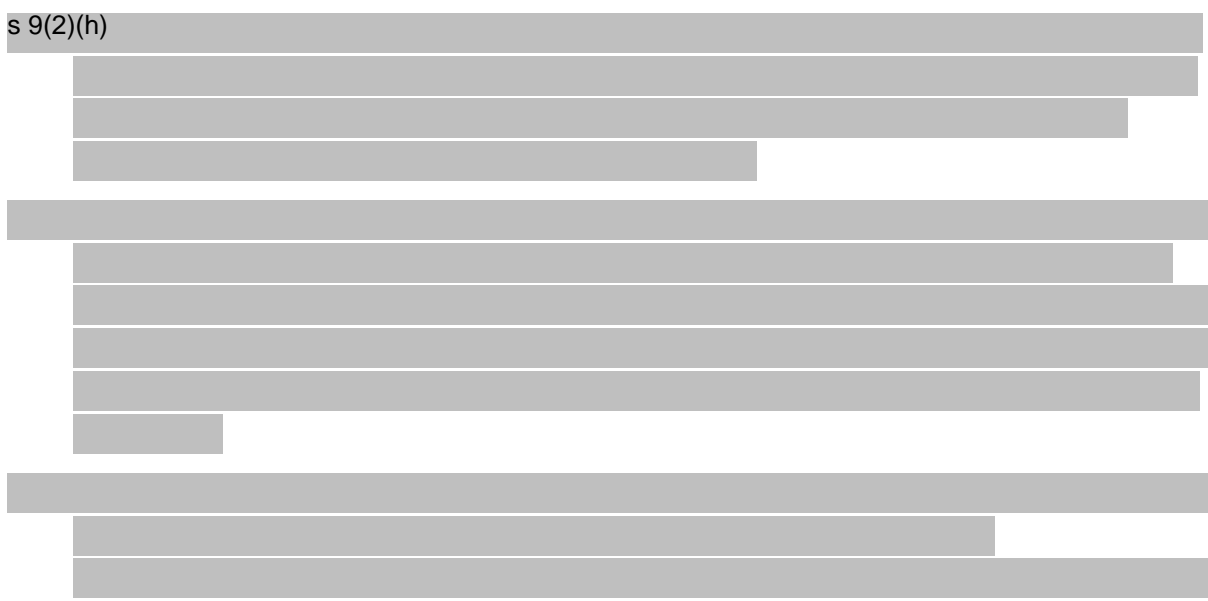
⁴ For example, Fire and Emergency New Zealand (FENZ) with respect to fire safety standards.

to remedy this for transitional housing by developing a Transitional Housing Code of Practice. This is due to be released for consultation soon and is planned to be operational during the 2023/24 financial year.


- 43 We have identified a range of steps government could take to strengthen accountability/control over EH SNG suppliers as set out in **Annex Two**.
- 44 Further, we have explored several scenarios for clarifying the expectations of EH SNG suppliers, or introducing obligations and standards related to the quality of supply and how EH SNG recipients are treated. This includes:
- provision of additional information to EH SNG suppliers (eg about role of MSD, MSD expectations of clients, complaints process)
 - a code for EH SNG suppliers (drawing on the Transitional Housing Code of Practice)
 - supplier panel (a procurement approach)
 - occupancy agreements.
- 45 We previously explored “preferred supplier agreements” however these have a very specific meaning under the Social Security Act⁵ and it requires that clients purchase the good or service from that preferred supplier. While this works for whiteware for example where there is a single preferred supplier, it does not easily apply to several hundred EH suppliers.

Legal advice

s 9(2)(h)

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s 9(2)(h)

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We want to discuss the risks and benefits of any change in approach with you

s 9(2)(h)

- 55 The benefit of greater control over EH SNG suppliers would include the ability to determine the pool of suppliers and hold them to account if they do not meet expectations. This will ultimately support the future state of the emergency housing system such as ensuring clients and whānau have access to emergency accommodation that is accessible, warm, dry, and safe.
- 56 Should you want to pursue this, we would need to work through:
- what these contracts should cover, how they would work, and how they would be monitored and enforced
 - any changes that may be required to the EH SNG itself
 - the cost of moving to contracts and considerations for implementation
 - determining which agency should be responsible.

Consultation and communication

- 57 The proposals in this report have not been discussed with stakeholders such as the National Beneficiary Advocates Consultative Group, or Homelessness Sector Services (Community Housing Aotearoa and Te Matapihi). There is a risk that these proposals are not supported by key stakeholders.
- 58 Officials engaged with Community Law Centres Aotearoa (CLCA)⁷ in July on proposed options to improve emergency housing supplier obligations and standards (code, supplier panels and contracting). Community Law Centres Aotearoa's view was that changes should strike a balance between ensuring contractual processes manage ongoing supplier compliance while providing flexibility in the system to address possible constraints on supply. Community Law Centres Aotearoa have suggested that where possible expectations of suppliers should align with the transitional housing regime. We will engage with CLCA on any further advice on EH SNG supplier expectations.

Next step - we want to discuss these changes with you

- 59 Officials would like to discuss this advice with you, and how they relate to proposals set out in the August reports.
- 60 Following these discussions, we will include recommendations in the final report of the emergency housing system review due in October 2022.

⁷ CLCA have a strong interest in improving supplier obligations and standards due to the lack of enforceable legal rights people have in emergency housing, which has contributed to unfair treatment and partial services from suppliers to EH SNG recipients.

Recommended actions

It is recommended that you:

- 1 **note** that in August 2022 you received advice on the resetting the emergency housing special needs grant (EH SNG) [REP/22/7/690, HUD2022-000368 refers]
- 2 **agree** to discuss the material in this report with Officials.
- 3 **agree** to forward this paper to Hon Peeni Henare, Associate Minister of Housing (Māori Housing) and Hon Marama Davidson, Associate Minister of Housing (Homelessness) for their information.

Agree/Disagree

Agree/Disagree



Hilary Joy

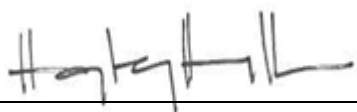
**General Manager, System
Policy, HUD**

08 / 09 / 2022

Hon Dr Megan Woods

Minister of Housing

..... / /



Hayley Hamilton

**General Manager, Employment
and Housing Policy, MSD**

08 / 09 / 2022

Hon Carmel Sepuloni

**Minister for Social Development
and Employment**

..... / /

Annex One: Summary of changes with focus on entry pathway and EH SNG expectations

Annex Two: Client responsibilities when receiving an EH SNG

File ref: REP/22/8/805 and HUD2022-000730

Author: Samantha Fitch, Principal Policy Analyst, Employment and Housing Policy

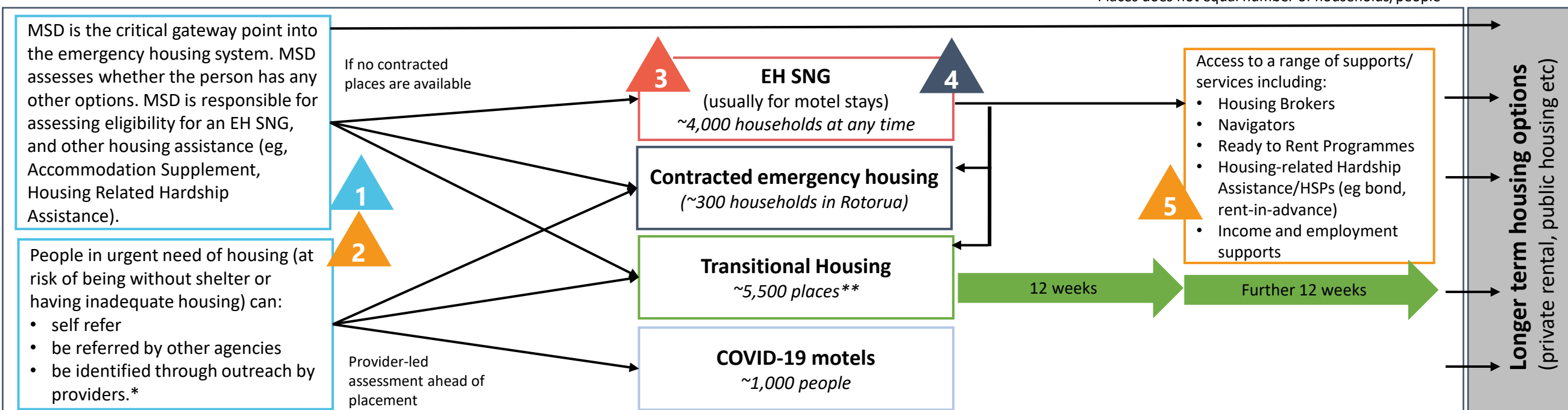
Responsible manager: Hayley Hamilton, General Manager Employment and Housing Policy

Annex 1: Summary of changes with focus on entry pathway and EH SNG expectations



Current state of the emergency housing system

* We do not know the proportion of people who enter the system this way
**Places does not equal number of households/people



ENTRY TO THE SYSTEM

RESETTING THE EH SNG

FIT-FOR-PURPOSE ACCOMMODATION

SOCIAL/SUPPORT SERVICES

What would be different in the future? (1)

- Agencies and providers proactively support those at risk of needing emergency housing.
- Single entry to the system where clients are assessed for both housing and support needs, and referred to:
 - suitable emergency accommodation. EH SNG for those with lower need
 - social services/supports.
- Better support for key cohorts including those transitioning from Government care.
- Information used to inform future policy.

What would be different in the future? (3)

- Fewer people need emergency accommodation, and those who receive an EH SNG do so for shorter periods of time.
- There are clear expectations of clients when they are receiving an EH SNG.
- Clients are supported to meet these expectations and held to account if they do not.

What would be different in the future? (4)

- There are more contracted places where clients have access to quality emergency housing options with support services tailored to their needs (supported by new assessment and referral pathway).
- Dependent on scenarios below/ in Annex 2**
- There are clear expectations of EH SNG suppliers (coupled with client expectations).
- Agencies have greater ability to hold EH SNG suppliers to account.

What would be different in the future? (2, 5)

- More clients are able to access current MSD support services (short term).
- Clients receive the right level of support for their needs (ie tailored as opposed to a one-size-fits-all approach). Services are whānau-centred and there are more Kaupapa Māori and culturally safe services.
- Number and nature of social supports/ services for whānau is informed by assessment and referral pathway.

Options identified (1)

- Increase systematic data captured from conversations between clients and MSD frontline staff (currently information captured in case notes) including about prior housing history and interaction with other agencies.
- Pilot new assessment and referral pathway for emergency accommodation (in location with adequate supply of emergency accommodation - Hamilton, Wellington or Auckland TBC) and support services.

To come in October advice

- Cross-agency actions with Oranga Tamariki, Ara Poutama and Manatū Hauora.

Options identified (3)

- Additional information to clients regarding behaviour (eg access for cleaning, health & safety protocols including fire safety to be aware of), and what to expect of MSD.
- Changes to consequences of behaviour:
 - increase contribution (up to 50%), and/or
 - financial incentives when expectations met.
- Changes to how consequences apply.
- As outlined in August report**
- Changes to tighten EH SNG gateway:
 - clarify when EH SNG is not appropriate
 - changes to definition of immediate emergency housing need.

Scenarios identified (4) – set out in Annex 2

- Share additional information to EH SNG suppliers and clients.
- Clarify what steps MSD can take in response to complaints from clients.
- Introduce a code for EH SNG suppliers (drawing on the TH code of practice).
- Introduce supplier panels for EH SNG suppliers or other procurement process.
- As outlined in August report**
- Additional contracting in key locations (secures quality accommodation).
- Māori-led solutions for accommodation and supports.

Options identified (2, 5)

- Standardised information collected about client needs.
- Use information about take-up of current social supports to inform future service responses/policy advice.
- As outlined in August report**
- Contract social support services in new contracted motels in key locations.
- Extend MSD support services for 2023/24.
- New social support model developed over 2023.

Annex 2: Accountability / control spectrum for EH SNG suppliers



Current state EH SNG

	Little control	Limited control	Moderate control	High level of control	Total control
Referral / placement for clients	Client finds their own accommodation	MSD recommends suppliers, but clients can still find their own	MSD recommends suppliers for clients, and clients agree with recommendation	MSD requires clients stay in particular accommodation (unless an exception applies)	MSD requires clients stay in particular accommodation
Expectations of clients following placement	Rules of stay determined by supplier and clients asked to adhere to them	Clients acknowledge responsibilities of receiving an EH SNG and MSD may make grant recoverable or decline		Clients sign up to set of rules / expectations ahead of granting EH SNG	Clients must abide by rules of stay
Suitability of accommodation for clients and whānau	No control	Suppliers that MSD refers to may be suitable for clients in certain ways	Suppliers meet certain requirements, with compliance via complaints process	Suppliers must meet MSD requirements to be registered as a supplier	Specific service standards and deliverables, consequences if they are not met (HUD contract)
Use of commercial accommodation for emergency housing (depends on business model/ local supply)	Suppliers determine how many households they take	MSD and supplier agree to a fixed number of households they will take	MSD provided priority use by supplier	HUD secures part of premises and MSD provided priority use for other rooms	Complete exclusive use
Cost	Tariff is set by motel (may be more than market rate)	Market rate (advertised rate to general public)	Government suggests appropriate rates		Contracted rate
Availability of social/support services	Available to client through MSD (or Te Pokapū in Rotorua)	MSD knows the supplier’s rules about support services	Support services have the right to access the premises	Support services could be on site	Support services (and security) required on site under contract

Scenario canvassed

s 9(2)(h)

1. Enhanced status quo	2. Code for EH SNG suppliers	3. Supplier Panel	4. Occupancy Agreement
<p>MSD would provide additional information to suppliers about emergency housing (ie role of MSD and what we pay for, complaints process etc).</p> <p>MSD could prepare this information and provide this to suppliers in the short-term (by March 2023).</p>	<p>Agencies would extend or apply parts of the Transitional Housing Code of Practice (due to go out for consultation shortly, and to be operational in 2023) to EH SNG suppliers. To enable enforcement, Government would require a contract with the supplier.</p> <p>There are further details that would need to be worked through including what information we require of suppliers to establish that they meet the code? Who assesses this (role and agency)? What standards would be used? How frequently would this have to be updated? What systems or process would be required?</p>	<p>Agencies would establish supplier panels whereby suppliers would be “assessed” or “pre-approved”. This is a procurement approach that is used across Government including for Transitional Housing. This would create a contractual relationship.</p> <p>There are a range of matters that would need to be worked through including: What standards would need to be applied for these decisions to be consistent across the country? Who is responsible for the panel process? What does compliance/enforcement look like?</p>	<p>Agencies would need to develop an appropriate agreement to pay motels for a specified guaranteed number of rooms (including any un-used rooms) and any additional incentives (support services, security etc).</p>



Briefing

APPROVAL TO PROACTIVELY RELEASE EMERGENCY HOUSING SYSTEM REVIEW DOCUMENTS

Date	17 October 2022	Priority	High
Tracking number	HUD2022-000628; REP/22/10/977		

ACTION SOUGHT FROM MINISTER(S)

Minister	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	Agree to proactively release key Emergency Housing System Review documents	21 October 2022
Hon Carmel Sepuloni Minister for Social Development and Employment	Agree to proactively release key Emergency Housing System Review documents	21 October 2022

CONTACT FOR DISCUSSION

Name	Position	Telephone	1st contact
Charlie Russell	Manager, Homelessness, HUD	s 9(2)(a)	✓
Alex McKenzie	Manager, Housing Policy, MSD	s 9(2)(a)	

OTHER AGENCIES CONSULTED

Kāinga Ora

DATE RETURNED TO HUD: Click here to enter a date.



Briefing

APPROVAL TO PROACTIVELY RELEASE EMERGENCY HOUSING SYSTEM REVIEW DOCUMENTS

Minister(s) receiving	Hon Dr Megan Woods, Minister of Housing Hon Carmel Sepuloni, Minister for Social Development and Employment		
Date	17 October 2022	Priority	High
Tracking number	HUD2022-000628; REP/22/10/977		

Purpose

1. The purpose of this briefing is to seek your approval to proactively release key documents related to the emergency housing system review on the website of Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD).

RECOMMENDED ACTIONS

2. It is recommended that you:

1. **Agree**, by 21 October 2022, to proactively release, with the redactions outlined in the annexes, the following documents:

- a. Cabinet paper and minute – *Progressing the emergency housing system review* [SWC-22-MIN-0134 refers]

Agree / Disagree

- b. *Progressing the reset and redesign of the emergency housing system* [BRF21/22111190 and REP/22/1/014 refer]

Agree / Disagree



- c. *Emergency Housing System Review: Assessment of the current emergency housing system and areas for improvement* [BRF21/22091120 and REP/21/9/1043 refer]

Agree / Disagree

pp.

Charlie Russell
Manager, Homelessness, HUD
17 / 10 / 2022

Alex McKenzie
Manager, Housing Policy, MSD
17 / 10 / 2022

Hon Dr Megan Woods
Minister of Housing
..... / /

Hon Carmel Sepuloni
**Minister for Social Development
and Employment**
..... / /



Background

3. On 1 August 2022, Cabinet endorsed the paper – *Progressing the emergency housing system review* [SWC-22-MIN-0134 refers].
4. Cabinet Office circular (18)4 states that all Cabinet and Cabinet committee papers and minutes must be proactively released and published online.
5. As such, subject to your approval, HUD is proposing to publish the following documents on its website:
 - a. Cabinet Paper – *Progressing the emergency housing system review*
 - b. Cabinet Minute – *Progressing the emergency housing system review* [SWC-22-MIN-0134 refers].
6. In addition, to ensure openness and transparency with the public, we propose publishing the first two report backs of the emergency housing system review:
 - a. March 2022 advice – *Progressing the reset and redesign of the emergency housing system* [BRF21/22111190 and REP/22/1/014 refer]
 - b. October 2021 advice – *Emergency Housing System Review: Assessment of the current emergency housing system and areas for improvement* [BRF21/22091120 and REP/21/9/1043 refer].

Review of documents

7. Officials have reviewed these documents and propose some redactions be made under the Official Information Act 1982.
8. Across all documents, we propose withholding information on work that is subject to further decisions by Ministers and/or Cabinet, including references to Hamilton City and Wellington metro.

Risks

9. We expect that the release of these documents will attract significant interest given how little has been said publicly about the emergency housing system review to date. We will inform key stakeholders of the proactive release and officials can prepare material to support Ministers if they wish.

Next steps

10. Once you have approved the release of the documents, we will publish them on the HUD website on Tuesday 25 October.



Annexes

Annex One: Marked copy of Cabinet paper and minute – *Progressing the emergency housing system review*

Annex Two: Marked copy of *Progressing the reset and redesign of the emergency housing system*

Annex Three: Marked copy of *Emergency Housing System Review: Assessment of the current emergency housing system and areas for improvement*



Briefing

FINAL ADVICE ON THE EMERGENCY HOUSING SYSTEM REVIEW

Date	3 November 2022	Priority	Medium
Tracking number	HUD2022-000885, REP/22/10/1022		

ACTION SOUGHT FROM MINISTERS

Minister	Action sought	Deadline
Hon Grant Robertson Minister of Finance Hon Dr Megan Woods Minister of Housing Hon Carmel Sepuloni Minister for Social Development and Employment	Discuss and provide guidance to officials on content of December Cabinet paper Refer to Housing Ministers Note: In Budget 2022, Cabinet approved \$355 million Emergency Housing – progressing work on system changes Tagged Contingency [CAB-22-MIN-0129 refers]; Approve: The 1 st drawdown of \$0.500m in 2022/23 against this contingency; and Approve: Changes to the Departmental Output Managing the Housing and Urban Development – Management of Housing Provision and Services MCA.	07 November 2022

CONTACT FOR DISCUSSION

Name	Position	Telephone	1 st contact
Hilary Joy	General Manager, System Policy, HUD	s 9(2)(a)	✓
Hayley Hamilton	General Manager, Employment and Housing Policy, MSD	s 9(2)(a)	✓

OTHER AGENCIES CONSULTED

The Treasury, Ara Poutama – Department of Corrections, Oranga Tamariki – Ministry for Children, Manatū Hauora – Ministry of Health.

DATE RETURNED TO HUD:



Briefing

0BFINAL ADVICE ON THE EMERGENCY HOUSING SYSTEM REVIEW			
Ministers receiving	Hon Grant Robertson, Minister of Finance Hon Dr Megan Woods, Minister of Housing Hon Carmel Sepuloni, Minister for Social Development and Employment		
Date	3 November 2022	Priority	Medium
Tracking number	HUD2022-000885, REP/22/10/1022		

Purpose

1. This is the final report-back on the review of the emergency housing system. It seeks decisions on resetting the emergency housing system over the next 12 to 18 months and approval for the plan to use the \$355 million contingency funding including initial draw down. Decisions on this paper will enable a report back to Cabinet in December 2022.

Executive summary

2. In July 2022, Cabinet agreed to an ideal future state where emergency accommodation is rarely needed, and when it is used, stays are brief and non-recurring [CAB-22-MIN-0281 refers]. This vision will take some years to achieve and depends on:
 - A reset supported housing system with adequate supply of these options.
 - Significant, sustained investment in a range of affordable housing options (e.g. public housing, Māori-led housing, the Affordable Rental and Build-Ready Developments pathways under the Affordable Housing Fund) for households who cannot afford a market rent.
 - Broader reforms (e.g. resource management, building consenting) to enable the housing system to deliver more homes where they are needed, at a lower cost, and offering a greater variety of housing types.
3. Officials are progressing work in these areas but until there has been a significant increase in the right kinds of housing supply, including supported housing, we will continue to rely on emergency housing, and motels, for at least the next five years.
4. Last year the number of EH SNGs, and COVID motel places reduced – with 1,500 fewer households in EH SNG motels in September 2022 compared to the peak in November 2021, and 376 fewer COVID motel units compared to the peak in March 2021. While the decline is encouraging, it will still take several years to reach the ideal future state.
5. This paper proposes improvements at each stage of the system as agreed by Cabinet in July 2022:
 - resetting the Emergency Housing Special Needs Grant, including entry pathways

- delivering fit-for-purpose accommodation, including developing and implementing a national strategic approach to contracting and purchasing motels
- resetting the provision of social support services to support exit to more sustainable accommodation.

Resetting the EH SNG, including entry pathways

6. The EH SNG is an unsuitable mechanism for anything other than very short-term accommodation for people in emergency situations. While the EH SNG is responsive to demand, as seen through the COVID-19 period, it is an income support payment, not a housing programme, and only intended for short-term stays when there are no other options. There are opportunities to provide greater clarity about who an EH SNG is for – either through changes to guidance for staff, or changes to policy settings (including limiting ability to grant over income/asset limits, and/or implementing a time-limit), and to reset the assessment and referral pathway.
7. Over the next 12 months we will:
 - Establish clear pathways for referral into accommodation (EH SNGs, contracted emergency housing, or transitional housing) or other housing options with agreed processes across government agencies and with providers.
 - Implement a new tool for MSD staff to support assessment and referral pathway.
 - Improve system data about entry into, through and out of the system.
 - Improve real-time visibility of available transitional housing places.

Delivering fit-for-purpose accommodation

8. Over the next 12 months, we will take the following actions to improve the safety, security, and quality of emergency housing accommodation:
 - A set of EH SNG supplier standards.
 - Provide a range of accommodation types (including contracted motels), social supports and security services to meet the needs of the cohorts of people in Wellington metropolitan area and Hamilton City, drawing on the lessons learned from contracting emergency housing for whānau in Rotorua.
 - Fund new transitional housing, where this is possible and can be brought on quickly.
 - Where it is beneficial, purchase motels for more emergency housing, in which case HUD would engage with an appropriate partner to progress arrangements.
 - Invest in initiatives that provide alternatives to emergency housing for Māori with a focus on Tairāwhiti and Te Tai Tokerau as two areas of high housing deprivation but few emergency housing motel options.

Resetting the provision of social support services

9. Alongside existing social supports delivered in transitional housing and contracted emergency housing, over the next 12 months we will:



- Expand MSD support services (Intensive Case Managers, Navigator Support Services, Housing Brokers, Ready to Rent Programmes and the Flexible Funding Programme) to prevent emergency housing need, and help people exit more quickly.
- Provide advice on a redesigned system of supports across the emergency housing system, to ensure people receive a level of support commensurate with their needs and can access other mainstream services.

Delivery of the actions will require drawdowns from the Budget 2022 Tagged Contingency

10. We seek your approval to drawdown \$0.500 million from the Budget 2022 Emergency Housing – progressing work on system change Tagged Contingency (\$355 million over two years) to fund three months of HUD resourcing for the development of place-based plans in Hamilton City and Wellington metropolitan area.
11. We then propose a more substantive draw down via the Cabinet paper in December 2022, s 9(2)(f)(iv) [REDACTED]. We propose seeking the following funding through the contingency to support the reset:

WORKSTREAM AREA	PROPOSED INITIATIVE	ESTIMATED VALUE
Resetting the EH SNG	System improvements for assessment and referral pathway (December 2022 drawdown)	\$6.000 million
	Support for changes to MSD systems and processes to make changes to EH SNG eligibility criteria and sanctions s 9(2)(f)(iv) [REDACTED]	\$2.000 million
Delivering fit-for-purpose accommodation	Initial HUD resourcing for three months to support place-based plans (this paper)	\$0.500 million
	Implementing EH SNG supplier standards (December 2022 drawdown)	\$0.950 million
	HUD resourcing for the development of place-based plans (December 2022 drawdown)	\$3.500 million
	Contracting motels and support services (and other emergency housing supply identified during engagement in early 2023) in Hamilton City and the Wellington metropolitan area s 9(2)(f)(iv) [REDACTED]	\$170 million
	Investing in initiatives that will reduce the demand on, or provide alternatives to, emergency housing for Māori and kaupapa Māori support services s 9(2)(f)(iv) [REDACTED]	\$120 million



Strengthening the provision of social support services	Increasing support to EH SNG clients, and funding the continuation of EH SNG support services to 30 June 2024 (December 2022 drawdown)	\$38.608 million (\$29.589 million for current; \$9.019 million to expand)
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RECOMMENDED ACTIONS

It is recommended that Minister of Housing and Minister for Social Development and Employment:

Resetting the EH SNG, including entry pathways (paras 33–58)

1. **indicate** if you want to report back to Cabinet with the following options for changes to EH SNG eligibility:
 - a) Option 1: clarify guidance for staff, including around what MSD consider to be adequate accommodation (such as staying on a couch changing from “may be adequate” to “are adequate” in the short term unless exceptional circumstances exist), and when an EH SNG should not be granted Yes / No
 - AND/OR
 - b) Option 2: limit the ability to grant an EH SNG over the income and cash asset limits Yes / No
 - AND/OR
 - c) Option 3: introduce a time limit or cap on the EH SNG, subject to expansion of support services in Recommendation 11 Yes / No
2. **indicate** if you want to seek Cabinet agreement to the scope and funding for a new assessment and referral pathway Yes / No
3. **note** that MSD propose a new resolution framework for EH SNG client and supplier behaviour Noted
4. **indicate** which option you would like to report back to Cabinet with on EH SNG client consequences:
 - a) Option 1: Increasing the emergency housing contribution to 50 percent if a client has not met their expectations but still have an immediate emergency housing need Yes / No
 - OR
 - b) Option 2: defer decisions on sanctions to consider them Yes / No



5. s 9(2)(f)(iv)

Agree / Disagree

Delivering fit-for-purpose accommodation (paras 59–82)

6. **agree** to seek Cabinet approval to implement EH SNG supplier standards via changes to the Special Needs Grant Programme, and MSD's supplier registration and complaints processes

Agree / Disagree

7. **note** that following Cabinet agreement in December 2022, officials will begin local engagement and detailed planning on emergency housing plans for Hamilton city and Wellington metropolitan area, to enable the first contract/s to be executed in June 2023 and further contracts on a rolling basis thereafter

Noted

8. **note** that approximately 360 new places (contracted emergency housing and transitional housing) could be contracted in Hamilton City and Wellington metropolitan area for a 3-4 year period, with most online in the next 12 months

Noted

Responding to the emergency housing needs of Māori (paras 83–90)

9. **agree** to propose to Cabinet that existing funding mechanisms and programmes (such as Whai Kāinga Whai Oranga and the Affordable Housing Fund) are used to deliver initiatives through Budget 2022 contingency funding that will reduce the demand on, or provide alternatives to, emergency housing for Māori

Agree / Disagree

Strengthening social supports (paras 91–95)

10. s 9(2)(f)(iv)

Noted

11. **agree** to seek Cabinet approval to continue and expand MSD support services for one year from 1 July 2023 to prevent emergency housing need and support people to exit to sustainable housing more quickly

Agree / Disagree

Next steps

12. **agree** to forward this paper to Hon Peeni Henare, Associate Minister of Housing (Māori Housing) and Hon Marama Davidson, Associate Minister of Housing (Homelessness) for their information

Agree / Disagree



13. **agree** officials draft a paper for the Cabinet Social Wellbeing Committee (tentatively 7 December 2022), for final decisions on the actions proposed in this advice

Agree / Disagree

It is recommended that Minister of Finance and Minister of Housing:

14. **note** that in Budget 2022, Cabinet approved \$355 million Emergency Housing – progressing work on system changes Tagged Contingency [CAB-22-MIN-0129 refers]

Noted

15. **note** that officials propose to draw down funding from the Tagged Contingency in three phases:
a) Phase 1: In this paper, see recommendation 17
b) Phase 2: Via Cabinet approval process in December 2022
c) s 9(2)(f)(iv)

Noted

16. **note** that HUD intends to seek Cabinet approval to rephase the remaining amount of the tagged contingency to allow funding in the 2024/25 and 2025/26 financials years to support contracts in Hamilton City and Wellington metropolitan area to meet emergency housing need of three to four years

Noted

17. **agree** to draw down \$0.500 million to ensure that HUD can resource the development of place-based plans over the next three months

Agree / Disagree
**Ministers of
Finance and
Housing only**

18. **approve** the following changes to appropriations to give effect to the policy decision in recommendation 17, with a corresponding impact on the operating balance and net core Crown debt:

Vote Housing and Urban Development	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Minister of Housing					
Departmental Output Expense: Managing the Housing and Urban Development Portfolio– <i>Management of Housing Provision and Services MCA</i> . (funded by revenue Crown)	0.500	-	-	-	-

Yes / No
**Ministers of
Finance and
Housing only**

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

Agree / Disagree
**Ministers of
Finance and
Housing only**



20. **agree** that the expenses incurred under recommendation 18 above be charged against the Emergency Housing – progressing work on system changes Tagged Contingency previously established by Cabinet in Budget 2022 [CAB-22-MIN-0129 refers].

Agree / Disagree
**Ministers of
Finance and
Housing only**

Hilary Joy
**General Manager
System Policy, HUD**
03 / 11 / 2022

Hayley Hamilton
**General Manager
Employment and Housing
Policy, MSD**
03 / 11 / 2022

Hon Grant Robertson
Minister of Finance
..... / /

Hon Dr Megan Woods
Minister of Housing
..... / /

Hon Carmel Sepuloni
**Minister of Social
Development and
Employment**
..... / /

Background

12. In July 2022, Cabinet confirmed three focus areas for resetting the emergency housing system over the next 18 months [SWC-22-MIN-0134 refers]. \$355 million is available to support these activities through to 2024:
 - resetting EH SNGs, including entry pathways
 - delivering fit-for-purpose emergency accommodation
 - strengthening the provision of social support services for people in emergency motel accommodation.
13. In August 2022, you received two reports on the emergency housing system review which set out initial proposals and timelines for the reset and redesign of the system [HUD2022-000252, REP/22/7/642 and HUD2022-000368, REP/22/7/690 refer].
14. Supplementary advice was provided in response to questions from Hon Sepuloni about the collection of information to improve placement decisions into emergency accommodation and to better connect people with the rights services and supports, and changes to the expectations on EH SNG clients and suppliers, strengthening mutual expectations and obligations [REP/22/8/805, HUD2022-000730 refer].

The numbers of people in the emergency housing system and use of motels has reduced over 2022 but it will be at least five years until we reach our desired end state

15. Over the last few years, we have relied on commercial accommodation (mainly motels) to provide shelter or emergency housing for those with an immediate need (EH SNGs, in the COVID response and for some transitional housing places). Use peaked for COVID motels in March 2021 at 1,029 contracted units nationwide, and for EH SNG motels at 6,225 households during November 2021. There were 650 COVID motel units contracted at 30 September 2022 and the number of transitional housing motel places continues to stay at around 650 places.
16. The number of EH SNGs has been trending down from a peak in November 2021 of 6,225 households in the month, to September 2022 where there were 4,725 households, a decrease in 1,500 households (24 percent). It is unclear whether this decline will stabilise or continue to pre-COVID-19 levels of around 3,400 households nationally. In Auckland, where there has been a significant increase in new supply of public and transitional housing, the number of EH SNG recipients has halved between November 2021 and September 2022 (reduction of 864 recipients).
17. EH SNG use is persistent for single people and single people with children (49 percent and 39 percent respectively as at September 2022), while a much smaller group of recipients are couples with children and couples (8 percent and 4 percent respectively as at September 2022).
18. While the decline in EH SNG use and motel use overall is encouraging, a long-term shift away from high emergency housing use remains dependent on longer-term work underway to reset the housing system. This includes system settings to improve housing affordability, increasing the provision of affordable housing, and work to review and reset the supported housing system. It will take at least 5 years for these changes

to take effect to the point where we see the duration of stay reduce and the EH SNG is only for very short stays.

A review of supported housing is underway and advice on the scope of the review will be delivered before the end of the year

19. HUD is leading a review of the supported housing system s 9(2)(f)(iv)
20. A direct way to ease pressure on the emergency housing system is to invest in supported housing to house people with the appropriate support services for their long-term needs. Supported housing is not the same thing as providing social services to those in emergency housing (such as budget-support, or housing market navigation) which improve the ability of those experiencing homelessness to stabilise their housing situation.
21. There are broadly two types of supported housing:
- medium-term habilitation housing solutions – that support people to develop skills that will support them to live well, and as independently as possible, in the community. These solutions are often used for people transitioning out of care.
 - longer-term assisted living housing solutions – that are designed to provide support for long-term or lifetime stays. These solutions are usually targeted at people with long-term physical and or mental disabilities, to support them to live as independently as possible.
22. There are no clear and agreed roles and responsibilities for commissioning, providing, or funding supported housing services. There is a need to articulate and agree the roles and responsibilities necessary to create systems and services that give effect to best practice housing and service delivery, including the types of accommodation Government fund, build, contract, and purchase.
23. The supported housing review is an opportunity to respond in a coordinated, long-term way to the needs of priority cohorts.

We began a pilot approach to resetting emergency housing in Rotorua in 2021. This is being evaluated and we have learnt lessons from this approach

24. In July 2021 Cabinet approved work to reset the emergency housing system in Rotorua, on a pilot basis [CAB-21-MIN-231.01 refers]. Rotorua has a high rate of housing deprivation, high use of EH SNGs, low availability of rental properties and development economics do not support the construction of new housing through the private market. The Rotorua approach is intended to improve the experience of emergency housing for clients, while public and affordable housing solutions are developed in the medium-term.

Early findings indicate the approach positively supports whānau with children in their journey towards mana motuhake (self-determination)



25. Preliminary findings from an evaluation of the Rotorua pilot carried out with key stakeholders¹ showed that contracted emergency housing is providing whānau with respite and support to overcome a range of challenges and reset their lives.²
26. Those whānau interviewed were grateful to be housed. Their experiences of living in contracted motels, while not ideal, were an improvement on their prior living conditions (for example, in abusive relationships or in high drug-use environments). They felt that contracted emergency housing was a safer, more secure option for their children than living in EH SNG motels (noting that the EH SNG model was out of scope for the evaluation).

“I feel safe and secure here, especially when I work late at night...for me personally, I feel scared to live in unmanaged motels, you never know what might break out with the neighbours and who can walk through. It’s comforting to know they (security) are present (whānau voice).”

27. Wrap around support was also valued by whānau who accessed the support. Evaluators noted that this was key to ensuring whānau move forward in their journey towards mana motuhake (self-determination). Whānau interviewed had developed a plan and identified goals, and felt that providers genuinely cared about them and their futures and were proactive in providing support, particularly for their children. While the motel accommodation met whānau needs, parents did not think motels were suitable long-term for children and wanted to find a place they could call home.

The findings support extending the approach to other locations if preconditions are in place

28. The evaluation suggests that this model works well for families and whānau with children who want to make an improvement in their lives and who are, accordingly, willing to accept the rules that are in place. A similar approach could work for other cohorts who are happy to abide by restrictions on access, but changes may be needed to suit cohorts who may not be, such as single adults or rangatahi/young people. Government lessons learnt from implementing the pilot are set out in Annex A.

We have compared the costs of emergency housing options in Rotorua, to help understand the value of the approach

29. We have undertaken a comparison of the costs of the different emergency housing options available in Rotorua. This is in lieu of the ability to provide a comparison of the outcomes of each option. A table of costs is included in Annex B.
30. In the 2021/22 year we spent approximately \$40.2 million in Rotorua for accommodation alone across EH SNGs (\$20.8 million), contracted emergency housing (\$16.4 million) and transitional housing (\$3.0 million). The cost of support services in the different types of accommodation are not directly comparable, as the service specifications differ. With this caveat, the cost of wrap around support services in contracted emergency housing falls in between that of transitional housing motels and long-term transitional housing.³

¹ Stakeholders included 11 whānau in contracted emergency housing, 13 moteliers, members of Te Hau Ki Te Kāinga (provider collective), and local and central government.

² Note that fieldwork is ongoing and so findings may be subject to changes. A final evaluation report is due in December 2022.

³ The cost of wrap around support services in contracted emergency housing is \$350 per household per week, compared to \$250 for transitional housing motels and \$420 for long-term transitional housing.

This review recommends improvements over the next 12 months

31. The long-term vision is that **emergency housing is rarely needed, and when it is used, stays are brief and non-recurring**. Realising this vision requires change across the housing system including significant investment in the supply of affordable housing, sustained investment in public housing, and a reset supported housing system.⁴
32. Over the next 12 to 18 months we will focus effort on implementing the following changes in each of the three workstreams.

RESETTING THE EH SNG, INCLUDING ENTRY PATHWAYS

In 12 months, the system will look different in the following ways:

- Greater clarity about who the EH SNG is for.
- Clear expectations and responsibilities for EH SNG clients and MSD staff, with a new resolution framework for minor, escalating and serious incidents/behaviour.
- Clear pathways for referral into emergency housing, and agreed processes across government agencies and with providers, starting with a new tool for MSD staff to use.
- Real-time visibility of transitional housing and contracted emergency housing places.
- Better understanding of pathways into, through and out of the system.

Changes to EH SNG eligibility

33. Given your goal of reducing reliance on motels, in addition to actions to prevent the need for emergency housing and increase the supply of transitional and public housing, you could change EH SNG eligibility so that fewer people have access to motel-based emergency accommodation.
34. The July 2022 Cabinet paper stated that officials would provide advice to Ministers about changes to EH SNG eligibility, so it is targeted to those most in need and fit-for-purpose for the current and future state [CAB-22-MIN-0281 refers]. To enable you to report back to Cabinet on this matter, we have explored three options:
 - **Option One:** enhanced status quo – clarify guidance for staff, including around what MSD consider to be adequate accommodation to meet the needs of the applicant (such as staying on a couch changing from “may be adequate” to “are adequate” in the short-term unless exceptional circumstances exist), and when an EH SNG should not be granted.
 - **Option Two:** limit the ability to grant an EH SNG over the income and cash asset limits (currently MSD can grant over the limits in exceptional circumstances).

⁴ Almost 8,000 public homes and around 1,100 transitional housing places are in the pipeline to be delivered by June 2024. This will represent a 10 percent increase in public homes and a 20 percent increase in transitional housing places from June 2022.



- **Option Three:** introduce a time limit for EH SNGs – this could be achieved by requiring exceptional circumstances to grant over a certain number of grants, or introducing an operational target related to duration.
35. You may want to discuss these options with your colleagues or seek Cabinet agreement to a particular option/s.
36. The benefits, risks and mitigations of these options are in Annex C. We also explored whether to exclude groups that are receiving support from other government agencies from the definition of “immediate emergency housing need”, but discounted it given the lack of alternative emergency housing options for these cohorts.
37. On balance, we consider that Option One would provide strong signals to front line staff and others that an EH SNG is not the default option, and that there is an expectation that all other options be explored. This could be further supported through clear communication to other agencies and the public that the EH SNG is for people facing a shock or crisis, who do not have access to alternative accommodation or the financial resources to pay for short-term accommodation. This will mean more people are expected to take up alternative options that are adequate for the short-term (such as staying on a couch with friends or whānau, or staying in a campground) unless there are exceptional circumstances.
38. Changes to the policy settings via Options Two or Three would place additional tension on the EH SNG gateway. Option Two would more tightly target the EH SNG on the lowest incomes – meaning that some non-beneficiaries would no longer be eligible. This was proposed as this is an area where there is discretion, and so decreasing discretion (i.e the nature of the exceptional circumstances) could tighten the gateway. We would recommend introducing Option Three (a time-limit or cap) only alongside additional services to support people to be rent-ready and to find rental accommodation. Without this mitigation it is likely that MSD would consistently use ‘exceptional circumstances’ to continue granting EH SNGs or clients may resort to rough sleeping.
39. It is difficult to determine the impact of Options Two and Three on the number of EH SNGs. A greater focus on demand-side housing supports (e.g. improving take-up of and adjusting the Accommodation Supplement; the new housing-related hardship assistance programme funded in Budget 2022) and an increase in longer-term housing options would reduce reliance on EH SNGs and motels, improve housing outcomes, and demonstrate Tiriti o Waitangi principles of active protection and equity.
40. While Option One could be implemented in early 2023, Options Two and Three would require changes to the Special Needs Grant Programme and funding for system changes which would take approximately 12 months to implement.

Changing the legislative vehicle for the EH SNG, s 9(2)(f)(iv)

41. We previously recommended that the EH SNG be removed from the Special Needs Grant Programme and included in the new programme for housing-related hardship assistance. This is because emergency housing is different to most of the other hardship assistance categories (under Special Needs Grants/Advances and Recoverable Assistance Payments), which are for one-off or recurring needs. Changing the legislative vehicle would reduce complexity for the EH SNG, and make it easier for



staff to navigate. This will also make it easier to change elements of the EH SNG in future.

42. s 9(2)(f)(iv)

A new assessment and referral pathway will better support clients and whānau when they enter the system

44. The type and cost of support available differs across the different types of emergency housing. A new assessment and referral pathway will ensure there is a single-entry to the system (i.e. single front door) to assess people's housing and social support needs, place /refer to suitable accommodation and supports/services that best meets their needs. At this point, we assume MSD will continue as the main entry point, although bespoke approaches may meet a particular community's needs (e.g. Te Pokapū).
45. A new pathway would ensure that at the point of entry the system:
- collects the right information, at the right time, in a way that supports whānau to explore and identify their needs, and housing history
 - collects data consistently, and where possible only once
 - uses information to make accommodation placement decisions and referral to support services, with a focus on supporting those with more complex circumstances / needs into transitional housing
 - has real-time visibility of available contracted emergency and transitional housing places across the country
 - has the capability to undertake assessments, taking a whānau-centred approach.
46. The information will be used for reporting and analysis purposes, including to support a greater understanding of the pathways into, through and out of the emergency housing system (this can be used to inform work on the Supported Housing Review and public and transitional housing supply). We will engage with Ara Poutama – Department of Corrections (Corrections), Manatū Hauora – Ministry of Health (Health), and Oranga Tamariki – Ministry for Children (Oranga Tamariki) on the design of the new assessment and referral pathway to ensure the needs of their populations are considered, and that the EH SNG is not being used as a default option for clients with complex needs.
47. You could seek approval from Cabinet to the scope of the new assessment and referral pathway, and funding to enable roll out the following elements from late 2022:
- **Real-time visibility of transitional housing places from late 2022 (already planned, and funded within baselines):** MSD will pilot the Temporary Housing



Vacancy Management Tool from late 2022, with national roll out from early 2023. This will provide real-time visibility of transitional housing places for frontline staff ahead of referral. We expect this to make the referral process easier and quicker for staff and clients. This may also lead to clients being placed in transitional housing sooner (where places are available).

- **MSD frontline staff to collect additional information within the assessment of urgent housing need from December 2022:** MSD will implement a manual process to test and refine the questions for use in the new assessment and referral process. The focus is to test the questions that frontline would ask about whānau circumstances before the client sought support for their immediate housing need (including previous housing history and interaction with other parts of government).
- **A new tool to help frontline staff with the assessment and referral pathway to be implemented in three phases over 2023 and early 2024 (cost of \$6.000 million):** MSD will work with HUD and others to better define referral pathways and implement a new tool⁵ to help guide referral to housing and other supports. The early phases of this tool will ensure that clients are consistently referred to services / supports that may meet their needs and are available in their region. Development could begin in January 2023 with functionality of the tool coming online in three stages over 2023. We will ensure the new Housing-related Hardship Assistance programme (funded through Budget 2022 and to be implemented in March 2023) is included as part of a “prevention pathway”. At the completion of Phase three of the tool development, we will be able to pull information from the assessment process into other assessments (including public housing), meaning that clients do not have to keep repeating the same information.
- **Developing pathways and connections across the emergency housing system, and potentially other parts of government over 2023:** HUD and MSD will work together to determine how the new referral pathways are connected across the system – including via the information that transitional housing providers collect, or referrals they make and how other agencies (including Oranga Tamariki, Health and Corrections) could be involved in the process. This could see clients’ wider needs being assessed earlier and the potential for referral to a wider range of services/supports (ie, beyond MSD/HUD).

48. Alongside implementation of a new tool, we note that work is ongoing to ensure MSD front-line staff have the capability to understand the client and their whānau, help them in the way they need it, and deliver well.

Changes to reset the EH SNG will provide clarity for emergency housing clients and staff

49. Clients, MSD and EH SNG suppliers all have a role to play when someone is receiving an EH SNG.

⁵ We note that this will use the same concept behind the Pathways to Employment tool which helps frontline staff to talk with clients about their goals, strengths and experience to find out what steps they can take to land a job in their chosen industry. It will set out housing options and supports that may meet client’s needs.

50. As a first step to support clients MSD will, by March 2023, provide EH SNG clients with a client handbook (or similar) that sets out clearer information about the rights and obligations listed below, and what they can expect from MSD.

PARTY	EXPECTATIONS / OBLIGATIONS	RIGHTS OR POWERS
Client	<ul style="list-style-type: none"> Update MSD about change in circumstances. Pay contribution from day 8. Be responsible for any damage by them or people staying with them. Aware of rules of supplier. Take steps to find alternative accommodation. 	<ul style="list-style-type: none"> Client to complain directly to the supplier about the service they are receiving. Client has the right to complain to MSD about the supplier. Client can seek review in relation to an EH SNG decision.
MSD	<ul style="list-style-type: none"> Determine eligibility for first EH SNG and/or whether client may be eligible for other support. Arrange housing appointment with client. Grant subsequent EH SNGs in a timely manner. Book client for Public Housing Assessment. Support client to stay in the same accommodation (if possible). Refer client to transitional housing and support services where available in their region and meet the client's needs (eg, housing broker, Ready to Rent programme, navigator). Administer complaints process and seek resolution in a timely manner. Keep appropriate notes. 	<ul style="list-style-type: none"> In line with good case management MSD may ask clients to agree to take reasonable steps. MSD may make EH SNG recoverable or decline an EH SNG in particular situations as set out in the Special Needs Grant Programme. MSD may refer a client to other services/supports that are available in the region. MSD can investigate complaints from a client or supplier with appropriate authorisation from parties.
EH SNG supplier	<ul style="list-style-type: none"> Provides amenities as stated to any paying customer (e.g. cleaning). Makes any rules of stay clear to clients. Treats EH SNG clients the same as any other paying customer. Advises MSD of any issues early, including if intending to evict. 	<ul style="list-style-type: none"> Suppliers can set rules of stay, as they are a private business. Suppliers can complain about a client's behaviour or raise issues with MSD. Suppliers may choose not to be an EH SNG supplier, or to only take a limited number of EH SNG clients.

51. A small number of people will not meet their expectations. This includes situations where EH SNG clients do not meet their responsibilities or may exhibit anti-social behaviour (including illegal activity, or behaviour that puts themselves or others at risk). Following engagement with the National Beneficiaries Advocacy Consultative Group (NBACG) about client scenarios and how to respond, we have determined there is a need for a resolution framework that sets out the expectations and next steps for all parties when an EH SNG is granted, and in response to minor, escalating and serious behaviour. This framework would seek to balance the following principles:

- seeking resolution at the earliest opportunity
- supporting people to retain access to emergency housing accommodation
- prioritising the safety of all residents and staff.

52. MSD can provide you with a copy of the draft framework. MSD has discussed a draft with NBACG, who are supportive of the approach where the roles and responsibilities of all parties are clear, and resolving matters relationally or with additional support over the use of sanctions (i.e. making the EH SNG recoverable or declining further support). Before implementing such a framework, MSD want to test the framework with other stakeholders including MSD's Māori Reference Group, and Community Law.

Increasing the EH contribution to 50 percent as a consequence of an obligations failure

53. When a client does not fulfil their obligations, MSD may make the amount of the EH SNG recoverable, or decline a grant in some circumstances. This includes when a client has not made reasonable steps, has contributed to their need for emergency housing⁶ or not paid their emergency housing contribution. If there are dependent children a grant will be made recoverable rather than declined, due the risk to those children's safety and welfare.
54. A very small number of grants are made recoverable or declined due to a failure to meet expectations:
- between 0.9 percent and 1.2 percent of EH SNGs were made recoverable over January to April 2022, and this has declined over time (from a high of 13.9 percent in December 2016)
 - analysis of 2,279 decline comments between 1 October 2016 and 30 April 2022 shows that less than 2 percent of declines occurred where the client was not meeting their obligations, including not paying previous emergency housing contributions.
55. To provide a more consistent set of consequences for clients, you could consider an increased contribution of up to 50 percent (Option 1). This would provide an alternative to a decline or making the remainder of the grant (the portion over and above the contribution) recoverable. The reason for introducing this would be to provide clear signals that MSD will take steps ahead of declining an EH SNG.
56. While this would align with the sanctions regime for work obligations failures, this would be out of step with the remainder of the housing system where consequences are largely limited to the requirement to pay for damages, or eviction (consistent with a decline). Previous changes to the EH SNG (such as introducing a contribution) were based on consistency across the housing system.
57. You would need to seek Cabinet approval for this change, and it would require changes to the Special Needs Grant Programme. We recommend that Cabinet be made aware

⁶ If the client has contributed to their own need and there is no risk to the client's safety, then MSD may decline an EH SNG. Examples of contributing to their own housing need include: intentionally damaging accommodation (including emergency accommodation already funded by a previous Special Needs Grant), antisocial behaviour (eg threats and intimidation, drug and alcohol abuse, theft), not doing the reasonable steps agreed as part of Special Needs Grant for emergency housing without good reason.



of the intention to introduce this sanction, but that formal policy approvals be sought in conjunction with the s 9(2)(f)(iv). This would cost \$2.000 million for system changes and may take up to 12 months to implement.

58. The key risk of this proposal is that it would undermine the housing aspirations and wellbeing of clients and whānau. People receiving EH SNGs have high use of hardship assistance, which means that the use of the sanction increases financial hardship (which is not consistent with the concept of manaaki) and means people access additional support. It may also undermine the ability for clients to meet the expectation to take reasonable steps to find alternative accommodation. Due to the nature of the population accessing EH SNGs, sanctions are more likely to fall on Māori, and groups who have limited ability to meet the obligations around finding alternative accommodation. This may include people in complex circumstances and facing discrimination in the private rental market. To mitigate these risks, you could either maintain the status quo, or defer the decision about this option until 9 to 12 months after the new resolution framework has been implemented (Option 2).

DELIVERING FIT-FOR-PURPOSE ACCOMMODATION

In 12 months, the system will look different in the following ways:

- For Transitional Housing – the Code of Practice will be finalised and implemented.
- For EH SNG motels – standards are agreed and implementation underway.
- National strategic framework to inform contracting and purchasing of motels for emergency accommodation is tested and refined.
- A majority of the anticipated 360 new places for people needing emergency housing delivered, including contracted emergency housing, transitional housing and youth-focused transitional housing in Wellington metropolitan region and Hamilton City.
- Providers contracted to deliver supports in these places, tailored to the levels of need and support requirements of particular cohorts.
- First contracts to be executed in June 2023, with further contracts executed on a rolling basis thereafter.

The Transitional Housing Code of Practice will be implemented in the next 12 months

59. HUD has been developing a Code of Practice for Transitional Housing which sets out basic accommodation quality standards, as well as rights and responsibilities of providers, motel operators, and the households that live in transitional housing.⁷ The draft Code is out for consultation and expected to be finalised by the end of the year. It will not be possible to adopt the Code in its entirety for EH SNG suppliers or contracted emergency housing, particularly where there is no contracted relationship with the

⁷ The Code reflects that households come with a spectrum of needs and includes measures to manage issues between parties as they arise.

motel. Where possible, we will seek to align quality standards with best practice outlined in the Code.

Introducing EH SNG supplier standards

60. In September 2022, the Minister of Social Development and Employment asked officials for advice on options to ensure EH SNG suppliers treat EH SNG clients like other paying clients, deliver the services paid for, and meet some minimum expectations around safety and suitability.
61. Currently MSD does not have any formal power to stop using a particular EH SNG supplier, or to get them to comply with our expectations. MSD leverages administrative processes and relationships, including:
- The supplier registration process where potential suppliers sign a registration form to declare that they have understood the conditions for registration, and MSD undertakes standard due diligence on the business such as checking they are on the New Zealand Companies Register and that they are not bankrupt or insolvent.
 - Visits or conversations with EH SNG suppliers, to inform advice to clients.
 - The complaints process – clients can lodge complaints about substandard property conditions (e.g. unclean rooms, broken or damaged equipment or furniture, lack of amenities), safety concerns, poor customer service, theft/loss of property. A Regional Housing Manager will investigate the complaint and seek resolution of the issue, relocate the client, or notify the relevant authority (e.g. Police, Local Council).
62. MSD propose that EH SNG suppliers are held to certain expectations or standards, which require them to:
- provide clients with a similar standard of service provided to privately funded occupants (e.g. check-in/check-out, routine housekeeping, access to amenities)
 - ensure clients have access to drinking water, electricity, heating, bed, mattress, clean sheets, toilet and shower facilities
 - provide clients with appropriately sized accommodation for the number of occupants in the client's household
 - make clients aware of any rules of the accommodation upon arrival
 - not subject clients to additional rules over and above those imposed on privately funded occupants
 - not move clients from a room they are currently occupying without good reason
 - be encouraged to contact MSD in advance of evicting clients where possible.
63. MSD have explored three ways to implement EH SNG supplier standards:
- Recommended option: changes to the Special Needs Grant Programme (Welfare Programme) which limits MSD's ability to make grants in respect of suppliers unless MSD is satisfied meets the supplier standards (except in exceptional circumstances).



- A contract or agreement with individual EH SNG suppliers and changes to the Special Needs Grant Programme.
- Amendment to existing primary legislation or new legislation and changes to the Special Needs Grant Programme.

64. The best option to meet the policy objective (i.e. clearly expressing Government expectations of EH SNG suppliers and the ability for MSD to act where these are not met) while balancing cost and ability to implement in the next 12 months is to change the Welfare Programme. This would involve:

- MSD defining a set of standards that EH SNG suppliers are encouraged to agree to.
- Amending the Welfare Programme so that MSD has the mandate to respond to a breach of the standards. The amendment would establish a tiered system whereby EH SNGs would only be granted for clients to stay with “non-compliant” suppliers if there are no “compliant suppliers” available, or if MSD in its discretion determined a “non-compliant” provider best meets the needs of a particular client or if there are exceptional circumstances.
- Amending the registration process (and form) and requiring suppliers to declare that they agree to comply with the standards which are annexed to the form.
- Administrative changes to ensure that the complaints process is transparent to suppliers during the registration process.
- Developing a process for determining whether a supplier is non-compliant, and what steps a supplier could take to become compliant again.
- Developing a tool so that the status of suppliers can be accessed by MSD staff before granting an EH SNG (at a cost of \$0.950 million).

65. There are risks and limitations with this option, including:

- MSD will still have limited ability to enforce compliance and will not be able to penalise suppliers (this could only be achieved via primary legislation). MSD will rely on relationships with suppliers to encourage them to become compliant, use the complaints process to resolve matters, and if this fails classify them as “non-compliant”. As such this option may not fully meet Ministers expectations about the ability to hold suppliers to account.

- s 9(2)(h)

- There is no incentive for suppliers to agree to the standards.

- s 9(2)(h)



- This option will not achieve other objectives such as exclusive use of motels (which has been raised in Rotorua) for EH SNG clients, unless suppliers themselves choose not to take other paying clients. This option can only be achieved via contracting or primary legislation.

66. While amending existing primary legislation or developing new legislation would be very effective as it could require EH SNG suppliers to comply with the standards by law, and provide a clear path for non-compliance, it cannot be implemented in the short-term. This option would still be available in the future if a stronger response was required.

Approach to additional alternative accommodation (including contracted motel places) in Wellington and Hamilton

67. A key part of the emergency housing system reset is ensuring we provide fit-for-purpose emergency accommodation: accommodation suitable for people's needs and length of stay, along with support services and security services to support people's wellbeing and progression to longer-term housing. This type of short-term intervention is needed while medium-to-longer-term work focusing on increasing the supply of affordable housing for those on low-to-moderate incomes is realised. We will focus on providing fit-for-purpose accommodation in the two priority locations of Wellington metropolitan area and Hamilton City as agreed by Cabinet in September 2021 [SWC-21-MIN-0144 refers].
68. These locations have a continuing high use of EH SNG motels, accounting for over 30 percent of households receiving an EH SNG nationally as at 30 September 2022. In Wellington metropolitan area, 30 percent of households have been receiving an EH SNG for 12 months or more and the vast majority (70 percent) are single adults, potentially with unmet support needs. Hamilton City has a large number of children in EH SNG-funded accommodation and a higher-than-average proportion of Māori, for whom we know the EH SNG model delivers particularly poor outcomes.
69. In these locations, we will provide a range of accommodation types, as well as social and security service types and levels to meet the needs of the cohorts of people we are supporting in each place. This may include EH SNG motels, contracted emergency motels, transitional housing and youth transitional housing, where appropriate. It may also involve repurposing motels contracted by HUD for use in the COVID-19 response. Each of these programmes is designed to meet different needs from short-stay with minimal support through to longer-stays with specialised support for a particular cohort.
70. In addition to providing a range of types of emergency housing, we will contract providers with the right capabilities to meet the needs of the people we are supporting. In each community, we will ensure that these providers are connected in with other government agencies responsible for providing broader, and as required intensive, services. Providers will be required to offer the appropriate level of support and security services to ensure people's safety.

Hamilton City

71. In Hamilton City, as at 30 September 2022 there were 717 households (795 adults and 696 children) in receipt of an EH SNG. Of these just under half were aged between 16 to 24 years. Half were single person households without children, with the other half being single and couple households with children. The number of people receiving EH

SNGs has stayed roughly the same from the December 2021 quarter (1,035 distinct recipients) to the September 2022 quarter (1,047 distinct recipients).

72. Over the next two years, proposed solutions, which could include contracted emergency housing, transitional housing and youth-focused transitional housing, could generate 150 – 200 places and meet approximately one third of the current EH SNG demand. We are also investigating wider housing supply opportunities in Hamilton. s 9(2)(f)(iv)

Wellington metropolitan area

73. In the Wellington metropolitan area, as at 30 September 2022, there were 459 households (492 adults and 180 children) in receipt of an EH SNG. Of these around a third were aged between 16 to 24 years. Two thirds were single-person households without children, with a third households with children. The number of people receiving EH SNGs has decreased by 19 percent from the December 2021 quarter (963 distinct recipients) to the September 2022 quarter (783 distinct recipients), but EH SNG use remains high relative to other places in New Zealand.
74. Over the next two years, proposed solutions, which could include contracted emergency housing, transitional housing and youth-focused transitional housing, could generate approximately 150 – 200 and meet one third of the current EH SNG demand. In addition to this, there are a number of supported housing opportunities coming on-board in the CBD through the public housing pipeline, that could support single people with higher needs. This means we are likely to focus on contracted emergency housing for families in Lower Hutt and Porirua and youth-focused transitional housing options.
75. We are also investigating wider housing supply options in Wellington. s 9(2)(i)

A strategic framework for contracting emergency housing motels will guide our approach (set out in Annex D)

76. We have developed a strategic framework to inform contracting and purchasing of motels for emergency accommodation. This draws on our experience to date delivering transitional housing, contracting COVID motels and contracted emergency motels in Rotorua. The framework highlights key issues such as safety and security, and suitability of environment and location so that accommodation and support services can be responsive to identified needs of cohorts where possible. This will guide the development of Regional Delivery Plans in the Wellington metropolitan area and Hamilton City to achieve fit-for-purpose accommodation.
77. In some regions, and on a case-by-case basis, it may be beneficial to purchase a motel for emergency housing. If a motel was identified, HUD would engage with an appropriate partner to progress purchase (i.e. Providers, Kāinga Ora, iwi/Māori).

Our approach in Hamilton and Wellington will take account of the lesson from the Rotorua pilot of the importance of early engagement with local stakeholders



78. Following Cabinet agreement in December, we will move to engage with local stakeholders (including local councils; iwi, iwi organisations, and hapū; motel suppliers; and support providers) to develop delivery plans. In March 2023, HUD will provide Ministers with an indicative approach to delivery (draft Regional Delivery Plans) and commence procurement planning to procure accommodation, services and security. HUD may use a mix of procurement approaches, some of which may enable rolling approvals, to advance contracting processes in a prompt and pragmatic manner.

We anticipate delivering contracted emergency housing places from June 2023 onwards, on a rolling basis

79. Developing and implementing the Regional Delivery Plans in this timeframe will require HUD to urgently extend its stakeholder engagement, regional contracting and supplier management capabilities, beyond what can be resourced from baselines. To do so, we are seeking to draw down funding for additional departmental resourcing. While we intend to seek most of this money as part of Cabinet decisions in December, we are seeking an interim drawdown of \$0.500 million to start recruitment immediately.⁸ Without interim funding, it will compromise HUD's ability to deliver as planned (see risk section).

Consolidation of emergency motel accommodation

80. There are four different emergency motel accommodation programmes being administered by HUD and MSD. HUD will complete an analysis of the differences between these programmes and identify what aspects or programmes could be consolidated, including service provision and income contribution.
81. There are currently approximately 650 COVID motel units contracted and no COVID motel clients are currently paying a contribution. Contracted COVID motels were introduced to house a vulnerable and previously hard-to-reach cohort in an urgent situation relating to the Level 4 lockdown in 2020. The decision was made at that time, in those circumstances, not to require a client contribution.
82. Officials will be providing advice to the Minister of Housing (tentatively in November 2022) on introducing a 25 percent client income contribution for COVID motel clients. The policy intent is to introduce a level of consistency to client contributions across the emergency housing system.

RESPONDING TO THE EMERGENCY HOUSING NEEDS OF MĀORI

In 12 months, the system will look different in the following ways:

- Initiatives to reduce the demand on, or provide alternatives to, emergency housing for Māori will be underway with these initiatives Māori-led wherever possible.
- These initiatives will be focused in areas where there are particularly high levels of Māori housing need, such as Te Tai Tokerau and Tairāwhiti.

⁸ It is expected that this funding will be used to procure up to seven roles over November 2022 to March 2023.



83. The current state assessment of the emergency housing system provided to Ministers in October 2021 [BRF21/22091120, REP/21/9/1043 refers] highlighted how the current system is not compatible with kaupapa Māori principles. Claimants in Stage One of the Wai 2750 Kaupapa Inquiry into Housing Policy and Services raised many issues about the failure of the emergency housing system. Māori face a range of challenges in accessing and navigating the emergency housing system, such as feeling discriminated against and experiencing whakamā (shame) when asking for help. The system lacks 'by Māori, for Māori' solutions to homelessness, while existing contracting methods and the fragmentation of programmes restrict the ability of iwi and Māori providers to deliver appropriate and alternative options.
84. Resetting the emergency housing system so that it delivers positive outcomes for Māori would require working in partnership with Māori housing providers over an extended period of time. The capacity and capability of Māori (including iwi) organisations to respond to emergency housing impacts vary and for some, additional time and investment would be needed before they were able to engage in, and deliver, a redesign process. Given the time-limited nature of the \$355 million Budget 2022 contingency funding, we propose that this be used, in part, to respond to the immediate need facing Māori who are accessing emergency housing.
85. The most effective way to do this is to invest in initiatives that can be supported quickly. These initiatives would be focused on increasing housing supply (both permanent and temporary) that would provide a pathway out of, and/or prevent the need for, emergency housing. In line with taking a MAIHI approach, a reset of the emergency housing system with Māori still needs to take place. These initiatives will improve housing outcomes for some Māori, but do not enable system change or allow Māori to express tino rangatiratanga at a system level.
86. Investing in initiatives that can be supported quickly could be achieved through utilising existing funding streams and mechanisms (such as Whai Kāinga Whai Oranga and the Affordable Housing Fund), to grow programmes that are proven to be working well and support Māori and iwi who have the capacity and capability to expand to do so. Note that building new supply will take time and the delivery of that supply, and its subsequent use, will vary depending on how build-ready projects are.
87. We propose focusing investment in areas we know have significant Māori populations experiencing severe housing deprivation, but where there are currently few emergency housing motel options, such as Te Tai Tokerau and Tairāwhiti (see Annex E). While initiatives that are by-Māori-for-Māori would be prioritised, we propose also considering other initiatives that would benefit Māori but are not developed and delivered by Māori. Initiatives would need to support the goal of reducing emergency housing need for Māori.
88. Annex F sets out examples of potential initiatives we propose investing in. s 9(2)(f)
(iv)
[REDACTED] we anticipate using approximately \$120 million of the contingency for initiatives to reduce the demand on, or provide alternatives to, emergency housing for Māori.
89. We will use the following criteria to further assess initiatives for your consideration:
- an identified link to reducing emergency housing need for Māori



- ensuring by-Māori, for-Māori approaches are supported
- additional supply can be brought on quickly, including time required for approvals, funding, and delivery
- impact for areas with high levels of Māori housing need
- overall impact, including number of people affected and associated costs.

90. We are continuing to support Māori-led responses to homelessness more broadly, with work underway to support a tangata whenua-led kaupapa Māori response to homelessness – *He Ara Hiki Mauri*. This is being developed by Arohanui ki te Tangata and work is underway on how the \$25 million from the Budget 2022 Aotearoa New Zealand Homelessness Action Plan (Homelessness Action Plan) funding can support this. Investment through the Budget 2022 contingency funding can build on these initiatives.

STRENGTHENING SOCIAL SUPPORTS

In 12 months, the system will look different in the following ways:

- More EH SNG clients can access support including Intensive Case Managers (ICM) and contracted Navigator Support Services.
- More Ready to Rent Programmes are delivered to support people to be rent-ready, and additional Housing Brokers help to find private rentals to prevent EH SNG use or help people to exit into more suitable housing more quickly.
- Contracted supports to clients in contracted emergency housing in Hamilton City and Wellington Metropolitan area in place.
- s 9(2)(f)(iv)

In August 2022, you agreed to seek Cabinet approval to reconfigure social supports and fund these for another year through to 30 June 2024

91. Officials are designing a new model for support services to increase access to tailored housing support services. In redesigning the system of social supports for emergency housing clients, we have the opportunity to strengthen kaupapa Māori approaches in the support offered to clients in emergency housing. In early 2023 you will receive advice on the proposed engagement plan and the high-level scope of the new model. Engagement will include MSD frontline and regional staff, housing support service providers, and government agencies in the social sector. Policy and operational design of this new social support services model will be undertaken within agency baselines.

Funding for these services is due to end on 30 June 2023

92. Time-limited funding through Budget 2019 and 2020 for the Homelessness Action Plan introduced new initiatives and extra funding for people receiving an EH SNG. This included more intensive support services, the Ready to Rent programme to upskill potential tenants struggling to find a rental, and housing brokers to secure rental

opportunities for whānau, and Flexible Funding for whānau with children in emergency housing. The majority of this funding will end 30 June 2023.⁹

The initiatives have been generally successful

93. The recent ICM and Navigator evaluation showed that the initiatives are largely being implemented as intended and are successfully contributing to the goals of Homelessness Action Plan by providing holistic support to whānau in emergency housing. However, whānau would benefit from earlier engagement with an ICM or navigator, as most whānau referred have already been in emergency housing recurrently or for over 16 weeks. Therefore, we are seeking an increase in ICM roles to enable earlier engagement with whānau.
94. Emerging findings from the evaluation of housing brokers and the Ready to Rent programme show that the initiatives are having great success, are meeting need and that there is a lot of buy in across communities from clients/participants. Stakeholders such as property managers and landlords are very supportive of the programmes and look favourably on Ready to Rent participants and clients that are put forward for properties by housing brokers. Some challenges exist with the programmes which includes a lack of access to data and MSD systems, a lack of role clarity and expectations, a lack of connections across providers and not enough culturally responsive providers. MSD has plans to address these challenges before July 2023.

To ensure EH SNG clients are supported throughout the next 12 to 18 months we need to draw down funding for these initiatives

95. As set out in the following Table, we recommend you draw down \$38.608 million in the 2023/24 financial year via the Cabinet paper to ensure that there is the capacity to prevent emergency housing need, to support EH SNG clients, and help people exit to more sustainable housing options quickly. With funding these initiatives can be implemented from 1 July 2023.

⁹ Note that a funding gap of seven months between 1 February 2023 and 30 June 2023 to retain current ICMs was met from the 'Care in the Community – Welfare Response – Omicron (paper 2)' initiative funding which provided a further 299.8 FTE to MSD. In Budget 2021, MSD received funded of \$3.313 million per year for 30 FTE to meet additional emergency housing demand, which have not been included in this paper.



INITIATIVE	2023/24 (\$M)		COMMENTS
	Continuing	New	
<p>ICMs and Navigator Support Services to ensure that more people can access intensive, personalised support from either a single point of contact within MSD, or a community organisation to help EH SNG clients get further support and services they need.</p>	\$22.466	\$6.086	<p>ICM Total FTE: 80 (63 current, 17 new).</p> <p>Contracted provided navigator support services Total FTE: 127 FTE (97 current, 30 new).</p> <p>Operational costs (including 5 National Office staff and costs to support the delivery of supports of \$1,406,864).</p> <p>Additional roles will ensure that more clients can access support:</p> <ul style="list-style-type: none"> For Navigators – MSD are currently funded to support 1200 clients/households with Navigators. Funding under the HAP was based on premise that an increase of Transitional Housing would reduce EH SNG demand. While it is slowly reducing EH SNG demand is still anticipated to be much higher than current funded support levels over next 12 months. For ICMs – there is increasing complexity of client need and clients are receiving EH SNGs for longer periods meaning intense case management support is required for more people and for longer. If approved the placement of additional positions will be agreed based on data and the place-based roll out.
<p>Housing Brokers (38 total) so clients can be supported to find a private rental and EH SNG use can be prevented.</p>	\$3.363	\$2.193	<p>Total FTE: 38 (23 current, 15 new). The number of new roles assumes 3 FTE for the Auckland region, and approximately 1 FTE across other MSD regions. New roles will be placed based on data. MSD are interrogating this data now, taking into account the number of clients receiving an EH SNG and on the Public Housing Register, and rental availability.</p> <p>Increasing the number of Housing Brokers will enable the service to help more clients. This would also include them playing a more preventative role by helping people before they need an EH SNG, focusing on the areas with growing rental markets.</p>



Ready to Rent Programmes (150 total) to equip clients with the skills and confidence to gain and sustain private rental housing	\$0.760	\$0.740	150 programmes (100 current, and 50 new). Preliminary findings from the evaluation of Ready to Rent found that there were opportunities to tailor programmes to youth and to Māori. The 50 new programmes will include programmes designed and delivered either by Kaupapa Māori providers, or tailored to youth.
Flexible Funding to help meet the needs of families with children in EH SNG accommodation with a range of needs where other government support is not available.	\$3.000	-	Same level of funding as 2022/23.
Total (\$m)	\$29.589	\$9.019	
Total (\$m)	\$38.608		

BETTER SUPPORTING TRANSITIONS OUT OF HEALTH, CORRECTIONS AND ORANGA TAMARIKI

In 12 months, the system will look different in the following ways:

- Strengthened cross-agency collaboration to track clients exiting state care who have a housing need.
- Better provision of supports for clients in emergency housing who have specialist support needs.

96. People in emergency accommodation often have complex, intersecting needs that are not primarily housing related. Integrated Data Infrastructure analysis shows that people accessing EH SNGs are more likely to have interactions with the health, justice and care and protection systems. The EH SNG has become a default as opposed to last option for people with a housing need, which sees MSD providing support at the transition point between other agencies and the housing system. Resetting the emergency housing system, and the default use of EH SNGs, will require strong cross-agency collaboration and action.
97. In July 2022, Cabinet directed officials to work with Health, Corrections and Oranga Tamariki to identify prevention and support actions for the emergency housing system that complement or extend those under the Homelessness Action Plan [SWC-22-MIN-0134 refers].
98. Although conversations are ongoing, we have identified three short-term initiatives:



- Corrections – s 9(2)(j)

[REDACTED]

- Corrections – s 9(2)(j)

[REDACTED]

- Health system – s 9(2)(f)(iv)

[REDACTED]

99. Officials will explore using part of the Budget 2022 contingency funding for these joint initiatives. The two Corrections initiatives have been included as examples of initiatives that could be funded to reduce the demand on, or provide alternatives to, emergency housing for Māori (Annex F).

100. s 9(2)(f)(iv)

[REDACTED]

101. We will make sure we stay aligned with the Oranga Tamariki Action Plan (OTAP) and findings of the OTAP housing assessments, as we progress the reset. The first OTAP assessment identified fit-for-purpose supported accommodation as an area of high need for the Oranga Tamariki transition cohort, and this need is being addressed in part through the delivery of youth-focused transitional housing, the new supported accommodation for youth that was funded through Budget 2022 for the Homelessness Action Plan, and the Oranga Tamariki Transitions Support Service (TSS) supported accommodation service.

s 9(2)(f)(iv)

[REDACTED]

[REDACTED]

s 9(2)(f)(iv)

[REDACTED]



STRENGTHENING MONITORING AND GOVERNANCE OF EMERGENCY HOUSING

In 12 months, the system will look different in the following ways:

- Regular monitoring and reporting of contracted emergency housing will take place for Hamilton City and Wellington metropolitan area.
- Comparable data for EH SNG clients and contracted emergency housing clients will be available, with better data sharing in place between HUD and MSD.
- Improved data and reporting for Transitional Housing.
- Regular reporting to Ministers and Cabinet on progress.

Strengthening our data and information systems

104. Officials will monitor and report on contracted emergency housing in Hamilton City and Wellington metropolitan area in order to track progress, alongside continued reporting on EH SNG data quarterly.
105. HUD also has a comprehensive work plan to improve the existing data and evidence system and ensure high-standard reporting on new initiatives. This will strengthen our ability to collect, analyse and report on client data across the system. Actions include:
 - increasing accessibility to data held by HUD
 - establishing sustainable and effective data-sharing arrangements between HUD and MSD
 - improved reporting on the existing Transitional Housing and Contracted Emergency Housing data
 - improving service provider programme data quality and processes
 - uploading Transitional Housing and Contracted Emergency Housing data to the IDI.

Ministerial oversight and governance

106. We would like to discuss with you your preference for establishing Ministerial oversight of the changes to the emergency housing system proposed in this paper, including the possibility of aligning Te MAIHI Whare Wānanga to include this work. An oversight mechanism could then be included as a proposal for Cabinet to consider in the final emergency housing system review advice to Cabinet in December 2022. We will also propose a cross-agency mechanism for oversight and delivery of the emergency housing system reset in the forthcoming Cabinet paper.



BUDGET 2022 EMERGENCY HOUSING CONTINGENCY (\$355 MILLION)

We propose using the \$355 million available to support the actions above as follows:

107. \$355 million over two years is available through *Budget 2022 Emergency Housing – progressing work on system change Tagged Contingency* to support immediate actions to reset emergency housing, following the review.
108. In the forthcoming Cabinet paper, officials will recommend rephrasing the tagged contingency to allow funding in the 2024/25 and 2025/26 financials years. This is because it will be difficult to contract accommodation and support services for only two years, when standard contract durations are usually 3-4 years.
109. We propose drawing down in three phases, to support the workstream areas in the following table:
 - Phase 1: \$0.500 million in this paper to resource HUD to begin development of place-based plans
 - Phase 2: a second request in the forthcoming Cabinet paper in December 2022
 - s 9(2)(f)(iv)

WORKSTREAM AREA	PROPOSED INITIATIVE	ESTIMATED VALUE*
Resetting the EH SNG	System improvements to implement a new assessment and referral pathway (December 2022 drawdown)	\$6.000 million
	Support for changes to MSD systems and processes to make changes to EH SNG eligibility criteria and sanctions (mid-2023 drawdown)	\$2.000 million
Delivering fit-for-purpose accommodation	Initial HUD resourcing for three months to support place-based plans (this paper)	\$0.500 million
	Developing a tool to manage the EH SNG supplier standards process (December 2022 drawdown)	\$0.950 million
	HUD resourcing for the development of place-based plans (December 2022 drawdown)	\$3.500 million
	Contracting motels and support services (and other emergency housing supply identified during engagement in early	\$170 million



	2023) in Hamilton City and the Wellington metropolitan area s 9(2)(f)(iv) Investing in initiatives that will reduce the demand on, or provide alternatives to, emergency housing for Māori and kaupapa Māori support services s 9(2)(f)(iv)	\$120 million
Strengthening the provision of social support services	Increasing support to EH SNG clients, and funding the continuation of EH SNG support services to the end of 2024 (December 2022 drawdown)	\$38.608 million (\$29.589 million for existing, and \$9.019 million for expansion)

HUD request for additional resourcing

110. Costings for HUD resourcing are based on the experience with emergency housing motel contracts in Rotorua. They include specialist commercial negotiation, contract management, and monitoring capacity.

- In Rotorua we have needed up to 8.0 FTE to support the design of the model and processes, undertake negotiations to secure contracts, undertake quality assessments of motels, and execute and monitor contracts. While we have learned much from Rotorua, this time we will be working in three regions with unique needs (Wellington metro, Hamilton City and ongoing work in Rotorua), plus additional focuses in Te Tai Tokerau and Tairāwhiti (for Māori housing initiatives). For this reason, we do not expect to need less resource than was needed when Rotorua was established.
- These resources peaked through the establishment phase (largely due to standing up new processes and engagement) and have scaled back since moving into the contract management and monitoring phase, this is now sitting around 2.5 FTE. In practice, HUD will deploy its existing resource, and then backfill these roles to deliver other critical business as usual and housing supply work.

111. In addition, HUD requires dedicated operational policy resource (to undertake responsive design and policy work e.g., on approach to managing health and safety issues at motels), and project management and assurance resource. These resources will also manage the complex linkages with MSD's work on the EH SNG referral pathway, and on service delivery to EH clients. This totals approximately 7.0 FTE at its peak.

112. There are choices available if this funding needs to be scaled, noting that the request for additional Departmental funding is in a context where:

- s 9(2)(g)(i)
- The type of work the emergency housing system reset requires – contracting motels in priority communities – requires skills and expertise that HUD has in



relatively limited supply, with resources in centralised locations (Auckland and Wellington) and our lean regional model (compared to, for example, MSD's large regional network).

113. If the full funding is not available, we would recommend scaling the scope and pace of change back – e.g., to one region (Wellington City) over a longer time.

114. s 9(2)(g)(i)

Risks

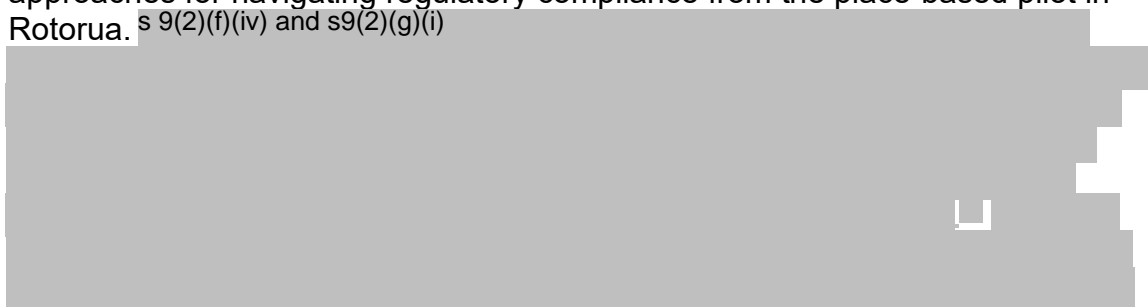
115. There are several risks associated with the work, as follows.

- **Community perceptions of emergency housing.** There has been negative press coverage and some community opposition to emergency housing in Rotorua. Agencies will work closely with local councils, suppliers and other stakeholders to ensure plans are developed collaboratively and that we have the necessary social licence to proceed with developing emergency housing alternatives, including contracting motels.
- **Lack of suitable facilities to contract.** We have a good understanding of motel options and transitional housing suppliers in Wellington metropolitan area and Hamilton City. However, until engagement begins, we cannot test supplier's willingness to contract with us. Implementing EH SNG supplier standards may help to open opportunities for contracting, but the impact of returning international tourism on motel demand is not yet known. We will mitigate these risks through continued, careful analysis and tracking of trends in the motel market, and early engagement with potential motel suppliers.
- **Inability to contract suitable support service providers.** Delivering support services for clients will be heavily dependent upon the availability and capacity of suitable providers. As with the risks above, we will manage this carefully through our engagement and analysis process in developing regional delivery plans, to ensure our response is tailored to local availability of providers, and that they are well supported to grow capacity as needed.
- **Delay in bringing on suitable, longer-term housing supply.** Reducing demand on the system in the medium-term is heavily reliant on the increased availability of affordable housing supply, sufficient supported housing options and the continued delivery of public housing of the right typologies, and in the right locations. HUD will continue to progress work on the supported housing review and the development of affordable housing supply, but this work in turn is dependent upon continued investment in affordable, supported and public housing in a timely manner.
- **Internal resourcing and delivery timeframes.** Beginning recruitment of additional staff and getting timely agreement is key to maintaining momentum on the proposed regional work in Hamilton City and Wellington metropolitan area. Delays will extend the planning, implementation, and delivery phases of the work, and specifically the contracting and purchasing of motels for emergency housing. Timeframes are condensed and we are dependent on securing



resourcing to commence with proposed engagement. Delays may impede engagement particularly over the January 2023 period.

- **Regulatory compliance for contracting motels.** Officials continue to learn about approaches for navigating regulatory compliance from the place-based pilot in Rotorua. s 9(2)(f)(iv) and s9(2)(g)(i)



Consultation

116. Officials met with Community Housing Aotearoa and Te Matapihi to discuss the proposals in this advice.
117. MSD met with National Beneficiary Advocacy Consultative Group about the EH SNG sanctions and development of a resolution framework.
118. Health, Corrections, Oranga Tamariki, DPMC (Policy Advisory Group and Implementation Unit), and the Treasury were consulted on a draft of this paper.

Next steps

119. We recommend that you forward this paper to Hon Peeni Henare, Associate Minister of Housing (Māori Housing) and Hon Marama Davidson, Associate Minister of Housing (Homelessness) for their information.
120. Your decisions will shape the drafting of a paper for the Cabinet Social Wellbeing Committee in December 2022.

Annexes

Annex A: Summary of Government learnings from the Rotorua pilot

Annex B: Comparative costs of Rotorua Emergency Housing: EH SNG, CEH and TH

Annex C: Options analysis for changes to EH SNG eligibility

Annex D: National Emergency Housing Motel Contracting and Purchasing Framework

Annex E: Emergency Housing 'Heat Map'

Annex F: Examples of initiatives that could be funded to reduce the demand on, or provide alternatives to, emergency housing for Māori

Annex A: Summary of Government learnings from the Rotorua pilot

ROTORUA EXPERIENCE	LESSONS LEARNED
Motel accommodation	
Procurement	Need to allow appropriate time for a full procurement process and contracting (also the case for contracting support services). Consider location and the density of contracted motel accommodation, alongside other emergency housing.
Suitability and appropriateness of motels	Ensure clients in contracted EH have appropriate facilities (like full fridges and cooking facilities) and that motels contracted are appropriate for the cohorts that stay there (i.e. whānau with children). Allow motels time to refit as necessary.
Security	Allow sufficient time for services to be stood up. Clarify early whether to sub-contract or centrally contract, the capacity of the sector, and engage with NZSA in the process. Have a clear process for dealing with complaints.
Client management and support	
Client mix in motels	Ensure that the mix of clients is appropriate in motels, that suitable support services are provided for cohorts.
The need to have a place-based approach to managing different EH client cohorts	Rotorua addressed the needs of whānau with children but left single adults in EH SNG motels and, in some cases, consolidated poor behaviour. Need to address harder end of the client spectrum too, and provide suitable supports.
Appropriate support services for the length of stay, and level of need	Services need to be tailored to people's needs (not too much or too little), the support provided should be suitable for the duration of a client's stay in EH, and clients should have equity of access to supports. Clear expectations need to be set with providers.
Health and safety responsibilities, and response to complaints	Need for a clear understanding of health and safety responsibilities of agencies with contracted emergency housing, and clients recourse to make complaints.
Place-based collaboration and coordination	
Iwi engagement	Early engagement with iwi is key, and communicating clearly what we want to achieve. Having iwi participate as an active partner in decision making critical to success, and having iwi lead where appropriate.
Cross-Government collaboration	Clear expectations of agencies need to be set, and respective roles and responsibilities. Need for adequate resourcing from agencies and their early involvement. Need for good information sharing across agencies, and collaboration in managing relationships with providers and clients.



Collaboration with local councils and communities	Important to build strong relationships of trust with local councils and take a joined-up approach. Councils are also key in helping manage community expectations. Engaging with councils on plans early is key, and sustaining engagement over time. Enlisting key partners (like providers) in setting and managing community expectations is also important. Have a clear process for managing community complaints.
‘Taskforce’ approach	Adopting a taskforce approach, with senior level representation to steer actions, can be very useful depending on local circumstances.
Monitoring	Set clear outcomes from the start and clarify who is responsible for data collection and reporting.



Annex B: Comparative costs of Rotorua Emergency Housing: EH SNG, CEH and TH

	2021/22 financial year of actual spend (approx. \$m)		
	Emergency Housing Special Needs Grant	Contracted Emergency Housing (CEH)	Transitional Housing (TH)
What the government is purchasing	122,899 nights (9,000 grants) of accommodation for emergency housing (EH SNG). Intensive Support Services for 245 households.	13 motels with 297 units (for around 200 households), 3 housing support providers + security and a clinical response team.	129 transitional housing places: 113 long-term places ¹² and 16 motel units in 1 motel + 8 housing support providers.
Nights of accommodation	\$20.8m <i>Average of \$170 per household, per night</i>	\$16.4m <i>Average of \$151 per unit, per night</i>	\$3.0m <i>Average of \$56 per place, per night for long-term TH and \$156 for TH motels</i>
Wrap around support services	\$2.5m for Intensive Support Contracts <i>\$192 per household per week</i>	\$5.5m <i>\$350 per household per week</i> + \$0.4m clinical response <i>(mental health, drug and alcohol addiction, and medical support for all 13 motels)</i>	\$2.5m <i>\$420 per household per week for long-term¹³ TH and \$250 for TH motels</i>
Security	\$- <i>MSD does not pay for security for EH SNG-funded accommodation</i>	\$5.4m <i>(24/7 onsite security in each of the 13 motels + 3 roaming security guards 24/7)</i>	\$- <i>HUD does not pay for security for TH accommodation</i>

¹² Long term places are typically standalone houses or units in apartment complexes.

¹³ Note that this includes costs in addition to staffing and overheads, such as property maintenance, insurance, cleaning and vehicle leases.

Annex C: Options analysis for changes to EH SNG eligibility

OPTIONS	BENEFITS	RISKS AND MITIGATIONS
<p>Option 1: Clarify guidance for staff, including around what MSD consider to be adequate accommodation to meet the applicant's needs, and the circumstances when an EH SNG should not be granted.</p>	<ul style="list-style-type: none"> • Retain key aspects of the EH SNG such as income limits (and ability to grant over that limit in exceptional circumstances), the grant period and contribution settings, which mean people who need an EH SNG continue to be able to access them without additional barriers or difficulties. • Ensure that messaging and expectations of staff are clear and aligned. This could include changing the language used in the guidance around the adequacy of accommodation that the applicant may have access to, such as staying on a couch or going to a night shelter, from “may be adequate” to “are adequate”. • Streamlined business processes that better support good conversations to take place and subsequent decision-making, may improve client experience and outcomes, and make the process easier for staff. • Easy to implement. No changes to the Special Needs Grant Programme or funding required and can be implemented by March 2023. 	<ul style="list-style-type: none"> • May have a minor decrease in EH SNGs (which may be warranted), however there is a risk if the person does not actually have an alternative option, or it merely delays EH SNG use if alternatives are unsustainable (e.g. staying with friends or family). • Changes to practice may worsen client experience (e.g. exacerbate stress, sense of whakamā, or loss of dignity), which is not aligned with the kaupapa Māori value of manaakitanga. This may be mitigated via actions underway to build the capability of MSD front-line staff to work with whānau. • Some staff may find the change in expectations challenging particularly when people are in difficult circumstances. This could be mitigated through good tools and training, and support from leadership. Consistent with current practice a decision to decline an EH SNG requires manager sign off.

<p>Option 2: Limit the ability to grant an EH SNG over the income¹⁴ and cash asset¹⁵ limits (currently MSD can grant over the limits in exceptional circumstances).</p>	<ul style="list-style-type: none"> • Ensure the EH SNG is for people experiencing a shock or crisis who have an urgent housing need (aligned with the ideal state). • This would target the EH SNG to those with the lowest incomes who have no financial resources to pay for temporary accommodation, with few exceptions. 	<ul style="list-style-type: none"> • This would target non-beneficiaries as the majority of EH SNG recipients (90%) are on a main benefit, meaning that non-beneficiaries who are in difficult circumstances may no longer be able to receive an EH SNG. This may disproportionately impact those on lower incomes who are escaping unsafe environments. There may not be sufficient community support to mitigate this risk, meaning people resort to rough sleeping or sleeping in cars. • EH SNG income limits are lower than any other Hardship Assistance Income Limits. This could be mitigated by increasing the limits in line with other Hardship Assistance, however this would expand eligibility. • This will not shift away from the use of EH SNGs as a response to persistent housing need. This needs to be mitigated through increasing supported and other housing options. • 12 months to implement as the Special Needs Grant Programme will need to be amended alongside system and operational changes.
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¹⁴ Income limits for EH SNGs at 1 April 2022 are: Single 16-17 years \$545.01 gross weekly income limit; Single 18+ years \$626.37; Married, civil union or de facto couple (with or without children) \$909.91; Sole parent, one child \$760.08; Sole parent, two+ children \$800.78. Note that the temporary increase in income limits for SNGs from 1 November 2021 to 30 June 2022 excluded EH SNGs.

¹⁵ The current asset limits for SNGs as of 1 April 2022 are: \$1,193.21 for singles, and \$1988.20 for married, civil union or de facto couples (with or without children) and sole parents.

<p>Option 3: Introduce a time limit. This could include requiring exceptional circumstances to grant over a certain number of grants or introducing an operational target for the duration people receive EH SNGs.</p> <p><i>Recommended only if implemented alongside additional support services (e.g. Housing Brokers) so that people can be supported to exit to sustainable housing more quickly.</i></p>	<ul style="list-style-type: none"> • Ensure the EH SNG is used as short-term financial assistance (i.e. for weeks as opposed to months, aligned with the ideal state). • May create additional pressure on agencies and clients to find a longer-term housing solution quickly. • Could be implemented alongside additional supports to help people find private rental housing (i.e. housing brokers and Ready to Rent Programmes). 	<ul style="list-style-type: none"> • Stakeholders are not supportive of a time limit or duration target as it would cause harm for clients and whānau who are reliant on transitional or public housing to exit from an EH SNG. • Likely to disproportionately impact EH SNG recipients in areas with high housing deprivation, and population groups that are overrepresented as EH SNG recipients, including Māori and sole parents with children. This could be mitigated through additional support services for these groups and Māori-led solutions. • A target could create perverse incentives for staff which do not support the wellbeing or housing outcomes of clients. This could be mitigated through an increase in Housing Brokers and other preventative supports to help people find private rental housing. • 12 months to implement as the Special Needs Grant Programme will need to be amended alongside system and operational changes.
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s 9(2)(f)(iv)





Annex E: 'Heat Map'

Attached separately



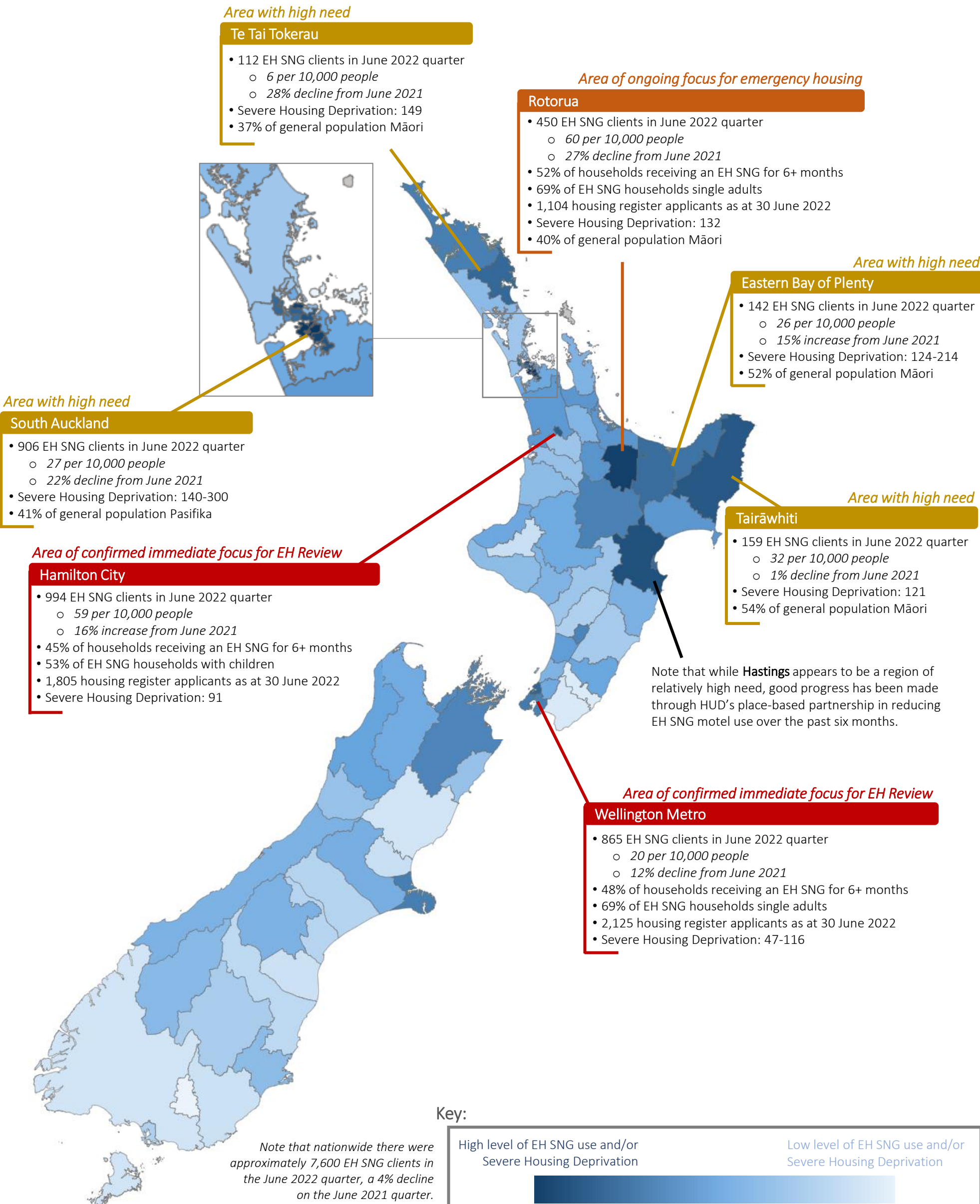
Annex F: Examples of initiatives that could be funded to reduce the demand on, or provide alternatives to, emergency housing for Māori

The table below provides examples of the types of initiatives we propose investing in to respond to emergency housing need for Māori, using existing funding mechanisms.

INITIATIVE	FUNDING MECHANISM
s 9(2)(f)(iv)	

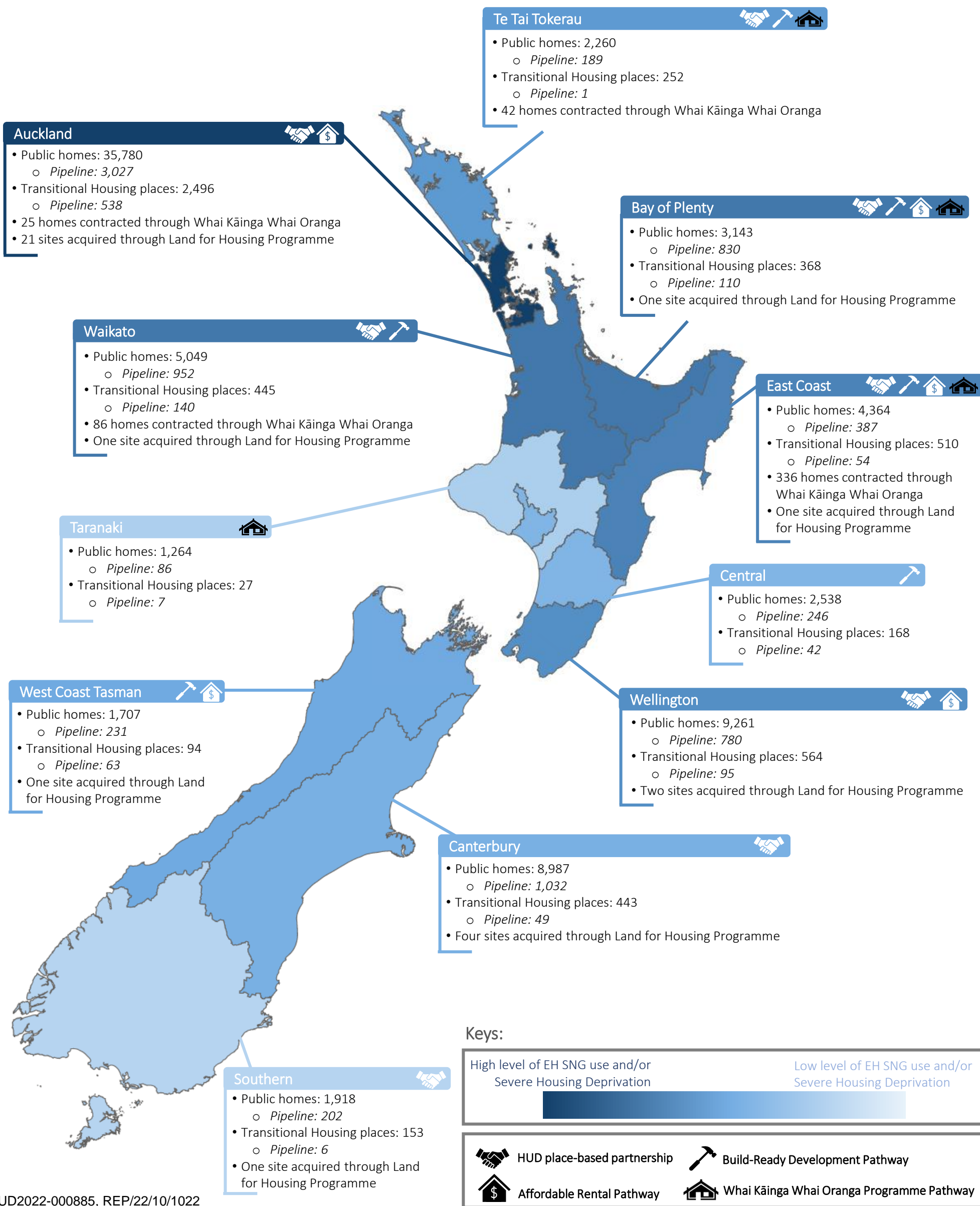
Emergency Housing Heat Map – “Demand”

This map provides a visual representation of where there is a need for emergency housing interventions, based on a combined ranking of the number of EH SNG clients and Severe Housing Deprivation, and highlights regions of focus that have been identified through the emergency housing system review.



Emergency Housing Heat Map – Supply pipeline

This map provides an overview of the supply pipeline across regions, alongside a visual representation of where there is need for emergency housing interventions from a “demand” perspective. Note that the colouring of regions mirrors that from the first heat map.



Region definitions

- Eastern Bay of Plenty – Kawerau District, Opotiki District, Whakatane District TAs
- Hamilton – Hamilton City TA
- Rotorua – Rotorua District TA
- South Auckland – Māngere-Ōtāhuhu, Ōtara-Papatoetoe,. Manurewa and Papakura Local Board Areas
- Tairāwhiti – Gisborne District TA
- Te Tai Tokerau – Far North District, Kaipara District, Whangarei District TAs
- Wellington Metro – Wellington City, Porirua City, Lower Hutt City, Upper Hutt City TAs

Data notes for colouring of heat maps

Indicator definitions

- EH SNG clients** – the distinct number of clients who received an Emergency Housing Special Needs Grant in the June 2022 quarter
- This is an imperfect indicator of demand, as it is heavily dependent upon the availability of short-term motel solutions in particular areas, the level of immediate need, availability of other emergency housing options (including COVID-19 motels, contracted emergency housing in Rotorua, and Transitional Housing Places), and the supply of longer-term housing options (affordable rental housing and public and supported housing).
 - This indicator does, however, highlight pressure points in our current system response, and in particular where we are heavily reliant upon the use of EH SNG suppliers. Our aim is to reduce reliance on the EH SNG as much as possible and to do that quickly requires shifting to a contracted emergency housing model. For the purposes of further contracting emergency accommodation, this indicator helps identify areas where there is high current motel use.

- Severe Housing Deprivation** – the prevalence of total severe housing deprivation (without shelter, in temporary accommodation or sharing accommodation) per 10,000 people based on 2018 Census data (for more information see <https://www.hud.govt.nz/stats-and-insight/2018-severe-housing-deprivation-estimate/>).
- This shows where there are high rates of people lacking access to minimally adequate housing. In some areas (for example Te Tai Tokerau) we know the latent demand for emergency housing is high, but emergency housing options are limited through a lack of supply of Transitional Housing, and few motels available for EH SNG use.
 - This indicator shows where suitable emergency housing options are needed, that are not being provided through our current system response.

Note that general population statistics are based on 2018 Census data.

Ranking method

The ordering of Territorial Authorities was calculated by taking the average of the ranking by EH SNG clients and the ranking by Severe Housing Deprivation.

Briefing

Draft Cabinet paper: Implementing the reset and redesign of the emergency housing system			
Date	10 November 2022	Priority	High
Tracking number	HUD2022-001176;REP/22/11/1068		

ACTION SOUGHT FROM MINISTER(S)		
Minister	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	Provide feedback on the attached draft Cabinet paper	14 November
Hon Carmel Sepuloni Minister for Social Development and Employment	Provide feedback on the attached draft Cabinet paper	14 November

CONTACT FOR DISCUSSION			
Name	Position	Telephone	1st contact
Hilary Joy	General Manager, System Policy, HUD	s 9(2)(a)	✓
Hayley Hamilton	General Manager, Employment and Housing Policy, MSD	s 9(2)(a)	✓

OTHER AGENCIES CONSULTED

DATE RETURNED TO HUD: Click here to enter a date.
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Briefing

0BDRAFT CABINET PAPER: IMPLEMENTING THE RESET AND REDESIGN OF THE EMERGENCY HOUSING SYSTEM			
Minister(s) receiving		Hon Dr Megan Woods, Minister of Housing Hon Carmel Sepuloni, Minister for Social Development and Employment	
Date	10 November 2022	Priority	High
Tracking number	HUD2022-001176;REP/22/11/1068		

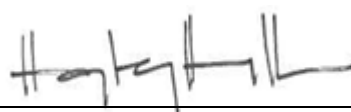
Purpose

1. This briefing seeks your feedback on the attached draft Cabinet paper, *Implementing the reset and redesign of the emergency housing system*.

RECOMMENDED ACTIONS	
2. It is recommended that you:	
1. Note that the attached draft Cabinet paper has been prepared for consideration by the Cabinet Social Wellbeing Committee on 7 December 2022	<i>Noted</i>
2. Provide feedback on the attached draft by 14 November 2022.	<i>Feedback provided</i>



Hilary Joy
General Manager, System
Policy, HUD
10 / 11 / 2022



Hayley Hamilton
General Manager, Employment
and Housing Policy, MSD
10 / 11 / 2022

Hon Dr Megan Woods
Minister of Housing
..... / /

Hon Carmel Sepuloni
Minister for Social
Development and Employment
..... / /

Background

3. In July 2021, you asked officials to review the emergency housing system and provide a series of report backs. Cabinet noted that responsible Ministers would report back to the Cabinet Social Wellbeing Committee (SWC) on the outcomes of the review [CBC-21-MIN-0061 refers].
4. In July 2022, you reported back to SWC for the first time with *Progressing the Emergency Housing System Review* [SWC-22-MIN-0134 refers]. Cabinet agreed to an 'ideal' future state for the emergency housing system and to progressing work over the next 18 months, focusing on:
 - a. resetting Emergency Housing Special Needs Grants (EH SNGs), including entry pathways
 - b. delivering fit-for-purpose emergency accommodation
 - c. strengthening the provision of social support services for people in emergency motel accommodation.
5. In October 2022, you received the final report of the emergency housing system review. This sought decisions on resetting the emergency housing system over the next 12 to 18 months and approval for the plan to use the \$355 million contingency funding, including an initial drawdown of \$0.5 million for Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) resourcing [HUD2022-000252, REP/22/7/642 refer].
6. The attached draft Cabinet paper has been shaped by your decisions on the final advice and responds to the invitation to report back to Cabinet from July 2022.

Key decisions sought from Cabinet

7. The draft Cabinet paper seeks Cabinet's agreement to:
 - a. a set of 10 actions over the next 12-18 months to enable a better functioning emergency housing system in the short-term
 - b. how the remaining Budget 2022 contingency funding of \$354.5 million for system changes will be allocated.
8. It seeks agreement to extend the expiry date of the contingency funding from 30 June 2023 to 30 June 2024, and to draw down \$124.058 million from the contingency funding to fund the following:
 - a. system improvements for assessment and referral pathway (\$6.000 million)
 - b. tool to support the implementation of EH SNG supplier standards (\$0.950 million)
 - c. resourcing for the development and implementation of placed-based plans over 2.5 years (\$3.500 million)
 - d. investing in initiatives that will reduce the demand on, or provide alternatives to, emergency housing for Māori (provisionally \$75.000 million, the proposed split between a first tranche and second tranche of funding to be finalised by 14 November 2022)

- e. increasing support to EH SNG clients and funding the continuation of EH SNG support services to 30 June 2024 (\$38.608 million).

Consultation and next steps

9. We seek your feedback on the draft Cabinet paper by 14 November 2022. The proposed timing and next steps for the Cabinet paper are:

MILESTONE	DATE
Draft paper provided for Ministerial consultation, with agency consultation undertaken concurrently	15 November 2022 (for feedback by 25 November)
Final paper provided for lodging with Cabinet Office	30 November 2022 (to lodge 1 December)
Cabinet Social Wellbeing Committee considers paper	7 December 2022

Annexes

Annex One: Draft of *Implementing the reset and redesign of the emergency housing system*



Briefing

Revised draft Cabinet paper – Implementing the reset and redesign of the emergency housing system

Date	29 November 2022	Priority	High
Tracking number	HUD2022-001356; REP/22/11/1194		

ACTION SOUGHT FROM MINISTER(S)

Minister	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	For approval to be uploaded and lodged on CabNet by 1 December at 10am	1 December 2022
Hon Carmel Sepuloni Minister for Social Development and Employment	For approval to be uploaded and lodged on CabNet by 1 December at 10am	1 December 2022

CONTACT FOR DISCUSSION

Name	Position	Telephone	1st contact
Hilary Joy	General Manager, System Policy, HUD	s 9(2)(a)	✓
Hayley Hamilton	General Manager, Employment and Housing Policy, MSD	s 9(2)(a)	✓

OTHER AGENCIES CONSULTED

DATE RETURNED TO HUD: Click here to enter a date.



Briefing

0BREVISSED DRAFT CABINET PAPER – IMPLEMENTING THE RESET AND REDESIGN OF THE EMERGENCY HOUSING SYSTEM			
Minister(s) receiving	Hon Dr Megan Woods, Minister of Housing Hon Carmel Sepuloni, Minister for Social Development and Employment		
Date	29 November 2022	Priority	High
Tracking number	HUD2022-001356; REP/22/11/1194		

Purpose

1. This briefing updates you on changes made to the attached draft Cabinet paper, *Implementing the reset and redesign of the emergency housing system*, following Ministerial and agency consultation. We recommend that you approve the paper for lodgement by Thursday 1 December 2022.

RECOMMENDED ACTIONS	
2. It is recommended that you:	
1. Note that Ministerial and agency consultation on the draft Cabinet paper, <i>Implementing the reset and redesign of the emergency housing system</i> , has been completed	<i>Noted</i>
2. Note that no major changes have been made to the paper following consultation	<i>Noted</i>
3. Agree to include the following report back recommendation in the paper:	
3.1. invite the Minister of Housing and Minister for Social Development and Employment to report back to Social Wellbeing Committee on the progress on all 10 actions by July 2023	<i>Agree / Disagree</i>
OR	
3.2. invite the Minister of Housing and Minister for Social Development and Employment to update [the Social Wellbeing Committee / Cabinet Priorities Committee] every six months.	<i>Agree / Disagree</i>



4. **Provide** feedback to officials about how Governance arrangements should be reflected in the paper

Yes / No

5. **Approve** the attached draft Cabinet paper, and two annexes for lodgement by 10am on Thursday 1 December, for consideration at the Cabinet Social Wellbeing Committee on 7 December 2022.

Approved /
not approved

Hilary Joy
General Manager, System Policy,
HUD
29 / 11 / 2022

Hayley Hamilton
General Manager, Employment and
Housing Policy, MSD
29 / 11 / 2022

Hon Dr Megan Woods
Minister of Housing
..... / /

Hon Carmel Sepuloni
Minister for Social Development and
Employment
..... / /



Background

3. On 10 November 2022, you received a draft of the Cabinet paper *Implementing the reset and redesign of the emergency housing system* [HUD2022-001176 and REP/22/11/1068 refer]. Following your agreement, the draft paper was circulated for Ministerial and agency consultation on 16 November 2022.
4. Attached is a revised version of the Cabinet paper reflecting feedback from the consultation process.

Changes made to the paper

Responses to Ministerial feedback

5. Feedback was received from the Prime Minister, Minister Davidson, Minister Williams, and the Green Party. This feedback largely focused on seeking more clarity about actions on resetting the EH SNG, a request to bring out the disability implications of actions more clearly, and suggestions to further highlight links to related pieces of work. Feedback was addressed through minor wording changes throughout the paper.
6. The Prime Minister suggested a report back on the impacts of the actions (in particular on Action 1) and would like to see a report back on all actions early in 2023. We have not yet included this as a recommendation in the report, as we are not clear on your expectations about Governance arrangements moving forward. We note that we will not be in a position to provide a robust update on all actions by early 2023, however we will provide your offices with regular reporting (such as the MSD monthly dashboards). An alternative to reporting back in early 2023 could include a report back mid-year or to regularly report back to either Social Wellbeing Committee or Cabinet Priorities Committee (e.g. six-monthly). We could update the paper with one of the following recommendations:
 - a. invite the Minister of Housing and Minister for Social Development and Employment to report back to Social Wellbeing Committee on the progress on all 10 actions by July 2023
 - OR
 - b. invite the Minister of Housing and Minister for Social Development and Employment to update *[the Social Wellbeing Committee / Cabinet Priorities Committee]* every six months.
7. In addition, Hon Marama Davidson, Associate Minister of Housing (Homelessness) indicated an interest in being included if Ministerial oversight of the work is established. Should you want to use an alternative Ministerial oversight mechanism (i.e. outside of existing Cabinet Committees), with your direction, the approach and Ministers involved can be reflected in the Governance arrangements section of the paper.

Responses to agency feedback

8. The following agencies provided feedback on the draft Cabinet paper and Regulatory Impact Statement: Ara Poutama – Department of Corrections, Department of Prime Minister and Cabinet – Child Wellbeing and Poverty Reduction Group and Implementation Unit, Kāinga Ora, Manatū Hauora – Ministry of Health, Ministry for



Pacific Peoples, Oranga Tamariki – Ministry for Children, New Zealand Police, Te Puni Kōkiri, and the Treasury.

9. Agency feedback was supportive of the aims of the paper and suggested changes were not substantial. Most of the queries raised by agencies were detailed in nature and were addressed by minor edits to wording throughout the paper. Many agencies have signalled their interest in being involved in the next stages of work, should Cabinet agree to proceed.

Next steps

10. A timeline of key milestones is outlined below.

MILESTONE	DATE
Cabinet paper lodged by 10am	1 December 2022
Cabinet Social Wellbeing Committee considers paper	7 December 2022

11. An aide memoire and talking points will be provided to Ministers to support them at the Cabinet Social Wellbeing Committee by Monday 5 December 2022.

Annexes

Annex One: Revised draft of *Implementing the reset and redesign of the emergency housing system*



Aide-memoire

CABINET SOCIAL WELLBEING COMMITTEE – IMPLEMENTING THE RESET AND REDESIGN OF THE EMERGENCY HOUSING SYSTEM

Date	5 December 2022	Priority	High
Tracking number	HUD2022-001383;REP/22/11/1177		

INFORMATION FOR MINISTER(S)

Hon Dr Megan Woods Minister of Housing Hon Carmel Sepuloni Minister for Social Development and Employment	Note the contents of the following aide-memoire.
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CONTACT FOR DISCUSSION

Name	Position	Telephone	1st contact
Hilary Joy	General Manager, System Policy, HUD	s 9(2)(a)	✓
Hayley Hamilton	General Manager, Employment and Housing Policy, MSD	s 9(2)(a)	✓

OTHER AGENCIES CONSULTED

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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) _____	Comments
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Aide-memoire

CABINET SOCIAL WELLBEING COMMITTEE – IMPLEMENTING THE RESET AND REDESIGN OF THE EMERGENCY HOUSING SYSTEM			
Minister	Hon Dr Megan Woods, Minister of Housing		
	Hon Carmel Sepuloni, Minister for Social Development and Employment		
Date	5 December 2022	Priority	High
Tracking number	HUD2022-001383;REP/22/11/1177		

Purpose

1. This aide-memoire is to support you at the Cabinet Social Wellbeing Committee (SWC) on 7 December 2022. It summarises key decisions sought from Cabinet and issues raised during consultation, alongside key related work. Talking points are provided in Annex A.

Background

2. In June 2021, you directed officials to undertake a fundamental review of the emergency housing system (the review). To date, the review has found that the emergency housing system is under pressure, primarily due to lack of affordable, appropriate and stable rental housing for lower-income households.
3. In July 2022, you reported back to SWC for the first time with Progressing the Emergency Housing System Review [SWC-22-MIN-0134 refers]. Cabinet agreed to an 'ideal' future state for the emergency housing system and to progressing work over the next 18 months, focusing on:
 - 3.1 resetting Emergency Housing Special Needs Grants (EH SNGs), including entry pathways
 - 3.2 delivering fit-for-purpose emergency accommodation
 - 3.3 strengthening the provision of social support services for people in emergency motel accommodation.

Key decisions sought from Cabinet

4. This Cabinet paper, *Implementing the reset and redesign of the emergency housing system*, proposes a set of ten actions over the next 12-18 months. A table with descriptions of current and future state actions is attached at Annex B.



5. This paper also proposes a plan for allocating the remaining \$354.500m from the Operational Tagged Contingency for *Emergency Housing – progressing work on system changes* which was established through Budget 2022 [CAB-22-MIN-0129 refers].
6. As part of this, it seeks agreement to draw down \$107.176 million from the contingency funding in December 2022 to fund the following:
 - 6.1 investing in initiatives that will reduce the demand on, or provide alternatives to, emergency housing for Māori: \$58.118 million
 - 6.2 increasing support to EH SNG clients and funding the continuation of EH SNG support services to 30 June 2024: \$38.608 million
 - 6.3 system improvements for assessment and referral pathway: \$6.000 million
 - 6.4 resourcing for the development of place-based plans over 2.5 years: \$3.500 million
 - 6.5 development of a tool to support the implementation of EH SNG supplier standards: \$0.950 million.

Key issues raised during consultation

Feedback from Ministerial Consultation

7. s 9(2)(g)(i) [REDACTED]
[REDACTED] In addition to the planned report back in 6 months, you could also offer to provide regular updates by attaching the Ministry of Social Development's (MSD) monthly reporting to the Cabinet Priorities Committee (CPC) tracker.
8. During Ministerial Consultation there was substantial feedback from Hon Marama Davidson, Associate Minister of Housing (Homelessness). This feedback, and that received from the Green Party (as proposals in the paper relate to "action on homelessness" in the Cooperation Agreement between the Labour and Green Parties) indicate that they do not support Action 2 because of the risk that clients are denied an EH SNG, leading to homelessness. This has been set out in the consultation section of the paper. We understand that the Associate Minister of Housing (Homelessness) will be attending SWC and have suggested talking points that respond to their feedback.
9. s 9(2)(g)(i) [REDACTED]
[REDACTED]

Treasury advice

10. We understand that the Treasury have briefed the Minister of Finance about the proposed changes. They have noted that:



10.1 s 9(2)(g)(i)

10.2 s 9(2)(g)(i)

11. The rationale for continuing and expanding MSD's support services is to ensure that more EH SNG recipients can access support:

- 11.1 We consider that ensuring EH SNG recipients have a single contact person (either an Intensive Case Manager (ICM) or a community-based navigator), and the opportunity to get housing ready (via ready to rent programmes) or access housing if they can sustain a rental in the private market.
- 11.2 For Navigators – MSD are currently funded to support 1200 clients/households with Navigators. Funding under the Aotearoa Homelessness Action Plan (HAP) was based on premise that an increase of Transitional Housing would reduce EH SNG demand. While it is slowly reducing, EH SNG demand is still anticipated to be much higher than current funded support levels over next 12 months.
- 11.3 For ICMs – there is increasing complexity of client need and clients are receiving EH SNGs for longer periods, meaning intense case management support is required for more people and for longer. If approved, the placement of additional positions will be agreed based on data and the place-based roll out.
- 11.4 Increasing the number of Housing Brokers will enable the service to help more clients. This would also include them playing a more preventative role by helping people before they need an EH SNG, focusing on the areas with growing rental markets.
- 11.5 Preliminary findings from the evaluation of Ready to Rent found that there were opportunities to tailor programmes to youth and to Māori. The 50 new programmes will include programmes designed and delivered either by Kaupapa Māori providers, or tailored to youth.

Intersections with other work

Aotearoa Homelessness Action Plan

12. This paper aligns closely with initiatives in the Aotearoa Homelessness Action Plan (HAP). This alignment is a priority for the Associate Minister of Housing (Homelessness). Some of the intersections include:

- 12.1 Māori-led responses to homelessness. The Cabinet paper proposes to invest in:



- 12.1.1 MAIHI / Whai Kāinga Whai Oranga, s 9(2)(j) [REDACTED]
- 12.1.2 s 9(2)(j) [REDACTED]
- 12.1.3 the implementation of place-based approaches, with a focus on Te Tai Tokerau and Tairāwhiti.
- 12.2 continuing with and expanding the provision of intensive support services, the Ready to Rent programme, housing brokers, and Flexible Funding for whānau with children in emergency housing – these initiatives were originally delivered through HAP funding from Budget 2019 and 2020
- 12.3 working alongside Mānatū Hauora – Ministry of Health (Manatū Hauora), Ara Poutama – Department of Corrections (Corrections) and Oranga Tamariki – Ministry for Children to identify prevention and support actions within the emergency housing system that complement existing initiatives under the HAP (for more detail see paragraphs 13-16).

Improved and expanded Housing Support Products

- 13. Improved Housing Support Products was funded in Budget 2022. On 13 March 2023, MSD will implement changes to housing-related hardship assistance. It will improve and streamline financial assistance, making it easier for eligible people to acquire and retain a tenancy in the private rental market. This initiative, alongside other prevention initiatives through the HAP and the review, will alleviate pressure on the emergency housing system and help to prevent people from experiencing urgent housing need. Changes to the suite of supports include:
 - 13.1 higher maximum amounts (based on actual rents) that will reflect people's needs
 - 13.2 more frequent access to support, such as bond, rent in advance, and rent arrears assistance
 - 13.3 streamlined assistance, through combining three separate hardship assistance programmes (Housing Support Products, housing-related Advance Payments of Benefit, and housing-related Recoverable Assistance Payments) into one housing-specific programme with a single set of eligibility criteria
 - 13.4 a two-year pilot of non-recoverable financial assistance to support people who experience considerable difficulties with obtaining and / or sustaining a private tenancy. Officials are currently working through the parameters of the pilot with



a likely focus on assisting particular cohorts in emergency housing. It is due to be launched later in 2023.

Working alongside Manatū Hauora, Corrections and Oranga Tamariki

14. The review found that cross-agency collaboration is required to better support those with more complex and acute levels of need and enable successful transitions out of government care.
15. In July 2022, Cabinet directed MSD and Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) to work with Manatū Hauora, Corrections and Oranga Tamariki to identify prevention and support actions for the emergency housing system that complement or extend those under the HAP.
16. Agencies will undertake joint actions focused on enabling local collaborative approaches aimed at reducing the need for EH SNGs over time. Cross-agency collaboration has already resulted in the identification of initiatives for proposed funding through this Cabinet paper, s 9(2)(f)(iv)
17. Agencies will brief portfolio Ministers on cross-agency work by January 2023.

Recommendations from the Human Rights Commission's review of emergency and transitional housing

18. The Human Rights Commission has provided a draft of their report on emergency and transitional housing to HUD and MSD. The final report is due to be publicly released in the week of 12 December 2022.
19. The draft report proposed immediate obligations that the Government must meet in the context of responding to homelessness:
 - 19.1 provide emergency housing for people who are homeless as they transition to a decent home – this accommodation must meet minimum decency and human rights standards, and uphold Te Tiriti o Waitangi
 - 19.2 do not evict anyone into homelessness
 - 19.3 provide effective accountability and access to justice.
20. It also poses recommendations for the Government:
 - 20.1 phase out the use of uncontracted private accommodation providers under EH SNG emergency accommodation as soon as possible
 - 20.2 commit to adequately protecting the rights of those in the emergency housing system
 - 20.3 increase the Accommodation Supplement as soon as possible



- 20.4 commit to addressing the inconsistencies between the two different initiatives (EH SNG and transitional housing) and work to create a single, holistic system of emergency housing.
21. Officials will provide communications material to support Ministers' Offices to respond to release of the report by 9 December 2022.

Next steps

22. Following Cabinet agreement, HUD and MSD will continue work to implement the respective actions. As outlined in previous reports you will receive supplementary advice in some specific areas including:
- 22.1 cross-agency actions with Manatū Hauora, Corrections and Oranga Tamariki (as described above, by January 2023)
 - 22.2 a plan for engagement for the work to develop a new social support services model s 9(2)(f)(iv)
 - 22.3 an indicative approach to delivery (draft Regional Delivery Plans) for Hamilton City and the Wellington metro area (March 2023)
 - 22.4 s 9(2)(f)(iv)
 - 22.5 s 9(2)(f)(iv)
23. Officials will also provide you with communications and engagement material about the emergency housing system review and the Human Rights Commission's report by 9 December 2022.

Annexes

Annex A: Proposed talking points for Cabinet Social Wellbeing Committee on Wednesday 7 December 2022

Annex B: A3 of emergency housing system review actions

Annex A: Proposed talking points for Cabinet Social Wellbeing Committee on Wednesday 7 December 2022

Proposed talking points (general)

We are seeking agreement to a set of 10 actions over the next 12-18 months

- Last year, we directed officials to undertake a fundamental review of the emergency housing system.
- The review has found that the system is under pressure because there isn't enough affordable housing, in the right places, for those who need them. We have a large supply programme underway, but it will still take time and significant investment to turn it around.
- This paper proposes improvements to the emergency housing system that will steer us towards the ideal future state, where emergency accommodation is rarely needed, and when it is used, stays are brief and non-recurring.
- The scale of the housing crisis means we realistically need to plan for a transition period of at least five years. Throughout this time, people will continue to be in motel-based emergency housing for prolonged periods of time (months, rather than weeks).
- The focus of the actions in this paper is on providing improved wellbeing outcomes for people in emergency accommodation and enabling a better functioning system in the short term.

We are also seeking approval for how Budget 2022 funding for progressing work on system changes will be allocated

- We are seeking Cabinet agreement to the initial draw down of \$107.176 million to invest in Māori housing initiatives, support services for emergency housing clients, tools to improve assessment and referral, and the development of place-based approaches.
- In November 2022 we, along with the Minister of Finance, approved an initial drawdown from the Budget 2022 contingency of \$0.5 million. This was to ensure that HUD could resource the development of place-based plans and mitigate risks to the timing of delivery.
- s 9(2)(f)(iv)

There has been an encouraging decline in EH SNG use since late last year

- Emergency housing motel use has reduced – though we will need to continue to monitor to see whether the number stabilises. We have reduced the use of both contracted and non-contracted motels:

- There are 1,848 fewer households in EH SNG motels in October 2022, compared to the peak of 6,255 in November 2021. This also means 1,224 fewer children in EH SNG motels over this period of comparison.
- When we look across MSD regions, 10 out of 12 regions have seen a reduction over this period – with the largest being in Auckland metro, Bay of Plenty, Central and Wellington regions.
- There are also 376 fewer COVID motel units compared to the peak in March 2021 of 1,029 units.
- Any impacts on EH SNG numbers as a result of updated operational guidance will be reported on at the six-month report-back, alongside the regular monitoring via monthly data reports.

These proposals have been informed by lessons from the Rotorua approach, but don't replicate it

- The development and implementation of actions has been, and will be, informed by key lessons learnt throughout the Rotorua pilot, including:
 - the need to clarify roles and responsibilities of agencies
 - the importance of early local engagement
 - regulatory compliance for motels
 - risks of concentrating single adults in EH SNGs
 - the need to improve data collection.

The Human Rights Commission has conducted a review of emergency and transitional housing

- A report with findings and recommendations from the Commission's review is due to be released in the week of 12 December 2022.
- We consider that the proposals in this paper address many of the issues raised by the Human Rights Commission, especially the overarching aim to reduce the need for and use of the EH SNG over time.
- In addition, standards for suppliers, a mutual obligations framework, and a conflict resolution framework will demonstrate our commitment in responding to problems across the emergency housing system.

Proposed talking points for the Minister of Housing

National framework for contracting and purchasing motels

- Officials have developed a national strategic framework and implementation guidance for contracting and purchasing motels for emergency accommodation.
- In contracting motels, we do not expect to increase the number of motels that are used for emergency housing, but rather convert some of the motels currently being used for EH SNGs (and COVID motels) to a contracted model where support, safety and security can be improved.

- The framework is informed by our experiences of contracting in Rotorua, the views of relevant agencies and stakeholders, and best regulatory practice.
- Preliminary findings from an evaluation of the Rotorua pilot indicate it has been effective in providing whānau with a safe, secure environment. Findings support adopting a contracted motel approach for whānau with children in other locations.

Action 6: Place-based approach in Wellington and Hamilton.

- We are developing place-based approaches to emergency housing in the Wellington metropolitan area and Hamilton city. These areas have high EH SNG use, accounting for a third of all EH SNG use nationally in October 2022.
- In Wellington metropolitan area, 30 percent of households have been receiving an EH SNG for 12 months or more and the vast majority (70 percent) are single adults, potentially with unmet support needs.
- Hamilton City has a large number of children in EH SNG-funded accommodation and a higher-than-average proportion of Māori, for whom we know the EH SNG model delivers particularly poor outcomes.
- Place-based approaches will involve providing a range of accommodation types to be used instead of EH SNGs – including contracted emergency housing motels, transitional housing and youth-focused transitional housing – alongside an appropriate mix of support services and security.
- In each location, we will engage with local councils, iwi, iwi organisations, hapū, motel suppliers and support providers to inform the development of place-based approaches and identify solutions.
- Officials are currently undertaking detailed place-based analysis in Wellington and Hamilton. This work includes looking at supply and demand (including a detailed understanding of the cohorts represented in EH SNGs currently), and current challenges and perceptions of EH SNG usage. It will be used to support engagement with stakeholders.
- Early engagement will enable local stakeholders to develop a vision for change. Alongside good planning around the location of motels, this will ensure local concerns about emergency housing are well managed and addressed.

Action 7: Responding to the emergency housing needs of Māori.

- The current emergency housing system is not working for Māori. Māori are disproportionately represented in the emergency housing system – 63 percent of EH SNG recipients are Māori.
- To respond to immediate housing need, we propose investing in initiatives that will reduce the demand on, or provide alternatives to, emergency housing for Māori relatively quickly.
- Over the longer term, the development of He Ara Hiki Mauri – a tāngata whenua-led response to homelessness – presents an opportunity to deliver system-wide changes to address the needs of Māori.

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

- Many people in emergency housing have high and complex needs that intersect with various government agencies. Officials from MSD, HUD, Manatū Hauora, Corrections and Oranga Tamariki are exploring possible actions that will support the review's proposals and initiatives under the Homelessness Action Plan.
- Cross-agency collaboration has already resulted in the identification of initiatives for proposed funding through this Cabinet paper. s 9(2)(j)

Supported housing review

- A well-functioning supported housing system should help prevent people who need supported housing falling into homelessness. It can also enable those who do end up in emergency housing to transition into supported housing in a seamless way.
- HUD is currently progressing a review of supported housing, alongside other agencies. s 9(2)(f)(iv)

Proposed talking points for the Minister for Social Development and Employment

Action 1: Implement a new assessment and referral pathway for emergency accommodation and support from late 2022

- Currently, the assessment and referral process can be inconsistent and improperly timed – where availability of accommodation drives where people go, instead of what would meet their needs.
- A new assessment and referral pathway will enable a shift in how we consider people's needs and support them on their journey to sustainable housing. It will mean we are collecting the right information at the right time, so a household's needs can be understood and responded to appropriately.

Action 2: Maintain the current policy settings for the EH SNG, with some changes to guidance

- Given cost of living pressures and limited housing options, we decided against making changes to EH SNG eligibility criteria.
- However, we are making changes to operational guidance and public messaging to ensure the EH SNG is not the default option. Changes to operational guidance sit squarely within MSD's purview, however we know that it can have an impact on outcomes.
- The Green Party does not support proposals to clarify guidance about EH SNG eligibility because of the risk that this could lead to people being denied emergency housing, potentially making them homeless. This is not about narrowing eligibility but ensuring that front-line staff have the support they need to have conversations with clients in line with the policy intent.

- For example, within current settings front-line staff explore whether clients have access to any other accommodation that might be adequate in the short-term.
 - This includes staying on a couch with friends or whānau, temporary boarding arrangements or staying in accommodation that is intended to be temporary (e.g. cabins, mobile home).
 - There are also examples of when the types of accommodation would not be adequate such as – where someone is escaping from family violence, or the place will impact the client's health needs.
- In addition, while we are not proposing changes to sanctions – MSD will be streamlining this guidance to help front-line staff to make decisions about when a grant should be made recoverable or declined.

Actions 3 and 4: Mutual obligations for MSD and clients

- We consider that all parties – clients, MSD, and EH SNG suppliers – have roles to play across the emergency housing system. Mutual obligations and accountabilities are required.
- We will be providing consistent and clear information on obligations for each party, and establishing a resolution framework to manage conflicts and concerns. Applying mutual obligations is consistent with our commitment to Welfare Overhaul and builds off the advice of the Welfare Expert Advisory Group.

Action 5: EH SNG supplier standards

- It is time for the emergency housing system to have some basic quality standards, so households have access to suitable accommodation. Implementing standards means that clients will be treated like other paying customers, the Government gets the full scope of service that the EH SNG is paying for, and accommodation will meet minimum safety and suitability standards.

Action 8: A new support service model

- We are designing a new model of support services for households across the emergency housing system. Support will be flexible, available at the right time, and tailored to meet the diverse needs of households. A “one-size-fits-all” approach to support services is not working for households currently. ^{s 9(2)(f)(iv)}

Action 9: Increasing existing supports through to 30 June 2024

- We are extending and expanding current supports that are successful in providing holistic support and reaching longer-term housing outcomes for clients. Intensive support services, the Ready to Rent programme, housing brokers, and Flexible Funding will ensure there is capacity to prevent emergency housing need while the new model is under development.
- When these supports were introduced under the Homelessness Action Plan, we funded MSD to support 1,200 EH SNG clients. We propose to expand all roles so that more EH SNG clients can access support. Given that the average length of time receiving an EH SNG in October was 26 weeks, we want to ensure that we can

support more people with a single point of contact (either via an Intensive Case Manager or community-based navigator) and enable people to move into private rental housing arrangements if this is possible (by getting rental ready or getting support from a housing broker to find housing).

Annex B: Actions from the Emergency Housing System Review

Actions arising from the Emergency Housing System Review (pending Cabinet consideration)



The review has identified 10 actions to progress over the next 12 months, across three focus domains



RESETTING THE EH SNG, INCLUDING ENTRY PATHWAYS

- Action 1: **Implementing a new assessment and referral pathway** for emergency accommodation and support from late 2022 to ensure people are housed appropriately and given support that best match their needs, and to collect information that informs reporting and analysis processes.
- Action 2: **Updating guidance for MSD frontline staff** and others about the EH SNG within current policy settings, so that communications and processes are clear about who can get assistance.
- Action 3: Mutual Obligations – **Providing better information to EH SNG clients about their rights and obligations** and what they can expect from MSD by March 2023.
- Action 4: Mutual Obligations – **Developing a resolution framework for poor behaviour while receiving an EH SNG**, so that the mutual accountabilities of the client, supplier and MSD are clearly expressed.

NEXT STEPS

- Discovery and design for manual tool for MSD assessment and referral (Nov – Dec 2022)
- Pilot of the Temporary Housing Vacancy Management Tool (from Dec 2022)
- Update to staff guidance and public facing EH SNG information (Q1 2023)
- s 9(2)(f)(iv)



DELIVERING FIT FOR PURPOSE ACCOMMODATION

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

NEXT STEPS

- Development of EH SNG supplier standards, consultation with suppliers, and implementation (from Q1 2023)
- Stakeholder engagement in Hamilton and Wellington metro (Q1 2023)
- Refining plans for Māori-led EH solutions, for Feb 2023 drawdown



RESETTING SOCIAL SUPPORT SERVICES

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

NEXT STEPS

- Design for new model of housing supports (over 2023)
- Delivery of additional support to EH SNG clients, funded through B22 contingency (from 1 July 2023)
- Further exploration of cross agency actions to strengthen EH supports

Time line for implementation advice and major milestones (not exhaustive, and subject to Cabinet decisions)

Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23
- Cabinet paper	- Cross agency actions advice - Advice on scope of social support model and engagement approach	s 9(2)(f)(iv)	- Handbook for EH SNG clients distributed - Update to Ministers on regional delivery intentions		s 9(2)(f)(iv)	[UNCLASSIFIED]	- Contracting places in Hamilton city and Wellington metro commences		- Advice to Ministers on resetting social supports	s 9(2)(f)(iv)		

Briefing

APPROVAL TO PROACTIVELY RELEASE EMERGENCY HOUSING SYSTEM REVIEW CABINET PAPER AND MINUTE			
Date	12 December 2022	Priority	High
Tracking number	HUD2022-001403		

ACTION SOUGHT FROM MINISTER(S)		
Minister	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	Agree to proactively release the Emergency Housing System Review Cabinet paper and minute	
Hon Carmel Sepuloni Minister for Social Development and Employment	Agree to proactively release the Emergency Housing System Review Cabinet paper and minute	

CONTACT FOR DISCUSSION			
Name	Position	Telephone	1st contact
Charlie Russell	Manager, Homelessness, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development	s 9(2)(a)	✓
Alex McKenzie	Manager, Housing Policy, Ministry of Social Development	s 9(2)(a)	

OTHER AGENCIES CONSULTED
Manatū Hauora – Ministry of Health, Ara Poutama Aotearoa – Department of Corrections

DATE RETURNED TO HUD: Click here to enter a date.
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Briefing

0BAPPROVAL TO PROACTIVELY RELEASE EMERGENCY HOUSING SYSTEM REVIEW CABINET PAPER AND MINUTE			
Minister(s) receiving	Hon Dr Megan Woods, Minister of Housing Hon Carmel Sepuloni, Minister for Social Development and Employment		
Date	12 December 2022	Priority	High
Tracking number	HUD2022-001403		

Purpose

1. The purpose of this briefing is to seek your approval to proactively release the emergency housing system review Cabinet paper *Implementing the reset and redesign of the emergency housing system* and Cabinet minute on the website of Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD).

RECOMMENDED ACTIONS	
2. It is recommended that you:	
Agree , by 13 December 2022, to proactively release Cabinet paper and minute – <i>Implementing the reset and redesign of the emergency housing system</i>	Agree / Disagree



Charlie Russell
Manager, Homelessness, HUD
12 / 12 / 2022



Alex McKenzie
Manager, Housing Policy, MSD
12 / 12 / 2022

Hon Dr Megan Woods
Minister of Housing
..... / /

Hon Carmel Sepuloni
Minister for Social Development and Employment
..... / /

Background

3. On 7 December 2022, the Cabinet Social Wellbeing Committee endorsed the paper – *Implementing the reset and redesign of the emergency housing system* [SWC-22-MIN-0235].
4. Cabinet Office circular (18)4 states that all Cabinet and Cabinet committee papers and minutes must be proactively released and published online.
5. As such, subject to your approval, HUD is proposing to publish the following documents on its website:
 - a. Cabinet Paper – *Implementing the Reset and Redesign of the Emergency Housing System*
 - b. Cabinet Minute – *Implementing the Reset and Redesign of the Emergency Housing System*.

Review of documents

6. Officials have reviewed these documents and propose the following redactions be made under the Official Information Act 1982:
 - a. work that Ministers have not yet made decisions on
 - b. information that could prejudice negotiations
 - c. free and frank advice
 - d. legally privileged information.

Risks

7. These documents contain major decisions about the emergency housing system and we expect the release of these documents will attract significant interest. We anticipate that work signalled in Hamilton and Wellington will be of particular interest to the public. Officials have prepared communications material which will assist Ministers with the announcement of changes of the emergency housing system.

Next steps

8. Once you have approved the release of the documents, we will publish them on the HUD website on 13 December.

Annexes

Annex One: Marked copy of Cabinet paper and Cabinet minute – *Implementing the reset and redesign of the emergency housing system*