



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

Dear [REDACTED]

On 1 November 2019, you emailed the Ministry of Housing and Urban Development (HUD) and requested, under the Official Information Act 1982, the following information:

- *Formal reports, briefings, memos, analysis, advice, and cabinet papers to Ministers relating to motels and caravan parks being used for emergency and transitional housing since 1 October 2018.*

The aspects of your request related to emergency housing have been partially transferred to the Ministry of Social Development (the Ministry).

On 27 November 2019, you agreed to change the scope of your request to the following:

- *Formal reports, briefings, memos, analysis, advice, and cabinet papers to Minister Kris Faafoi relating to motels and caravan parks being used for emergency housing in the past six months.*

Following consultation with HUD, the following documents were identified as being formal reports, briefings, memos, analysis, advice and cabinet papers sent to Minister Kris Faafoi during the period of 1 May 2019 to 1 November 2019 relating to motels and caravan parks being used for emergency housing:

- *Briefing: Preventing and responding to homelessness across New Zealand, dated 28 June 2019*
- *Briefing: Background Briefing on Public Housing, dated 24 July 2019*
- *Aide-mémoire: Preventing and Reducing Homelessness in New Zealand, dated 29 July 2019*
- *Aide-mémoire: Preventing and Reducing Homelessness in New Zealand, dated 2 August 2019*
- *Aide-mémoire: All of Housing Ministers Meeting, dated 12 August 2019*
- *Aide-mémoire: Housing Ministers meeting on Monday 29 August 2019, dated 26 August 2019*
- *Aide-mémoire: All of Housing Ministers Meeting, dated 2 September 2019*
- *Cabinet Paper: Preventing and Reducing Homelessness in New Zealand, dated 18 September 2019*

- *Aide-mémoire: Homelessness Work Programme Update, dated 27 September 2019*
- *Aide-mémoire: Homelessness Work Programme Update, dated 11 October 2019*
- *Aide-mémoire: Homelessness Work Programme Update, dated 17 October 2019*
- Two further titles are withheld under section 9(2)(f)(iv) of the Official Information Act as the information including the titles are under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

For your reference, the Cabinet Paper: Preventing and Reducing Homelessness in New Zealand, dated 18 September 2019 was proactively released by HUD and is available at the following link: www.hud.govt.nz/assets/News-and-Resources/Proactive-Releases/f41acf93b7/Cabinet-Paper-Preventing-and-Reducing-Homelessness-in-New-Zealand.pdf

The following five documents are enclosed for your reference:

- *Briefing: Preventing and responding to homelessness across New Zealand, dated 28 June 2019*
- *Briefing: Background Briefing on Public Housing, dated 24 July 2019*
- *Aide-mémoire: Preventing and Reducing Homelessness in New Zealand, dated 29 July 2019*
- *Aide-mémoire: All of Housing Ministers Meeting, dated 12 August 2019*
- *Aide-mémoire: Housing Ministers meeting on Monday 29 August 2019, dated 26 August 2019*

Some information within these documents are withheld under section 9(2)(f)(iv) of the Official Information Act as it is under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

Some information is withheld under section 9(2)(g)(i) of the Act to protect the effective conduct of public affairs through the free and frank expression of opinions. I believe the greater public interest is in the ability of individuals to express opinions in the course of their duty.

You will also note that the names of some individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

The following documents are withheld in full under section 9(2)(f)(iv) of the Official Information Act as the information is under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served:

- *Aide-mémoire: Preventing and Reducing Homelessness in New Zealand, dated 2 August 2019*
- *Aide-mémoire: All of Housing Ministers Meeting, dated 2 September 2019*
- *Aide-mémoire: Homelessness Work Programme Update, dated 27 September 2019*
- *Aide-mémoire: Homelessness Work Programme Update, dated 11 October 2019*
- *Aide-mémoire: Homelessness Work Programme Update, dated 17 October 2019*

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter and attachments on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely



Alex McKenzie
Manager Employment and Housing Policy

Briefing

Preventing and responding to homelessness across New Zealand

For: Hon Phil Twyford, Minister for Urban Development
Hon Megan Woods, Minister of Housing
Hon Carmel Sepuloni, Minister for Social Development
Hon Nanaia Mahuta, Associate Minister of Housing (Māori Housing)
Hon Jenny Salesa, Minister for Building and Construction
Hon Kris Faafoi, Associate Minister of Housing (Public Housing)

Date: 28 June 2019

Security level: In Confidence

Priority: High

Report number: BRF18/19060316

Purpose

- 1 This paper sets out current work to reduce homelessness and proposes a package of additional initiatives to ensure that homelessness is prevented where possible, or is rare, brief and non-recurring. Along with national solutions we are proposing taking a more deliberate place-based focus on tackling homelessness in the six areas of greatest pressure (hot spots); Hamilton, Napier/ Hastings, Northland, Rotorua, Auckland Region, and Wellington Region.
- 2 This package focuses on:
 - **Prevention:** helping people retain tenancies, address issues that put tenancies at risk and supporting people at points where they are at high risk of homelessness
 - **Support:** supporting people into stable accommodation and with access to wider social support
 - **Supply:** increasing supply across the housing continuum
 - **System enablers:** components needed to comprehensively address homelessness.
- 3 We seek direction from Ministers on the scope of a homelessness package to be considered by Cabinet in July 2019, which would be funded from existing housing contingencies.

Executive summary

Housing in New Zealand is becoming increasingly unaffordable and homelessness is increasing

- 4 Home ownership rates are falling and there is increasing demand for rental homes at a time when the supply of rental housing is constrained. Increasing demand for public housing and a growing reliance on emergency housing highlight the pressure on the private rental market and the need for additional new supply. In the current environment, people on the margin of the housing market are particularly vulnerable to homelessness.

Homelessness is a complex issue with variable drivers

- 5 Housing is essential to wellbeing. Homelessness is associated with a range of poor social and economic factors. The homeless population is not a homogenous group. Some people are homeless solely due to affordability issues (low income and high housing costs), while others

face a range of complex and inter-related issues (such as mental health, substance abuse, criminal history, anti-social behaviour, unemployment, family violence) and require on-going support to maintain stable housing. People's experience of homelessness is varied. Some people have been without shelter for years and are 'chronically homeless', others may be transitionally or episodically homeless.

There is growing expenditure on emergency accommodation, increasing demand for public housing and issues with how the system functions

- 6 Emergency Housing Special Needs Grants (EH SNGs) are payments administered by the Ministry of Social Development (MSD) that provide financial assistance to people to meet their emergency housing needs, generally assistance to pay for emergency housing in a motel. Expenditure on EH SNGs was just over \$46 million in the first five months of 2019 – an increase of \$33.1 million (256 percent) over the first five months of 2018. The housing register has increased by 3,177 applicants or 40.3 percent over the 12 months to the end of March 2019.¹
- 7 Key issues with the existing response include:
 - lack of supply of affordable and appropriate long-term housing (private rentals and public housing)
 - people getting stuck in temporary solutions
 - limited prevention initiatives
 - coordination between government agencies, local government, iwi and NGOs could be stronger
 - people not always getting the right level of support or response
 - a lack of data on how people move through the system, and their needs.

Our response has ramped up and work is underway or planned

- 8 Our response to preventing homelessness and meeting people's housing needs has been ramped up significantly over the last two years:
 - significant work is underway to increase supply of public housing and Transitional Housing (intended to be for 12 weeks and includes support services)
 - we are increasing the number of Housing First places as the primary response to chronic homelessness, and rolling-out the programme in new locations
 - we are taking steps to ensure the quality of motels used for emergency housing is of a suitable standard and reducing the reliance on motels, particularly for families with children
 - we are taking a place-based approach focusing initially on six hot spot locations where homelessness is an increasing issue – Hamilton, Napier/ Hastings, Northland, Rotorua, Auckland Region, and Wellington Region (outlined in further detail in Annex 2-7)
 - s 9(2)(f)(iv)
 - the reset of the Government Build Programme will focus on building homes across the housing continuum, including homes for renters and owner-occupiers
 - we are reviewing the national policy settings for emergency and public housing to ensure they best support wellbeing outcomes for those in need.

¹ MSD administrative data.

Further work is proposed to prevent and respond to homelessness across New Zealand

- 9 While increased supply of affordable and appropriate rental housing and public housing remains a key part of our response, this will take some time to achieve. We need to do more to reduce the reliance on emergency housing, specifically the use of EH SNG motels, make sure that Transitional Housing operates as intended and that vulnerable people have access to the support they require to obtain and maintain a tenancy.
- 10 We propose that the Government adopt the objective that, "homelessness is prevented where possible or is rare, brief and non-reoccurring". The desired future state is where:
- homelessness is prevented wherever possible
 - immediate housing needs are met
 - wellbeing and sustainable housing outcomes are supported.
- 11 Our new approach consists of:
- **taking a systems approach** to prevent and respond to homelessness, working across traditional government agency and system boundaries. It is crucial that we work closely with NGOs, local authorities and iwi to understand what is working well, and what the gaps and issues are across the system. We will use these insights to identify solutions, plan investment, and tailor our interventions to target the best housing outcomes for those in need
 - **initially prioritising families with children and people with known mental health needs** currently in motels and providing more support to help them access suitable accommodation as quickly as possible. Housing First will continue to be the main response for people who are chronically homeless
 - **a focus on hot spot locations** in terms of increasing supply and initially providing support services to families with children and individuals with known mental health needs who have been in an EH SNG motel for eight weeks or more. Homelessness is not limited to the hot spots and we anticipate rolling out these initiatives in other areas as appropriate. Over time, we also anticipate providing support services, where needed, to all those receiving emergency housing support, regardless of the duration spent in emergency housing
 - **enhanced governance** – MSD Regional Commissioners will lead the on the ground response in hot spot locations with support from a nominated Ministry of Housing and Urban Development (HUD) official. Existing cross-agency groups in the hot spot locations will be used in the first instance as local level governance or co-ordination mechanisms. Progress in hot spot locations will be reported to the already established CE and DCE Homelessness Groups and to Housing Ministers.

Our proposed package of additional initiatives to tackle immediate and medium-term issues

- 12 To ensure that we have the largest impact on tackling homelessness and reducing the reliance on emergency housing, we are proposing the following package of initiatives (outlined in further detail in Annex 1):
- **Prevention (pages 16-19):** helping people retain tenancies, address issues that put tenancies at risk and supporting people at points where they are at high risk of homelessness. Initiatives include:
 - maintaining current housing stability
 - public housing register management
 - enhanced service provision (intensive case management and housing navigators)
 - Sustaining Tenancies

- applying a kaupapa Māori approach in the short-term in hotspots
- private rental support programme
- supporting transitions for at risk groups.
- **Support (pages 19-20):** supporting people that are homeless or in emergency housing into stable accommodation and to access wider social support. Initiatives include:
 - expanding support services for priority groups receiving EH SNGs
 - MSD working with the Ministry of Education to support children maintaining their education setting once the family has moved to an emergency housing situation
 - MSD checking on clients' housing situations in its day to day interactions to help detect problems earlier and support clients maintain housing stability
 - MSD funding the provision of additional Early Childhood Education (ECE) hours for children in emergency housing motel units.
- **Supply (pages 20-22):** increasing the supply of affordable permanent housing options and options in the short-term for Transitional Housing. Initiatives include:
 - purchasing or leasing Transitional Housing properties from the private market in hot spots in the short-term
 - contracting motels in the short-term and increasing provision of other types of transitional housing
 - changing the conditions around drawdown of the Budget 18 \$29 million public housing contingency.
- **System enablers (pages 22-24):** components needed to comprehensively address homelessness. Initiatives include:
 - a cross-agency action plan to end homelessness
 - a fund to support local initiatives to end street homelessness
 - improving data on homelessness.

Next steps

- 13 We are seeking your feedback on this package of proposals. Following your feedback and discussions between Ministers, we will develop a Cabinet paper for July 2019 that will seek decisions and funding from homelessness related contingencies. We will also provide advice on the phasing of this work given in many areas it would require building additional capacity.
- 14 In September 2019, we will report back with an update on work in hot spot locations and any additional response that is required (this could involve further draw-down of the contingencies) and on progress with the cross-agency national action plan. In December 2019, we will report back with advice on the outcome of policy reviews.

Recommended actions


- 15 It is recommended that you:

1. **Note** that homelessness is a growing issue across New Zealand with some locations more impacted and there has been a growing reliance on emergency housing
2. **Note** that two contingencies were agreed to as part of Budget 2019 for homelessness-related responses

Noted

Noted

3. **Note** that we have developed a package of additional initiatives (see Annex 1) to address homelessness focused on prevention, support, supply and system enablers in the immediate and medium-term *Noted*
4. **Note** that as part of our response we will provide tailored support to the following groups:
- 4.1 households with children receiving the EH SNG *Noted*
- 4.2 people with mental health support needs receiving the EH SNG *Noted*
5. **Note** that we are seeking your feedback on this package of proposals *Noted*
6. **Note** that based on your feedback we will develop a Cabinet paper for consideration in July 2019 and seek to draw down from the homelessness-related contingencies. *Noted*


Mark Sowden
Deputy Chief Executive, Ministry of
Housing and Urban Development
28/6/19


Simon MacPherson
Deputy Chief Executive, Ministry of
Social Development
28/6/19

Hon Phil Twyford
Minister for Urban Development
..... / /

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

Hon Carmel Sepuloni
Minister for Social Development
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Hon Nanala Mahuta
Associate Minister of Housing
..... / /

Hon Jenny Salesa
Minister for Building and Construction
..... / /

Hon Kris Faafoi,
Associate Minister of Housing
..... / /

Background

New Zealanders experience different types of homelessness

- 16 New Zealand's official definition of homelessness is broad and includes situations from people living on the street to those in temporary accommodation or sharing with other households (overcrowding). The 2013 Census estimated there were approximately 41,000 New Zealanders in severe housing deprivation. Of those identified as homeless:
- around 10 percent were without shelter, for example, living in cars, sleeping rough or in uninhabitable housing
 - 20 percent in temporary accommodation (includes MSD and HUD funded accommodation)
 - 70 percent were sharing accommodation with another household (including those who are living in overcrowded situations or couch surfing).
- 17 HUD has contracted the University of Otago to produce an estimate of New Zealand's homeless population based on the 2018 Census. This is due to be completed early in 2020 (depending of the release of Census data).
- 18 We do not currently have a more up to date estimate of homelessness across New Zealand but given the steeply increasing levels of demand for housing support (EH SNGs, Transitional Housing and Public Housing) over the past couple of years we expect the current levels of homelessness under this definition to be higher.
- 19 In 2013, in comparison to Pākehā, Māori were five times more likely to be homeless, and Pacific New Zealanders were ten times more likely to be homeless. Data from the 2013 Census showed that overcrowding was a significant issue for Pacific households. Two in five (38 percent) Pacific households lived in crowded households, compared to one in five Maori and 1 in 25 European New Zealanders. The impact of this is reflected in the higher rates of hospitalisations amongst Pacific people for infectious diseases attributed to household crowding. More than half (51 percent) of the homeless population were younger than 25.²
- 20 In the week ending 31 May 2019, of the full number of EH SNGs granted, 59.3 percent were granted to Māori, 37.8 percent granted to people living in Auckland and 53.3 percent granted to households with children.

Homelessness is driven by a range of complex, intersecting issues

- 21 The reasons that an individual or whānau become homeless are complex and result from the intersection of multiple drivers: social structural factors, individual vulnerabilities or circumstances, system failures, as well as housing market restraints. These drivers cannot be addressed by one government agency alone.
- 22 People who experience homelessness often face multiple forms of disadvantage that mean they are more at risk of becoming homeless. Poverty is a significant structural driver of homelessness, with vulnerable people forced to make untenable choices between housing costs and other essential expenditure, like food. Discrimination in the rental market is also widely acknowledged as an important structural driver of homelessness.
- 23 Evidence shows that childhood trauma, mental health and addiction issues are significant in determining vulnerability to homelessness. Exposure to family violence is a significant trigger, forcing women and often children out of their stable housing. Loss of employment or episodes

² Amore K. (2016). Severe housing deprivation in Aotearoa/New Zealand: 2001-2013. He Kainga Oranga/Housing & Health Research Programme, University of Otago, Wellington

of ill health can trigger homelessness, along with isolation and a lack of whānau support, episodes of imprisonment and living in overcrowded conditions.

- 24 Housing in New Zealand is becoming increasingly unaffordable. Home ownership rates are falling and there is increasing demand for rental homes. Increased competition for rental housing from a growing number of renters means that the most vulnerable renters (those on low incomes, with complex needs, with a poor rental history and those likely to face discrimination in the rental market) are being excluded from the private rental market.
- 25 Becoming homeless can be a devastating experience for a family and can impact on a child's development. Homelessness takes children outside of familiar environments and may involve moving schools and school absences. It can also cause higher rates of stress, anxiety, depression and other mental health problems.
- 26 Systems of support sometimes fail people at risk of homelessness and at worst can exacerbate homelessness. Some individuals or whānau with complex vulnerabilities are often not well connected or visible to service providers. Administrative procedures and system settings can make connecting with available services difficult and gaps in the transition of care between different services at critical junctures can leave vulnerable people homeless, for example, when exiting long-term mental health care, leaving prison or state care.

We currently respond to homelessness through six main responses

27 The current responses to homelessness are:

- Housing First for those experiencing chronic homelessness and other tailored programmes for high risk groups such as Creating Positive Pathways for ex-prisoners (long-term housing and supports)
- Transitional Housing, including stand-alone houses, contracted motels, relocatables, night shelters and RSE accommodation (intended to be for 12 weeks and includes support services)
- EH SNGs to meet immediate housing needs where no other better option exists (granted 7 days at a time with no support)
- public housing (long-term)
- management of the public housing register
- financial support to retain and access housing (Accommodation Supplement, Housing Support Products, Temporary Additional Support).

28 Transitional housing provides short-term accommodation and tailored support services, delivered by housing support service providers who are skilled in supporting tenants with a range of social and tenancy-related needs. The provider's role is to refer clients to agencies to ensure they are receiving the appropriate support; for example, a budgeting service or referral to a mental health service.

29 As at 31 May 2019, HUD had contracts with over 50 providers to deliver 2,782 Transitional Housing places comprising of:

- 2,051 long-term places
- 731 short-term places (contracted motel units).

30 People living in Transitional Housing pay rent of up to 25 percent of their income, which is in line with income-related rents for public housing. The balance is met by Government subsidies paid to providers. Transitional housing provides short-term housing intended for 12 weeks with support. People receive a further 12 weeks support once they have found more permanent housing, which could be a public house or a private rental. The current average stay in transitional housing is however approximately 22 weeks.

- 31 The EH SNG pays for short-term accommodation for up to seven days at a time with accommodation being provided by non-contracted commercial and community providers, most often a motel. EH SNGs do not need to be repaid except in exceptional circumstances. People receiving an EH SNG do not receive any support services.
- 32 Currently the cost of a Transitional Housing contracted motel accommodation and support is \$1,349 per week and an EH SNG (accommodation only) is \$1,500 per week.

Homelessness is a growing issue in New Zealand and some regions are more impacted by homelessness

- 33 Increasing demand for public housing and Transitional Housing and a growing reliance on emergency housing highlight the pressure on the private rental market. People are spending longer in transitional housing and as a result people are unable to move out of emergency housing as there are no Transitional Housing places, or suitable permanent alternatives available for them.
- 34 From 1 July 2018 to 30 April 2019, approximately \$130m was spent on transitional housing places, accommodation and support, \$7m was spent on the provision of Housing First services and approximately \$820m was spent to bring on additional public housing and fund Income Related Rent Subsidy.
- 35 Expenditure on EH SNGs was just over \$46 million in the first five months of 2019 – an increase of \$33.1 million (256 percent) over the first five months of 2018. In May 2019, approximately \$12.4 million was spent on 8,824 EH SNGs on 2,741 distinct clients. In the week ending 31 May, 1,899 clients received an EH SNG. Of those clients, over a third (35 percent) had received an EH SNG for eight weeks or more and 20 percent for 13 weeks or more.
- 36 Six areas have been identified where homelessness is an increasing and serious issue. These hot spots were identified based on a number of factors, including level of growth, on-the-ground intelligence from MSD and HUD's regional experts and demand for EH SNGs (see paragraph 49).
- 37 Analysis of the hot spot locations shows that certain issues are more prominent in some locations. There are some overarching drivers:
- **Internal migration of stressed renters**, especially from Auckland, to the regions. People are migrating into big urban centres in pursuit of higher incomes and stressed renters are moving out of big centres to the regions in pursuit of cheaper housing.
 - **Constraints in the size of the rental housing stock** exacerbated by demand for short-term holiday rentals. There appears to be a lack of growth, or a reduction in the size of the rental housing stock in these regions, based on increased rents (for example, average house prices have increased by over 70 percent in Northland, Hawke's Bay, and the Bay of Plenty over the last five years).
- 38 Further information on these hot spots is provided in Annexes 2-7.

There are ongoing issues with the current system in preventing and responding to homelessness

- 39 We have identified several key issues within this system:
- **There is a lack of supply of appropriate and affordable long-term housing:** As outlined above, there are key issues with affordability and supply. This means that there are fewer options for vulnerable New Zealanders. Demand for public housing is increasing faster than new supply can be added and, in some locations, there is limited or no increase planned.
 - **Use of motels:** Motels are used primarily through the provision of EH SNGs which pay for short-term non-contracted motel stays without support services. EH SNGs are a last resort but, due to a lack of longer-term supply, approximately 92 percent of people receiving an

EH SNG will be staying in motel accommodation with limited support services. Motels are also contracted by HUD as Transitional Housing with support services. We are relying more on motels as a temporary housing measure as the need for emergency housing grows. In the short-term we will need to continue to rely on motels to meet immediate housing needs until viable alternatives become available. However, we will ensure families with children are prioritised for alternative accommodation where possible.

- **People are getting stuck in what are meant to be temporary solutions:** Although temporary housing and EH SNGs were originally intended only for limited use, their use has grown significantly. Neither intervention delivers long-term stability for whānau and individuals. Without that stability, helping them address the root cause of their housing need or achieve positive outcomes is more difficult. Some people cycle through these systems.
- **There is a lack of supports for people to navigate the rental market and address issues:** Currently support services are only offered to those in Transitional Housing. People receiving EH SNGs or on the public housing register (but not high priority) receive little active support to find alternative accommodation or address issues that may make it hard for them to sustain housing in the private market.
- **There is a gap in the provision of prevention initiatives:** There is limited funding for prevention initiatives beyond the Accommodation Supplement and Temporary Additional Support. Current spend (beyond public housing) is focused on responding to the immediate presenting need for emergency housing (through the EH SNG and temporary housing).
- **The current system does not provide a supported pathway to sustainable housing outcomes:** Those receiving EH SNGs have no real supported pathway to sustainable housing. Clients may end up waiting for a public housing place or trying to access a private rental with limited support in a highly competitive market. Gaps in the system of support may mean that people are getting a level of support that is less than they need.
- **Coordination between government agencies and providers/support services could be stronger:** Homelessness is about more than housing and current responses may not consider the full picture. Agencies need to be coordinated in responding to these issues and in some areas, this could be strengthened.
- **Lack of data on homelessness:** There are numerous indicators which show that homelessness has increased (e.g. public housing register and use of EH SNGs) but we have no method for measuring the increase or producing regular, up-to-date data. Census data produces information on the scale and nature of the full homeless population but can only be updated every five years and cannot provide information on the drivers of homelessness.
- **Accommodation Supplement was recently increased significantly as part of the working for families package but is not regularly indexed to housing costs and can create housing affordability issues:** This can mean in high growth areas where there are significant increases in rental costs, some people struggle to meet increasing housing costs.

Work is currently underway or planned to address homelessness

We are increasing housing supply nationwide and increasing our response to homelessness

- 40 HUD is partnering across the country to increase supply of public and Transitional Housing and funding additional Housing First places. A map detailing where additional public housing, Transitional Housing and Housing First places will be located across the country is provided in Annex 8.
- 41 In Budget 2018, the Government committed to increase public housing supply by 6,400 places by 2022 – 1,600 places per year on average. Over the next year, public housing supply will

increase by at least 1,600 places across the country. See Annexes 2-7 for more detailed numbers of planned public housing in the hot spot locations.

- 42 Through Budget 2019, HUD received funding to maintain over 2,800 supported accommodation places through Transitional Housing nationwide. This supply will be a mix of long-term stand-alone houses, relocatable units, seasonal worker accommodation, night shelters and supported contracted motel units where appropriate. HUD is currently pursuing an additional 180 places in the hotspot locations that could support up to an additional 720 households per year. HUD will also continue to work with local communities to identify further opportunities for all types of transitional housing.
- 43 Budget 2019 also provided funding to support a further 1,044 chronically homeless people through Housing First in high need areas across the country. This programme supports people who have been homeless for a long time, or who are homeless and face multiple and complex issues. Housing First is currently operational in Auckland, Hamilton, Christchurch, Tauranga and Rotorua. It launched in the Wellington Region in June with services for 200 people and whānau, and will start delivering services in Whangarei and far-north, Hawke's Bay, Nelson and Blenheim in July.
- 44 Budget 2019 also provided \$4.6 million additional funding per year for existing Housing Support Products and provided for a new Rent Arrears Assistance product to help people retain their tenancies.
- 45 The proposed reset of the Government Build Programme will focus on building homes across the housing continuum. The reset programme will increase the supply of affordable homes and put downward pressure on prices and rent. The Affordable Housing Fund will support the Government Build Programme reset through providing capital grant funding to not-for-dividend entities for the purpose of delivering new affordable rental homes and progressive home ownership schemes targeted at low to moderate income households. Ultimately, these measures will increase affordability and choice for home buyers and renters and reduce rental stress.

We are taking steps to better support families in emergency accommodation and ensuring that transitional housing operates as intended

- 46 Our overall approach to meeting immediate housing need is to phase out the use of EH SNG motels, as the supply of affordable and appropriate rental and public housing increases. As a start, we will work with moteliors so that the motels we are using are clean, safe, and at a quality that a paying guest would receive. We will work to reduce the number of families in motels, along with providing additional support to families currently in motels and increase the number of contracted motels (Transitional Housing with support) for individuals. Using contracted motels is preferable than using EH SNGs because they come with support and we have greater ability to control the quality.
- 47 MSD recently completed a quality and service stocktake of the motels used with EH SNGs, which focused on motels where complaints had been received in relation to quality and/or service. Few problems with quality were found, with 29 issues identified for nearly 2,000 EH SNG users. Following the stocktake, when approving subsequent EH SNGs, Case Managers discuss with clients the standard and quality of the EH SNG accommodation. Issues or complaints are escalated to the Housing Manager or Housing Advisor who follows up directly with the motelier.

We are continuing to focus on public housing register management

- 48 MSD is continuing to enhance its existing public housing register management strategy which includes:
 - an internal communication campaign for Case Managers to support clients maintain housing stability with the use of existing Housing Support Products

- proactively engaging with clients to ensure we have the right information to support sustainable housing placements
- expanding the channels used to follow up with clients to assess on going need for public housing for clients who are at risk of having their public housing application being closed
- continuing to develop opportunities with partners to support MSD clients both on the register and in emergency housing.

We are taking a place-based approach focusing initially on six hotspot locations where homelessness is an increasing issue

- 49 Officials have analysed EH SNG data to identify areas and people most in need. Six hot spot locations were identified as the areas with the highest growth in demand for EH SNGs and on the ground intelligence from MSD's Regional Commissioners. Further information is presented in Annexes 2-7.
- 50 The six hot spots are:
- Rotorua
 - Napier/Hastings
 - Wellington Region – with a particular focus on Lower Hutt
 - Hamilton
 - Auckland Region – with a particular focus on South Auckland
 - Northland.
- 51 Data from each of these hot spots was assessed to identify the cohorts of people most in need. Families with children have been identified as the most vulnerable cohort in EH SNG motels and responses will therefore be prioritised and tailored to support them in the short and medium term. Analysis also shows a significant group of adults with mental health issues in emergency housing, and so we will also prioritise those people to receive support.
- 52 All hot spot locations will prioritise the same two vulnerable cohorts of people; however, the scale and provision of the response will change depending on the location. All responses will be developed and delivered in partnership with local providers and community organisations. This work will require funding being drawn down from the contingency. The size of the response required will also be tailored to the location. For example, Rotorua has a higher number of adults without children in EH SNG motel accommodation over 8 weeks (64 adults without children and 59 families with children), whereas Hamilton has 149 families with children and 49 adults without children. Rotorua may therefore need more support service provision by local providers to people in motel accommodation, where Hamilton will need more alternative accommodation sourced for families to exit motels.
- 53 MSD Regional Commissioners will lead the on the ground response in hot spot locations with support from a nominated HUD official. Existing cross-agency groups in the hot spot locations will be used in the first instance as local level governance or co-ordination mechanisms. Progress in hot spot locations will be reported to the already established CE and DCE Homelessness Groups and to Housing Ministers.
- 54 Local intelligence has been critical when identifying hotspots, Northland is an example of where the MSD EHSNG data indicates that the level of work going into managing the issues on the ground has held the data stable. However, Northland is the second fastest growing region, by population, in the country resulting in pressure on existing private and public housing stock. The region has a history of low income and deprivation. Increases in house prices and market rents have seen an increase in the number of people in the region seeking public housing as rising housing costs and low incomes are not keeping pace. This is forcing people into overcrowded accommodation or homelessness. Without ongoing investment and support we may not be able to sustain the current levels of demand.

Further policy work is underway or planned to address homelessness

55 Policy work underway or planned includes:

- **a first principles review of the emergency housing response.** This includes a focus on increasing our understanding of who is presenting for emergency accommodation, and why those in EH SNG accommodation and Transitional Housing for several weeks are finding it difficult to move and sustain a more permanent housing solution. **(Joint MSD and HUD)**

- s 9(2)(f)(iv)

- a piece of work around **how we meet the immediate housing needs** of people who present to MSD and require urgent housing but may only have a short-term need. This work would look at models for meeting this type of short-term need; whether that would be through extra capacity in public or transitional housing or met in a different way – such as a new model of provision for short-term urgent need. This would sit alongside the external review of how we fund public housing that you have already commissioned. **(HUD lead with support from MSD)**

- s 9(2)(f)(iv)

We are introducing a vulnerable children fast-track for public housing

56 A public housing fast-track currently exists to prioritise households with children at risk of contracting rheumatic fever. We are expanding the fast track to include vulnerable children to help support and maintain stable care arrangements and help Oranga Tamariki ensure children are placed into safe, stable and loving care arrangements as quickly as possible.

57 In September 2018, Cabinet agreed to expand the existing public housing fast-track to include households:

- with a child or young person in the custody of the Chief Executive (CE) of Oranga Tamariki – Ministry for Children (Oranga Tamariki), or in the custody of an iwi social service, or child and family support service, under the Oranga Tamariki Act 1989
- receiving the Orphans Benefit (OB) or the Unsupported Child's Benefit (UCB), under the Social Security Act 1964, for a child or young person who has previously been in one of the above custody arrangements and moved into a permanent care arrangement.

- 58 On 5 April 2019, HUD, Oranga Tamariki and MSD officials provided options to the Ministers of HUD, MSD and Oranga Tamariki for progressing the implementation of the public housing fast-track for children at risk of poor long-term outcomes [SWC-18-MIN-0113 refers].
- 59 To implement the fast-track, MSD will need to make a number of process and IT changes. These changes will enable information sharing between MSD and Oranga Tamariki and enable MSD and Oranga Tamariki to identify eligible households. Once the required IT and process changes are made we expect that we can implement the fast-track from 9 September 2019.

Further work is needed to prevent and respond to homelessness across New Zealand

We propose taking a systems approach to meet the challenge of homelessness

- 60 While there is already significant work underway to respond to homelessness across New Zealand, we need to do more and do things differently. Taking a systems approach to homelessness requires a cross-government response in conjunction with NGOs, local authorities and iwi. This means not just looking at the issue from one perspective but working across traditional agency and system boundaries to take a joined-up approach to understand what is working well and gaps and issues across the system. It means then using these insights to identify, tailor and plan investment, interventions and solutions.
- 61 This approach will operate at both a national and local level, and will require significant buy-in across government, as well as support and engagement with local communities, providers, iwi, and local government to be successful. We will also place an emphasis on taking kaupapa Māori approaches that aim to assist hapū, iwi and Māori organisations to address homelessness in a way that they consider best meets the needs and aspirations of their communities, and support the development of capacity, capability and infrastructure of hapū, iwi and Māori organisations delivering these services.

We intend to prioritise families with children and those with mental health needs for placement into sustainable accommodation as quickly as possible

- 62 Families with children and single people with mental health needs receiving EH SNGs are priority cohorts for assisting into secure, sustainable housing as soon as possible and providing greater support services. The Government is committed to reducing child poverty and improving child wellbeing, as well as improving support for those with mental health needs. This was reflected through priority investment in Budget 2019.
- 63 Children are a priority cohort because they are at higher risk of poor outcomes the longer they stay in poverty, especially in early childhood. There is strong evidence that growing up in poverty, can harm children's wellbeing in multiple ways. For example, homelessness, including low-quality and overcrowded housing, can impact health and school performance;³ residential mobility can lead to social dislocation⁴ and behavioural problems.⁵ Children aged 0-5 years are particularly vulnerable to the health effects of poor housing as they spend around 90 percent of their time at home.⁶ The harmful effects of child poverty can impede normal child development and continue into adulthood, impacting individuals' future wellbeing and potential, and the economy and society more generally.

³ Expert Advisory Group on Solutions to Child Poverty (2012)

⁴ Social and Economic Impacts of Housing Tenure – Report for the NZ Housing Foundation (2016)

- Exploring Security of Tenure through Co-Design, MBIE/Auckland Council/Auckland Co-Design Lab, (2015)

- NZ Housing Foundation, Research Bulletin (April 2017), 'From social renting to housing independence – the social and economic impacts of housing tenure'.

⁵ Evans, G. (2004) The environment of childhood poverty. *American Psychologist*, 59(2), 77-92

⁶ Expert Advisory Group on Solutions to Child Poverty (2012) <https://www.occ.org.nz/assets/Uploads/EAG/Final-report/Final-report-Solutions-to-child-poverty-evidence-for-action.pdf>

- 64 A growing number of families with children are presenting for EH SNGs in five out of six hotspots. The number of families with children presenting for EH SNG support across the country, particularly in hotspots, has grown exponentially.
- 65 We have considered whether all families with children in EH SNG motels should receive support services immediately. While we aim to reach a point where no families with children are in motels for more than a week, this is not feasible in the short-term.
- 66 In the short-term as an interim step, we are focusing on families with children who have been in EH SNG motels for more than 8 weeks. This is because of the length of time the children have been in EH SNG motels, and indicative availability of providers to deliver additional services in the short-term while they expand their workforce.

Table 1: Number of families with children by weeks spent in EH SNG motels

Region/ Hot Spot	Families with Children			
	<4 weeks	4-7 weeks	8+ weeks	Total
Auckland	127	100	158	385
Hamilton	34	41	74	149
Lower Hutt	6	8	18	32
Napier/Hastings	30	9	16	55
Northland	17	2	1	20
Rotorua	19	22	48	89
Total Hot spots	233	182	315	730
Not a Hot spot	138	85	59	282
National Total	371	267	374	1,012

- 67 We will also focus on single people with mental health needs who are in EH SNG motels for more than 8 weeks. People with mental health needs are a priority cohort for support because housing strongly underpins mental wellness. It is widely accepted from New Zealand and international research that mental health and housing difficulties are linked. Management and recovery requires specific housing arrangements that combine support, a quality physical environment and suitable local environment.⁷

Table 2: Adults with mental health needs.

Region/ Hot Spot	Adults (without children) with Mental Health risk flags*			
	<4 weeks	4-7 weeks	8+ weeks	Total
Auckland	27	18	18	63
Hamilton	7	2	5	14
Lower Hutt	4	2	2	8
Napier/Hastings	4	3	3	10
Northland	2	0	1	3
Rotorua	3	3	9	15
Total Hot spots	47	28	38	113
Not a Hot spot	44	14	14	72
National Total	91	42	52	185

⁷ Nelson, G., B. Hall and R. Walsh-Bowers (1998) "The Relationship between housing characteristics, emotional well-being and the personal empowerment of psychiatric consumer/survivors" Community Mental Health Journal, 34(1), February.

*Note that these numbers only capture system level data, not actual numbers of clients with mental health needs who would benefit from support.

- 68 In the medium to longer term, we will be able to expand support services more broadly in a phased way in order to eventually make them available to all families with children from the first week of being in emergency accommodation.
- 69 Another key focus over time will be at risk groups, including transitions cohorts such as people exiting the care of Oranga Tamariki, people leaving prison, and people exiting mental health facilities or in-patient care.

A package of additional initiatives is proposed to tackle immediate and medium-term issues

- 70 We have developed a package of initiatives to prevent and respond to homelessness. The following sections outline a range of options for a homelessness package. We are seeking your feedback on this package as part of developing a Cabinet paper that will seek to draw-down funding from the below contingencies. In terms of priorities, we will be focusing on increasing supply in hot spots and increasing efforts to prevent homelessness and provide support for those currently in emergency housing.

71 s 9(2)(f)(iv)



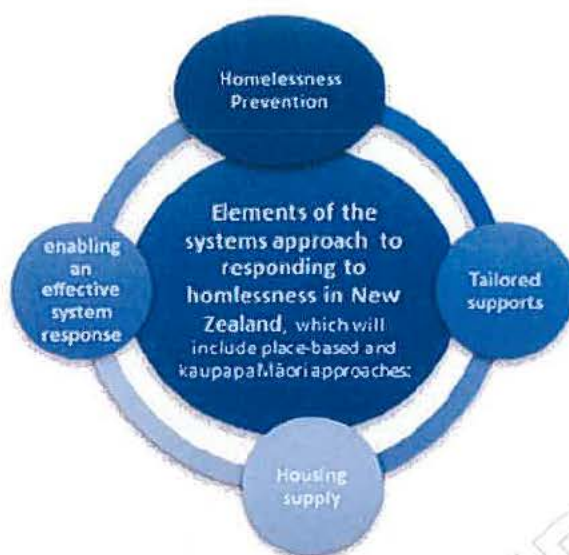
- 72 A report back to Cabinet is required for drawdown of both contingencies. The report back must meet a number of conditions (see Annex 9) which may not be able to be met in the short-term. If that is the case, the proposed July 2019 Cabinet paper will seek to modify the conditions. The reason for seeking to modify the conditions is to allow for immediate investment in support, prevention and supply initiatives to meet growing need in hotspot locations and take further action to address homelessness.

- 73 Budget 2018 included a \$29.3m Public Housing contingency that expired as of 30 June 2019. The proposed Cabinet paper may seek to reinstate and change the conditions associated with this contingency. This would likely be used to support the provision of additional public housing places in hot spot locations.

- 74 Our proposed package comprises of the following elements:

- **Prevention:** helping people retain tenancies, address issues that put tenancies at risk and supporting people at points where they are at high risk of homelessness
- **Support:** supporting people into stable accommodation and to access wider social support
- **Supply:** increasing supply across the housing continuum

- **System enablers:** components needed to comprehensively address homelessness.



Prevention: supporting people to stay in tenancies and supporting transitions

75 Prevention initiatives are focused on early intervention and aim to stop individuals and groups of people from becoming homeless.

Prevention initiatives in hot spot locations

76 Initiatives to prevent homelessness are being undertaken and proposed across the hot spot locations. Some examples of these include:

- a revised Sustaining Tenancies product could be rolled out in each hot spot location to support transitions for priority groups
- Creating Positive Pathways is being rolled out in Whangarei and Wellington and expanded in Auckland to address the issue that ex-prisoners are presenting with an immediate need for EH
- Manaaki Wahine is being implemented in Auckland, in conjunction with the Auckland City Mission with the aim of housing 15 of the most vulnerable women in transitional housing with wrap around supports for 60 women.

77 s 9(2)(i)

Maintaining current housing stability

78 In the short-term MSD will refresh collateral on housing support products for all MSD frontline staff to maximise support for clients to enable them to sustain their tenancy. This is a national approach and will provide an early intervention approach for clients who are in the private rental market or other non-emergency-housing situations. As this is a change to operational processes, we anticipate that the expected cost is neutral.

Public housing register management

79 s 9(2)(f)(iv)

s 9(2)(f)(iv)

Enhanced service provision

80 In the medium to long-term, we recommend that MSD introduce intensive case management services and navigators to support the complexity of client needs, while in unstable housing. Implementing an intensive case management approach would support housing, employment and entitlement needs for clients who have complex needs. The navigator role will coordinate services to address the client's priority presenting needs and could be aligned to, or part of the existing Whānau Ora approach.

81 We expect that this can rolled out to hot spots in the medium-term at an estimated cost of \$2.301 million. The cost to implement this nationally for one year is expected to be \$7.2 million and \$32.4 million over four years.

Sustaining Tenancies

82 s 9(2)(f)(iv)

83 Sustaining Tenancies provides funding for community-based providers to support households who are in private or public housing and need help to sustain their tenancy. Support is tailored to the household's needs and could include budget advice, property maintenance, mental health and addition support or assistance to help return to work. This programme will complement other financial supports, such as Housing Support Products, aimed at helping people attain secure tenancies or retain at risk tenancies.

84 Sustaining Tenancies is currently operating as a trial in Auckland, Wellington and Christchurch and supporting approximately 500 tenants. These contacts are ending on 1 July 2019.

85 s 9(2)(f)(iv)

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Kaupapa Māori initiatives

90 s 9(2)(f)(iv)

91 Homelessness disproportionality affects Māori and funding these initiatives will significantly build capacity for kaupapa Māori approaches to respond to, and prevent, Māori homelessness, particularly in hot spot locations. It will support hapū and iwi and Māori organisations to leverage their existing resources with Government funding and support, such as:

- developing permanent or temporary structures
- improving existing facilities/infrastructure to enable/ support housing solutions
- offering housing support services
- support for Māori organisations to become Transitional Housing Providers.

92 In the short-term, HUD recommends that we work in partnership with TPK, over the next three months, to identify specific initiatives in hot spots that could be funded. This could include funding for pre-existing programmes that provide rehabilitation and housing services to Māori experiencing homelessness in South Auckland.

93 In the medium to long-term, HUD recommends that we develop an approach with TPK for supporting and funding kaupapa Māori approaches to homelessness. This could include identifying funding that can be provided to new or existing providers, or providers that aspire to be a Transitional Housing provider or Community Housing Provider.

94 The key risk with this proposed option is that it could take longer than anticipated as we need to ensure that this process is given adequate time to develop. However, to be effective, the fund will be co-designed with hapū and iwi and Māori organisations to ensure that application to, and monitoring of, the fund will reflect their available resources and practices. This will require engagement with stakeholders on the design of the framework underpinning the initiative and would include iwi and Māori housing stakeholder organisations.

95 We do not consider marae as potential sites for short-term emergency housing. In the medium to long-term, marae could be considered on a case-by-case basis as part of a place-based approach, noting that the preference for many marae is long-term papakāinga housing as part of a broader whenua and community development approach.

Private rental support programme

96 We recommend that \$7.2 million over the next four years from the contingency funding is provided for a private rental support programme. The purpose of this programme is to assist people on the public housing register with a lower priority rating to find and secure suitable housing in the private rental market. This service could be provided through contracting a housing brokerage service from existing providers or repurpose MSD staff to focus on providing housing brokerage model for clients with a priority rating of A11 and below. This service will prevent people from needing EH SHGs by supporting them to obtain rental accommodation and will also support people who only require a light touch service.

Supporting transitions for priority groups in the medium to longer term

97 We recommend that HUD progress work, in partnership with other agencies, to support transition cohorts who are known to be at higher risk of experiencing homelessness (for example, those exiting Oranga Tamariki care, prisons, hospitals and mental health facilities) with a particular focus on supporting young people under 25.

98 This approach would support these cohorts to establish and sustain tenancies and access appropriate services. New Zealand and international evidence show that sustaining stable housing significantly improves mental health outcomes and reduces hospitalisation rates and can lead to a range of positive outcomes. It also suggests the point of discharge can be an effective intervention point for preventing homelessness.

99 We consider that this approach, developed and delivered jointly with other social sector agencies through the DCE and CE Homelessness Working Groups, and aligning with other agency strategies and investment (such as the Ministry of Health's Budget 2019 mental health initiatives), could result in a range of positive outcomes. These include:

- people with high and complex needs are in stable housing and able to retain housing
- a reduction in high-cost intensive health services such as inpatient hospital visits (and a corresponding increase in general health service use such as GP visits)
- a reduction in offending/recidivism and use of justice sector services
- increased employment/educational achievement over time
- greater social participation and connectedness.

100 Setup of a Multi-Category Appropriation for a portion of the \$300m contingency funding could support this approach. This will be costed following feedback.

Support: early intervention or support and housing for those with specific needs

101 We need to work more closely with those who are homeless to support them to find stable and sustainable housing solutions. This will involve identifying and addressing a range of needs, including the need for on-going support to maintain housing. MSD recommends drawing-down \$32.4 million over the next four years from the contingency funding to provide this support.

Support initiatives in hot spot locations

102 Initiatives to tailor support services to those who are homeless or to prevent homelessness are being undertaken across hot spot locations. For example, the Housing First programme is being rolled out in Whangarei and the far-North and Rotorua to build on the programme already operating in Hamilton, Auckland and recently launched in Wellington. This includes intensive wrap around support services.

Social support services for priority groups receiving EH SNGs

103 MSD plans to contract social service providers (including Whānau Ora) to support family/whānau with children and those with mental health needs, who have received an EH SNG for eight weeks or more. Tailored support will be provided to respond to the needs of these households, for example some households may require housing brokerage assistance while others may need more intensive and ongoing support. Responses to the housing needs of Pacific New Zealanders may need to be tailored to reflect cultural preferences; for example, supplying public and emergency housing that is suitable for larger families and multi-generational living.

104 In the short-term, we recommend that the focus is on priority groups in hot spots, the expected cost is \$3.6 million over one year and \$15.2 million over four years. This will work to address immediate needs and identify issues that lead to homelessness. In addition, it will support transitions out of EH SNG motel accommodation and into permanent housing.

105 In the medium to long-term, we can expand this more broadly to at risk groups. To do this we would need to identify at risk groups, increase the level of support services and prioritise bringing on more new supply. Costs will be determined following feedback.

Educational consistency for children

106 MSD has started conversations in some hot spot areas with the Ministry of Education on transport options that will enable children to sustain their enrolment and attendance at their previous education setting once in Emergency Housing. They have also increased their focus on children aged 0-5 and their families wellbeing, through funding additional Early Childhood Education (ECE) hours where the children are living in single motel units with their family. This stops transience and improves educational outcomes.

Providing additional access to ECE hours for children in emergency housing motel units

- 107 We recommend that we focus on ensuring that children aged 0-5 years who are staying in motels as their emergency housing solution are able to have greater access to ECE until a suitable housing solution is found. Young children and babies are at risk if confined to unsuitable living conditions for long periods of time.

Supply: Increasing supply across the housing continuum

- 108 A continued focus on increasing supply of housing is needed. Despite ramping up our response to homelessness in the last three years, demand for support continues to grow exponentially.
- 109 We need to continue to increase the supply of public housing and Transitional Housing and address the 'blockage' in the supply of affordable private rental housing. In the medium-term, we also need to consider some innovative supply-side solutions particularly in hot spot locations. In the short-term, we will reduce the number of families in EH SNG motels, along with providing additional support to families currently in motels and seek to increase the number of contracted motels through transitional housing with support for individuals. Over the long-term, we are wanting to phase out the use of motels as an emergency housing response.

Supply initiatives in hot spot locations

- 110 More supply is being brought online across the hot spot locations within current funding. See 'Additional Supply by June 2020' Annex 1 for specific numbers of public housing, Transitional Housing places and Housing First places to be brought online in each area over the next year.
- 111 Some specific examples of longer-term initiatives include bringing on recognised seasonal employer (RSE) accommodation as Transitional Housing (for up to 48 additional households) in Napier during winter to respond to the shortage over this time.
- 112 In Rotorua, we would look to work with HNZ/CHPs to purchase/lease additional transitional housing properties specifically to house families with children who have been in EH SNG motel accommodation for over eight weeks. In Auckland, we are engaging with Haumaru Housing with respect to public housing initiatives in the Auckland region, as well as Panuku Developments to identify partnership opportunities on Auckland Council land.

s 9(2)(f)(iv)

Contracting motels in the short-term and increasing provision of other types of transitional housing

- 118 There are currently 1,266 additional public housing places available in the pipeline for the hotspot locations to the end of October 2019 and 180 additional Transitional Housing places which could support approximately 720 people per year.
- 119 In the short and medium-term, we recommend increasing the provision of all types of supported accommodation through Transitional Housing.
- 120 HUD recommends extending the contracts for the 66 existing motels nationally from October 2019 to October 2020 to ensure people in the short-term are not displaced. HUD also recommends acquiring new contracted motel places in the hotspot locations to place adults without children. If Ministers agree, HUD will start pursuing opportunities with moteliers.
- 121 HUD will continue to strengthen its provision of supported Transitional Housing by pursuing all types of accommodation including working with local providers on night shelter opportunities, seasonal worker (RSE) accommodation, and further-strengthening the current pipeline of 33 relocatable units planned.

Changing the conditions around drawdown of the Budget 2018 \$29 million public housing contingency

- 122 We recommend you consider seeking Cabinet approval to reinstate and expand the conditions of use of the Budget 2018 \$29 million contingency to allow it to be used to bring on additional public housing supply over and above the current 1,600 target. This would need to be done through purchases given the time it takes to build up a new build pipeline.
- 123 Note bringing on additional purchases would be inconsistent with Minister's instructions to HNZ in their Letter of Expectations which seeks to minimise market transactions or leases so that instruction would need to be amended if this was progressed.
- 124 This option could be funded through the \$29 million contingency funding from Budget 18, if conditions were changed around drawdown of funding. This work would be linked to the review of funding settings currently underway and undertaken in parallel.
- 125 HUD would work with HNZ and CHPs to identify how many opportunities to purchase may be possible in the hotspot locations.

s 9(2)(f)(iv)

Systems enablers: components needed to comprehensively address homelessness

131 We need to ensure that settings and foundations are right to provide an effective system response. In order to prevent and address homelessness, we need to work better across agencies and with iwi, NGOs, and local authorities in coordinated ways. We also need better information on the key drivers of homelessness and the scale of the problem.

s 9(2)(f)(iv)

Cross-agency national action plan

133 We recommend developing a cross-agency national action plan on homelessness in conjunction with NGOs, local authorities and iwi, by February 2020. This plan will outline a shared vision of preventing and reducing homelessness across New Zealand. It will include objectives, updates on progress to date, any necessary system shifts that remain and priority focus areas for the next one to three years. As part of the development of the action plan, we will engage with Community Housing Providers who may have a number of pragmatic solutions we could support. The national action plan could be made publicly available to provide a framework for the wider sector to align with.

134 Many drivers of homelessness (such as mental health and addiction) are not HUD or MSD's direct responsibility and cut across agency boundaries. A coordinated plan will ensure agencies have a shared vision and are working together, to share resources and accelerate progress on homelessness. This approach may stimulate innovation, support agencies to work more strategically and effectively together and streamline communication to partner organisations and frontline staff.

135 A cross-agency plan will support investing across the system, not in agency silos, for initiatives that contribute towards tackling homelessness. A Multi-Category Appropriation could be set up to enable more joined-up working across agencies.

136 Working collaboratively with a number of agencies and key stakeholders will be reflected in the time frame required to develop and agree a plan. While it will take longer, on balance this will result in a more joined up, well considered plan that will provide a cohesive framework for shaping responses to homelessness. Subject to your direction, we will develop a draft approach and framework for feedback ahead of the report back to Cabinet in September 2019.

Fund to support local initiatives to end street homelessness

137 We recommend introducing a contingency fund to strengthen responses to street homelessness in priority locations. The contingency fund would support joined up initiatives in priority locations to address gaps, improve support or prevention, and/or improve transitions between services. This would complement existing approaches and build stronger partnerships between agencies within localities, stimulating innovation for agencies to work more strategically and effectively together towards better wellbeing outcomes. An example of a local initiative is the Inner-City Auckland Homelessness Initiative (ICAH), being led by the Auckland Social Sector Leaders' Group.

138 The main target cohort for the contingency fund is the street homeless population. It is envisaged that the initiatives considered for the fund could be a mix of response or prevention initiatives and would be tailored to local needs. Trial initiatives and functional zero approaches could also be considered. This initiative is expected to cost \$18 million.

139 Cross-agency governance would need to be established to decide which proposals are taken forward and monitor implementation progress. Governance could be considered by the CE/DCE cross-agency Working Group on Homelessness.

Improving data on homelessness

140 To address homelessness, we need to understand and measure the true scale of the problem and use data and evidence to ensure that interventions are having a positive impact. We recommend investing between \$1-5 million into building our evidence base to better inform investment decisions to respond to and prevent homelessness.

141 Homelessness is transient and can be difficult to quantify. There are a number of limitations with the data and evidence we currently collect, which makes responding to homelessness more challenging. For example, HUD and MSD administrative data shows increasing demand for housing support, but only captures people who access government assistance.

142 Currently the Census is the best available source of information on the full homeless population, but it cannot provide the complete picture. Limitations include:

- it is not known what proportion of the homeless population is captured by the Census, but it is likely that the level of homelessness is under-recorded
- the reliance on self-reporting, including reluctance to disclose true living circumstances
- no information is collected on the duration or the drivers of homelessness
- the lack of up-to-date information, due to the five yearly Census intervals.

143 Funding will be used for cross-agency projects covering data collection, information sharing, monitoring homelessness and research. It will provide opportunities to make better use of agency, council and provider data and leverage innovative sector-led approaches to further data collection.

144 Depending on the level of funding, outputs could include:

- regular up-to-date measures of the homelessness population
- regular up-to-date information on the characteristics of the homeless population
- information on the drivers of homelessness in New Zealand
- better monitoring and evidence of the effectiveness of homeless interventions

- a better understanding of the level of demand for housing support
- a stronger evidence base for future investment decisions
- a stronger evidence base for tailored interventions for specific at-risk groups
- identification of the population at-risk of becoming homeless, and the most effective intervention points.

145 We will provide further advice in July 2019 on options around the scope and funding required for a data programme.

Next steps

146 We are seeking your feedback on this package of proposals. We recommend that officials meet with you to discuss the options. Following your feedback, we will develop a Cabinet paper for July 2019 that will seek decisions and draw-down of funding from homelessness related contingencies. We will also provide advice on the phasing of this work given in many areas it would require building additional capacity.

147 In September 2019, we will report back with an update on work in hot spot locations and any additional response that we think is required (which could involve further draw-down of the contingencies). In December 2019, we will report back with advice on the outcome of policy reviews.

Consultation

148 The paper was jointly developed by HUD and MSD. Te Puni Kōkiri and Housing New Zealand were consulted in the development of this advice.

Annexes

149 Annex 1: Proposed options for the homelessness package

150 Annexes 2-7: Location (hot spot) analysis

151 Annex 8: A map detailing where additional public housing, Transitional Housing and Housing First places will be located across the country

152 Annex 9: Conditions for draw-down of the Budget 2019 contingencies

Annex 9: Conditions for draw-down of the Budget 2019 contingencies

Conditions for draw-down of the Budget 2019 contingencies:

- Goals, including any delivery and implementation plans of both places and associated services, in particular information on target groups and locations;
- How this fits into the Transitional Housing strategy;
- How this initiative will incorporate a kaupapa Māori response to Māori homelessness;
- How these additional places contribute towards the Government's goal of phasing out motel use (for both Transitional Housing and Emergency Housing Special Needs Grants);
- Value for money;
- Fiscal implications, including for the Income-Related Rent Subsidy and Housing New Zealand (HNZ), including impact on HNZ's external borrowing.



Briefing

Background Briefing on Public Housing

For: Hon Dr Megan Woods, Minister of Housing
Hon Kris Faafoi, Associate Minister of Housing

Date: 24 July 2019

Security level: In Confidence

Priority: Medium

Report number: BRF19/20070351

Purpose

1. This briefing complements the high-level briefing provided on 5 July and provides more detail on the Public Housing portfolio.

Executive summary

2. The context within which public housing is operating is challenging.
3. People's homes play a significant role in their wellbeing: they affect physical and mental health, educational attainment, employment and income, social cohesion, and inter-generational mobility. Homes not only need to be affordable and provide secure tenure and be warm, dry, and safe, they need to be part of a community that supports access to opportunity and enables people to meet the broader needs and aspirations they have about how they want to live.
4. Public housing plays a critical role in meeting these needs for people who have low incomes and cannot afford rent or house prices, or who have complex needs that makes it difficult for them to access or sustain tenancies. This means where and how public and transitional housing support is provided matters as much as the quantity provided.
5. Demand for public and transitional housing in New Zealand is driven by a combination of people with complex needs, insufficient incomes and high house prices and rents. Currently, house prices and rents are increasing faster than incomes, mainly because our housing and urban development systems are not generating sufficient housing supply relative to demand. As a result, houses are costing more to rent and buy almost everywhere, putting additional pressure on public housing. We are increasing the supply of public housing, but demand continues to outstrip our efforts. This is largely because public housing supply faces the same basic constraints that affect private housing supply.

6. To change the outcomes for people and their need for public housing requires both short to medium-term responses. The wider housing and urban work programme that the government is pursuing is a necessary complement to interventions in the Public Housing portfolio.
7. However, we need to be mindful that drivers and solutions will play out differently across the country. In growing cities, we expect the focus to be on enabling new supply, supporting people and goods to move freely across the city, facilitating housing choice, and preventing low income people from being excluded from areas of opportunity. In areas where, for example, incomes are low and existing house prices may be below the cost of building new homes, the focus may be on increasing the supply of quality public and affordable housing, and support for vulnerable households.
8. We are not working alone in meeting the demand for public housing. Registered Community Housing Providers (CHPs) and other unregistered providers of community housing, also play a role in overcoming the shortage of housing options in the area between public housing and the traditional private market rental. This includes providing affordable and assisted rental products, progressive home ownership options, and secure, quality products provided in the rental markets. Facilitating more of this kind of supply from CHPs, and others, will also form part of an effective medium-term government response and will support public housing tenants to progressively move towards greater housing independence.
9. Support for housing is provided in a number of ways including:
 - funding, contracting and providing public housing, transitional housing and emergency housing, with the Ministry of Social Development assessing the need for public housing and placing applicants on the public housing register (the housing register). Public houses are provided by Housing New Zealand (HNZ) and CHPs and, in the case of transitional or emergency housing, through other providers (such as motels)
 - funding to support people's housing costs through the Accommodation Supplement (AS), which is the main support provided in this area; the Temporary Accommodation Supplement (TAS), which is a weekly payment, paid for up to 13 weeks; hardship grants and Housing Support Products (HSPs) such as those designed to assist people to achieve or sustain accommodation in the private housing market, helping to relieve pressure on public housing by helping people who can sustain alternative housing to transition out of public housing or to not require it
 - programmes that support people with specific housing needs such as those who are chronically homeless, at risk of losing their public housing tenancy, or ex-offenders needing reintegration support. Key initiatives include Housing First, Sustaining Tenancies, Creating Positive Pathways and Community Group Housing.
10. As your lead policy advisor on public, emergency housing and homelessness policy, public housing regulator, and drawing on our broader monitoring role, HUD welcomes the opportunity to discuss a number of issues arising in your portfolio, as highlighted in this briefing with you. These include:
 - increasing the supply of public housing
 - funding and delivering further additional public housing places
 - meeting different needs in different regions
 - continuation and potential expansion of public housing initiatives (such as Sustaining Tenancies)
 - the role of CHPs in public housing
 - progressing an initial review of public housing funding

- potential implications of Residential Tenancy Act 1986 changes for transitional housing.

Recommended actions

11. It is recommended that you:

1. **Note** the contents of this report Noted
2. **Agree** to meet with us, at your convenience, to discuss the public housing issues indicated in this report Agree / Disagree



Caleb Johnstone
Manager, Market and Supply
Responses

24.7.19

Hon Dr Megan Woods
Minister of Housing

..... / /

Hon Kris Faafoi
Associate Minister of Housing

..... / /

Strategic Context

We want everyone in New Zealand to be part of a thriving community and to live in a healthy, secure and affordable home that meets their needs

1. People's homes play a significant role in their wellbeing: they affect physical and mental health, educational attainment, employment and income, social cohesion, and inter-generational mobility.
2. While a house should be affordable and meet minimum standards of tenure security and quality (that is, warm, dry, and safe), the concept of 'home' goes beyond this. It encompasses the features of the community within which a house is located, and how that community supports access to opportunity, and supports the broader needs and aspirations of people for how they want to live.
3. For people to prosper, communities should offer opportunities for people to easily connect with each other, and to readily access jobs, social and whānau support, education, transport, shops, parks, community facilities, and healthcare. These connections and opportunities enable people and whānau to put down roots, build their sense of belonging to a place and, through that, fulfil and realise their potential.
4. This means that housing policy should be considered as an integral part of a broader system. Housing outcomes pursued in isolation from these important other factors will reinforce the forces of inequality, poverty and social exclusion.
5. Thriving communities will provide a range of housing choices, spanning size, tenure, typology and location, complemented by a transport system that allows for the efficient movement of people and goods across a variety of modes. This enables people and families to make trade-offs about their housing that best suit their needs and preferences. It is important for ensuring people have options as their needs and circumstances change over their lifetime, including the option to move to different types of housing within the same community.
6. A competitive, well-functioning housing and urban system will offer people opportunities to make these kinds of choices and trade-offs. Even peripheral urban locations should still allow people to access jobs and services within an acceptable travel time (generally less than an hour).
7. A system that can match housing supply with demand, in all its many forms, will help keep prices at more affordable levels.

Public housing is essential to creating thriving, inclusive communities

8. Public housing plays an important role in supporting New Zealanders. There will always be a need for public housing support as, even in a well-functioning housing market, not all households will be able to afford rents or house prices, and not all households will be able to access the same kinds of opportunities as other New Zealanders.
9. Public housing plays a critical role in catering for households on low incomes. Public housing also plays a critical role for those households who have complex housing needs and face multiple barriers to accessing and sustaining private tenancies by supporting access to wider opportunities that support wellbeing. Key factors that support positive life outcomes for public housing tenants include improved connectivity, local amenity, services, and the quality of the built environment.¹ This means that where and how public and transitional housing support is provided matters as much as the quantity provided.

¹ <http://www.communityhousing.org.nz/resources/article/neighbourhood-social-mix-and-outcomes-for-social-housing-tenants-rapid-review>

New Zealand's housing market is not functioning well

10. There is increasing pressure on public housing because the housing market is not functioning well. Not enough homes have been built to keep up with New Zealand's population growth, and not enough new homes are being built at affordable prices. This means competition for existing homes has increased, and house prices and rents have increased. This mismatch between growth and development has created winners and losers.
11. People who already own a home are far better off than those who do not. Homeowners have increased wealth and are insulated from rising rents and house prices. They also have the stability and continuity that comes with secure tenure.
12. Fewer households are becoming homeowners and more households are becoming life-long renters. Their living arrangements are less secure. Rents (and house prices) have on average risen faster than incomes for the last 20 years, meaning it's getting harder for many households to afford their rent - almost half of all private tenants are experiencing rent stress.
13. While income growth means housing is becoming more affordable for some renters in some areas, people who are not directly benefitting from income growth, such as vulnerable and lower income households, are falling even further behind. As a result, they can end up in insecure housing arrangements or become homeless.
14. While Government spending on housing support is increasing, it is still not adequate to address the current level of need, and not enough is being done yet to address the underlying system causes.

Both the demand for, and supply of, public housing is influenced by the performance of the wider housing and urban development system

15. To change housing outcomes for people who have high needs requires both:
 - a short to medium-term response to prevent people from becoming homeless, provide temporary accommodation and respond to immediate and severe housing need; and,
 - long-term system reform to achieve a well-functioning housing market, and productive, sustainable and inclusive cities and towns.
16. Demand for public and transitional housing in New Zealand has primarily been driven by a combination of two key factors:
 - insufficient incomes
 - high house prices and rents, both increasing faster than incomes, and mostly driven by insufficient housing supply relative to demand.
17. However, for people with specific or complex needs, other factors will come into play. For example, for people who are chronically homeless and face addiction or mental health issues, housing unaffordability is an exacerbating factor, not necessarily the driving factor.
18. Nevertheless, the most sustainable and cost-effective solution to many of the challenges facing the public housing system is to improve the affordability, security and availability of housing in the private market, particularly by ensuring that housing supply is responsive to demand (including demand for different sizes, typologies, tenures and locations).
19. In this way, the wider housing and urban work programme that the government is pursuing is a necessary complement to interventions in the Public Housing portfolio. Increasing public housing supply is an essential component in addressing severe housing deprivation and preventing homelessness, but a government response to housing need that only relies on public housing support will be unsustainable and will not deliver the broader wellbeing objectives sought.

20. Registered Community Housing Providers (CHPs) and other unregistered providers of community housing, also play an important role in overcoming the shortage of housing options in what is often referred to as the intermediate housing market: the part of the housing continuum between public housing and traditional market rental. This includes affordable and assisted rental products, progressive ownership options, and secure, quality market-rental products.
21. Facilitating more of this kind of supply from CHPs and others will be part of an effective medium-term government response and will support public housing tenants to progressively move towards greater housing independence.
22. How much and how quickly new public and affordable housing can be delivered by government is constrained by the same underlying system issues that constrain the private development market. The longer it takes to achieve system change, the more expensive public and emergency housing provision will become, and the more challenging it will be for supply to keep up with demand.
23. However, we also need to be mindful that drivers and solutions will play out differently across the country:
 - In growing cities like Auckland, a predominant focus on enabling new supply through intensification and greenfield expansion and ensuring people and goods can move freely across the city will maintain housing choice and limit the exclusion of lower income households from areas of opportunity.
 - In some regions where incomes are lower, house prices may be below the cost of building new homes. Increases in demand can lead to greater competition for existing homes with limited incentive for new supply. In such areas, responses may have a greater focus on supply of quality public and affordable housing, and support for vulnerable households.
24. The following sections discuss how public housing is performing, how public housing operates, supporting people with specific housing needs, and what HUD can do for you.

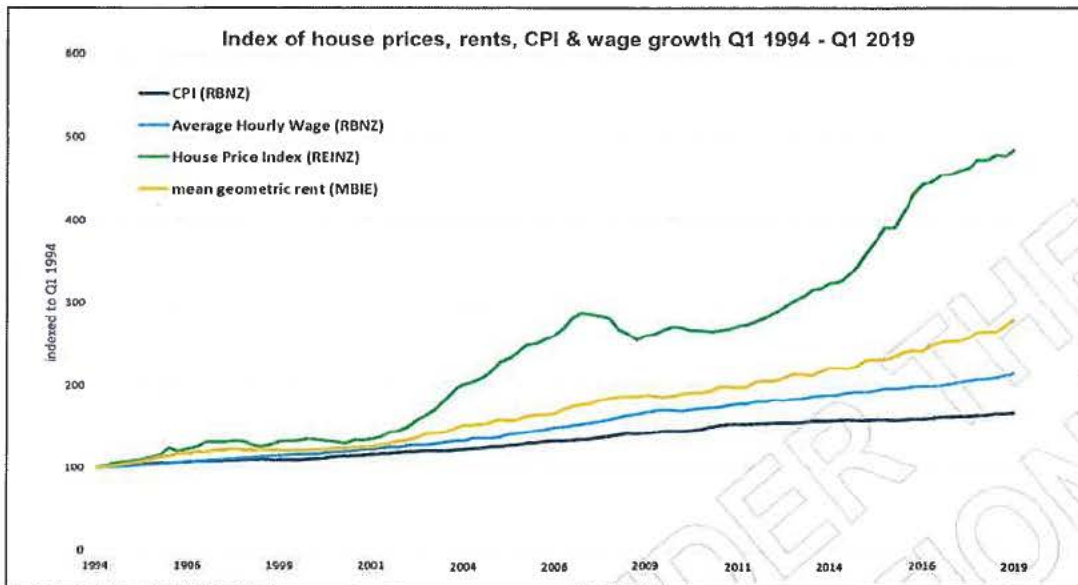
How public housing is performing

25. As a result of conditions in the housing market, increasing numbers of people are presenting with immediate housing needs, but fewer people are exiting public housing. This reduces our ability to place people on the housing register into a home. It also reflects how and on what issues we are working on in the public housing area. This includes our work to increase supply, address drivers of demand, a focus on Māori housing, considering different cohorts and their needs, and adopting solutions that reflect the different issues affecting cities and regions.

Housing costs have risen faster than incomes

26. As shown in Figure 1 below house prices and market rents have outstripped income growth for the best part of 20 years.

Figure 1: Index of house prices, rents, CPI & wage growth 1994 - 2019



27. This has resulted in a lack of affordable rental options and increased competition between renters, increasing the stress on our most vulnerable households, increasing demand for public housing support and increased homelessness, and a growing gap between market rents and the level of housing system support required. This creates barriers to people exiting public housing and transitioning to the private market.

Demand for public housing has significantly outstripped supply

28. During the two-year period from 31 March 2017, an additional 2,845 public housing tenancies have been added to the public housing stock.
29. At the same time, the housing register increased by 127 per cent, outpacing new supply. Not only does this create challenges in meeting demand, the effects of demand for public housing outstripping supply has different implications for different groups of people:
- people on low incomes, with complex needs, a poor rental history or who are likely to face discrimination in the rental market are increasingly being excluded from the private rental market and face homelessness
 - Māori and Pacific People are significantly more likely to be on the housing register, or in public housing than the general population
 - the 2013 Census told us that in comparison to Pākehā, Māori were five times more likely to be homeless, and Pacific New Zealanders were ten times more likely to be homeless. Overcrowding was a significant issue for Pacific households with 38 per cent of Pacific households living in crowded households, compared to one in five Māori and 1 in 25 European New Zealanders. More than half (51 per cent) of the homeless population were younger than 25 years old.

Characteristics of the housing register

30. The housing register captures the housing requirements of people who have applied for public housing. Priority A applicants are considered to be 'at risk' and includes households that have a severe and persistent housing need that must be addressed immediately. Priority B applicants are those with a 'serious housing need' and includes households with a significant and persistent need.

31. Over the last two years (from March 2017 to March 2019), the proportion of Priority A applicants on the register has increased from 70 per cent to 81 per cent. As at 31 March 2019, the most common reasons for applications include 'current accommodation is inadequate or unsuitable' (28 per cent of applicants) and 'Homelessness' (25 per cent of applicants). The most common type of applicants were single adult households (4,759 applicants or 43 per cent) and single adults with children (3,984 applicants or 36 per cent).

Public housing tenants have lower wellbeing

32. The recent Statistics New Zealand General Social Survey highlighted that public housing tenants are more likely to experience lower material wellbeing than the general population. This includes being more likely to report that their homes need extensive repairs and are cold and damp.
33. Public housing providers are taking action to address the quality of public housing:
- HNZ reports that through its Warm and Dry programme it has upgraded around half (30,000) of its properties to ensure they are healthier for tenants over winter
 - HNZ and CHPs have until 2023 to ensure full compliance with the new Healthy Homes standards
 - outcomes should improve as HNZ's stock is gradually replaced and renewed over the next 20 years, including as a result of the large-scale redevelopment projects to be led by Kāinga Ora.
34. More detailed information on how public housing is performing is available in the March 2019 Public Housing Quarterly Report provided at Annex A. Information about Kāinga Ora and also HUD's role is outlined in the section that discusses what HUD can do for you.

How public and emergency housing operates

35. The Government provides support to anyone who needs assistance with housing. Support ranges from assistance to sustain private housing and subsidised public housing to transitional housing and Emergency Housing Special Needs Grants. Other grants are available to assist people with their housing costs. This includes the Accommodation Supplement (AS), Temporary Additional Support (TAS), hardship grants and Housing Support Products (HSP) that are designed to support people in private accommodation.

Public Housing

36. Public housing is targeted at households who cannot access or sustain a tenancy in the private rental market for a range of reasons.
37. 'Public housing' is defined as any house that is owned or leased by HNZ or a registered CHP, and which is tenanted by people who have been assessed by MSD as being eligible for public housing assistance. The term 'state housing', where used, refers to the (majority) sub-component of public housing stock that is owned or leased directly by central government – i.e. through HNZ. The term 'community housing', where used, refers to public houses that are owned, leased or managed by non-governmental organisations (NGOs) or independent government subsidiaries.²

² The term 'public housing' is sometimes erroneously used to describe subsidised housing provided by local authorities, or unregistered community housing providers which is not currently funded by central government. Clients applying for such housing do not have their eligibility assessed by MSD.

38. Most public housing tenants pay an Income-Related Rent (IRR), which limits the amount of rent they pay to no more than 25 per cent of their net income. This rental payment is then topped up by an Income-Related Rent Subsidy (IRRS) paid by HUD to the housing provider, whether HNZ or a registered CHP. The IRRS top-up is intended to cover the balance between the rent paid by the tenant and the rent that the property would otherwise command in the market.
39. HUD sets limits for the weekly market rent it will pay for a public housing place, by location and number of bedrooms. These limits help to ensure that public housing funding provides value for money. The limits are updated regularly, following a review of market conditions. It also means that as market rents increase, additional IRRS funding is required just to maintain the overall number of public housing places.
40. A small number of public housing tenants pay full market rent without the need for an IRRS top-up. These tend to be people who may have previously attracted IRRS subsidy and whose income has since increased but remain eligible for public housing because of their unique set of needs, regardless of their now higher incomes.
41. MSD manages the needs assessment process for public housing (which determines eligibility and priority) and maintains the register of applicants waiting for a public house. The following factors are considered as part of the needs assessment:
 - a household's ability to afford alternative private housing
 - the standard of a household's current housing
 - the extent to which the household's current housing meets their needs (i.e. including overcrowding)
 - factors that may prevent the tenant or household from finding alternative housing (such as accessibility, specific medical needs, a previous criminal conviction, or poor credit history)
 - a tenant or household's ability to sustain private housing in the long term.
42. Households on the housing register are housed according to their level of priority and the availability of an appropriate property. Figure 2. below illustrates a client's journey through the public housing system.

Figure 2: Client journey through the public housing system

Client journey through the state/social housing system



Investing in new public housing supply

43. The policy intent behind the IRRS system is that receiving the equivalent of market rent should allow a housing provider to manage their assets as a going concern — i.e. cover the capital and operating costs. The reality is that, while this system largely works for maintaining existing assets, it falls short of enabling providers to invest in significant renewal or upgrade of houses, or importantly, to invest in new housing supply. This partly reflects the significant cost associated with residential construction in New Zealand arising from the poor performance of the wider housing and urban system, which affects the cost of public housing provision as much as market supply.
44. This has meant that unintended effects have been created in the wider housing market as a result of seeking additional public housing places solely by increasing the number of funded IRRS places. That is additional supply being offered by CHPs and HNZ achieved through buying or leasing existing properties rather than through more costly new builds. These bought or leased properties would otherwise have been available to people who are not public housing tenants. As a result, competition for houses could have contributed to house price inflation and displaced other tenants or purchasers.
45. This gap between IRRS and the level of funding needed to deliver new supply has been addressed to date in two main ways. First, HNZ has funded the renewal/replacement of its existing housing stock and the development of new housing through leveraging its large balance sheet (including accumulated capital gains). It has accepted low returns on capital, reinvested surpluses, borrowed against its future revenue streams from rents and IRRS, and sold its landholdings as a part of its urban redevelopment projects, particularly in Auckland.³
46. Secondly, HUD now offers an operating supplement — and in very limited circumstances can offer upfront funding of up to 50 per cent of a property's value to increase the supply of public housing. This funding is focused on new builds. It helps bridge the gap between the cost of market rent and the actual building and construction costs of new supply or, more specifically, the costs associated with debt-financing those construction costs. The operating supplement is a subsidy that is paid as a percentage of market rent, available at different maximum rates ranging up to 90 per cent of market rent.
47. Up until July 2018, the operating supplement was largely only available in Auckland. Since July 2018 it has been extended to all parts of New Zealand. Where previously HNZ elected not to access the subsidy for Auckland (as it was able to fund Auckland development projects through land sales), both HNZ and CHPs now rely on the operating supplement to make delivery of new public housing supply financially viable.
48. In addition, HUD now operates a strategic partnering model in how we work with other agencies and housing providers, shifting away from a competitive and market-based approach to a more planned and collaborative approach.

Funding additional places

49. Budget 2018 included funding of \$234.4 million to increase the supply of public housing by around 6,400 places by June 2022 — about 1,600 places per year on average across HNZ and CHPs.

³ Thanks in large part to HNZ's efforts, the Auckland Unitary Plan now provides significant scope for the intensification of HNZ's landholdings. The higher densities permitted enable HNZ to (at least partly) fund new public housing supply by, for example, demolishing existing low-density state houses and replacing them not only with new and additional public housing, but also with other housing that it can sell in the general market, including as KiwiBuild affordable housing

50. In line with Government commitments, HNZ/Kāinga Ora will continue to be the primary provider of public housing in New Zealand. HUD is aiming to secure approximately 70 per cent of additional supply funded through Budget 2018 from HNZ/Kāinga Ora. At least 1,000 of these houses per year on average over the next four years will be new houses. As part of the Budget 2018 announcement, HNZ will borrow up to \$2.9 billion from third parties and invest a further \$900 million from its operations to deliver the new housing.
51. There was no additional funding for public housing places through Budget 2019. We wish to discuss with you the work we are doing to prepare a future budget bid (outlined later in this briefing).

Community Housing Providers

52. CHPs will provide the remainder (approx. 30 per cent) of the additional supply funded through Budget 2018, and so will continue to have an important ongoing role in complementing government public housing provision and delivering specialised services (e.g. transitional housing and Housing First).

Transitional and Emergency Housing

53. The government provides support for transitional and emergency housing for households that have an immediate housing need. This support is intended to be a short-term response, while a longer-term response is sought, such as securing a public housing place or a suitable affordable or market rental.

Transitional Housing

54. Transitional housing provides warm, dry and safe short-term accommodation for people in need for about 12 weeks. It is managed by contracted providers who also support tenants with a range of tailored social support and tenancy-related services. Providers are also responsible for maintaining the properties.
55. The types of properties used for transitional housing include:
- a stand-alone unit or house, room or dwelling
 - a motel unit or repurposed Recognised Seasonal Employer (RSE) accommodation contracted by HUD.
56. As at 31 March 2019 there were 2,697 transitional housing places available across New Zealand, managed by more than 50 contracted providers. People living in transitional housing pay a rent of up to 25 per cent of their assessable income, which is in line with income-related rents for public housing. The balance is subsidised to providers by HUD.
57. The funding available for transitional housing providers can be broken down into three primary categories: funding for the accommodation costs (as above); funding for provision of wrap-around support services to support households into long-term sustainable accommodation; and, upfront funding to bring on additional supply.
58. Through Budget 2019, HUD received additional funding for transitional housing to:
- allow the HUD to continue to fund and maintain over 2,800 transitional housing places throughout New Zealand (\$149.164 million)
 - increase the supply of long-term transitional housing places in areas of highest need – (\$20.737 million).

Emergency Housing Special Needs Grants

59. Emergency Housing Special Needs Grants (EH SNGs) provide immediate and non-recoverable⁴ assistance to help people without housing meet the cost of short-term accommodation (e.g. motels, hotels, campgrounds) for up to seven days.
60. The EH SNG is a last resort and MSD will explore all longer-term accommodation options, including public and transitional housing, before granting an EH SNG. The EH SNG only covers the cost of accommodation, it does not fund support services.
61. During the March 2019 quarter, 17,264 EH SNGs were granted to 4,090 distinct people, totalling \$23.1 million.
62. While each grant has a seven-day time limit, MSD will always ensure those in need receive support for the duration of their needs, and ensure they have access to somewhere warm, dry and safe to live. The grant is not intended as a long-term housing solution, but as a necessary solution while more sustainable options, such as public housing, are progressed and become available.
63. Figure 3 below compares the number of transitional housing places with the number of EH SNG recipients over the last year.

Figure 3: Transitional Housing places vs EH SNG recipients

Transitional Housing places vs EH SNG recipients



Use of motels

64. Both EH SNGs and transitional housing use motels to provide necessary accommodation for those in need. There are key differences between motels used by EH SNG clients and motels contracted by HUD to temporarily house transitional housing clients, both in terms of the levers available to Government and the support services that clients receive. These differences are discussed in more detail in Table 1 below:

⁴ The EH SNG payment normally does not need to be paid back by the applicant, but where the household has contributed to their own housing need, the EH SNG may be made recoverable at 25 per cent of the applicants' weekly income. In the March 2019 quarter, 4 per cent of EH SNG grants were recoverable payments. This has reduced from 9 per cent for the March 2018 quarter.

Table 1: Differences in motel use between emergency and transitional housing

	EH SNG funded motel	Short term contracted motel
MSD referral	No – it is the client's choice which motel they use after receiving the EH SNG.	Yes – this ensures transitional housing clients are placed in motel places most appropriate for their level of need.
Contractual levers to ensure control over the standard of accommodation	No	Yes
Prior due diligence conducted to ensure motel's quality and compliance with building standards	No	Yes
Negotiated fixed price	No	Yes
Wrap around support service	No	Yes
Client contributes 25 per cent of cost	No	Yes
Average cost (per week)	\$1,500 average, per grant	\$1,245 per place per week (accommodation and support, with accommodation per place being \$1,009)

65. On 28 June HUD and MSD provided you with a briefing on a homelessness package. This briefing outlined work to prevent and reduce homelessness, including taking a place-based approach and reducing reliance on motels for emergency accommodation, particularly for families with children.

Other housing support

Accommodation Supplement

66. The Accommodation Supplement (AS), provided by MSD, is a weekly payment to assist people who are not in public housing with their rent, board or the cost of owning a home. A person does not have to be receiving a benefit to qualify for AS. How much support an individual receives is dependent on their income, assets, accommodation costs, and where they live.

Temporary Additional Support

67. Temporary Additional Support (TAS) is a weekly payment that helps to cover essential living costs that cannot be met from a client's income or through other resources. It is paid for a maximum of 13 weeks, and the recipient does not have to be receiving a main benefit to qualify for it.

Housing Support Products (HSPs)

68. HSPs are designed to enable people to access and retain housing and overcome barriers to moving into the private rental market (e.g. assistance with bond payments). They also intend to relieve pressure on public housing by helping people who can sustain alternative housing to transition out of public housing or to not require it.

69. In Budget 2019, an additional \$18.9 million over four years has been provided to expand provision of existing HSPs and to introduce a new Rent Arrears Assistance product. This is expected to help an additional 2,250 people per year to access housing or retain their existing accommodation.

Hardship Grants

70. Hardship grants include Advance Payments of Benefit and Recoverable Assistance Payments (RAPs) for people not on a main benefit that provide one-off assistance for a variety of essential and immediate needs (including for housing assistance such as bond and rent arrears).

Supporting people with specific housing needs

71. HUD, MSD and HNZ have a specific role to support Māori housing. The July 2019 Briefing to Incoming Ministers sets out HUD's Māori housing work programme.
72. HUD, MSD and HNZ also provide a range of products and services to help people who have specific housing needs including those who are chronically homeless, those at risk of losing their public housing tenancy, ex-offenders needing reintegration support and people with disabilities.

Housing First

73. The Housing First programme is HUD's primary intervention for those who are chronically homeless. It has two aspects:
- first, it provides unconditional housing support for the person who is in need (generally a public housing place, which means public housing funding settings, as above, are used to fund the accommodation)
 - then it seeks to assist that person to, voluntarily, address any other issues they may face such as mental health or addiction issues.
74. The housing and support services aspects are separate, and housing is provided to the person regardless of whether they wish to participate in any support services. The support services are similar to the support services provided through transitional housing; however, they tend to have a higher intensity as clients typically enter the programme at times of crisis.
75. HUD's role in Housing First is to bring together and fund local health and social service providers, housing providers, local government, iwi, and other agencies to develop a localised community response to homelessness.
76. At 31 March 2019, 720 individuals or households had been placed into housing with on-going support – an increase of 199 from December 2018.
77. The Government renewed its commitment to addressing chronic homelessness for people with the most complex needs through Budget 2018. This provided funding to expand and deliver the Housing First programme in Whangarei, the mid-far North, Auckland, Hamilton, Rotorua, Tauranga, Hawke's Bay, Wellington and the Hutt, Nelson, Blenheim, and Christchurch.
78. Through Budget 2019, the Government is investing a further \$197 million to strengthen the Housing First programme in existing high need cities and regions. The funding ensures that these existing Housing First programmes are sustainable and can continue to deliver services for more than 2,700 people and whānau over the next four years.

Sustaining Tenancies

79. The sustaining tenancies initiative delivers support services for households in public housing that are at risk of losing their tenancy. This programme is one of HUD's few preventative responses to stop individuals' and whānau's housing needs from growing.

80. People may be at risk of losing their tenancies for a number of reasons, such as an inability to pay rent or having an alcohol or other drug dependency. Support services could include budgeting advice, help with relationship issues (including what is involved in a tenant/landlord relationship), advice on house cleaning, and learning routines for healthy living, including addressing mental health and addiction issues.
81. This initiative reduces adverse exits from housing which will help to: reduce reliance on transitional and emergency housing support; prevent rates of homelessness from increasing; and will provide a better understanding of the level and type of need of people at risk of homelessness and what support services best meets their needs.
82. Currently, HUD funds a Sustaining Tenancies Trial, which operates to support public housing tenants in Auckland, Wellington, and Christchurch only with these trial contracts due to end on 30 September 2019. By June 2019, the Sustaining Tenancies Trial will have provided tenancy support for approximately 550 tenants.
83. HUD is seeking to expand this service beyond a trial to support tenants in the public and private markets to sustain their tenancies through contingency funding set aside in Budget 2019. If HUD does not receive funding for Sustaining Tenancies through the contingency the trial will end on 30 September 2019.

Creating Positive Pathways

84. The Creating Positive Pathways initiative is aimed at ex-offenders and provides access to stable accommodation through the provision of a public housing placement following completion of a Corrections reintegration intervention. Support services are also provided to address any on-going issues that may contribute to a person's recidivism.
85. The initiative targets those released from prison who are at risk of negative housing and other outcomes, namely those who have served a long sentence or who have frequent interactions with Corrections and who are:
 - assessed as eligible for public housing and have a severe unmet housing need; and,
 - participating in an eligible Corrections reintegration intervention.
86. The initiative began in August 2018 and will run for four years, providing IRRS subsidised placements in public housing for participants. Of the allocated places, 125 will be in Auckland with the remaining 125 places split equally between the Wellington and Northland regions. Thirty of the total places will be targeted specifically for women.

Community Group Housing

87. Community Group Housing provides residential and non-residential support for people with specific needs, such as mental illness, physical and intellectual disability, alcohol and drug issues, prisoner reintegration, and people seeking refuge. HUD provides funding to enable HNZ to lease properties to Community Group Housing providers by:
 - providing debt or equity to HNZ to acquire, modernise or reconfigure properties leased by Community Group Housing Providers
 - paying the difference between the contracted rent paid by the Community Group Housing provider and the market rent for the leased properties
 - providing a rent relief fund to Community Group Housing providers for the sole purpose of helping them to meet their contracted rent payments.
88. As at March 2018, HNZ managed 1,485 Community Group Housing properties nationally, made up of 1,417 residential tenancies and 68 non-residential leases, working with about 200 groups.

People with Disabilities

89. Over the past six months officials at HUD and HNZ have been working to develop actions for the updated New Zealand Disability Action Plan 2019-2022. The following actions will be included in the draft plan which is due to be delivered to Cabinet in late August and will work to improve accessibility across the New Zealand housing system. HNZ has a strong focus on accessibility and work is underway to review its accessibility policy and standards for its properties, including a percentage target for new builds that will meet universal design standards.
90. Over the next year, HUD will consider ways to incentivise the provision of accessible rental properties. On a slightly longer times scale, HUD will consider how housing delivered through Kāinga Ora – Homes and Communities can support the needs of disabled people.

What HUD does for you

91. HUD was formed on 1 October 2018, bringing together functions from MBIE, MSD and Treasury. HUD was created to take responsibility for the leadership and performance of the housing and urban development system, taking an end-to-end system leadership and stewardship role.
92. This means HUD has greater opportunity to:
 - position public and emergency housing policy and delivery responses within the context of the wider housing and urban system
 - understand how outcomes and interventions in one part of the system can flow-on to other parts
 - design and advise on cross-cutting solutions that have a much greater chance of delivering long-term, sustainable outcomes.
93. Specifically, HUD:
 - is your **lead policy advisor** on public, emergency housing and homelessness policy. We work closely with MSD, HNZ/Kāinga Ora and other agencies to deliver quality advice to you. HUD has primary policy responsibility for all the initiatives outlined in this briefing, apart from the Accommodation Supplement and Temporary Additional Support, which are led by MSD in consultation with HUD.
 - **monitors the performance** of HNZ (and soon, Kāinga Ora – Homes and Communities) and the Tāmaki Regeneration Company.
 - **funds and partners** in the delivery of public housing, transitional housing and associated support services and products, and tracks the performance of our partners against delivery targets. This includes the ongoing development and administration of the Public Housing Plan.
 - **regulates the Community Housing sector**, through the Community Housing Regulatory Authority (CHRA), an operational unit located within HUD. A Fact Sheet on the Community Housing Regulatory Authority is provided in Annex B.

Kāinga Ora - Homes and Communities

94. The institutional settings for housing and urban development institutions in New Zealand are undergoing significant change.
95. In addition to the creation of HUD, the Government is creating a new Crown agent – Kāinga Ora – Homes and Communities - with both public housing landlord and urban development functions undertaken in partnership with other agencies, local government, Māori, and private partners. Kāinga Ora will focus on housing families and whānau in homes they can afford to rent or own. It will consolidate HNZ, its development subsidiary HLC, and parts of the KiwiBuild Unit – and include HNZ's existing role as a public landlord.

96. Kāinga Ora will have primary responsibility for implementing government policy including:
- **providing rental housing**, principally for those in greatest need. The primary focus of Kāinga Ora as a landlord will be to provide rental housing to households who are on the housing register. However, as drafted, the Kāinga Ora – Homes and Communities Bill also enables Kāinga Ora to enter into smaller number of market rentals for households with less pressing housing needs⁵
 - **initiating or undertaking urban development**, whether on its own or on account of other parties. This will be one of Kāinga Ora's primary roles alongside public housing provision. It will have primary responsibility for delivering the Government's Build Programme, including public housing, affordable housing, homes for first home buyers and market housing, urban renewal programmes, and related social and economic infrastructure. However, some aspects of the KiwiBuild Land for Housing Programme cannot be transferred to Kāinga Ora without the explicit agreement of affected iwi and hapū. HUD will administer the programme pending the outcome of those negotiations⁶
 - **providing appropriate accommodation for community organisations**. This is essentially a continuation of the existing Community Group Housing model, under which HNZ leases around 1,500 homes to community groups (e.g. Women's Refuge) across the country
 - **administering financial assistance to support home-ownership**. This includes administering Welcome Home Loans, Kāinga Whenua Loans, and KiwiSaver HomeStart grants on behalf of the Crown, in addition to other legacy products
 - **providing a leadership or coordination role in relation to urban development**. This includes supporting innovation, capability and scale within the housing and urban development sectors; and leading and promoting good housing and urban design
 - **understanding and supporting the aspirations of communities**. This involves understanding, supporting and enabling the aspirations of Māori in relation to urban development. It includes undertaking early and meaningful engagement and offering Māori opportunities to participate in urban development
 - **any regulatory function imposed or conferred on Kāinga Ora** under any other enactments. This includes those that relate to land owned by the Crown for which it is the default agent, any obligations it needs to meet with respect to construction and building, including undertaking due diligence and preparing development plans for Specified Development Projects, and regulating and enabling land use within those project areas. Kāinga Ora may also seek accreditation and registration as a Building Consent Authority under the provisions of the Building Act 2004.


⁵ For example, where Kāinga Ora has acquired land and dwellings for future redevelopment; developed or underwritten dwellings for outright sale but has been unable to secure purchasers at acceptable prices; or is assembling a rental portfolio for selling onto an institutional investor (say, to meet their scale requirements).

⁶ For example, the Ngā Mana Whenua o Tāmaki Makaurau Collective Treaty settlement expressly requires that HUD provide Ngā Mana Whenua's Limited Partnership with the first opportunity to develop certain Crown owned land in Auckland for housing, before involving a Crown body like Kāinga Ora or a private developer in that development. Note: in this context, development includes master planning.

Upcoming advice and decisions

97. We look forward to meeting with you to discuss your specific objectives and priorities, and how you would like us to work with you to achieve them. To aid this discussion, we highlight the following current work areas where decisions will be required.

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Annexes

- 117. Annex A: March 2019 Public Housing Quarterly Report
- 118. Annex B: Community Housing Regulatory Authority – Fact Sheet



MINISTRY OF HOUSING
AND URBAN DEVELOPMENT

March 2019

Public Housing Quarterly Report

The Public Housing Quarterly Report is published by the Ministry of Housing and Urban Development. It provides the latest facts on public housing supply and demand, housing support, and the movement of people through the public housing system.

New Zealand Government



In this report

Housing Support

Income-Related Rent Subsidy	3
Accommodation Supplement & Temporary Additional Support	4
Housing Support Products	4

Public Housing Supply

Housing New Zealand	5
Community Housing Providers	6

Supporting Housing Needs

Housing First	7
Transitional Housing	8
Emergency Housing Special Needs Grant	9
Housing Register	10
Characteristics of the applicants on the Housing Register	11
Transfer Register	12
Characteristics of the applicants on the Transfer Register	13
Regional Overview	14

People Housed

Time to House	16
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Public Housing System Overview	17
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The Public Housing Quarterly Report is released by the Ministry of Housing and Urban Development (HUD). HUD formed on 1 October to deliver the Government's housing and urban development programme to end homelessness, make housing affordable and cities more liveable. The Public Housing Quarterly Report contains information on public housing and housing support from both HUD and the Ministry of Social Development (MSD).

As at 31 March 2019, there are 68,280 public housing places. Consisting of 62,108 Housing New Zealand Properties and 6,172 registered Community Housing Provider properties.

For the March 2019 quarter transitional housing places increased to 2,697 places. Compared to March 2018 transitional housing places have increased by 585.

Compared to March 2018 public housing tenancies have increased by 1,546 tenancies. The increase in tenancies was from both Housing New Zealand (618) and Community Housing Providers (928).

720 households have been housed through the Housing First programme. 1,064 households so far have been accepted into the programme.

During this quarter 1,357 applicants from the Housing Register were placed in public housing.

This quarter the Housing Register increased by 3% over the previous quarter, and is up 40% on the same time last year.

Housing Support

Support is provided to anyone who needs assistance with housing. Support ranges from assistance to sustain private housing and subsidised public housing to transitional housing and Emergency Housing Special Needs Grants.

\$717.2 million

Total housing support provided in the quarter ending 31 March 2019
(\$715.2 million – 31 December 2018)



\$235.0 million
Income-Related Rent
Subsidy



\$412.4 million
Accommodation
Supplement



\$46.6 million
Temporary Additional
Support



\$23.1 million
Emergency Housing
Special Needs Grant



\$0.5 million
Housing Support
Products

Income-Related Rent Subsidy

Income-Related Rent Subsidy (IRRS) payments for individual households decreased from last quarter, with the total number of IRRS tenancies increasing by 433 over the March 2019 quarter.

Most tenants in public housing pay an Income-Related Rent (IRR) which limits the amount of rent they pay to 25% of their net income. The Ministry of Housing and Urban Development pays IRRS to registered housing providers to cover the balance between the tenant's rental payment and the market rent for the property.

Income-Related Rent Subsidy – Places and Spend



The total number of IRRS places has increased by 3% on the same time last year.

\$18.1 million

IRRS payments per week
(\$18.6 million – 31 December 2018)

Note: The IRRS payment figure is a weekly average based on a quarterly total of \$235 million.

65,658

IRRS places as at 31 March 2019
(65,225 – 31 December 2018)

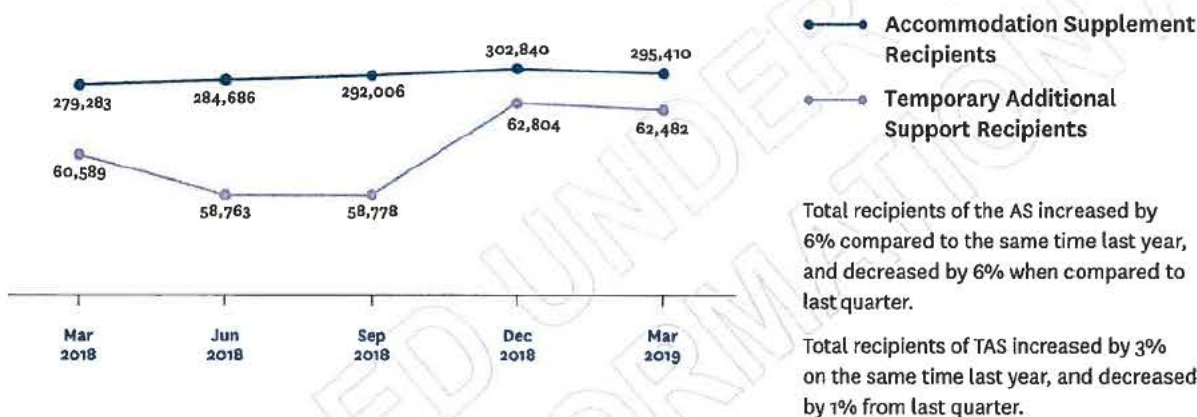
Accommodation Supplement & Temporary Additional Support

The number of people receiving the Accommodation Supplement (AS) has decreased in the March 2019 quarter, while receipt of Temporary Additional Support (TAS) has increased.

Accommodation Supplement is a weekly payment to assist people who are not in public housing with their rent, board or the cost of owning a home. A person does not have to be receiving a benefit to qualify for AS. From 1st April 2018, the AS regional boundaries and maximum payments changed as a result of the Government's Families Package.

Temporary Additional Support is a weekly payment that helps to cover essential living costs that cannot be met from their income and through other resources. It is paid for a maximum of 13 weeks, and the recipient does not have to be receiving a benefit to qualify for TAS.

Accommodation Supplement and Temporary Additional Support recipients



295,410

People receiving Accommodation Supplement as at 31 March 2019
(302,840 – 31 Dec 2018)

\$31.7 million

Accommodation Supplement payments per week
(\$31.3 million – 31 Dec 2018)

62,482

People receiving Temporary Additional Support as at 31 March 2019
(62,804 – 31 Dec 2018)

\$3.6 million

Temporary Additional Support payments per week
(\$3.5 million – 31 Dec 2018)

Housing Support Products

Housing Support Products (HSPs) consist of a range of products designed to assist people to achieve or sustain accommodation in private housing.

The use of HSPs decreased by 30% from last quarter. The value of HSPs decreased by \$167,334 to \$536,790.

\$392,038

Bond Grants
(\$459,976)

\$0

Letting Fees
(\$39,653)

\$36,736

Moving Assistance
(\$55,389)

\$85,193

Rent in Advance
(\$96,574)

\$4,823

Tenancy Costs Cover
(\$6,158)

\$18,000

Transition to Alternative Housing Grant
(\$46,374)

= 518

Grants for 318 distinct clients (total \$536,790)
(735 grants for 407 distinct clients, total \$704,123 – 31 December 2018)

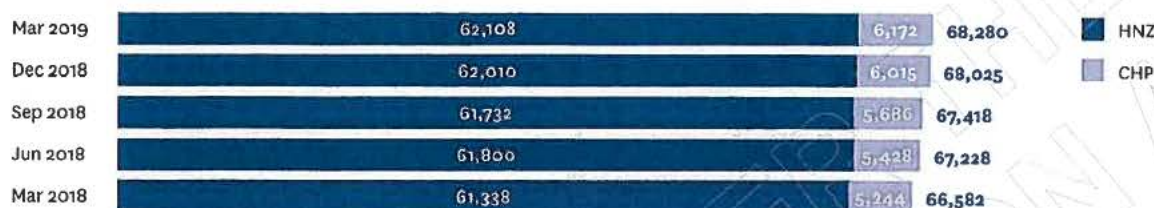
Notes:

- Accommodation Supplement figures excludes Special Benefit (which was replaced by TAS in April 2006, but continues to be grand-parented to clients that were receiving it prior to this date), therefore the figures in this Public Housing Quarterly Report will differ to those published in MSD's quarterly Benefit Fact Sheets.
- A client may have multiple grants during the period for different purposes, but will only be counted once in the overall total of distinct clients.
- From 12 December 2018 tenants in private rental properties can no longer be charged a letting fee.

Public Housing Supply

Public houses are properties owned or leased by Housing New Zealand (HNZ) and registered Community Housing Providers (CHPs) that can be tenanted by people who are eligible for public housing.

There are currently 68,280 public houses, an increase of 255 from the previous quarter (68,025). Of these, 62,108 state houses are provided by Housing New Zealand, and 6,172 community houses are provided by 36 registered Community Housing Providers across New Zealand.



Housing New Zealand

Housing New Zealand is the primary provider of public housing in New Zealand. They own and manage 62,108 homes across the country which accommodate more than 180,000 people.

Over the March quarter, HNZ have increased their total places by 98.



59,585

HNZ IRRS Places
(59,290 – 31 December 2018)



1,262

HNZ Market Renters
(1,467 – 31 December 2018)



349

HNZ Short-term Vacant
(380 – 31 December 2018)



912

HNZ Long-term Vacant
(873 – 31 December 2018)

Notes:

- There may be some variations in MSD and HNZ reporting. This is due to differences in timing and processes. The MSD data provides a snapshot at a specific point in time, the HNZ data is drawn from an operational database that reflects changes in tenant status.
- HNZ short-term vacant properties are those that are currently between tenancies and are about to be re-tenanted.
- As advised by HNZ, HNZ long-term vacant properties are generally vacant for the following reasons: undergoing major repairs or upgrades, pending redevelopment, or properties that are pending sale, lease expiry or demolition.
- HNZ short-term vacant and HNZ long-term vacant excludes Community Group Housing managed by Housing New Zealand.
- Number of community houses represents existing tenancies and does not include vacant properties.

Community Housing Providers

Community houses are homes owned, leased or managed by non-governmental organisations (NGOs) or independent government subsidiaries.

CHPs are diverse in size and structure, offering a range of housing options and specialised and support services. Providers span from local iwi and charitable trusts to large scale Government-Council partnerships, and are located across the country.

Since 2014, registered CHPs have become eligible to receive Income-Related Rent Subsidy. Some providers are also contracted by the Ministry to provide support services for Government programmes such as Housing First and Transitional Housing.

Over the March quarter, registered CHPs have increased their total tenancies by 157.



6,073

Registered CHP IRRS Places
(5,935 – 31 December 2018)



99

Registered CHP Market Renters
(80 – 31 December 2018)

Supporting Housing Needs

The Ministry of Housing and Urban Development (HUD) and the Ministry of Social Development (MSD) provide a range of products and services to help people with their housing needs, from addressing homelessness to emergency housing special needs grants and transitional housing.

Housing First

Housing First is a collective response to homelessness in a community. It offers people immediate access to housing and then wraps around tailored support for as long as needed, to help people remain housed, and address the issues that led to their homelessness.

HUD's role in Housing First is to bring together local health and social service providers, housing providers, local government, iwi, and other agencies to develop a localised community response to homelessness.

No Housing First collective or programme is the same because no community or region is the same. We facilitate the development of a fit-for-purpose community programme around a series of core Housing First principles.

HUD funds Housing First programmes across New Zealand in Auckland, Christchurch, Tauranga, Hamilton and Rotorua, and is working to establish the programme in several other regions.

There is a genuine partnership approach to delivering Housing First with a focus on collective impact. HUD brings together local providers with their different strengths and expertise to resolve homelessness, with a long-term, people-centred and community based approach.

Housing First Rotorua a partnership of Taumata o Ngati Whakaue Trust, Lifewise and LinkPeople commences on 1 May 2019.



720

Total households placed
as at 31 March 2019
(521 – 31 December 2018)

1,064

Households accepted into
the programme
(740 – December 2018)

People Helping People – The Housing First Journey

Housing First programme workers reach out directly to rough sleepers, or they can be referred by other support organisations. They are offered immediate access to housing unconditionally. All that's needed is a willingness to be housed. Once in the programme, people are given choices about the support and housing they receive.

While there's a focus on recovery, and holistic support to reduce any harmful behaviours, the support given is adapted to fit each individual's needs for as long as needed. Most importantly, they don't lose their homes if they no longer need support. They are encouraged to become part of their community, to set goals and to connect with whānau, support networks, social activities, education and employment.

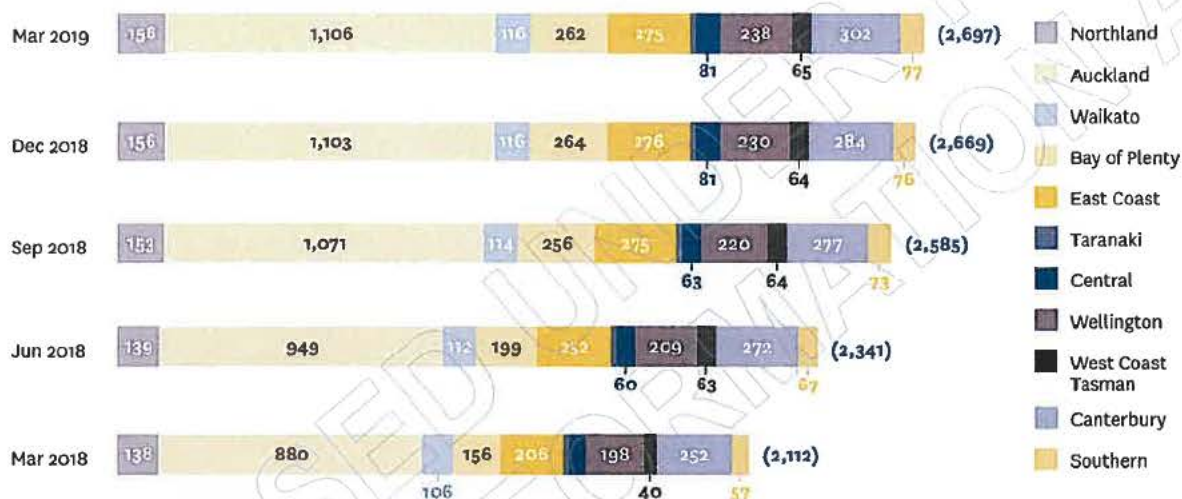
Transitional Housing

An additional 28 transitional housing places became available in the quarter, with a total of 2,697 places secured for tenanting.

What is transitional housing?

The intention of transitional housing is to provide housing and support to vulnerable households, and support to transition to long-term housing. The specific nature of the support and intensity of this support, for each household, will vary according to the characteristics and needs of the household.

Transitional Housing Places



Notes:

- Data labels have been excluded where the number of places is fewer than 30.

2,697

Places secured for tenanting
as at 31 March 2019
(2,669 - 31 December 2018)

\$585 million

Funding from 2016 to 2022

Emergency Housing Special Needs Grant

The number of Emergency Housing Special Needs Grants (EH SNGs) administered by MSD increased compared to the last quarter.

The purpose of the EH SNG is to help individual and families with the cost of staying in short-term accommodation (usually a motel) if they are temporarily unable to access a contracted transitional housing place or private rental.

The EH SNG pays for short-term accommodation for up to seven days at a time.

Transitional Housing places vs EH SNG recipients



Every applicant for an EH SNG must make reasonable efforts to find secure accommodation. For most applicants, this includes applying for transitional housing and public housing.

The EH SNG payment normally does not need to be paid back by the applicant, but where the household has contributed to their own housing need, the EH SNG may be made recoverable at 25% of the applicants weekly income.

In the March 2019 quarter, 4% of EH SNG grants were recoverable payments. This has reduced from 9% for the March 2018 quarter.

The number of clients receiving EH SHGs increased by 9% compared to last quarter and compared to March 2018 quarter increased by 93%.

17,264

EH SNG Grants in quarter ending 31 March 2019

(15,676 – quarter ending 31 December 2018)

4,090

Individual clients granted an EH SNG in quarter ending 31 March 2019

(3,749 – quarter ending 31 December 2018)

\$23.1 million

Total EH SNG amount granted in quarter ending 31 March 2019

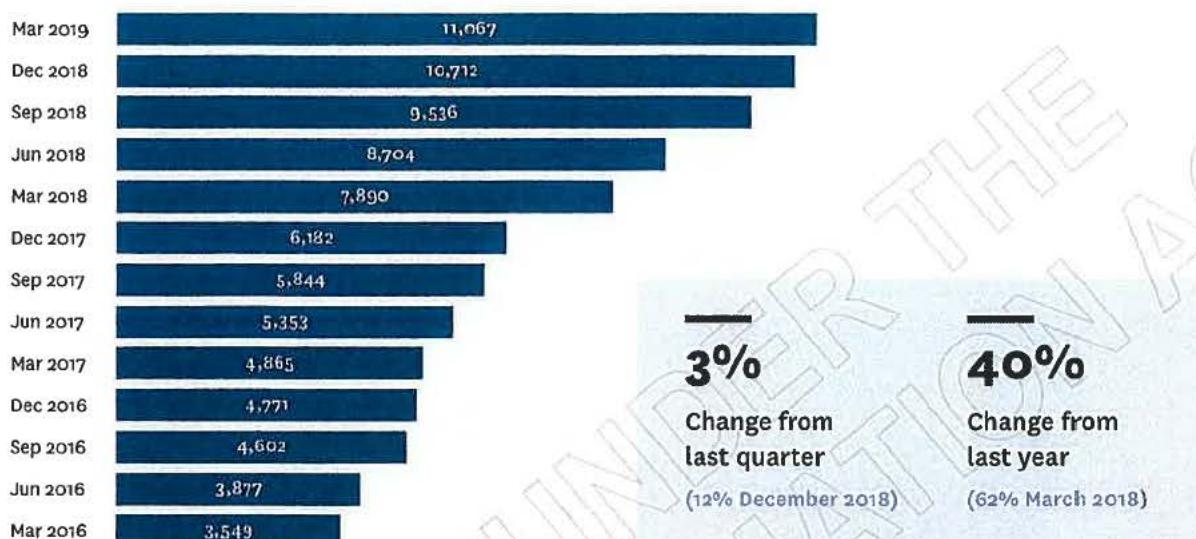
(\$19.5 million – quarter ending 31 December 2018)

Notes:

- This is a count of grants. A client can have more than one grant in the time period.
- Emergency Housing assistance payments are granted as Special Needs Grants.
- The total amount granted may not be the same as the amount spent.

Housing Register

The Housing Register captures the housing requirements of people who have applied for public housing. MSD assess and manage the prioritisation of applicants on the register.



Priority of applicants on the Housing Register

The Housing Register is prioritised by need and consists of applicants who have been assessed as being eligible for public housing.

Priority A applicants are considered to be 'at risk' and include households that have a severe and persistent housing need that must be addressed immediately.

Priority B applicants are those with a 'serious housing need' and include households with a significant and persistent need.

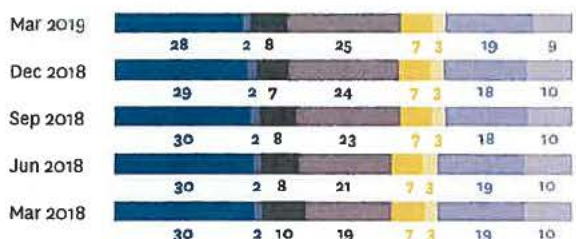
In the March 2019 quarter, Priority A applicants on the Housing Register increased to 81% (from 78%) and Priority B applicants shifted to 19% (from 22%).

Priority of applicants



Characteristics of the applicants on the Housing Register

Main reason for application (%)



- Current accommodation is inadequate or unsuitable
- Employment or family reasons
- Financial stress
- Homelessness
- Medical or other special need
- Neighbourhood or safety issues
- Tenancy ending/eviction
- Unable to access alternative housing

- The main reason for applying for public housing is captured during the application process. 'Current accommodation is inadequate or unsuitable' was the most common reason given for applying for public housing as at March 2019.

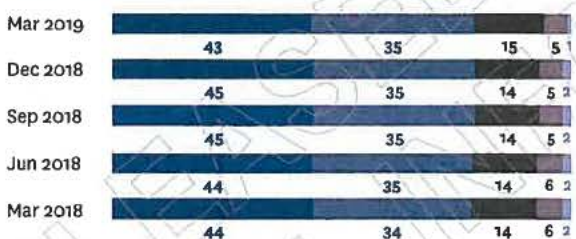
Household composition (%)



- 2+ adults
- 2+ adults with child(ren)
- Single age 24 years or younger
- Single age 25 years +
- Single with child(ren)

- Household composition describes the people who will be housed with the applicant. This may include extended family or boarders who are permanent members of the household, and provide or receive financial, physical and emotional support.
- The most common type of applicants on the Housing Register as at 31 March 2019 were single adult households.

Bedrooms required (%)



- 1 bedroom
- 2 bedroom
- 3 bedroom
- 4 bedroom
- 5 or more bedrooms

- Number of bedrooms required is based on the composition of the household.
- The most common number of bedrooms needed for applicants on the Housing Register as at 31 March 2019 were one bedroom properties.

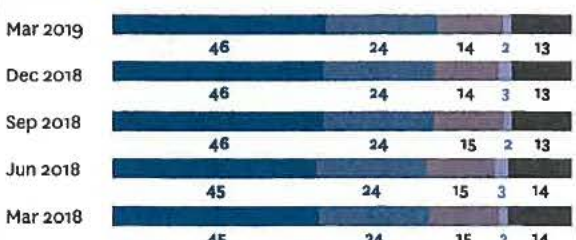
Age of main applicant (%)



- 24 and under
- 25-39
- 40-54
- 55-64
- 65 and over

- The age group data in this report is for the main applicant only and does not include any other individuals associated with the application.
- The most common age group of main applicants on the Housing Register as at 31 March 2019 were applicants aged between 25 to 39 years.

Ethnicity of main applicant (%)



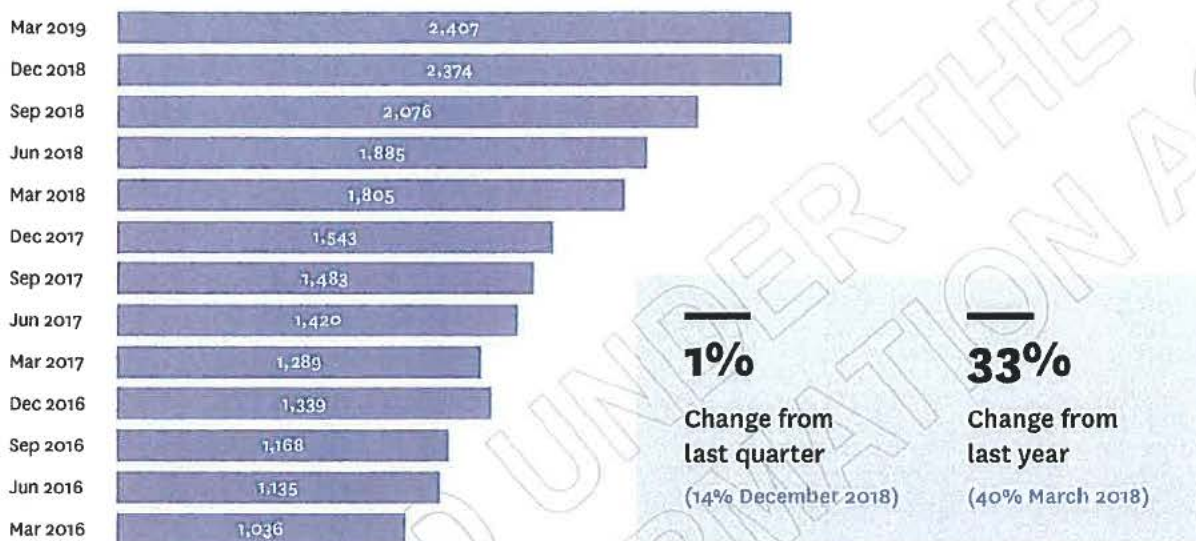
- Māori
- NZ European
- Pacific Island
- Other
- Unspecified

- The following ethnicity data is self-identified and multiple ethnicities may be chosen by an individual as fits their preference. Multiple selected ethnicities are then prioritised into a hierarchy. Ethnic groups do not currently align with Statistics New Zealand ethnicity groupings.
- The most commonly reported ethnicity on the Housing Register as at 31 March 2019 were Māori.

Transfer Register

The Transfer Register is prioritised by need and consists of applicants who are already in public housing, but have requested and are eligible for a transfer to another public housing property.

The Transfer Register has increased slightly in the March 2019 quarter by 1% compared to December 2018. Over the past 12 months the number of applicants requesting a change to their housing situation has increased by 33%.



Priority of applicants on the Transfer Register

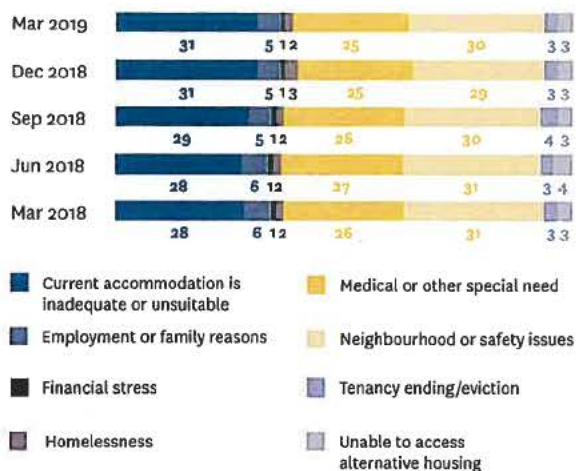
In the March 2019 quarter, Priority A applicants on the Transfer Register increased slightly to 72% (from 69%) and Priority B applicants shifting to 28% (from 31%).

Priority of applicants



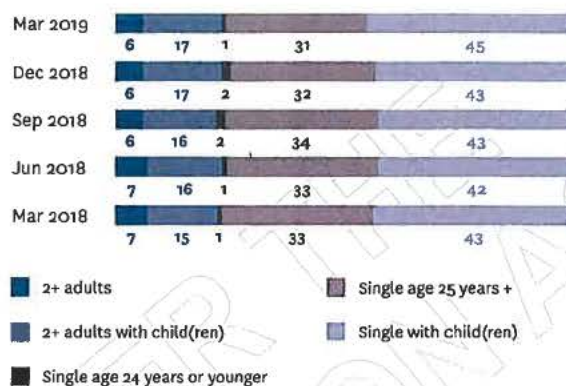
Characteristics of the applicants on the Transfer Register

Main reason for application (%)



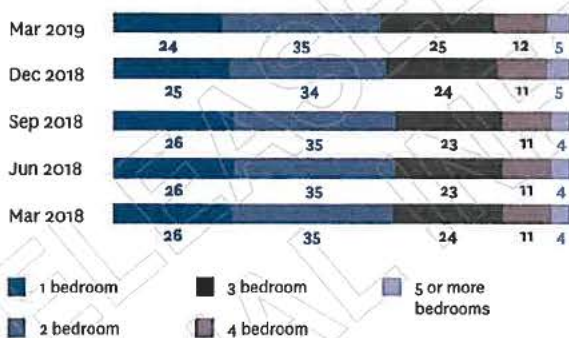
- The most common reason for applicants to request a transfer from their current public house was 'Current accommodation is inadequate or unsuitable'.

Household composition (%)



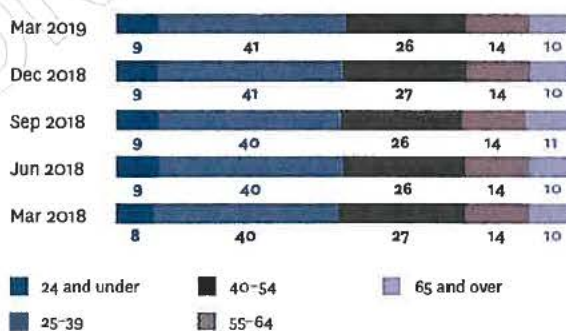
- The most common type of households on the transfer register as at 31 March 2019 continued to be single adults with children.

Bedrooms required (%)



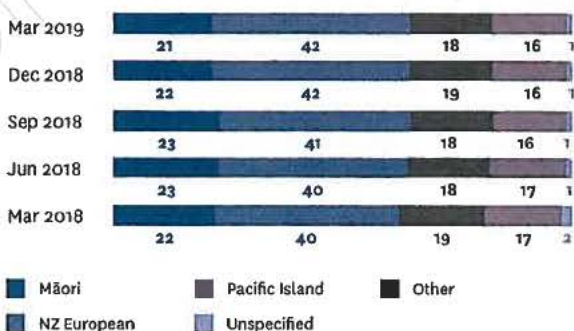
- The most common type of accommodation needed for applicants on the transfer register as at 31 March 2019 was for two bedroom properties.

Age of main applicant (%)



- The most common age group of main applicants on the Transfer Register as at 31 March 2019 was people aged 24 to 39 years.

Ethnicity of main applicant (%)



- The most commonly self-reported ethnicity on the Transfer Register as at 31 March 2019 were Māori.

Regional Overview

The demand for public housing has increased in most housing regions during the March 2019 quarter and compared to March 2018. The top five increases by percentage in the Housing Register compared to March 2018 were Waikato (83% or 424 applicants), Central (76% or 264 applicants), Canterbury (48% or 327 applicants), Northland (47% or 130 applicants) and Bay of Plenty (47% or 229 applicants).

Northland 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	406 (415)	2,058 (2,043)	195 (322)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	78 (77)	156 (156)	\$152,096 (\$221,174)
Auckland 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	4,409 (4,363)	30,854 (30,754)	6,651 (6,093)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	1,104 (1,116)	1,106 (1,103)	\$10,342,550 (\$8,875,412)
Waikato 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	934 (896)	4,409 (4,406)	2,504 (2,214)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	170 (148)	116 (116)	\$4,063,045 (\$3,333,107)
Bay of Plenty 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	720 (618)	2,677 (2,682)	2,701 (2,173)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	76 (81)	262 (264)	\$3,167,373 (\$2,371,177)
East Coast 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	851 (876)	4,057 (4,048)	978 (926)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	127 (117)	275 (276)	\$1,232,682 (\$982,642)
Central 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	611 (552)	2,261 (2,272)	575 (584)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	107 (101)	81 (81)	\$519,762 (\$516,703)

Taranaki 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	196 (171)	1,242 (1,236)	219 (137)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	31 (33)	19 (19)	\$162,639 (\$99,148)
Wellington 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	1,252 (1,222)	8,429 (8,414)	1,648 (1,508)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	357 (358)	238 (230)	\$2,098,006 (\$1,930,318)
West Coast Tasman 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	391 (407)	1,452 (1,438)	440 (481)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	75 (77)	65 (64)	\$361,625 (\$396,368)
Canterbury 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	1,004 (912)	7,674 (7,564)	1,122 (1,003)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	248 (232)	302 (284)	\$797,024 (\$609,087)
Southern 	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	282 (275)	1,843 (1,852)	224 (232)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	34 (34)	77 (76)	\$177,277 (\$154,672)
Other/ unknown	Applicants on the Housing Register	Public Housing tenancies	Number of EH SNG approved
	11 (5)	63 (63)	7 (3)
	Applicants on the Transfer Register	Transitional Housing places	Amount of EH SNG approved
	-	-	\$5,458 (\$5,160)

Notes:

- Numbers in brackets denote previous quarter figure.
- Emergency Housing – Amount of EH SNG is the total value of grants approved in the quarter ending 31 March 2019, in each housing region.
- Public Housing (PH) Tenancies includes Housing New Zealand & community housing provider tenanted properties that are either subsidised through Income-Related Rent Subsidy or the tenant is paying market rent, and is at 31 March 2019.

People Housed

Over this quarter, 1,431 applicants from the Public Housing Register were housed, a decrease of 19% from the last quarter. The median time to house these applicants was 107 days this is 9 days longer than last quarter.

Over the March 2019 quarter, 1,357 applicants from the Housing Register were housed, and 74 applicants from the Transfer Register were re-housed. The majority of applicants housed from both registers were for Priority A applicants (1,368 compared to 63 Priority B applicants). A majority (1,121) of the housed applicants went into Housing New Zealand properties, while 310 were housed in a community housing provider properties.

This quarter's decrease in the number of people housed is partly due to a 11% decrease in the number of public housing tenancies ended compared to December quarter. A large contributor to the increase of the mean time to house is the increase in the number of people on the Public Housing Register.

Time to House

The length of time an application remains on the Register can be dependent on a number of reasons. For example, an applicant may remain on the Register for a longer period of time where they have specific preferences or requirements about where they need to be housed, have had a change in circumstances while they are on the Register, or seek housing in areas which have high demand.

Time to house is defined as the number of calendar days between the date an application is first confirmed on the Public Housing register as an 'A' or 'B' priority and the date a tenancy is activated for that application.

Applications housed

Mar 2019	1,431
Dec 2018	1,771
Sep 2018	1,721
Jun 2018	1,527
Mar 2018	1,568

Mean time to house (days)

172
157.5
143.1
136.7
121.2

Median time to house (days)

107
98
86
77
64

Notes:

- Mean is an average of a set of numbers and median is the central value of a set of numbers.
- The date a tenancy is activated may differ from the tenancy start date.
- This table includes both A and B priority applications.
- The quarter in which the tenancy was activated is the quarter in which the application has been reported as housed.

Public Housing System Overview – March 2019

The information below illustrates the entries on and off the Public Housing Register for the March 2019 quarter, with the numbers in brackets showing the December 2018 quarter.

13,086

Existing applications from
December 2018 quarter

4,711

New entries over
March 2019 quarter
(5,100 over December 2018
quarter)



13,474

Current applications at
31 March 2019
(13,086 at 31 December 2018)



1,794

Register exits over March 2019 quarter

In the December quarter, the 2,171 exit reasons were:

520 (528)	867 (833)
Change in household circumstances	Moved to private accommodation
25 (26)	19 (16)
Declined offer of public housing	Moved to existing public housing tenancy
13 (23)	433 (409)
Moved to emergency housing	No longer eligible for public housing
	294 (319)
	Self exit – no longer requires public housing

1,431

Applicants housed
over March 2019 quarter
(1,771 over December 2018 quarter)

1,357 (1,669)	107
Housing Register	Median time to house (days) over March 2019 quarter (98 over December 2018 quarter)
74 (102)	106 (98) days
Transfer Register	159 (113) days
1,368 (1,679)	110 (97) days
Priority A applicants	73 (138) days
63 (92)	73 (138) days
Priority B applicants	115 (104) days
1,121 (1,306)	79 (80) days
housed in HNZ properties	
310 (465)	
housed in CHP properties	

1,661

Tenancies ended over March 2019 quarter

In the December quarter, the 1,871 tenancy end reasons were:

313 (301)	588 (613)
Moved to private accommodation	Change in household circumstances
706 (632)	- (-)
Moved to new public housing tenancy	Moved as a result of a Tenancy Review
21 (22)	243 (224)
Moved to emergency housing	Unknown

Note: The difference in register flow and outcomes is generally due to tenancy transfers where a tenancy is ended and a household is housed but do not originate from the Public Housing Register. Register exit and tenancy end reasons are measured 28 days after the register exit or tenancy end, to ensure an accurate outcome, and are therefore shown for the previous quarter (December), with a comparative to the previous quarter (September) shown in brackets. Change in household circumstances includes relationship changes, deceased, imprisonment, left NZ, entered residential care, or changes in living arrangements.

Annex B: Community Housing Regulatory Authority – Fact Sheet

The Community Housing Regulatory Authority (the Authority) is an operational unit, located within the Ministry of Housing and Urban Development, which registers and regulates Community Housing Providers (CHPs) that wish to house tenants from the public housing register. Registered CHPs are eligible for the Income Related Rental Subsidy (IRRS) and the Operating Subsidy (OS).

Through its registration process and ongoing monitoring, the Authority provides an assurance to Government that registered CHPs are well-governed, remain financially viable, and deliver appropriate housing and tenancy management services to vulnerable tenants.

48

Registered CHPs

Also known as Class I Social Landlords – not all have IRRS contracts

circa 12,200

Properties owned or leased by registered CHPs

35

Registered CHPs have IRRS contracts

51%

Of the total housing portfolio of registered CHPs currently have IRRS tenancies

1

Suspension since the Authority began operation

2

Self-revolutions of registered status

7.8

FTEs working in the Authority (as at 1 July 2019)

The Authority:

- **Registers CHPs** – engages with potential applicants to ensure they understand the regulatory requirements; assesses applications against the prescribed Performance Standards; and maintains a Public Register of Class I Social Landlords.
- **Monitors CHPs** – ensures ongoing compliance with the eligibility criteria and Performance Standards.
- **Intervenes when necessary** – identifies potential or actual breaches of the Performance Standards; works with CHPs to ensure they continue to meet the ongoing requirements of registration; and suspends or revokes registration in serious cases.

To be **eligible for registration**, an organisation must:

- Have as one of its objects, the provision of social and/or affordable rental housing.
- Have the support of its governing body.
- Prove to the Authority it has the capacity to meet the Performance Standards.

Local authorities and council-controlled organisations are **not eligible** for registration or IRRS. Housing New Zealand is not required to register in order to be eligible for IRRS.

Applications are received all year round and evaluated within **60 working days**.

The **Performance Standards** cover:

- Governance
- Management
- Financial viability
- Tenancy Management
- Property and Asset Management.

The **Authority's main objectives** are to: register and regulate CHPs, in order to ensure tenants are appropriately housed; and support the growth of a fair, efficient, and transparent community housing sector.

The **Authority is governed by:**

- The Housing Restructuring and Tenancy Matters (Community Housing Provider) Regulations 2014
- Part 10 Housing Restructuring and Tenancy Matters Act 1992.



Aide-memoire

Preventing and Reducing Homelessness in New Zealand

For: Hon Dr Megan Woods, Minister of Housing
Hon Carmel Sepuloni, Minister for Social Development
Hon Kris Faafoi, Associate Minister of Housing

Date: 29 July 2019 **Security level:** In Confidence

Priority: Medium **Report number:** AMI19/20070129

Cabinet Committee

Social Wellbeing Committee

Date of meeting

31 July 2019

Minister

[Hon Carmel Sepuloni, Minister for Social Development - TBC]

Proposal

I am proposing a vision for homelessness in New Zealand being prevented where possible, or, when it happens, it is rare, brief and non-recurring

1. As a first step in enabling this, I am seeking:
 - support for a **strengthened approach to addressing homelessness** that recognises the need for cross-agency action in conjunction with iwi and Māori organisations, people with lived experience of homelessness, non-governmental organisations (NGOs), and local authorities
 - agreement to an initial drawdown of **\$63.26 million** from homelessness contingency funding for **four early initiatives** to fill urgent gaps in our existing response to homelessness and to reduce reliance on motels as emergency accommodation
 - **delegated authority** for Joint Ministers to make decisions on additional measures to be funded from existing homelessness contingencies.

Key points

Our approach to date has not been sufficient to address increasing levels of homelessness; we will need to do things differently to reduce homelessness and end reliance on motels

2. A home is essential to wellbeing. A stable and affordable home provides a crucial platform for recovery, employment, education and wider community engagement and participation.
3. Homelessness is a multi-layered issue with many drivers. It is associated with a range of poor social and economic outcomes and is driven by structural issues and systems failures (e.g., poverty, a lack of affordable housing and limited supply, discrimination, welfare support issues and a lack of employment opportunities).

4. Over the last two years, our response to homelessness has been ramped up significantly and further expansion is planned over the next few years. However, there has been increasing demand for housing, growing expenditure on emergency motel accommodation, and issues with how the housing system functions.
5. It is important to note that increasing the supply of affordable rental housing and public housing will only provide part of the solution. If we want to reverse the growth in homelessness and end the reliance on motels as emergency accommodation, we need to do things differently.
6. Reversing the growth in homelessness will require a phased multi-year approach and ongoing, joined up commitment from Government. The proposed collective impact approach emphasises the need for:
 - a systems approach that works across traditional government agency and system boundaries supported by regional and national leadership
 - a balanced programme of responses with a greater focus on prevention alongside support, supply, and system enablers
 - kaupapa Māori approaches to prevent and respond to Māori homelessness
 - a focus on place-based responses in areas of highest demand: Northland, Auckland, Hamilton, Rotorua, Napier/ Hastings, and Wellington (hot spots)
 - initial prioritisation of families with children and people with known mental health needs in emergency motel accommodation or at risk of homelessness.
7. An emphasis on a kaupapa Māori approach is being taken to assist iwi and Māori organisations to address homelessness in a way that they consider best meets the needs and aspirations of their communities. \$20 million in funding has been set aside for the implementation of specific kaupapa Māori initiatives (identified as preventing and responding to Māori homelessness).

The first drawdown of funding is for prevention and support initiatives that can be implemented immediately

8. We need to address immediate need across the country, especially for families with children and those with mental health needs in hot spot locations where homelessness is a serious and increasing issue.
9. The paper proposes that we first seek immediate funding for prevention and support initiatives. These are gaps in the system that need to be addressed urgently, and we will need to move at pace to do this.
10. You are proposing an initial drawdown of **\$63.26 million over four years** from the contingency funding for four initiatives that address key gaps in the system and provide support to vulnerable people in motels. Funding is sought for:

HUD to deliver:

- **Sustaining Tenancies** to support households who need help to sustain their tenancies (**\$6.6 million over two years**)

MSD to deliver:

- **intensive case management services and navigators** to support clients presenting in housing need with complex needs and who are at high risk of housing instability (**\$31.28 million over four years**).

- **support services for all families and those with mental health needs** who are in emergency housing motels to help them into long-term sustainable housing (**\$16.10 million over four years**).

- s 9(2)(f)(iv)

11. This is just the initial step in what will be a multi-year, multi-Budget approach to reducing homelessness and ending reliance on motels as emergency accommodation.

You are proposing to combine the two homelessness contingency funds from Budget 2019 into a single contingency

12. Further drawdowns on the homelessness contingency funding are planned over the months to December 2019.
13. The paper proposes combining the two homelessness related contingencies from Budget 2019 into one contingency of \$413.43 million.
14. It also seeks to change the purpose of the consolidated contingency, so it aligns more closely with our proposed strengthened approach set out in the paper. This will give us the ability to quickly introduce measures that start to prevent and reduce homelessness.
15. For future drawdowns, you are seeking delegated authority for Joint Ministers (yourself along with the Prime Minister, Minister of Finance, Minister of Housing and both Associate Ministers) to make decisions on the consolidated contingency. This will include the ability to move between operating and capital contingencies as measures are agreed).

Transitional Housing contingency

16. One of the contingencies (\$113.43 million Funding for the Provision of Additional Places to Reduce Homelessness) was earmarked to convert contracted motels to permanent places within the 2,800 Transitional Housing Places.
17. I want to provide reassurance to the Minister of Finance that any decisions made to use this funding will be decided by Joint Ministers and will follow advice from officials on the Transitional Housing Plan and on reducing the reliance on motels as a form of emergency accommodation.
18. This could include a range of supply options, including converting contracted places to permanent Transitional Housing, increasing Transitional Housing or public housing or temporary housing villages. This advice is due in September 2019.

Talking points

This is only the first step of a wider approach to this Government's commitment to ending homelessness in New Zealand

19. This is just the start of our work to end homelessness in New Zealand. I strongly support the proposals in this paper to strengthen our approach to addressing homelessness in a way that can achieve collective impact for the most vulnerable.
20. Working closely with other Ministers and agencies, as well as with iwi, Māori providers, the wider homelessness sector, those with lived experience of homelessness, and local authorities, will be crucial to achieving our ambition of everyone in New Zealand having a place to call home, and having the support they need to keep it.

21. Internationally successful plans include a mix of prevention and supply responses. I support our proposed response along the same lines, which is comprised of initiatives targeted at **prevention, support, supply and system enablers**.

We are not seeking supply initiatives at this stage

22. Funding for additional supply initiatives is not being sought at this stage. This initial drawdown is to fund responses that we can implement immediately to prevent and support those in need right now. Supply solutions will take longer to come on board (in the medium and longer term).
23. I am seeking agreement from Cabinet for officials to work with providers to identify if any additional housing supply could be made available in the short-term in hot spot locations by purchasing or leasing.
24. There will be a priority on securing appropriate housing for families with children, including meeting needs for accessible housing where required. Officials are also exploring a range of other supply options, including temporary housing villages.


We are waiting to redesign Sustaining Tenancies

25. The funding sought through the initial drawdown will ensure that the Sustaining Tenancies programme in its current form can continue to be available to 550 households per year, over the next two years and give certainty for providers.
26. This time will allow officials to fully redesign the programme together with providers and incorporate learnings from the recent evaluation and to develop a more effective service that can be expanded nationally (to 1,550 places per year).

Risks

Treasury has asked for split recommendations

s 9(2)(f)(iv)



There is a risk that the \$113 million contingency may not be able to be used for other supply options


30. One of the contingencies provided in Budget 2019 (\$113.43 million Funding for the Provision of Additional Places to Reduce Homelessness) was earmarked to convert contracted motels to permanent places within the 2,800 Transitional Housing Places. The paper seeks to consolidate this contingency with the \$300 million Progressing and Expanding Transitional Housing contingency and change the conditions for both so it aligns with the proposed strengthened approach set out in the paper. These conditions also provide the ability to work with speed and flexibility to introduce further measures to start reversing the growth in homelessness.
31. There is a risk that the Treasury will advise the Minister of Finance that the recommendations provided are not strong enough to allow the use of the \$113.43 million of Funding for the Provision of Additional Places to Reduce Homelessness for other supply options. Our advice is that that recommendations 10 and 38 have this covered off sufficiently to consolidate the two contingencies and change the conditions and seek delegated authority for Joint Ministers to make decisions on future drawdowns.
32. Any decisions made to use this funding will be decided by Joint Ministers and will follow advice from officials on Transitional Housing Plan and on reducing the reliance on motels as a

form of emergency accommodation. This could include a range of supply options, including converting contracted places to permanent Transitional Housing, increasing Transitional Housing or public housing or temporary housing villages. This advice is due in September 2019.

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OFFICIAL INFORMATION ACT

Annex 1

s 9(2)(f)(iv)



Aide-mémoire



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

Meeting

Date: 12 August 2019 **Security Level:** IN CONFIDENCE

For: Hon Carmel Sepuloni, Minister for Social Development

File Reference: REP/19/8/748

All of Housing Ministers Meeting

Meeting/visit details 6:00 pm-6:30 pm, 12 August 2019, Executive Wing Room 6.1

Expected attendees

- Hon Phil Twyford, Minister of Urban Development
- Hon Dr Megan Woods, Minister of Housing
- Hon Carmel Sepuloni, Minister of Social Development
- Hon David Parker, Minister for the Environment, and Trade and Export Growth
- Hon Nanaia Mahuta, Minister of Local Government, Associate Minister of Housing (Māori Housing)
- Hon Jenny Salesa, Minister for Building and Construction
- Hon Kris Faafoi, Associate Minister of Housing

Purpose of meeting This meeting will provide Housing Ministers with an opportunity to discuss key housing portfolio issues. These issues include the Housing Dashboard and local government involvement in the provision of public good housing and homelessness.

s 9(2)(f)(iv)

Key issues

Housing Dashboard

Officials have been asked to develop a public-facing 'housing dashboard' to provide an overview of what is happening in the housing system, to illustrate progress, and to include a focus on what people are experiencing.

HUD officials met with the Hon Dr Megan Woods on 7th August 2019 to get feedback on the draft dashboard, and to seek confirmation of proposed further development.

The dashboard is intended to be the single source of key numbers to be used as reference for the key measures in the housing system. The dashboard will be refreshed monthly, as a yet to be determined time of the month based on when various data update.

There are currently only two measures on the dashboard that are based on the census and would therefore not change; home ownership rate and homelessness statistics.

The dashboard will include key measures from the KiwiBuild programme and the existing Public Housing Dashboard. It is not intended that a separate KiwiBuild measures report will be developed.

Additional measures from other agencies will be incorporated as and when they become available. MSD are currently working with HUD to determine what employment data would best support their place-based initiative approach. Hon Dr Megan Woods has expressed an interest in this work, in particular around the skills and training aspects as it relates to housing and construction.

Local Government involvement in the provision of public good housing


Local government is the second biggest provider of public housing in the country. Access to capital funding has a significant impact on a local authority's ability to provide public housing.

As discussed at the previous housing meeting HUD has been working on developing a place-based approach to respond to housing and urban development pressures. This will involve co-ordinating with local authorities to understand how social, economic and cultural issues contribute to particular needs in a community.

HUD as part of this approach will continue to work with local agencies and other government departments, including Te Puni Kōkiri and the Department of Internal Affairs to address housing and infrastructure challenges, including Māori housing and broader community development objectives.

One site identified for this approach to be piloted is Hastings, a 'hotspot' area where housing pressures are high and there is immediate need for supported housing. We briefed your office on 6 August 2019 on this pilot.

s 9(2)(f)(iv)



Implementing Cabinet decisions on preventing and reducing homelessness in New Zealand

On 5 August, Cabinet approved funding for MSD to establish up to 67 full-time equivalents roles to provide more intensive support to Emergency Housing Special Needs Grants clients with children, mental health needs as well as those with a history of housing insecurity.

It is anticipated that these roles will be a mix of MSD Intensive Case Managers and contracted Navigators or Lead Workers. The precise split is to be determined in consultation with Work and Income regions based on local needs and capacity. That consultation is underway now.

MSD regions are currently finalising the split between roles and will shortly begin recruitment and contracting processes. It is expected these roles will be phased in between October and December 2019 and will allow the Ministry to offer intensive support to up to 1,500 individuals or households each year.

Announcing the Cabinet Decision on homelessness

HUD and MSD Communications are working together to support the Government's announcement of its strengthened approach to homelessness on or around 18 August. We are also preparing to inform and engage key stakeholders including Iwi and housing and service providers.

Author: s 9(2)(a) OIA , Principal Advisor, Housing

Responsible manager: Justine Cornwall, General Manager, Housing

Aide-mémoire



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Meeting

Date: 26 August 2019 **Security Level:** IN CONFIDENCE

For: Hon Carmel Sepuloni, Minister for Social Development

File Reference: REP/19/8/803

Housing Ministers meeting on Monday 29 August 2019

Meeting/visit details 5.30 pm to 6.00 pm, 26 August 2019, 6.1 Executive Wing

Expected attendees

Hon Dr Megan Woods, Minister of Housing
Hon Kris Faafoi, Associate Minister of Housing
Hon Jenny Salesa, Minister of Building and Construction
Hon Nanaia Mahuta, Associate Minister of Housing (Māori Housing)

Not attending

Hon Carmel Sepuloni, Minister for Social Development

Purpose of meeting/visit

The agenda and papers for the meeting have yet to be circulated, but we expect the following items to be discussed:

- draft Cabinet paper on resetting the Government Build programme
- s 9(2)(f)(iv) [REDACTED]
- motel contract renewals.

Draft Cabinet paper on resetting the Government Build Programme

Resetting the Government Build Programme

The housing crisis is one of the most difficult long-term challenges New Zealand faces. The Government's focus remains on intervening in the housing market in order to get more New Zealanders into homes.

The housing market has become increasingly unaffordable, affecting New Zealander's wellbeing

Homeownership rates have now fallen to the lowest levels in 60 years, especially for Māori and Pasifika. The 2013 Census

estimated there were approximately 41,000 New Zealanders in severe housing deprivation.

Current initiatives underway

The Government has begun delivering a coordinated response to address the spectrum of housing issues.

Budget 2018 committed funding to rapidly increase the supply of public housing by 6,400 places by June 2022. Further initiatives to prevent and reduce homelessness and to reduce reliance on motels as emergency accommodation have been agreed.

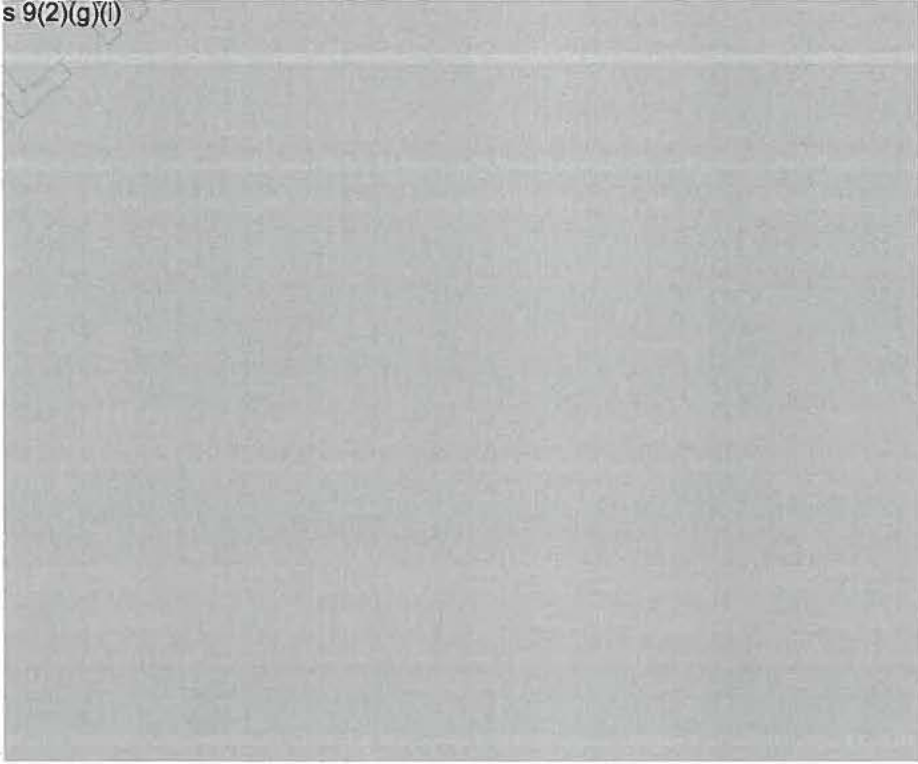
The Healthy Homes Guarantee Act has been passed; letting fees have been banned; a reform of the Residential Tenancies Act is underway; an overhaul of the Resource Management Act has been announced, and one Crown agency (Kāinga Ora) to coordinate Housing New Zealand redevelopments and master planning.

The Cabinet paper re-focuses the Build Programme to be more effective and better respond to need

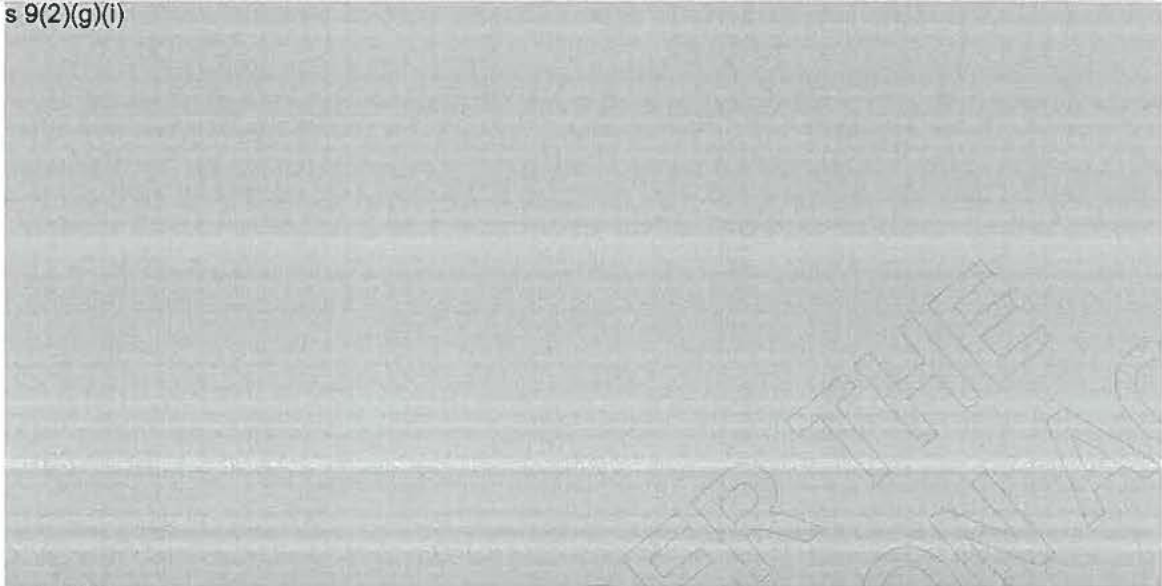
Key proposals and changes are:

- placing restrictions on buyers of Kiwi Build homes (e.g., must live in one for three years)
- support for innovative homeownership schemes (e.g., Rent to Buy)
- addressing barriers to raising a deposit for a house
- changing settings to the HomeStart and Welcome Home Loan programmes
- reviewing the eligibility criteria around who can buy Kiwi Build homes (i.e., to better match supply to demand)
- Divestment of unsold Kiwi Build properties.

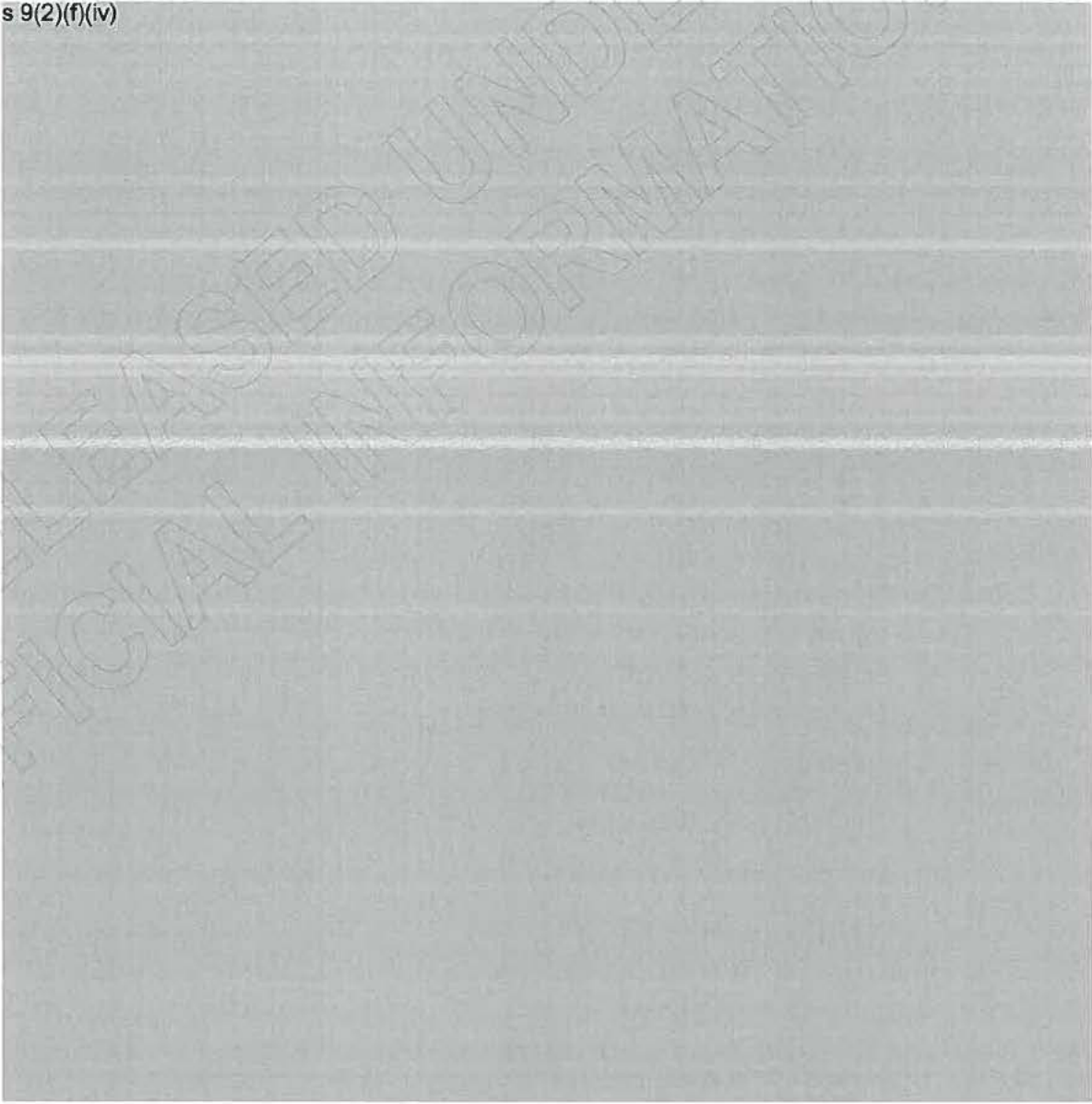
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s 9(2)(f)(iv)



Motel contract renewals

Changes to the renewal of contracted motels

On 15 August 2019, HUD provided Ministers with advice on renewing 52 contracts for contracted motels used as transitional housing.

The advice recommended a phased exit from the contracts with 14 motels, subject to long-term Transitional Housing or other suitable housing options being available for the families affected.

We understand that the contracted motels paper will be changed following advice from DPMC. We also understand that the paper will still contain the phased exit of the 14 motels but that the rollover of contracts will now only be for six months and not a year (ending February 2020). This is to allow time for Ministers to receive advice next month (September) on the plan to reduce the reliance on motels. MSD will be working closely with HUD on that paper.

Next steps

The next steps are:

- Housing Ministers meeting, Wednesday 28 August 2019 and Monday 2 September 2019.
 - Homelessness Work Programme underway
 - Homelessness Work Programme progress report to Cabinet in September 2019 and November 2019.
-

Author: s 9(2)(a) OIA Senior Analyst

Responsible manager: Justine Cornwall, General Manager, Policy