

Aide-mémoire



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

Date: 30 March 2021 **Security Level:** IN CONFIDENCE

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

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Update: Inter-agency response to homelessness in Rotorua

Purpose You will shortly receive a briefing from Te Tuapapa Kura Kainga (AMI20/21030484) updating ministers on the inter-agency response to homelessness in Rotorua ahead of a proposed Prime Ministerial visit on Wednesday 31 March. This aide memoire sets out some additional context for your consideration and potential discussion with the Minister for Housing, Hon. Megan Woods.

Background **Rotorua Lakes Council have expressed concern over the continuing use of motels as emergency housing**

Rotorua Lakes Council has expressed concern over the perceived impact of continued use of motels for emergency housing on public safety and the city's tourism economy. Council have requested agencies work with them and local partners, including Iwi, to develop a more appropriate response to meet the needs of the city's homeless. The volume of households in Emergency Housing Special Needs Grant (EHSNG) accommodation is amongst the highest, per capita, in New Zealand (currently 373 households) and reflects an acute shortage of housing and has necessitated the use of around 50 motels each week, mostly located in central Rotorua, to accommodate EHSNG clients.

Key issues **Agencies are working to identify short-term actions to better support Rotorua's homeless population**

Over the last week an inter-agency working group has been working intensively with Council and Iwi partners to identify short-term actions to address local concerns and provide wrap additional wrap-around support to homeless clients.

The immediate actions identified by the working group are:

a. Preferred Supplier approach to motels: Subject to your support, it is proposed that MSD take a preferred supplier approach to the use of motels to accommodate EHSNG clients, by utilising those motels with most suitable facilities and the right location, for the relevant cohort. This would be supplemented by HUD funding for increased wrap around services. If the correct supply becomes available agencies will prioritise children and families in the first instance, then those with complex needs, where support would be most beneficial. This will enable more stable, safe and supported housing in the interim for an 8-12-month period, while more transitional and public housing is brought on.

b. Partnering with Māori landowners to progress transitional housing (TH) on Māori land: Ensuring funding flexibility and leasing models for Kāinga Ora to partner with Māori landowners to fast-track TH opportunities on Māori land. Preferential placement for iwi members will form a key part of this proposal. The work last week has identified more iwi and Māori landowners who are interested in working with the Crown on developing housing on their land. Kāinga Ora will meet with them in the coming week.

c. Purchasing and converting motels: Kāinga Ora to purchase and convert fit for purpose motel facilities into TH. This would only be where there is an underlying future land development opportunity.

d. Looking at legislative options: for freeing up additional land (such as reserves) for development.

Preferred Supplier Approach

A preferred supplier may mitigate some impacts of motel use, but also carries risks for MSD

While MSD is committed to mitigating the impact of continued use of motels for emergency accommodation in Rotorua, shifting to a preferred supplier approach is not the only option and may be less effective than simply contracting motels for transitional housing. It also carries some reputational and other risks for MSD.

A preferred supplier arrangement may provide some additional certainty around the availability of emergency accommodation. However, if that arrangement is not underpinned by a contractual relationship, we will be heavily dependent on supplier goodwill to ensure certainty of supply. As you are aware, the EHSNG represents an individual entitlement paid in respect of a specific client. As such, the EHSNG cannot be used to book and pay for accommodation in advance or support a contractual arrangement.

The preferred supplier approach may also increase the risks to MSD associated with the duty of care we exercise in respect of our clients.

Currently, the individual nature of the grant means that the emergency housing relationship remains, largely, between the accommodation supplier and the client. A preferred supplier arrangement, however, implies a degree of MSD approval or endorsement of the accommodation provided by preferred suppliers,

but without providing any of the contractual or regulatory levers to enforce quality standards.

MSD would need to work closely with Council and other regulatory agencies to ensure the compliance regime around motel quality and standards is being consistently met by preferred suppliers.

We recommend that a tender process is used to identify potential preferred suppliers and assess their capacity to deliver the services sought. This ensures transparency and fairness of procurement arrangements and compliance with the Ministry's responsibilities under the Public Finance Act.

While the detail of the preferred supplier approach is still being developed, it is clear that time is of the essence. In the Ministry's view a more efficient and effective solution would be to contract suitable motels as transitional housing. This would provide greater certainty around the availability of accommodation and allow the Crown to better control cost and quality through contractual mechanisms

MSD understands there is little cost difference between the cost of Transitional Housing and a weekly EH SNG with support package.

Next steps

MSD will continue to work to develop a preferred supplier approach that mitigates risks to agencies, suppliers and clients. However

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You may wish to discuss the approach proposed in Te Tuapapa Kura Kainga's (HUD) briefing (AMI20/21030484) with the Minister of Housing noting the risks associated with a preferred supplier approach.

Officials are available to provide further information and advice should you require it.

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