

# Aide-mémoire



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

## Cabinet Meeting

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

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

**File Reference:** REP/21/5/465

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

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

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

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**Summary**

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

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

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

**Different types of housing offer varying levels of client support**

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

**EH SNG motels are unsuitable for long-term use**

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

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

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

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## **Many EH SNG recipients have received housing assistance before**

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

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

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### **Case study: Rotorua**

#### **Rotorua is facing unique and urgent housing pressures**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**Considerations for scaling up the Rotorua model**

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

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

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

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

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

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

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

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**Actions  
underway**

**Significant work is already underway across New Zealand**

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

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**Transforming the emergency housing system: A phased approach**

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

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

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

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

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

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**Next steps**

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

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## Annex A – talking points

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

- Relevant Ministers have agreed to four immediate actions in Rotorua.
  - Firstly, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development will contract specific motels to provide emergency accommodation. This will ensure that the motels are good quality and families are in suitable accommodation.
  - Secondly, Te Tūāpapa Kura Kāinga will contract additional wraparound support services to meet the needs of the families in those motels. MSD will also improve supports available for those remaining in the current EHSNG motel places.
  - Thirdly, MSD will retain responsibility for assessment and placement of people into the contracted motels and will strengthen assessment and placement processes for emergency housing clients.
  - Finally, to make access to housing support easier a Rotorua Housing HUB will be established where people and families will be assessed to identify what type of housing support and any additional support is needed. The HUB will be a physical location involving iwi, MSD, the DHB and NGOs.
- Officials are in Rotorua working with iwi and Council to implement the actions, with an immediate focus on contracting motels and providing support services by the end of June or early July 2021. Timing will be confirmed in the next two weeks for the HUB, after further discussions with iwi.
- To progress this work, we intend to take a paper to Cabinet in early June to seek agreement to a funding model that can support the planned approach in Rotorua.
- We have also asked officials to provide advice on whether the Rotorua model could be expanded to other locations. While the model may not be appropriate everywhere, we'll be looking at whether elements of the approach could be beneficial.
- We will also ensure that place-based approaches are at the centre of any expansion so that Iwi, local councils, NGOs, and other agencies are collectively shaping bespoke solutions.