


**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

31 March 2022

Dear

On 23 November 2021, you emailed the Ministry of Social Development (MSD) requesting, under the Official Information Act 1982 (the Act), the following information:

- *All analyses or reports about the interaction between the Housing Register and Emergency Housing Special Needs Grants that MSD have produced or received since January 2018.*

The following papers have been assessed as in scope of your request. They have been enclosed, unless specified otherwise:

No.	Date created	REP number	Document type	Title	Decision
1.	23/11/2018	REP/18/10/1445	Report	Analysis of the Social Housing Register and Emergency Housing Special Needs Grants in 2018	Release in part. Ministry staff names below tier 4 are out of scope.
2.	28/04/2021	REP/21/4/402	Memo	Housing status of households on the Public Housing Register	Release in part. s9(2)(g)(i)
3.	12/05/2021	REP/21/5/465	Aide-memoire	Aide-memoire: Oral item on transforming Emergency Housing in New Zealand	Release in part. Ministry staff names below tier 4 are out of scope.
4.	20/08/2021	REP/21/8/877	Report	Monthly Housing Register Management Report - 30 July 2001	Refuse in full. 18(d) This paper is also in scope of a request from you, received 10

					January 2022. The response will be provided to you as soon as possible.
5.	04/10/2021	REP/21/9/1043	Report	Emergency housing System Review: Assessment of the current emergency housing system and areas for improvement	Release in part. s9(2)(f)(iv) Ministry staff names below tier 4 are out of scope.
6.	01/10/2021	REP/21/9/992	Report	Demand for the Public Housing Register and Emergency Housing Special Needs Grants in 2021	Release in part. s9(2)(f)(iv) s9(2)(g)(i) Ministry staff names below tier 4 are out of scope.

Some information is withheld under section 9(2)(f)(iv) of the 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. The greater public interest is in the ability of individuals to express opinions in the course of their duty.

The principles and purposes of the Act 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
- to lead to greater accountability in the conduct of public affairs.

MSD fully supports those principles and purposes. MSD therefore intends to make the information contained in this letter and any attached documents available to the wider public. MSD will do this by publishing this letter on its website. Your personal details will be deleted and MSD 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

A handwritten signature in black ink, appearing to read 'Magnus O'Neill', is positioned above the typed name.

Magnus O'Neill
General Manager
Ministerial and Executive Services



MINISTRY OF HOUSING
AND URBAN DEVELOPMENT



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Report

Date: 23 November 2018

Security Level: IN CONFIDENCE

To: Hon Phil Twyford, Minister of Housing and Urban Development
Hon Carmel Sepuloni, Minister for Social Development

Analysis of the Social Housing Register and Emergency Housing Special Needs Grants in 2018

Purpose of the report

- 1 The purpose of this report is to provide you with information about some of the possible causes behind the increase in the Social Housing Register and Emergency Housing Special Needs Grants. It is intended to provide context to s9(2)(f)(iv).
- 2 This report has been produced jointly by the Ministry of Social Development (MSD) and the new Ministry of Housing and Urban Development (HUD). MSD retains responsibility for managing the social housing register and providing front-line housing assistance to New Zealanders, including Emergency Housing Special Needs Grants. MSD also continues to forecast expenditure in these areas (which sit across Vote Social Development and Vote Housing and Urban Development). Policy responsibility for emergency and public housing, and responsibility for delivering supply, now sit with HUD. The two agencies are maintaining a close and collaborative working relationship.

Executive summary

- 3 The number of people on the Housing Register and those receiving Emergency Housing Special Needs Grants (EH SNGs) has increased over 2018 to their highest levels in recent years. At the same time, the number of emergency, transitional and public houses available has also significantly increased and they are at their highest levels in recent years, prompting the question of what is still driving the imbalance between supply and demand.
- 4 We have analysed the available client-demand information from the register and EH SNGs. It's not possible to be definitive, but we consider there are three key factors:
 - 4.1 **Broader housing market pressure is, unsurprisingly, making housing in the private market less affordable for those on low incomes.** This impact can be seen in a rise in those on the register with 'affordability' as the primary reason. Single people without children continue to increase faster than other households, partly because recent policy changes have increased incomes for low income families with children.
 - 4.2 **The role of central government in public housing has effectively been broadened since 2016 and the full effect of that change is still emerging.** The introduction of non-recoverable emergency housing SNGs, transitional housing, along with changes to the needs assessment criteria to widen the definition of housing not considered 'adequate' have resulted in a broadening of who is eligible for assistance.

4.3 Higher visibility and accessibility of housing support may have also contributed to higher demand. It is extremely hard to quantify such an effect, but we think the combination of Ministerial announcements, media commentary, operational changes to streamline clients presenting with housing issues, and word-of-mouth about the availability of potential support all have had some impact.

- 5 It's likely that these underlying drivers have not yet peaked, so despite on-going progress on the supply side, it's quite possible that demand will continue to outstrip supply for some time. The system is, of course, designed to ensure that it prioritises those most in need and anyone with emergency needs would always be able to access support. We will continue to monitor these trends.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Recommended actions

It is recommended that you:

- 1 **note** the contents of this report.



Nic Blakeley
Deputy Chief Executive
Insights and Investment
Ministry of Social Development

23/11/18
Date



Scott Gallacher
Deputy Chief Executive
Public Housing Supply
Ministry of Housing and Urban Development

23/11/2018
Date

Hon Phil Twyford
Minister of Housing and Urban Development

Date



Hon Carmel Sepuloni
Minister for Social Development

25/11/18
Date

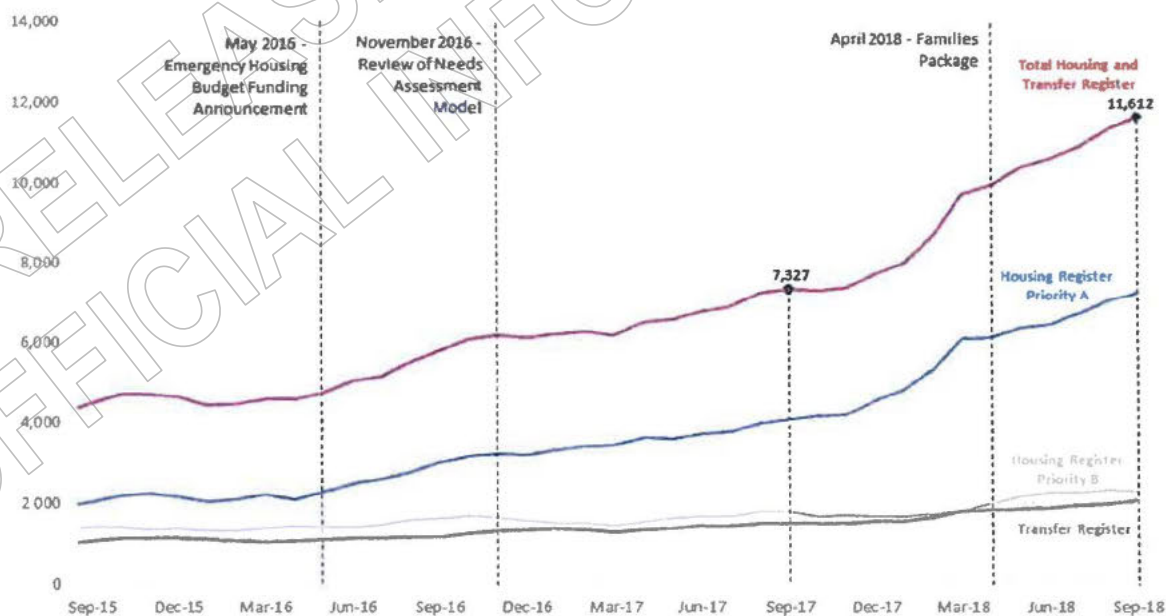
The number of people on the Social Housing Register and those receiving Emergency Housing grants has increased over 2018

The Social Housing Register has increased by 58% from September 2017 to September 2018

- 6 The Social Housing Register records the needs of New Zealanders that are in need of public housing, comprising of the Housing Register and Transfer Register. The Housing Register consists of people eligible for public housing, prioritised by the level of their housing need. The Transfer Register consists of applicants who are already in public housing and requested a transfer to another public housing place.
- 7 The Social Housing Register has increased from 7,300 people in September 2017, reaching approximately 11,600 people in September 2018. This is shown in Figure 1.
- 8 New clients on the Housing Register ranked as Priority A have contributed approximately 75% (3,200 people) to the increase in the Register. In contrast, the number of clients ranked as Priority B and those on the transfer register has grown at a much lower rate.
- 9 The register is expected to continue growing in the short term. This reflects the increasing housing market pressures and the higher visibility of the available housing support. There is still significant uncertainty about the long term trend of the register.

Figure 1

The Social Housing Register has increased 58% from 7,300 people in September 2017 to 11,600 people in September 2018

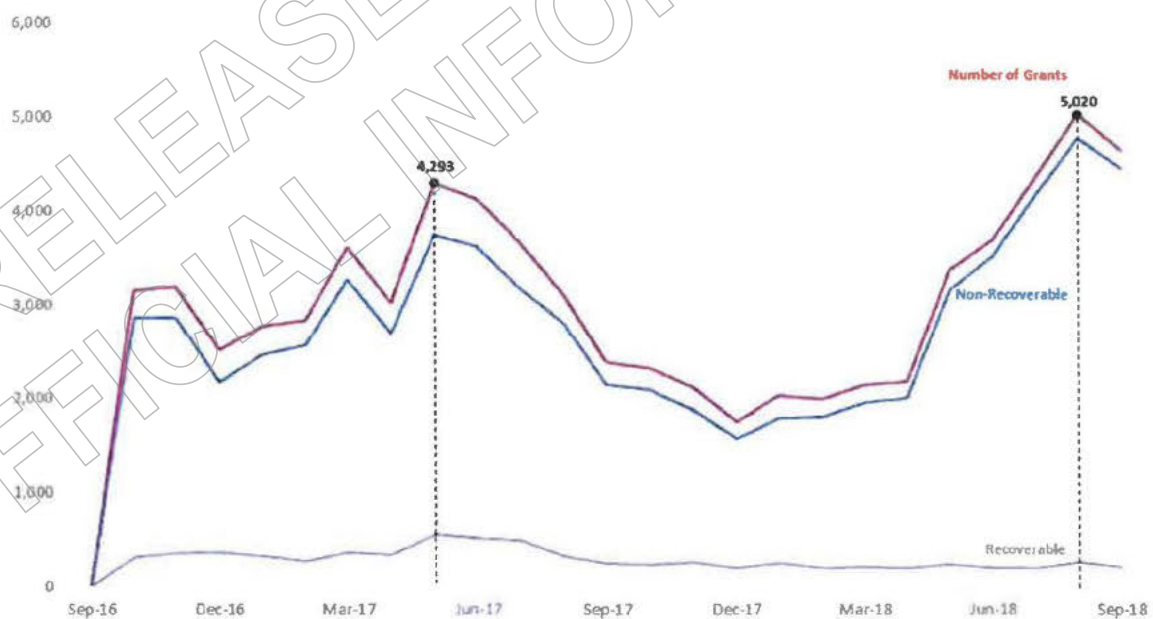


The number of Emergency Housing Special Needs Grants has increased significantly over the last two quarters

- 10 The Emergency Housing Special Needs Grant (EH SNG) was introduced in July 2016. The EH SNG is designed to help individuals and families with the cost of staying in short-term, emergency accommodation, including motels and hostels. It provides support to those who have an urgent accommodation need, as they are unable to stay in their current residence and have no access to other accommodation. Short-term accommodation provides a stable place for people while they look for longer-term accommodation.
- 11 The number of EH SNGs has increased significantly since it was introduced. There was a period of high growth between March and June last year, followed by a decline over summer months. This is shown in Figure 2.
- 12 The increase in the number of grants in 2018 is higher than in 2017, reaching approximately 5,000 grants in August, compared to the previous peak of around 4,300 grants in May 2017.
- 13 The number of EH SNGs is expected to remain high in the short term, reflecting increasing demand for Emergency Housing grants. It is expected that as additional transitional and public housing becomes available, the number of grants will slowly reduce in the out years.

Figure 2

Emergency Housing Special Needs Grants increased over the last two quarters



There was an expansion in the housing support provided by central government in 2016 onwards

The scope of housing assistance was expanded to explicitly include direct support for households experiencing homelessness

- 14 The range of support available through MSD for people with an urgent housing need has grown markedly in the four years since the transfer of public housing assessment functions from Housing New Zealand (HNZ) in 2014.
- 15 Since July 2016, MSD has been able to offer non-recoverable assistance to help meet the cost of short-term accommodation (EH SNGs). It has also referred people to contracted transitional housing providers (2,585 places available nationally as at 30 September) where they receive wrap-around support. Additionally, MSD is able to connect people with the Housing First programme, which focuses on supporting chronically homeless people into stable accommodation without preconditions.
- 16 Over the same period, the provision of housing related assistance has also become more deeply ingrained in MSDs frontline practice with staff trained to offer the appropriate support when it is needed. For example, those who are actively looking for private rental accommodation may be supported using the suite of Housing Support Products (HSP), which provides a mix of financial and non-financial assistance to meet the costs of and reduce barriers to accessing alternative accommodation.
- 17 As the scope of housing assistance broadened in the last two years, a significant part of the rise in the demand reflects a transition toward a new steady state. This increase reflects the new scope of eligibility.

Prior to the introduction of Emergency Housing Special Needs Grants, MSD-contracted motels and transitional housing, government assistance was limited

- 18 Emergency Housing grants were introduced as part of Budget 16 to provide non-recoverable assistance to people with an immediate housing need. The goal was to make sure those not yet in social housing or those with short term housing needs have support available to them.
- 19 Alternative options were developed to make sure the broader range of assistance can be provided. Transitional housing, comprised of purpose built facilities, long-term leased or owned properties and short-term contracted motels, was introduced to fill the gap between Emergency Housing and Public Housing places.
- 20 This winter, Government has proactively invested around \$37m to tackle homelessness and support people in urgent need of housing by rapidly increasing the supply of housing.
- 21 Agencies made 1,742 additional public housing, transitional housing and Housing First places available for people in need this winter, exceeding the original target of 1,500 places. The continuing demand for EH SNGs and public housing reflects the current housing situation in New Zealand.

Operational changes to the Social Allocation System needs assessment for public housing were made in late 2016

Changes to the assessment criteria for new clients on the register have made housing assistance more accessible

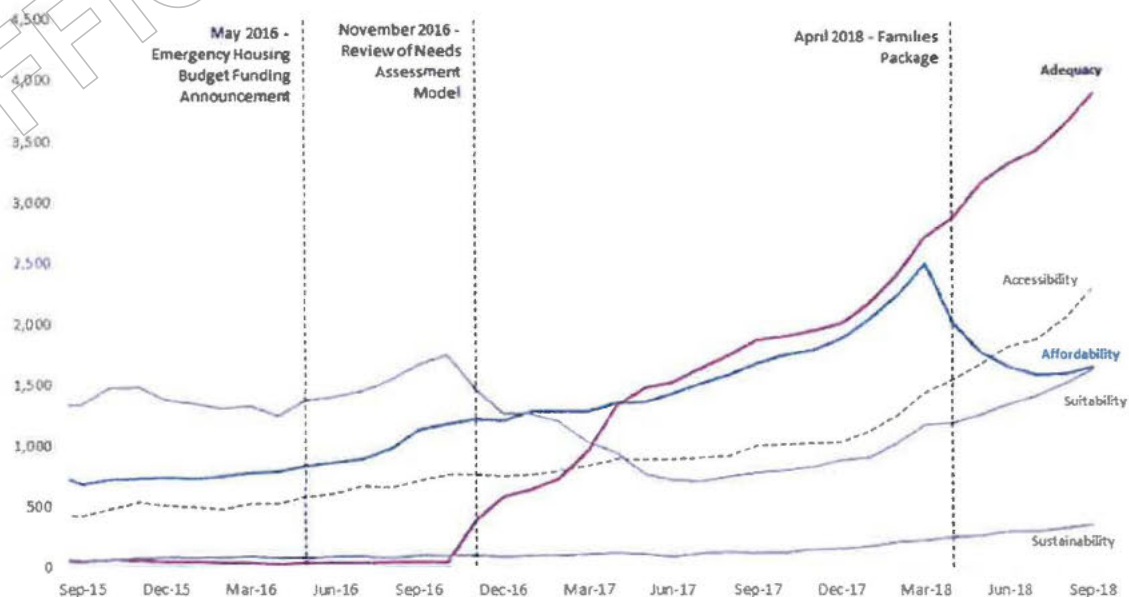
- 22 A review of the Needs Assessment criteria was conducted in early 2016, to make sure vulnerable groups are being prioritised for social housing accordingly. Following the review, changes were made in late 2016 to the Social Allocation System (SAS) criteria. Clients who were in emergency housing, or experiencing multiple issues including family violence had their criteria adjusted to more accurately reflect their situation.
- 23 An adjustment to the needs assessment for Social Housing was implemented in November 2016. Recommended changes included redistribution of questions between Adequacy and Suitability criteria. This is shown in Figure 3.

Changes to the needs assessment were intended to ensure greater accessibility

- 24 The focus was on increasing the scope of clients that do not have adequate housing, something that previously had a lower priority. The number of clients with high adequacy score, those without appropriate housing, increased significantly, becoming the most common reason for being on the register.
- 25 Current tenants in public housing have a larger proportion of couples compared to the register, suggesting that more single people with children are applying than in the past. Some of this is driven by affordability, but adjusting criteria to focus on those without adequate housing also contributed to this increase.
- 26 Other reasons for applying for social housing have also changed to include people with different needs than before. As shown in Figure 3, accessibility became the second most common criteria, representing a substantially different group of people than before. Suitability as a reason has also started to increase, despite reducing since the November 2016 adjustments. The drop in affordability as a reason was driven primarily by the introduction of the Families Package.

Figure 3

Adequacy and Affordability were major drivers for people on the register



Housing market pressures are likely to be a major cause for the increasing numbers on the Social Housing Register and Emergency Housing Special Needs Grants

Rent increases across the country have likely contributed to the increasing need for housing assistance

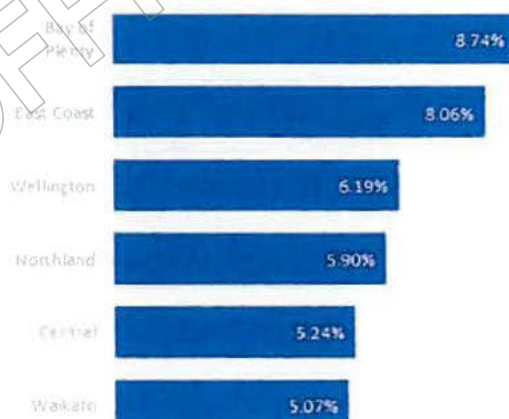
- 27 It is likely that both the high level of rent and rent growth will impact the ability to afford housing in the private market and the need for both social housing and Emergency Housing grants. The exact effect is difficult to measure but we can compare the available data.
- 28 Regions with the highest rent levels and rent growth are shown in Figure 4. Rent levels are based on September 2018 and rent growth compared annual growth in September 2018 to annual growth in September 2017.
- 29 Most regions with the highest levels of rent and rent growth are also the same regions to experience high growth of people on the register and those receiving Emergency Housing grants.

Figure 4

Regions with the highest level of rent per week in Sep 2018



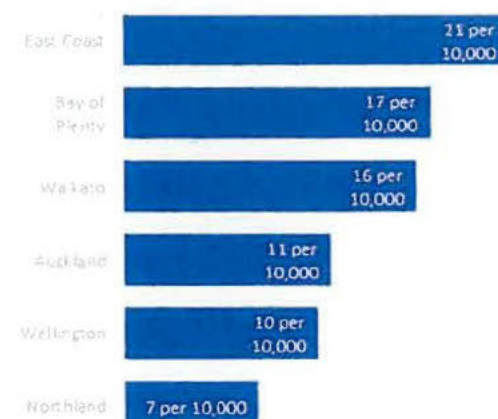
Regions with the highest annual rent growth in Sep 2018



Housing Register - proportion of the population in Sep 2018



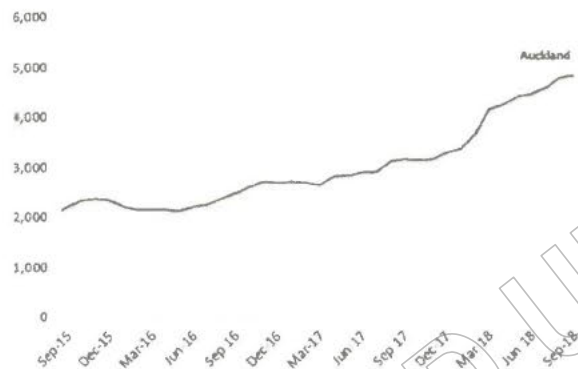
Emergency Housing grants - proportion of the population in Sep 2018



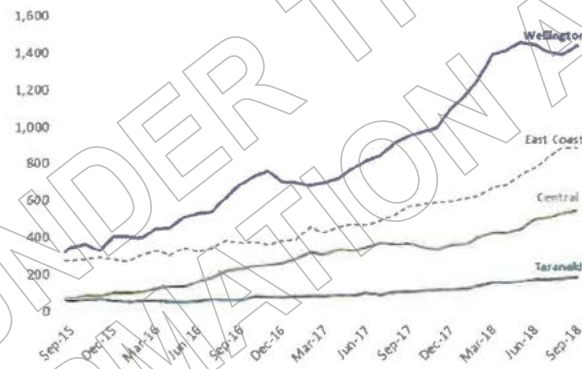
- 30 Auckland (41%) and Wellington (12%) make up the largest proportion of people on the register, and also have the highest levels of rent¹ in the country. Christchurch remains a notable exception, with low rents and rent growth, while the number of people on the register there continues to go up. This is shown in Figure 5.
- 31 When adjusted for population², regions with the highest number of people on the register are similar to regions with the highest rent levels and rent growth. This suggests that while the impact may not be immediate, increasing housing costs contribute to the increase in the number of people on the register.

Figure 5

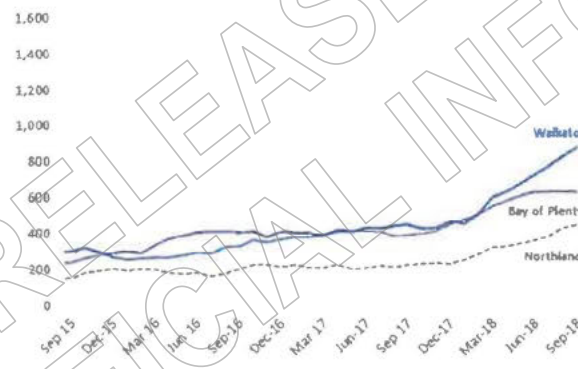
Number of People on the Register in Auckland



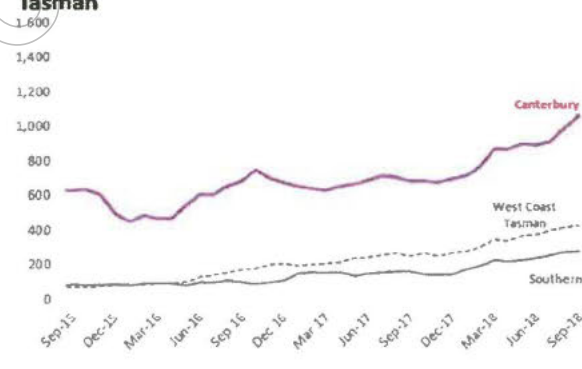
Number of People on the Register in Central, East Coast, Taranaki and Wellington



Number of People on the Register in Bay of Plenty, Northland and Waikato



Number of People on the Register in Canterbury, Southern and West Coast Tasman



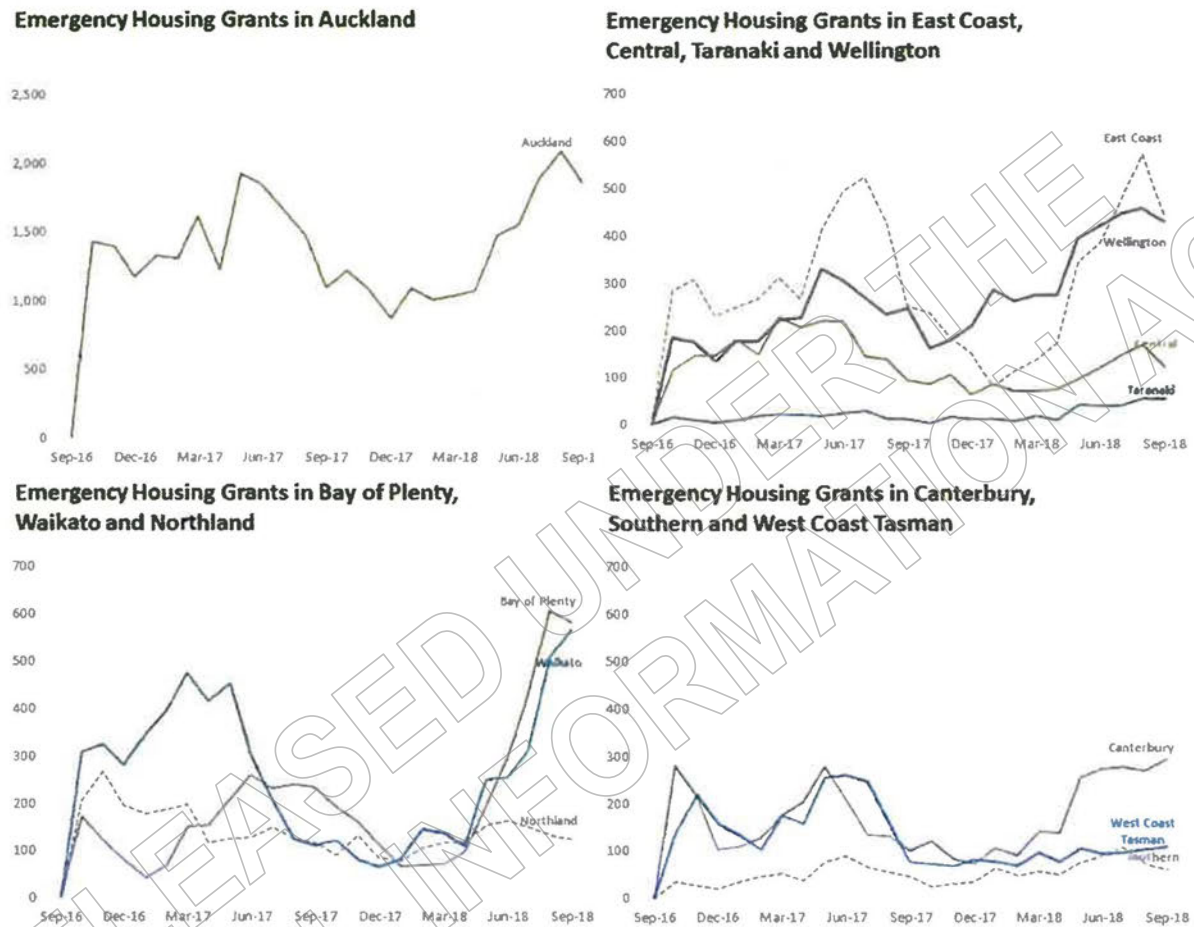
- 32 A similar situation is evident with Emergency Housing grants. Regions with high rent growth and high rent levels have more people receiving EH SNGs. This is shown in Figure 6.
- 33 The two highest rent growth regions are the Bay of Plenty and East Coast, both reaching over 8% rent growth in September 2018 compared to September 2017. Both regions have had a significant increase in the number of Emergency Housing grants, even above regions with higher population.

¹ Rent levels are based on lower quartile MBIE bond data (rounded to nearest \$10), in line with the rent used in Social Allocation System (SAS) for needs assessment criteria

² Population proportions are calculated using 2018 population projections.

- 34 Similar to the register, as a proportion of the population, regions with the highest number of grants are similar to the regions with high rent levels or rent growth.

Figure 6



Affordability is a common reason for Social Housing Register applications

- 35 Affordability was a major reason for the demand for social housing historically. It reduced as a reason after April 2018, following the introduction of the Families Package. This is shown in Figure 3 above.
- 36 This decrease is likely to be temporary, as the assessment for Affordability relies on updated rent data. Any updates to rent used in the assessment criteria will increase the number of people who are considered unable to afford private accommodation. This can already be observed in September 2018 as Affordability has started to trend upwards.
- 37 The Accommodation Supplement is also not indexed. An increase from the Families Package provides a one off increase to income after housing costs. As rents increase, it will partly offset this increase, and Affordability as a reason for register applications will increase.
- 38 Those that did not gain as much from the Families Package are also starting to make up a bigger proportion of those with Affordability as a reason. As rent growth continues, Affordability will likely keep increasing as a major reason for register applications.

The number of single people without children on the register and receiving Emergency Housing grants continues to increase faster than other households

- 39 Single people without children are the largest family type on the Social Housing Register and receiving EH SNGs, as shown in Figures 7 and 8.
- 40 Following the introduction of the Families Package, single people without children did not receive as much of an increase in assistance as those with children. This can be seen in the level of growth in the number of Register applications among these groups.
- 41 Initial analysis of this cohort suggests that this group is more likely to have high and complex needs, including mental health and addiction issues. Further analysis is being undertaken in order to better understand the needs of this group in order to determine an appropriate response.

Figure 7

Single people with children experienced slower growth after the Families Package compared to Single people without children

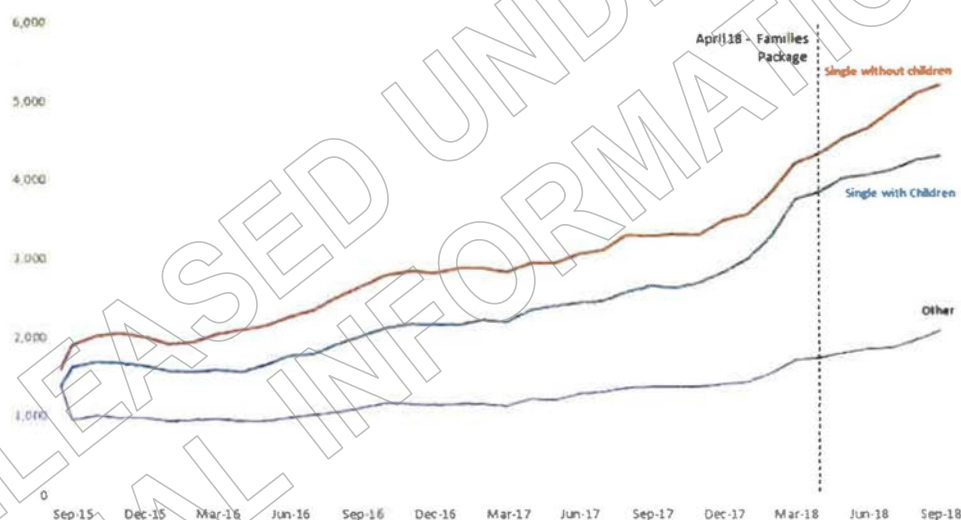
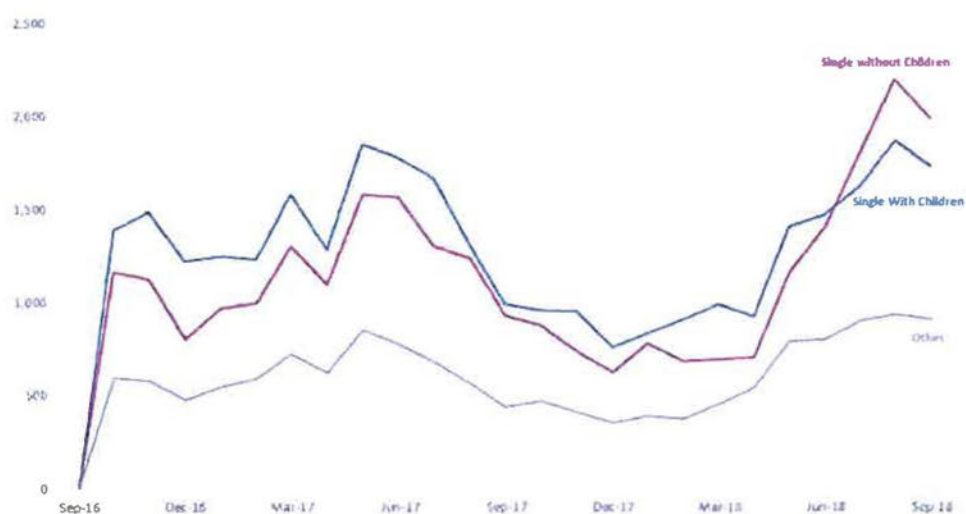


Figure 8

Singles without children became the most common group receiving Emergency Housing Grants



Higher visibility of what is available to clients may have also contributed to higher demand for Social Housing and Emergency Housing grants

The Winter 18 Package and budget announcements in May 2018 focused on increasing visibility of the available housing support

- 42 Through the Winter 18 Package, the Government made a commitment to ensure that nobody in need of housing during winter 2018 would go unsupported. This resulted in a significant increase in the number of people coming to Work and Income for housing assistance and an increase in the number of EH SNGs granted.
- 43 A number of people who receive EH SNGs move from emergency housing to transitional and public housing. This saw a corresponding increase in the Social Housing Register after those in emergency housing had their longer-term housing needs assessed.

Public announcements highlighted that housing support is now a priority, increasing public awareness

- 44 The impact of announcements on demand for housing assistance, while difficult to quantify, should not be under-estimated in terms of their effect in raising public awareness of and demand for that assistance.
- 45 MSD initially modelled demand for the EH SNGs at around 700 grants per annum over four years. However, following the announcement of the EH SNGs in May 2016 by the then Prime Minister, MSD ultimately paid grants to over 2,000 households in the first quarter of operation (September 2016) alone.
- 46 It is likely that increased public awareness of the availability of non-recoverable emergency housing assistance encouraged people living in insecure accommodation to approach MSD for help.

There were changes to the case management approach taken by MSD staff

- 47 Over the past two years, Ministers have issued clear messages around the availability of housing assistance and encouraged people with an immediate need to contact Work and Income. That messaging from political leaders, supported by internal messaging and operational guidance from MSD leadership, has contributed to an expectation (for frontline staff) that anyone with an immediate housing need should be supported into some form of accommodation.
- 48 In the absence of sufficient supply of transitional and public housing the EH SNG is the tool case managers have at their disposal to ensure people in need receive help.
- 49 The evolution of MSD's emergency housing case management practice since the advent of the Emergency Housing Special Needs Grant (EHSNG) in July 2016 has also contributed to growth in the register. For example, people who approach MSD for emergency housing assistance are now automatically scheduled to complete a public housing assessment. As people in this position are without secure accommodation and have met the eligibility criteria for hardship assistance it is likely that the majority will also meet the eligibility criteria for public housing.
- 50 MSD's practice has also evolved in respect of the recoverability of EH SNGs. Between 1 July 2016 and 30 March 2018 around 10% of all grants were issued as recoverable.
- 51 In May 2018, MSD issued messaging to frontline managers reiterating that EH SNGs should be issued as non-recoverable in all but the most exceptional circumstances. Since that time, the number of EH SNGs issued as recoverable has declined significantly with only 4.5% of grants issued as recoverable in the quarter ending 30 September 2018.

Appendix A

Social Allocation System criteria for assessing housing need

52 There is a set of criteria used to determine the housing need of a household and is based on the household composition, housing circumstances and housing history. The assessment of housing need is used to assess:

- **adequacy** - focuses on whether the client needs accommodation or needs to move from their current accommodation due to:
 - not currently living in any accommodation, or living in emergency housing for the time-being
 - the physical condition/structure or lack of basic facilities of the accommodation
 - over-crowding
 - lack of security of tenure of their current accommodation
- **suitability** - focuses on needing to move due to:
 - medical, disability or personal needs
 - family violence or neighbourhood tension (including tension within the household) or other violence relating to the client's current living situation
 - ability to access, afford and sustain alternative housing (that is, the capacity to rent in the private market) which covers the following criteria:
- **affordability** - focuses on the ability to afford alternative, suitable housing in the private market
- **accessibility** - focuses on the ability to access and afford suitable and adequate housing as a result of discrimination, lack of financial means to move and availability of alternative, affordable suitable housing in the private market
- **sustainability** - focuses on financial management difficulties and difficulties in social functioning and lack of social skills

53 All criteria receive a specific score from between 1 and 4. Score of 1 represents lower housing need for that particular category while 4 represents high need. For example, a score of 4 in Affordability means that the client has significant difficulty being able to afford private accommodation. A score of 4 for Adequacy means the client is currently in insecure or emergency housing and has a high housing need.

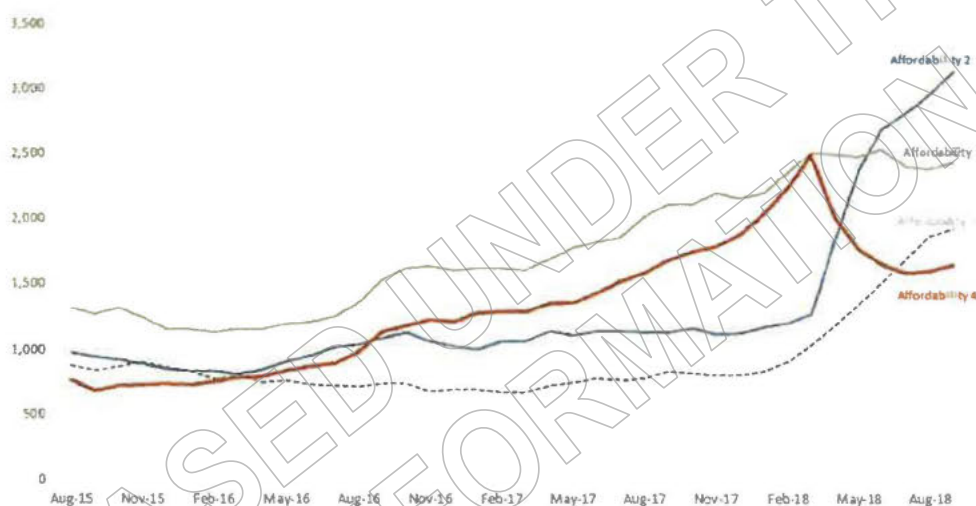
Appendix B – Further examination of Affordability and Adequacy criteria

Affordability Analysis

- 54 Affordability at the maximum possible score of 4 was an increasing prior to the introduction of the Families Package. As the changes to Accommodation Supplement increased assessable income of clients, the number of people with an affordability score of 4 reduced, replaced primarily by scores of 3 and 2. This is shown in Figure 9.

Figure 9

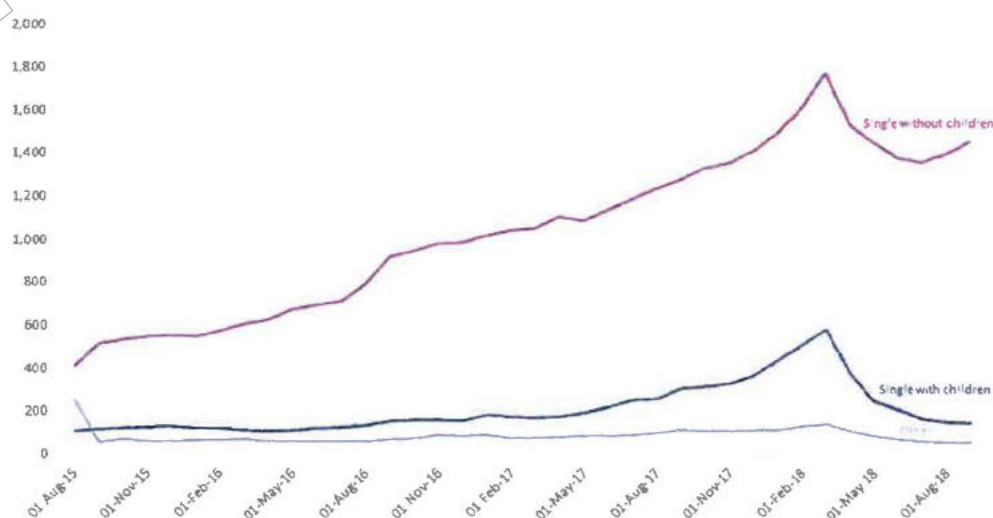
The number of people with Affordability of 4 reduced while 1 and 2 increased



- 55 Households with the Affordability score of 4 are primarily single people without children. Following the Families Package, there was a decline in the number of people with Affordability score of 4, across both single people with and without children. Those with children experienced a larger proportional decline. This is shown in Figure 10.

Figure 10

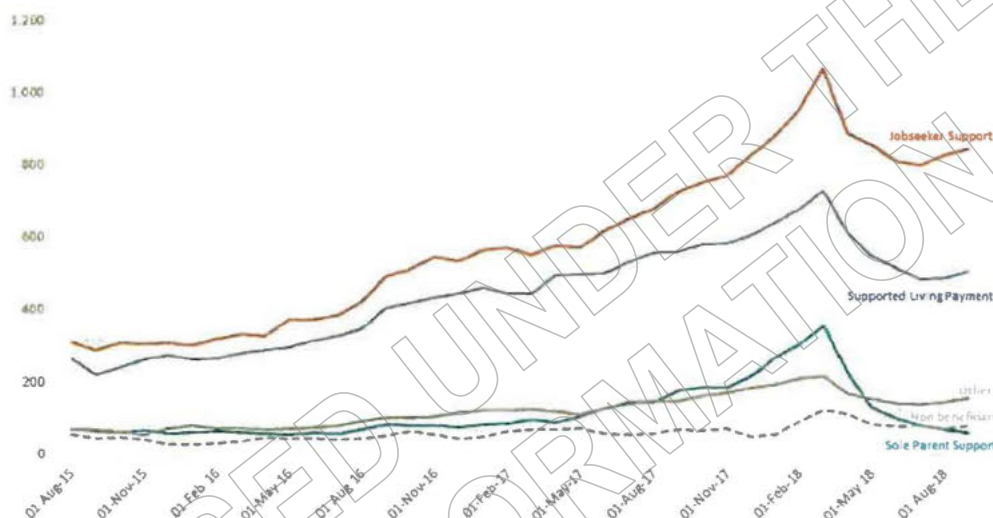
Single people without children are the largest family type with Affordability criteria of 4



- 56 Jobseeker Support and Supported Living Payment clients are the two largest benefit groups with the Affordability score of 4. This is in line with single people without children being the largest group, as people on these two benefits are primarily single without children. This is shown in Figure 11.
- 57 Sole Parent Support clients were the third biggest group. Following the introduction of the Families Package, the number of SPS clients dropped below other groups.

Figure 11

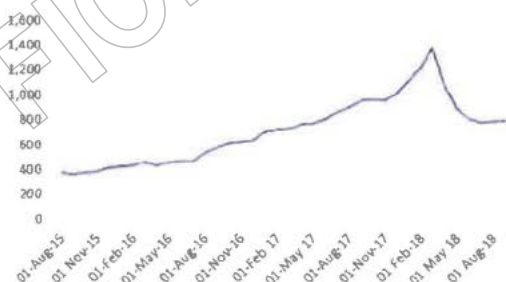
Jobseeker Support and Supported Living Payment clients are the two largest groups with Affordability Score of 4



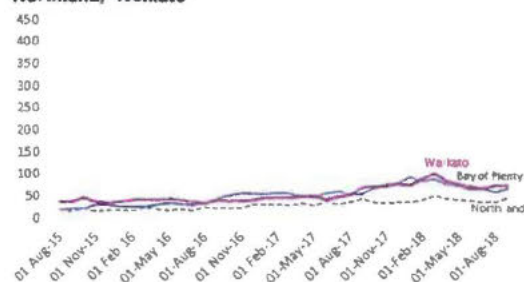
- 58 Clients in major cities make up most of those with high Affordability scores. The impact of increasing Accommodation Supplement from the Families Package is noticeable here as well as the cities had the biggest increase. This is shown in Figure 12.

Figure 12

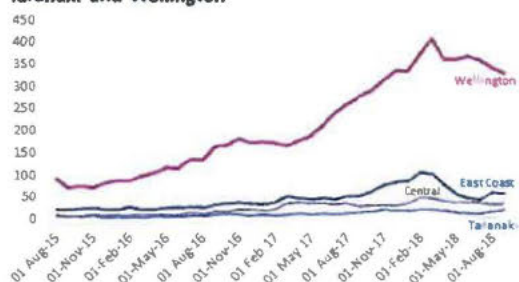
Affordability Score of 4 in Auckland



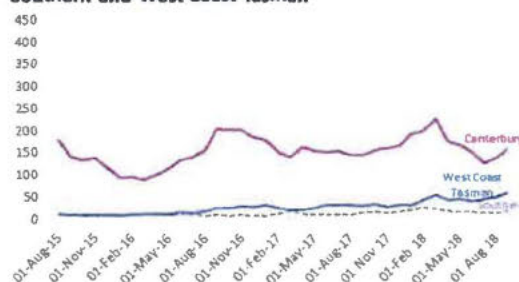
Affordability Score of 4 in the Bay of Plenty, Northland, Waikato



Affordability Score of 4 in Central, East Coast, Taranaki and Wellington



Affordability Score of 4 in Canterbury, Southern and West Coast Tasman

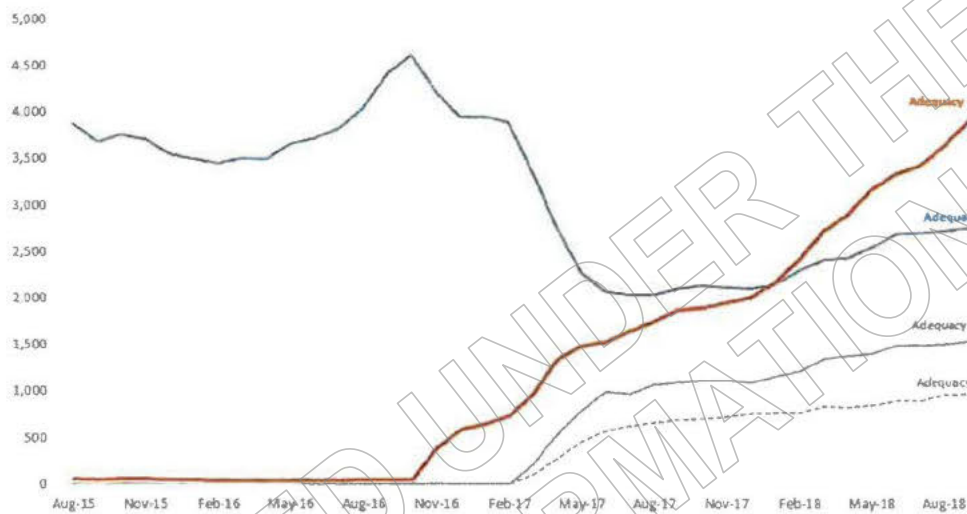


Adequacy Analysis

59 Adequacy criteria were reviewed in 2016, to better reflect people with housing needs. Following the change, the number of people with an Adequacy score of 4 increased significantly, while scores of 1 fell over the same period. This is shown in Figure 13.

Figure 13

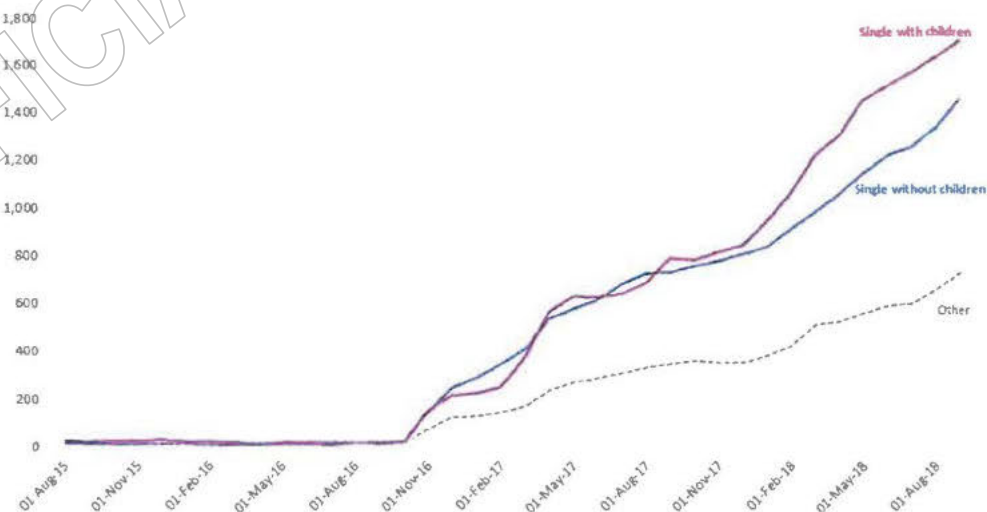
Adequacy Score of 4 increased after 2016 while the score of 1 began to reduce



60 Singles with and without children are the two largest family types with an Adequacy score of 4. Historically, both groups had a similar number of people but over the last year, single people with children became the largest family type. This is shown in Figure 14.

Figure 14

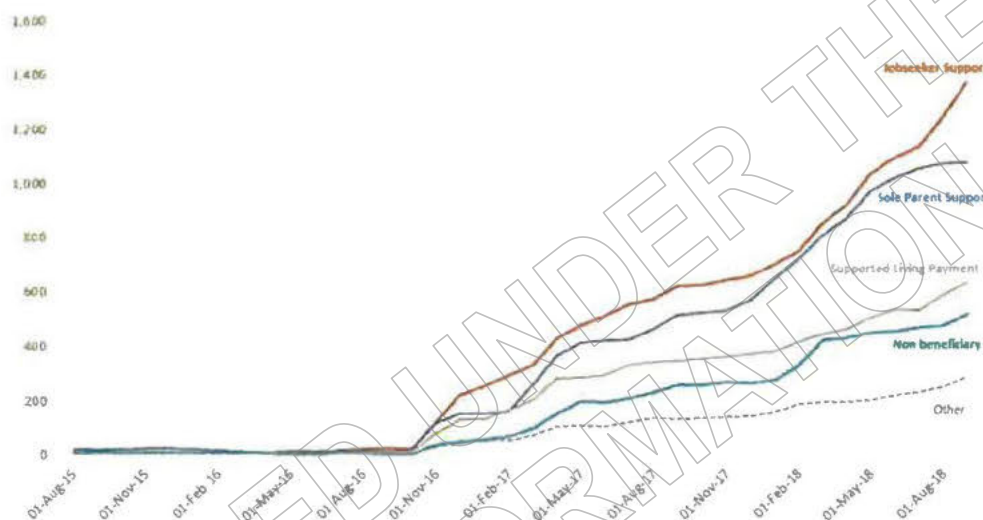
Single people with and without children are the two largest groups with the Adequacy score of 4



- 61 Jobseeker Support clients are the largest group with Adequacy score of 4. While this was consistently true since the review in Nov 2016, this has become more prominent over the last year. This is shown in Figure 15.
- 62 The growth in the number of Sole Parent Support clients with an Adequacy score of 4 was similar to that of Jobseeker Support but has slowed over 2018.

Figure 15

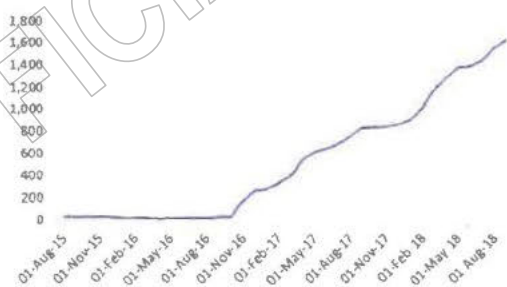
Jobseeker Support and Sole Parent Support clients are the two largest groups with Adequacy score of 4



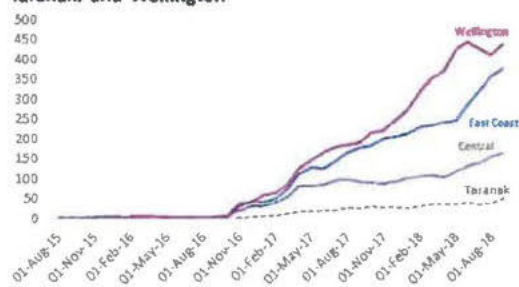
- 63 Auckland, Wellington and Christchurch have the most people with an Adequacy score of 4. Other regions experienced high growth however, with the Bay of Plenty, Waikato and East Coast increasing significantly over 2018. While most regions experienced some growth following the review in 2016, those three are now in line with other regions that are more populated (e.g. Christchurch). This is shown in Figure 16.

Figure 16

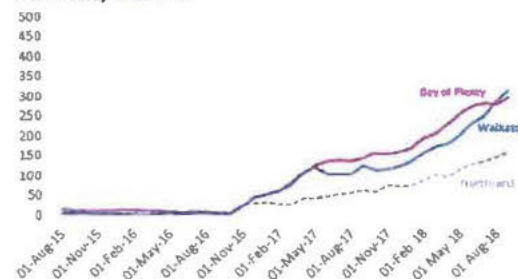
Adequacy Score of 4 in Auckland



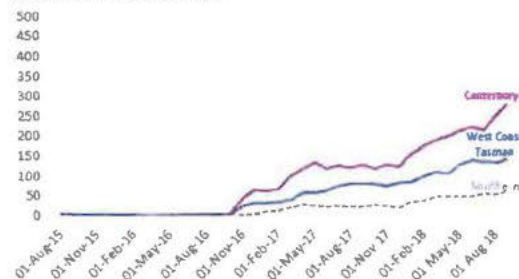
Adequacy Score of 4 in Central, East Coast, Taranaki and Wellington



Adequacy Score of 4 in the Bay of Plenty, Northland, Waikato



Adequacy Score of 4 in Canterbury, Southern and West Coast Tasman



File ref:

JIRA – IFC-1912 and Obj id: A10897387

REP/18/10/1445

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Memo

To: Ian Savage, Private Secretary Housing, Office of Hon Poto Williams

From: Hayley Hamilton, General Manager, Housing and Employment Policy

Date: 28 April 2021

Security level: IN CONFIDENCE

Housing status of households on the Public Housing Register

Purpose of the report

- 1 This memo responds to a request from the Prime Minister for information on two points relating to the Public Housing Register (the Register):
 - 1.1 the current housing status of households on the Register, and how that has changed over time
 - 1.2 a breakdown of households' priority ratings when they were placed into public housing, and how that has changed over time.
- 2 Officials are available to discuss the findings with you. If you would like more in-depth analysis of the housing status of people on the Register and who is being placed into public housing, officials can provide this.

Key points

Current housing status of households on the Register

- As at the end of March 2021 there were 28,177 applicants on the Register (23,687 on the Housing Register and 4,490 already in public housing on the Transfer Register).
- At the time of application, 50.5% of households on the Register were living in 'insecure' housing, the majority of these in Emergency/Transitional Housing.
- Homelessness and inadequate/unsuitable housing were the most common reasons households not already in public housing applied for public housing, making up 60% of households on the Housing Register (excludes Transfer Register).
- Approximately 90% of all households on the Register are priority A and this proportion has grown over time.
- Housing need is getting more severe. In July 2018, less than 1% of households on the Register were assessed as priority A18 or higher. As at March 2021, this figure has increased to just over 7%.

Households placed into public housing

- When a public house becomes available, the Ministry of Social Development (MSD) sends a shortlist of the highest rated households who are suitable households for that property, taking into account the typology (such as the number of bedrooms) and location of the property.
- It is the responsibility of the public housing provider to match a household to the property based on the information MSD has provided and a number of other relevant factors (ensuring that the property is a sustainable match).
- From 1 April 2020 to 31 March 2021, 6,951 households on the Register were placed into public housing (6,488 from the Housing Registers and 463 from the Transfer Register).
- Of all households placed, 4,542 were placed into a Kāinga Ora property and 2,409 into a Community Housing Provider (CHP) property.
- Approximately 96% (6,663) of all households placed in the last year were priority A applicants.
- The average time a household is waiting before being housed is just under half a year (165 days for the December 2020 quarter).

What is the current housing status of households on the Register?

- 3 As at 31 March 2021, 49.5% (13,951) of households on the Register were in 'secure' housing and 50.5% (14,226) in 'insecure housing'. Secure housing is when a household is living in either a private rental, their own home, boarding, or in a public house (if they are on the Transfer Register). Insecure housing captures households living in temporary or precarious accommodation, and can include living in Emergency/Transitional housing, a garage, staying with friends or family, a night shelter or rough sleeping.

Accommodation type	Number of households on the Register at 31 March 2021	%
Secure housing		
Boarding	3,823	14%
Own home	14	0%
Private rental	6,133	22%
Public House	3,981	14%
Insecure housing		
Car / Caravan / Mobile Home	928	3%
Emergency/Transitional Housing (This includes households receiving an EH SNG, living in emergency housing contracted by the Ministry of Housing and Urban Development and other households living in a motel or campground without funding)	9,847	35%
Temporarily sharing (examples include garage, with friends or family)	2,349	8%
Temporary Facility (examples include hospital, rehabilitation centre, respite care)	435	2%
Homeless (examples include night shelter, sleeping rough, tent)	667	2%

- 4 We have used MSD data to validate the current accommodation status of Households on the Register. It shows that around 42% of households are currently recorded as living in a public house or being funded through Accommodation Supplement or an Emergency Housing Special Needs Grant (EH SNG) for the same type of accommodation as recorded in their Register application. The remaining 58% are either unable to be validated with MSD operational data or were incorrect (for example their Register application has them recorded as living in a tent or car, but they are being funded into Emergency Housing by MSD).
- 5 Over time, the type of accommodation applicants are living in when they apply for public housing has changed slightly. One key difference is the proportion of households on the Register now living in Emergency Housing (and receiving an EH SNG). Following the introduction of EH SNGs in 2016, 5% (329) of all households on the Register were receiving an EH SNG (as at end of October 2016). Currently 10% (2,805) of households on the Register are receiving an EH SNG.

The main reason households on the Register applied for public housing

- 6 As at 31 March 2021, excluding those already in public housing, the most common reason for households applying for public housing was homelessness.¹ More than one in three households (8,593) who applied for public housing was as a result of homelessness. The second most common reason households applied (24% or 5,572 households) was because their current accommodation was inadequate or unsuitable. Other major reasons for applying were because of a tenancy ending/eviction and households being unable to access alternative housing. Note the main reasons households already in public housing are going onto the Transfer Register include their current accommodation being unsuitable and neighbourhood or safety issues.

Main reason for applying for public housing (excludes households already in public housing)	Households on the Register (excl. Transfer Register) at 31 March 2021	%
Current accommodation is inadequate or unsuitable	5,572	24%
Employment or family reasons	325	1%
Financial stress	1,508	7%
Homelessness	8,593	36%
Health condition or other special need	1,270	5%
Neighbourhood or safety issues	676	3%
Tenancy ending/eviction	3,535	15%
Unable to access alternative housing	2,200	9%

- 7 Although homelessness and inadequate or unsuitable accommodation are the main reasons for households applying, the common theme underlying these is the difficulty households are having in accessing affordable housing. When a household applies for public housing, they are assessed on their ability to access suitable housing in the private rental market. Access to housing is primarily affected by the

¹ The term 'homelessness' has no set definition and is subject to client interpretation. If the Statistics New Zealand definition of homelessness were adopted, it would include some of the households on the Register living in inadequate or unsuitable accommodation.

availability of housing, as well as other barriers such as discrimination and ability to afford upfront costs associated with moving. Approximately 83% (as at March 2021) of all households on the Register scored highly or very highly when assessed for 'accessibility', demonstrating the wider problem of insufficient supply of affordable and appropriate rental properties for lower-income households.

- 8 The main reason for applying for public housing (excluding households already in public housing) has changed only slightly over time. Homelessness has become a more common reason for seeking public housing. Since July 2018, approximately 15% more households are applying for public housing because they are homeless, whereas 6% fewer households are applying because they are living in inadequate or unsuitable accommodation.

The priority rating of households currently on the Register

- 9 Every household on the Register is given a priority rating when they apply for public housing based on their level of housing need. There are two overarching risk ratings, 'A' for households whose wellbeing is severely affected or seriously at risk² and 'B' for households in serious housing need.³ Alongside the risk rating, households are also given a number to further prioritise their housing need. The risk rating coupled with this number gives households their priority rating.
- 10 There are five criteria under which a household is assessed and scored on (adequacy, suitability, affordability, accessibility, and sustainability). For each of the criteria a household can be given a maximum of four points based on their level of need. Households with the highest housing need are given a priority rating of A20 (where an applicant scores a four in all five criteria).
- 11 Currently, 90% of households on the Register have a priority rating of A, and this proportion has been steadily increasing overtime. Housing need is also getting more severe at the top end of the Register. In July 2018, less than 1% of households on the Register were assessed as priority A18 or higher. As at March 2021, this figure has increased to just over 7%.

Who is being placed into housing and what is their priority rating?

- 12 Once a household is assessed and placed onto the Register, they wait for a public house to become available that matches their household size, type of house and locations they have indicated they can live in.

The Ministry of Social Development does not place households

- 13 Although MSD assesses households' eligibility and prioritises them, it does not place households into public housing. When a public house becomes available, MSD will send a shortlist of suitable households for the property ranked by priority rating to the public housing provider (either Kāinga Ora or a CHP). The shortlist provided will only include households on the Register that match the typology of the house (such as the number of bedrooms and other requirements)⁴ and location.
- 14 Once a public housing provider receives this shortlist from MSD (taking into account typology and location of the property), it then has a responsibility to allocate the

² 'At risk' is defined as the wellbeing of the household being severely affected (or seriously at risk) and there is an immediate need for action due to the unsuitability and/or adequacy of their current housing. Further, the household is unable to access and/or sustain suitable, adequate, and affordable alternative housing.

³ 'Serious housing need' is defined as the wellbeing of the households being affected in a significant and persistent way due to the unsuitability and/or inadequacy of their current housing. The household is highly unlikely to be able to access and/or sustain suitable, adequate, and affordable alternative housing.

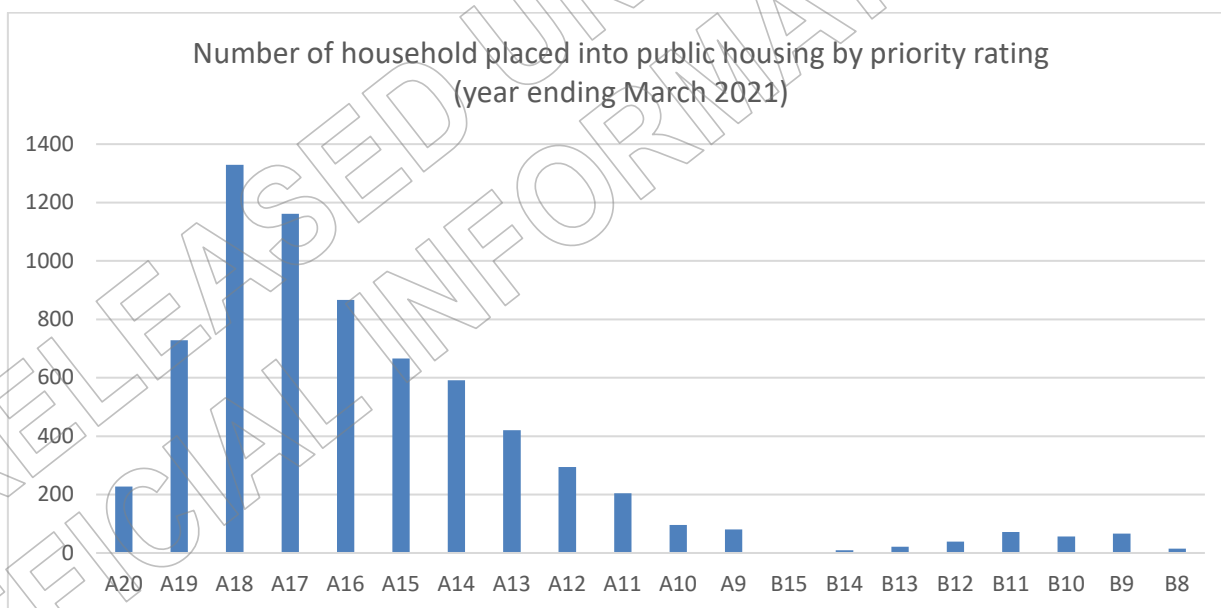
⁴ Other relevant factors when matching a property to a household might include how accessible the house is (for example it would not be suitable to match a property with a lot of stairs or on a steep hill to a household with certain disabilities).

property to a household in high housing need, balanced with ensuring the property is a sustainable match for that household.

- 15 In this way, even though there may be higher-rated households on the Register, the house available may not necessarily be a sustainable match for a particular household. This placement process means that households with lower priority ratings can be placed before higher-rated households. Further, in some locations with more public housing there may be few highly rated households who have indicated they can live there, enabling properties in those locations to be allocated to lower-rated households.

The number of households placed into public housing by priority rating

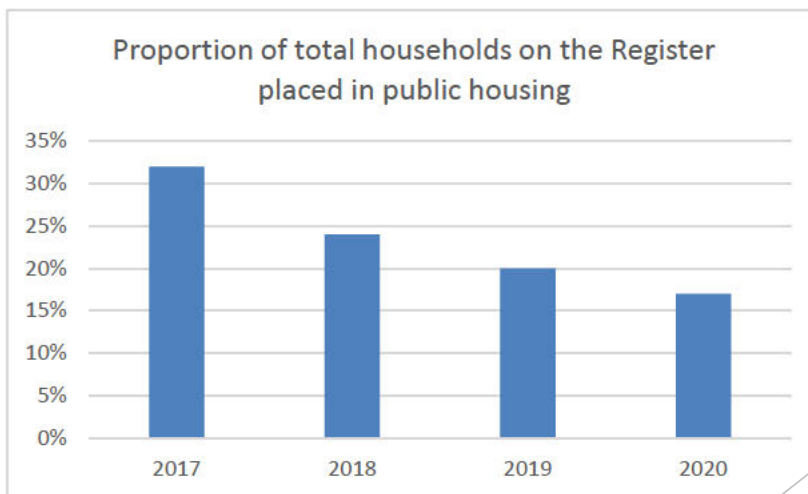
- 16 From 1 April 2020 to 31 March 2021, 6,951 households on the Register were placed into public housing. Approximately 93% (6,488) of all households placed were from the Housing Register. The remaining 7% (463) were households on the Transfer Register already in a public house.
- 17 Fewer A20 and A19 households were placed as there are fewer households in total with such high priority ratings. In general, the higher a household's priority rating, the more chance there is of them being placed as MSD generates the shortlist of applicants from highest priority down. For the year ending 31 March 2021, 96% (6,663) of all households placed were priority A applicants.
- 18 However, as discussed, a household's priority rating is not the only factor in determining whether or not they receive public housing.⁵



The proportion of household on the Register being placed is decreasing

- 19 Over time, the proportion of households on the Register placed into public housing has been diminishing. While the total number housed has been relatively stable year on year since 2017 (at approximately 7,000 households placed per year), because demand for public housing is outstripping new public housing stock, the number of households housed as a proportion of all households on the Register is falling and likely to continue to fall.
- 20 Currently, the average time a household is waiting on the Register before being housed is just under half a year (165 days for the December 2020 quarter). For the December 2017 quarter the average wait time was 52 days.

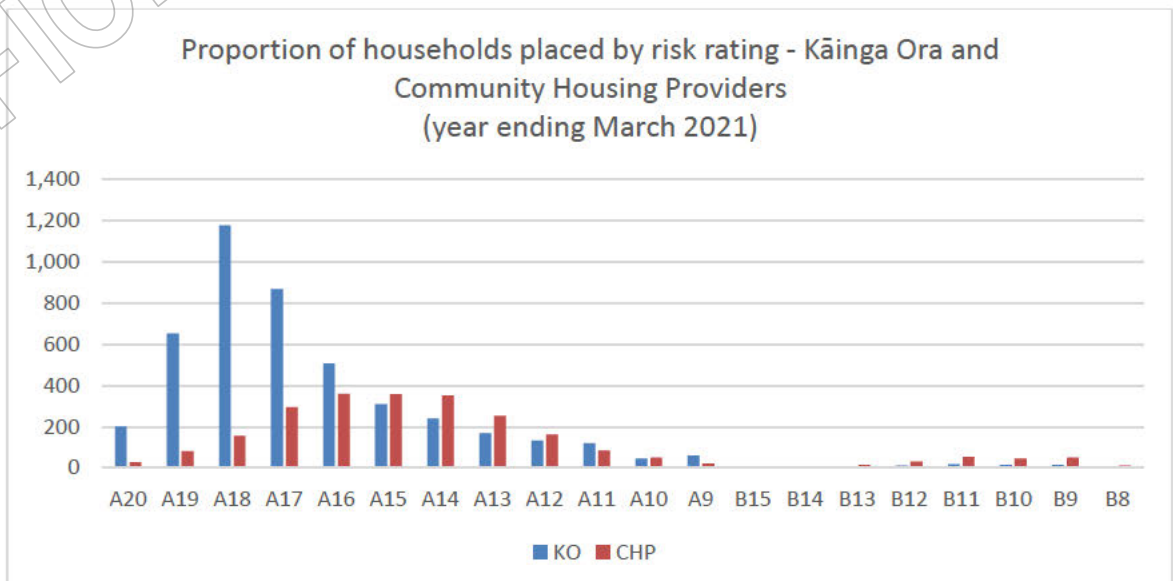
⁵ Another factor contributing to why some lower-rated households are placed is due to the two fast-tracks currently in place for households with children at risk of rheumatic fever and those with a specified child or young person who is in custody under the Oranga Tamariki Act 1989 or is in an approved permanent care arrangement.



- 21 Officials can provide you with more information on the average time to house by overall risk rating, comparing time to house by priority A to priority B. More detailed analysis looking at time to house by specific priority rating (for example A20 vs A19) is available. However, it should be treated with more caution as the current method of reporting only looks at a household's priority rating at the time they were housed. This method does not factor in the amount of time a household spent on the Register with different priority ratings (the priority ratings can change as households' circumstances change when on the Register).
- 22 We can also provide an analysis of certain characteristics of household on the Register (including household size and composition, benefit type, ethnicity, and location) compared with the characteristics of households placed. This information would show the characteristics of households most likely to be placed into a public house. However, this analysis is complex and would take several months to complete.

There is a distinction between the type of households housed by Kāinga Ora and Community Housing Providers

- 23 The type of households placed into Kāinga Ora properties and CHP properties is different. Kāinga Ora is much more likely to place households with higher priority ratings (A20-A17), whereas in general, CHPs place more households with lower priority ratings. This disparity can be explained by the distinct function CHPs can serve, often providing housing for certain cohorts who require specific support services (such as households of a certain age or with a disability).



Next steps

- 24 Officials are available to discuss the report with you. Should you wish we can undertake more detailed analysis of areas of particular interest.

File ref: REP/21/4/402

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Aide-mémoire



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

Cabinet Meeting

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

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

File Reference: REP/21/5/465

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

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

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

Summary

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

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

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

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

Different types of housing offer varying levels of client support

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

EH SNG motels are unsuitable for long-term use

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

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

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

Many EH SNG recipients have received housing assistance before

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

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

Case study: Rotorua

Rotorua is facing unique and urgent housing pressures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Considerations for scaling up the Rotorua model

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

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

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

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

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

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

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

**Actions
underway**

Significant work is already underway across New Zealand

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

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

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

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

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

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

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

Next steps

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

Author: Out of scope [REDACTED], Policy Analyst, Employment and Housing Policy (MSD)

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

Jeremy Steele, Manager, Housing Needs and Responses (HUD)

Annex A – talking points

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

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



Report

Date: 1 October 2021

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment
Hon Poto Williams, Associate Minister for Housing (Public Housing)

Demand for the Public Housing Register and Emergency Housing Special Needs Grants in 2021

Purpose of the report

- 1 To provide you with information on the current state of the Public Housing Register and Emergency Housing Special Needs Grants (EHSNGs), including how demand has changed over time, who is accessing this support, clients' needs, and the influence of broader factors.

Executive summary

- 2 In 2018, we reported to the Ministers of Housing and Urban Development and Social Development on increases in demand for housing support observed at that time. Since then, the environment around housing has changed significantly and the provision of housing support has become a key area of interest.
- 3 Given this context, we have updated our previous analysis to understand how the situation has changed since the original report. This analysis includes information up to May 2021, so does not reflect any impact of the second nationwide lockdown in August 2021.
- 4 Key findings from this analysis include:
 - The number of applications on the Public Housing Register continued to increase in 2021. For Emergency Housing, grants have decreased from 2020, but a similar number of households are being supported by EHSNGs for a longer period
 - Overall, people accessing housing support are mostly females, are disproportionately Māori and are generally under 40. People accessing support are generally single clients (adults without children) or sole parents
 - Single clients are the largest group accessing housing assistance and have needed more support since the pandemic. In contrast to the overall demographics of people accessing support, particularly sole parents, single clients are generally older males. This group also have particularly high needs and are most reliant on emergency housing support
 - People supported by emergency housing generally have high needs, with the priority scores of people on the Register increasing and households being supported by EHSNGs for a longer duration
 - People accessing EHSNGs may have particularly acute levels of need and are more likely to have experienced challenging situations such as needing acute healthcare, support with mental health and addiction, low incomes, or spending time in prison
 - Accessibility is the most common reason for being on the Register but is intertwined with affordability issues

- Rental affordability has improved since last year, but the proportion of houses considered affordable for our clients remains low
 - There are several 'hotspot regions' across the country – including Auckland, Wellington, Hamilton and Rotorua - where rents are particularly unaffordable for our clients
 - There is a relationship between the number of households in Emergency Housing and the available supply of motels.
- 5 The analysis presented in this paper has several implications, which can support a range of related policy work underway within MSD and HUD, along with decisions around how to support people accessing emergency and public housing. For example, this analysis highlights the importance of providing tailored support to single clients, who face greater affordability challenges than two-income households. The report also indicates that people accessing housing support can have acute needs, which should be addressed by holistic support from different agencies.
 - 6 Alongside our partner agencies, we will continue to explore questions related to demand for public and emergency housing through our recently established MSD Housing Analytics function. We welcome your feedback on any key areas of interest you would like us to explore within this broader work-programme.

Recommended actions

It is recommended that you:

- 1 **note** the key findings in this report, which explores how demand for public and emergency housing has changed since 2018, who is accessing this support, clients' needs, and the influence of broader factors like rental affordability
- 2 **note** this information is supporting a range of housing policy work underway within MSD and our partner agencies
- 3 **agree** to forward this paper to the Minister for Housing, the Associate Minister for Housing (Māori Housing) and the Associate Minister of Housing (Homelessness).

agree/disagree

Fleur McLaren

Fleur McLaren
General Manager
System Performance

01/10/2021

Date

Hon Carmel Sepuloni
Minister for Social Development and
Employment

Date

Hon Poto Williams
Associate Minister for Housing (Public Housing)

Date

Background

- 7 In 2018, we reported to the Minister of Housing and Urban Development and the Minister of Social Development on demand for the Public Housing Register¹ and Emergency Housing Special Needs Grants (EHSNGs) [REP/18/10/1445 refers].
- 8 The report discussed increases in demand for housing support and identified three key contributors - broader housing market pressures, the expanded role of central government in providing public housing, and higher visibility and accessibility of the support available. At that time, it was expected that demand would continue to outstrip supply and the number of people seeking support would continue to increase.
- 9 Since then, the environment around housing has changed significantly and the provision of housing support has become a key area of interest for Government. Given this context, we have updated our previous analysis to understand how the situation has changed since the original report. This analysis includes information up to May 2021, so does not reflect any impact of the second nationwide lockdown in August 2021.
- 10 We have also included several new areas of analysis within the report, including the duration of time people spend supported by EHSNGs, the characteristics of people accessing housing support, and how housing affordability has changed over time for different groups.
- 11 This analysis is supporting a range of policy work underway within MSD, including:
 - The review of the Accommodation Supplement
 - s9(2)(f)(iv) [REDACTED]
 - The introduction of the new Contracted Emergency Housing in Rotorua and the review of emergency housing that is underway
 - MSD recommending management of the Register and advice being developed on short-to-medium term changes to the Public Allocation System for public housing
 - s9(2)(f)(iv) [REDACTED]
- 12 When talking about the demand for housing provided by MSD, it is important to recognise the impact of broader housing market pressures. Outcomes for our clients are affected by supply and demand in the housing market generally, particularly for private rentals. While these broader issues are outside MSD's scope of influence, they have implications for our clients, who may become reliant on emergency housing support if it becomes more difficult to participate in the private rental market.

How has demand for housing support changed over time?

The number of applications on the Public Housing Register continued to increase in 2021, the growth almost entirely coming from people with significant housing need

- 13 The Public Housing Register² has increased, reaching 29,044 people in May 2021, compared to 21,380 people in May 2020, a 36% increase³.

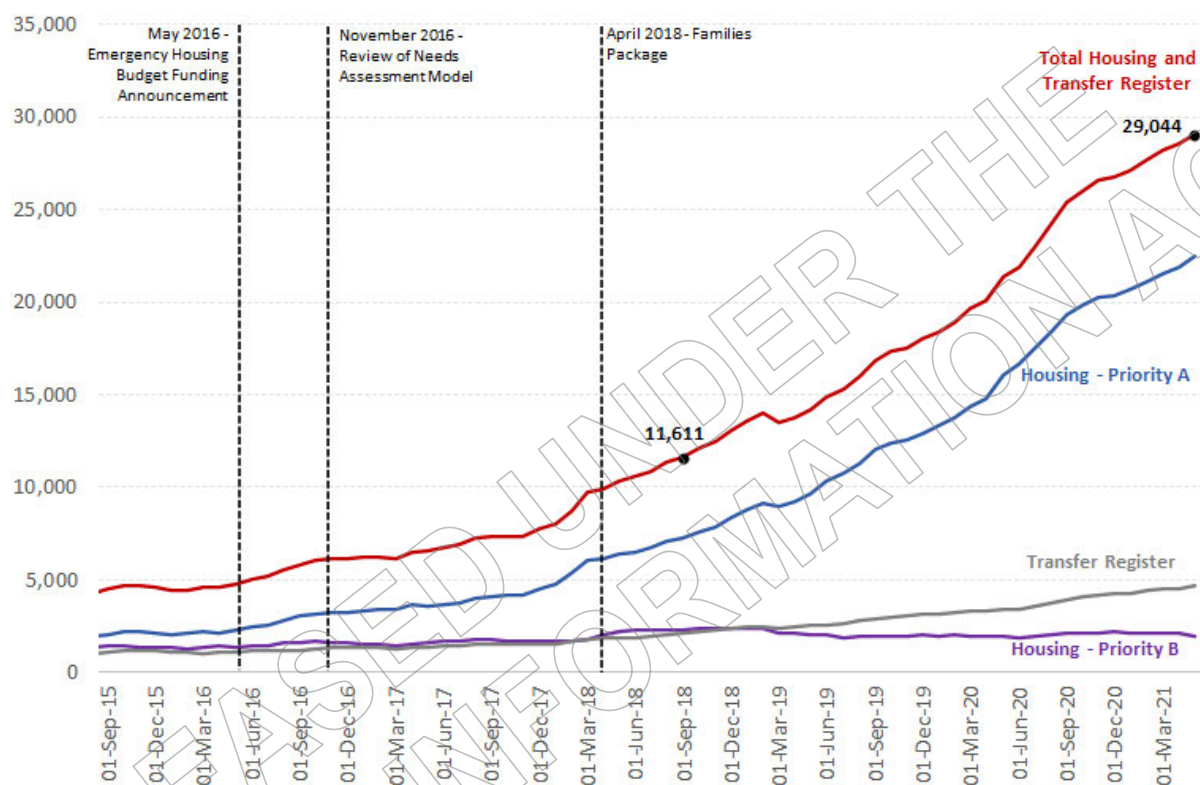
¹ At the time, the Register was called Social Housing Register.

² The Public Housing Register includes both the Housing Register and the Transfer Register.

³ In May 2021, MSD recommenced active management of the Public Housing Register, which has had an impact on Register numbers. Prior to this, Register Management was paused in early 2020, because of COVID-19.

- There has been a 150% increase in the number of applications on the Register from September 2018, when the previous report was completed.
- The increase in the number of applications on the Register is mostly made up of those who are ranked as a Priority A (those with a significant housing need). This group is approximately 84% of the total increase in the Register. This is shown in Figure 1.

Figure 1 – The number of applications on the Public Housing Register in May 2021 increased by 150% when compared to September 2018



Since 2020, a similar number of households have been supported by EHSNGs for a longer period, even though grants have decreased

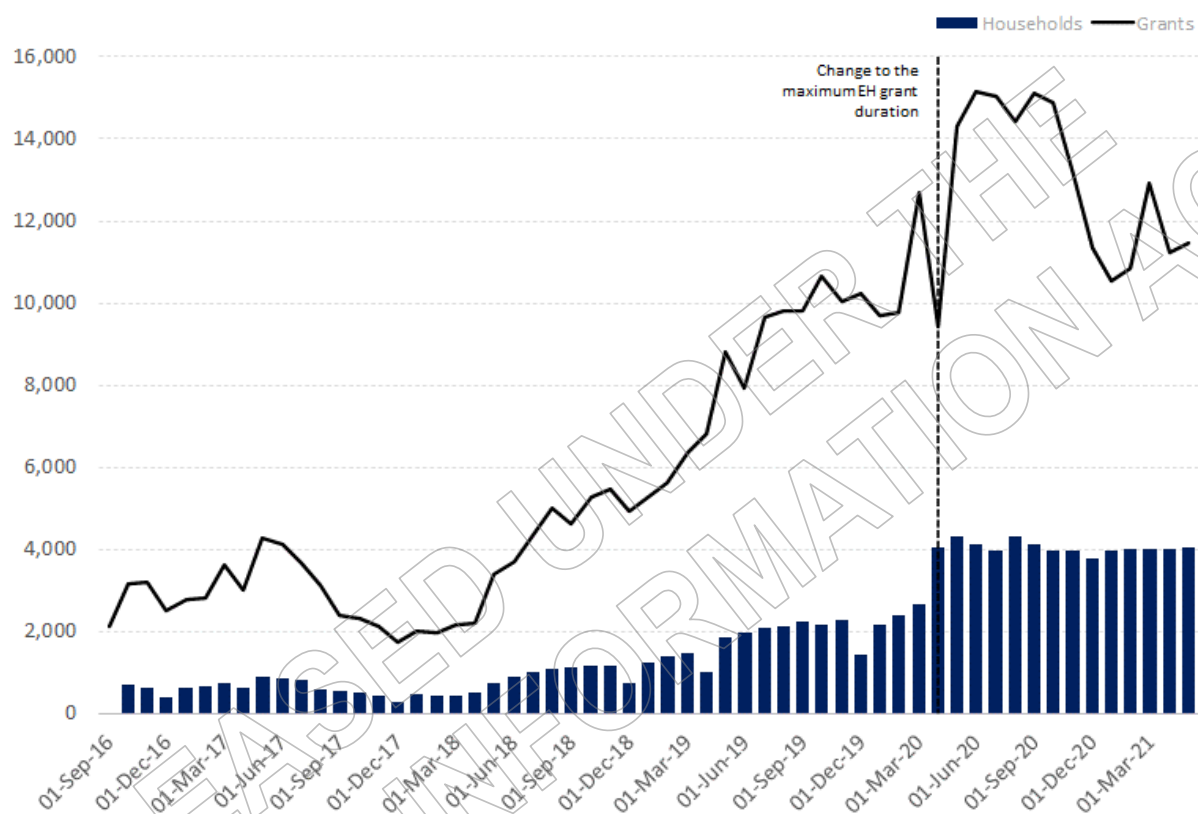
- 14 The number of EHSNGs increased rapidly in 2020, reaching a record high of 15,143 grants for the month of June 2020, following the impact of the first COVID-19 nationwide lockdown. Economic factors and the increased supply of motels because of the lockdown are both expected to have contributed to this increase.
- 15 In March 2020, operational changes were made to the maximum duration of EHSNGs, allowing them to be granted for up to 21 nights⁴. Following this change, the monthly number of grants reduced to 11,453 in May 2021, reflecting that people are generally staying for a longer duration.
 - Compared to the original report, the number of grants has increased 147% from 4,639 grants in September 2018.

⁴ Between 30 March and October 2020, changes to our case management system enabled grants to be made for a longer duration. The first COVID lockdown was deemed an "exceptional circumstance", which allowed case managers to use their discretion and grant longer grants. On 19 October 2020 we made a legislation change to formally allow for this longer grant duration.

In October 2020, we also introduced a client contribution for those in Emergency Housing, which totals 25% of people's income. It is not possible to determine whether this change has impacted the number of EHSNGs at this stage.

- The number of households in Emergency Housing has remained consistent since 2020 (approximately 4,000 in emergency accommodation at any time), although the number of grants has reduced. This is shown in Figure 2.
- The length of stay that households get for each grant has increased from an average of 9 days in June 2020 to 11 days in May 2021.

Figure 2 – The number of Emergency Housing Special Needs Grants has reduced since the peak in 2020, while the number of households remained stable



Throughout 2020, these increases in demand have been slightly offset by some clients no longer accessing support

- 16 In the 12 months to May 2021 (1 June – 31 May), growth in the number of applicants on the Public Housing Register has been slightly offset by a total of 15,340 applicants exiting the Register.
 - Of this group, around half (49%) left the Register after being housed in Public Housing.
 - Around 18% of these applicants accessed the Accommodation Supplement in the 90 days prior to or after exiting the Register, indicating they moved into a more secure form of accommodation, such as a private rental arrangement.
 - The remaining 33% of applicants left the Register for some other reason, including experiencing a change in circumstance or no longer being eligible.
- 17 Throughout the same period (1 June – 31 May), approximately 19,000 clients also exited emergency housing⁵.

⁵ The number of clients exiting emergency housing is based on the number of unique clients who exited between 1 June 2020 and 31 May 2021. The proportions in the bullet-points below this are based on the number of unique exits from Emergency Housing. The same client can have multiple exits from Emergency Housing, if they came back into Emergency Housing more than once during the time period, so this information is not directly comparable.

- Approximately 5% of client exits occurred after being housed in Public Housing.
- Around 41% of these clients accessed the Accommodation Supplement between seven days prior to or 90 days after leaving Emergency Housing accommodation, indicating they moved into a more secure form of accommodation, such as a private rental.
- Another 9% of clients initially left Emergency Housing, then received another EHSNG within 90 days.
- The remaining 45% of exits occurred for some other reason, including clients experiencing a change in circumstance or moving to Transitional Housing.

Who are the groups accessing housing support?

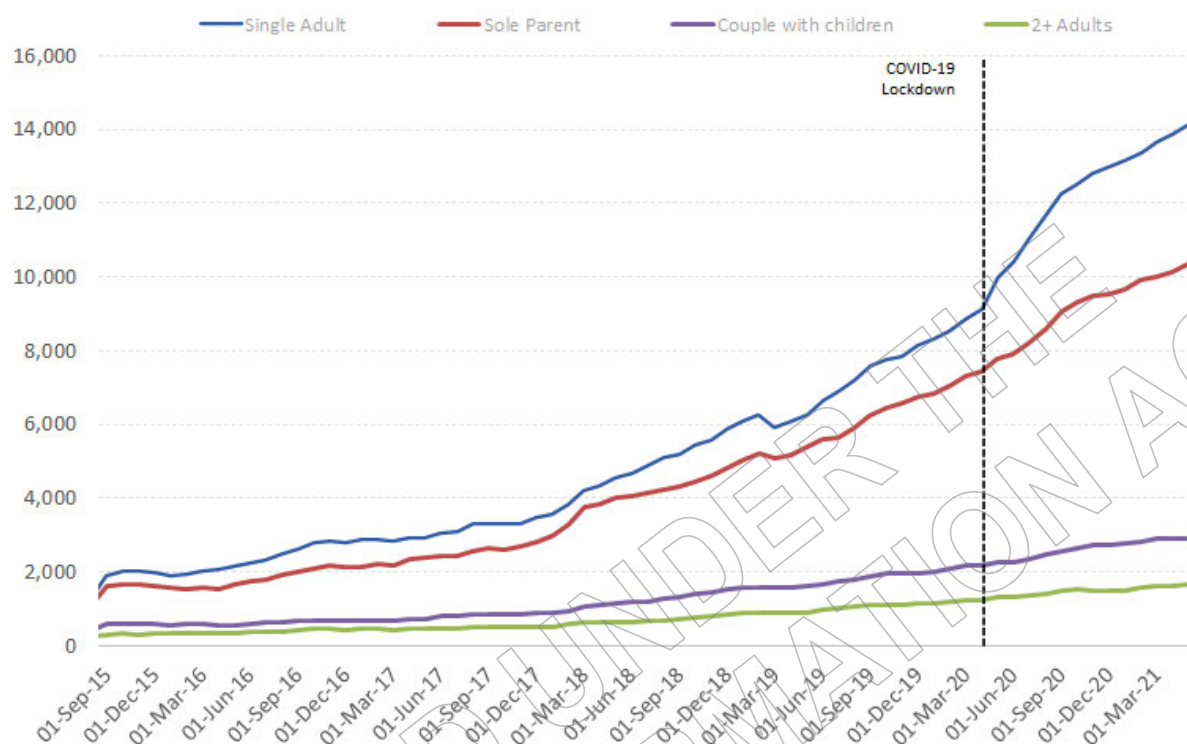
People accessing housing support are mostly females, are disproportionately Māori and are generally under 40

- 18 People accessing housing support are generally females (65% of Register applications and 64% of EHSNGs). The proportion of female applicants for the Register has reduced compared to 2018 (when it was 68%), while the proportion of female EHSNG clients has remained largely unchanged.
- 19 When looking at ethnicity, Māori clients are the largest group accessing support (49% of Register applications and 59% of EHSNG recipients). Since 2018, there has been growth in the proportion of Māori clients on the Register (up from 45%), while the proportion of other ethnicities has remained largely the same.
- 20 Most people accessing support through the Register or EHSNGs are aged under 40 (52% of the Register and 63% of EHSNG recipient). Approximately 9% of all Register applications are for clients aged 65+, while those under 30 represent approximately 26% of all applications. Approximately 3% of all EHSNGs were for clients aged 65+, compared with 34% for those under 30. Clients receiving EHSNGs are generally younger than those on the Register.
- 21 The large number of younger female clients accessing support reflects the household types of those on the Register and accessing EHSNGs, particularly the number of sole parents. These demographics vary when looking specifically at different household types. Appendix One includes a full breakdown of demographic information for people on the Register and accessing EHSNGs.

Single clients continue to be the largest group requesting housing assistance and have needed more support since the pandemic

- 22 The growth in the number of people on the Public Housing Register over the last year is made up primarily of people who are single clients or sole parents. This group made up 84% of all clients on the Register in May 2021.
 - Single clients remain the largest group on the Register. This group is also the fastest growing, making up approximately half of the increase in the Register over the last year.
 - The number of sole parents has also increased over the last year, making up one third of the increase.
 - There was a significant shift in the number of single clients coming on the Register in 2020, showing that COVID-19 had a bigger impact on singles compared to sole parents. This is shown in Figure 3.
- 23 The growth in single clients on the Register has resulted in a mismatch between the current configuration of public housing stock and the type of demand. Currently, there are a limited number of one-bedroom public houses (around 13%), with most of the housing stock comprised of 2-3-bedroom houses. If single people are housed in larger houses this can also result in underutilisation.

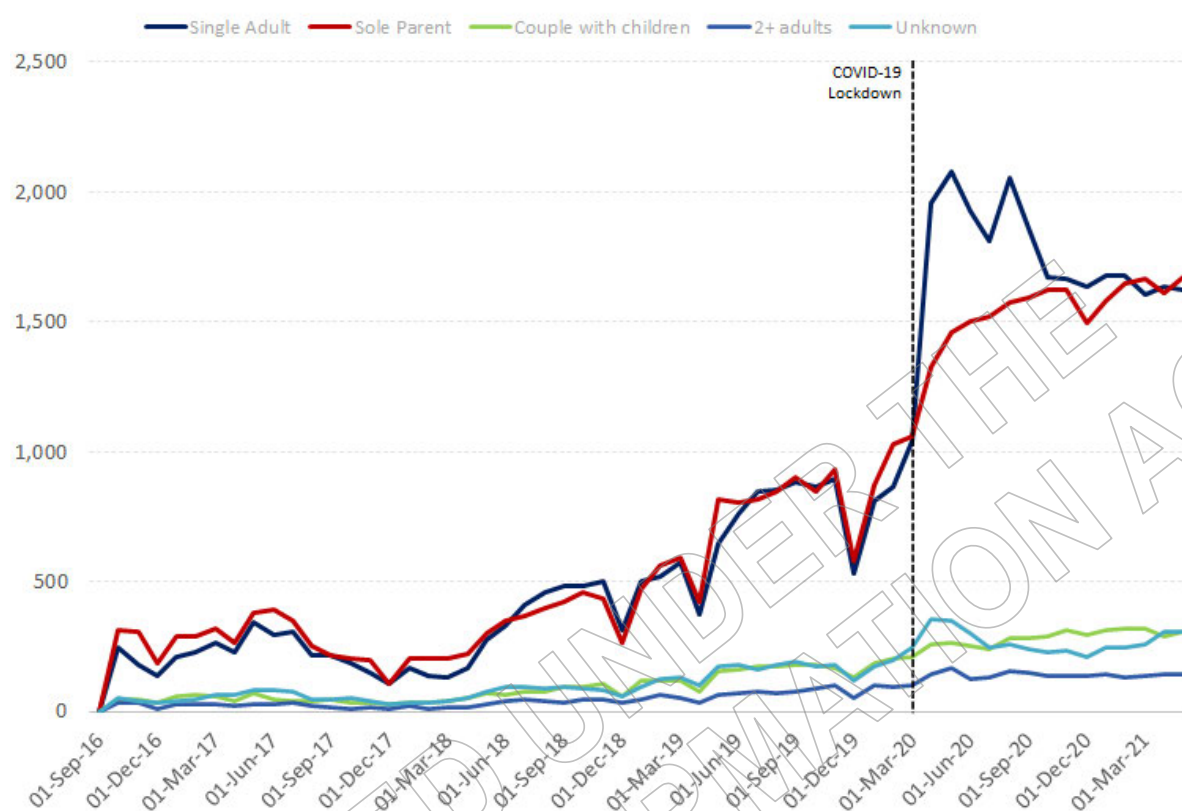
Figure 3 – Single clients and sole parents are the two largest groups on the register, with singles experiencing a significant increase following the first COVID-19 lockdown



24 Households receiving EHSNGs are primarily single clients or sole parents. Each group makes up approximately 40% of all households in Emergency Housing in May 2021.

- While the number of households in Emergency Housing was largely stable over 2021, single clients had a significant increase following the COVID-19 lockdown. At the peak in June 2020, they made up 47% of all households in Emergency Housing, as household 'bubbles' during the lockdown made it more difficult to search for private accommodation or to stay with friends and family. This increase will also reflect the explicit decision to house vulnerable homeless people throughout the lockdown period.
- The number of single clients receiving EHSNGs has reduced since 2020 and is currently in line with sole parents. Both groups are still at a higher level than they were before the lockdown. This is shown in Figure 4.

Figure 4 – Single clients and sole parents are the main recipients of EHSNGs, with a significant increase following the first COVID-19 lockdown



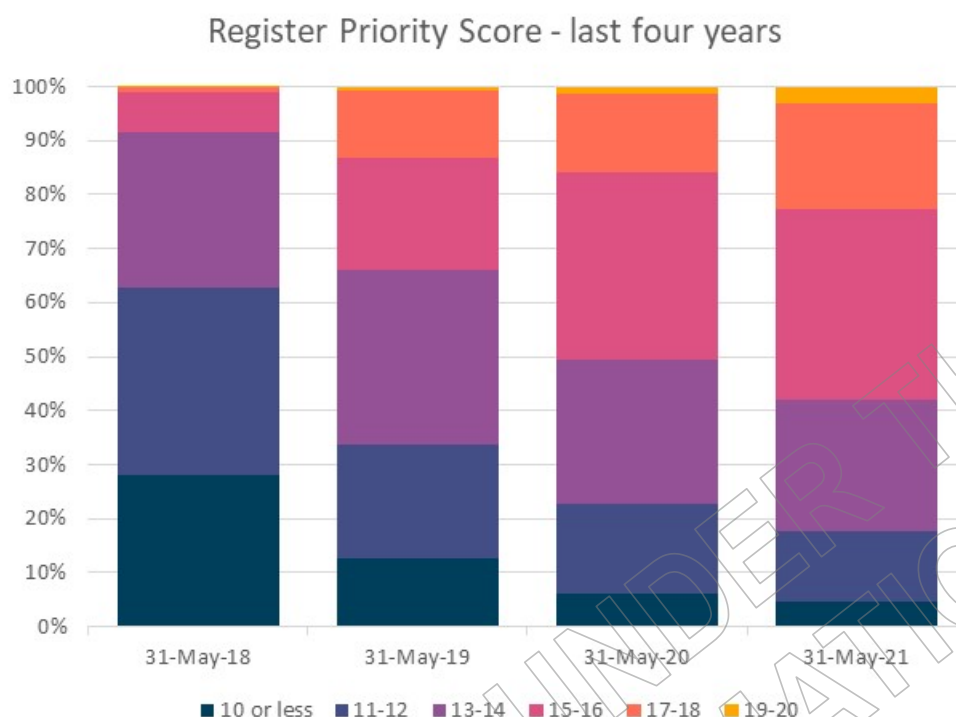
What are the needs of people accessing housing support?

The priority scores of people on the Register have increased

25 Clients accessing the Register in 2021 appear to generally have higher needs than those who accessed it in 2018. Based on the SAS criteria priority score, applications with a priority of 15 or above made up 48% of the Register in May 2021, compared to 40% a year ago or only 13% in 2018. This is shown in Figure 5.

- The increase in the number of applications over the last year was made up primarily of applications with scores of 15-16 (34% of the increase) and those with scores of 17-18 (28% of the increase).
- Those with very high housing need (scores of 19 and 20) made up 3.2% of the Register in May 2021, compared to 2.2% in May 2020 and only 0.03% in September 2018.
- The number of applications with a score of 10 or below has decreased, as either clients' housing need has escalated, or they have left the Register entirely.

Figure 5 – The need of applicants on the Register has increased, as those with higher priority are making up an increasing share



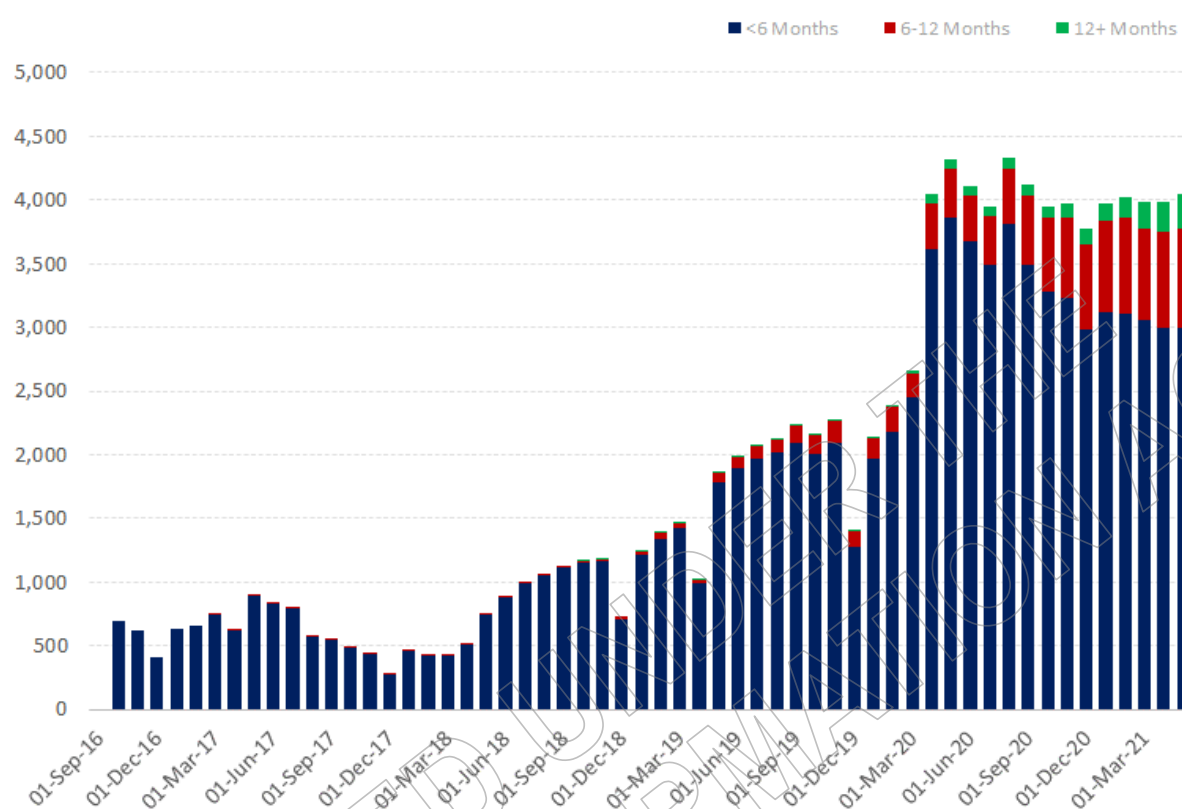
- 26 There is some uncertainty around the drivers for this growth in high need clients accessing support. For example, it is not clear the extent to which these changes represent an increase in clients' needs, or alternatively, whether existing need has become more visible over time. Client and operational practice will also react to increasing need, which makes it more difficult to identify trends in Register Priority scores.
- 27 When looking at another proxy for 'need', the proportion of those supported by a benefit has remained relatively constant (approximately 89%⁶ of all Register applications). Further work is therefore required to better understand these dynamics and how they relate to level of need for those on the Register.

Households are being supported by Emergency Housing for a longer duration

- 28 The housing situation of the approximately 4000 households supported by Emergency Housing also appears to have worsened, with people relying on this support for a longer duration on average.
- Those in Emergency Housing are staying for longer and the average stay is now 18 weeks in May 2021, compared to 11 weeks in May 2020 and 5 weeks in September 2018.
 - Approximately 26% of all households in Emergency Housing have been there for more than 6 months and 7% for more than a year in May 2021. In May 2020, 10% of households were there for over six months and 2% for over a year, while in September 2018, only 1% of households were there for more than six months. This is shown in Figure 6.
 - This suggests it may be increasingly difficult for these households to transition to more sustainable forms of housing.

⁶ This includes all main benefit types, including NZ Superannuation.

Figure 6 – There has been a significant increase in the number of households remaining in Emergency Housing for longer than six months



People accessing EHSNGs may have particularly acute levels of need

29 Information from the Integrated Data Infrastructure (IDI)⁷ also suggests those accessing EHSNGs represent a group with particularly acute levels of need. Clients receiving these grants are more likely to have experienced challenging situations such as needing acute healthcare, support with mental health and addiction, low incomes, or spending time in prison⁸.

- In the year prior to receiving a grant, 25% of EHSNG clients had an acute hospitalisation. This is higher than the rates of Register and Main Benefit clients (21% and 15% respectively).

⁷ These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit <https://www.stats.govt.nz/integrated-data/> The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes and is not related to the data's ability to support Inland Revenue's core operational requirements.

This analysis looks at people aged over 16 who received an EHSNG between September 2016 and March 2020. They're compared to over 16-year olds who were on the Public Housing Register or received a Main Benefit over that same period.

⁸ Note that the data below does not show those who face multiple disadvantages. For example, some of the 70% of clients who have a care and protection event will also have had a youth justice event and been supported by a benefit as a child.

- 53% of EHSNG clients had accessed a mental health or addiction service⁹ in the year prior - a similar rate to Main Benefit clients (50%) but higher than Register clients (45%).
 - 59% had received no taxable income (excluding Main Benefits or NZ Superannuation) which is a similar rate to Main Benefit clients (59%) but slightly lower than Register clients (62%). The majority (94%) of EHSNG clients had received a main benefit in the last year, higher than the rate of Register clients (79%)¹⁰.
 - 10% of EHSNG clients had been in prison in the last year. This is much higher than the rate for Main Benefit clients (3%) and people on the Register (4%).
- 30 In addition, over their lifetime, many people aged under 30 who receive an EHSNG have faced challenges as a child.
- 70% of these clients had a Child Youth and Family/Oranga Tamariki care and protection event. This is higher than comparable Register clients (60%) and Main Benefit clients (49%).
 - 26% had a youth justice interaction. This is much higher than comparable Register clients (16%) and Main Benefit clients (13%).
 - 77% were supported by a parent receiving a Main Benefit when they were aged 13-18. This is higher than clients on the Register (75%) and those receiving Main Benefits (62%).
- 31 However, while EHSNG recipients experience challenging circumstances at a higher rate than Register and Main Benefit clients, it is important to recognise that not all clients will have an acute level of need. For example, the majority of EHSNG recipients have not experienced acute hospitalisation, time in prison or a youth justice interaction.

Single clients are generally older males, who have particularly high needs and are most reliant on emergency housing support

- 32 As noted, single people represent a large and fast-growing group of those accessing housing support, including through the Register and EHSNGs. As at May 2021, single people made up approximately 49% of the Register and 40% of those accessing EHSNGs. Given their size, we explored the characteristics of this group in more detail, including their demographics, duration of time accessing support and complexity of need.
- 33 Single people on the Register or accessing EHSNGs tend to be older than the overall population and are generally males.
- Clients aged 65+ on the Register make up 9% of all applications. When looking at single adults only, 14% are 65+. Similarly, while 26% of the Register is under 30, singles under 30 make up only 17% of the Register. This suggests that single adults on the register tend to be older than the overall Register population. These proportions are largely unchanged when compared to 2018.

⁹ Mental health or addiction services include specialist mental health services, mental health hospitalisations, pharmaceuticals generally prescribed for mental health and addictions, or having a mental health or addiction reason coding as a main reason for reduced capacity to work on a medical certificate for benefit support.

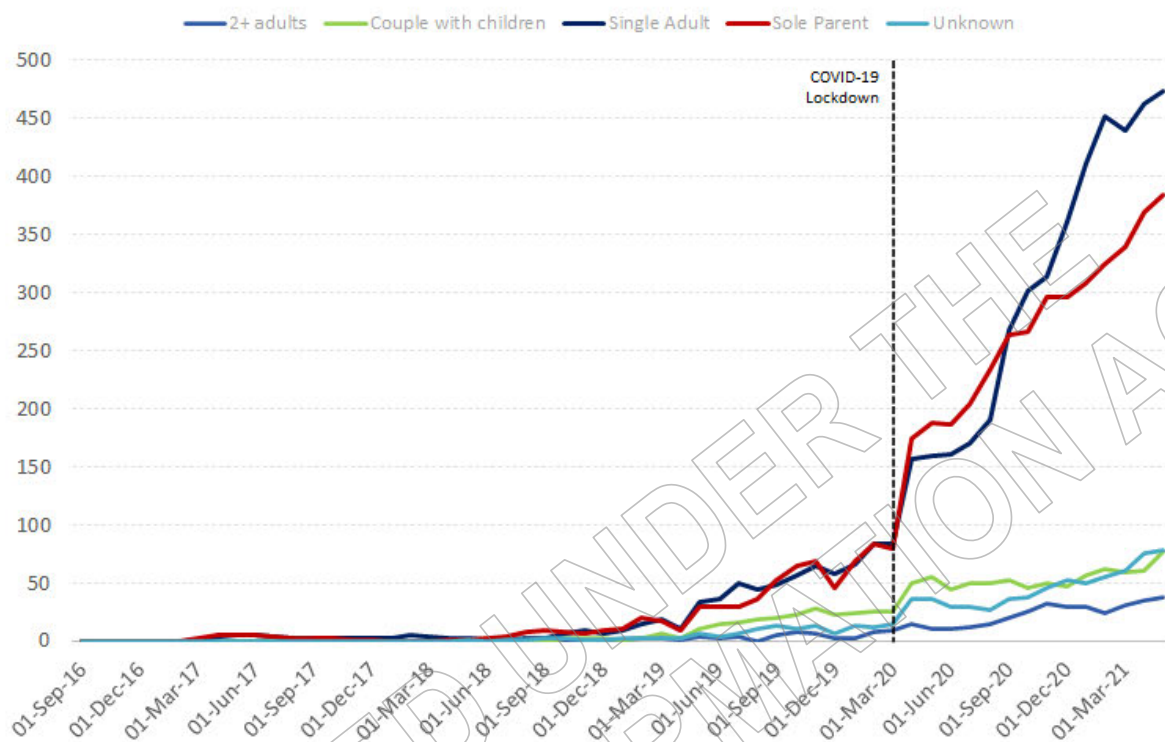
¹⁰ This number (79%) differs from the one reported in paragraph 25 (89%) mainly because it excludes clients receiving NZ Superannuation. A small amount of the difference will also be due to differences between benefit data in the IDI and official benefit statistics (see footnote 6 for more information).

- In contrast, clients accessing emergency housing tend to be younger than those on the Register, with approximately 34% of them being under 30. When looking at single clients only, approximately 26% of them are under 30. Clients over 65 represent 3% of all EH households and 7% of all singles. Similar to the Register, single clients receiving EHSNGs tend to be older. Compared to 2018, the proportion of single adults over 65+ that receive EHSNGs has increased from 4% to 7% of all EH clients.
 - Approximately two thirds of all applications on the Register and accessing Emergency Housing have a female primary client. When looking just at single clients, only approximately 45% of clients are female. This shows that single clients are primarily male compared to the overall population on the Register and in Emergency Housing.
- 34 Single people on the Register also have particularly high needs when compared to other household types.
- 53% of singles on the Register have a priority of 15 or above, compared to 48% for all households on the Register. Of all single clients on the Register, approximately 5% are of very high need (19 or 20) compared to 3% for the entire Register.
 - IDI analysis of single people on the Register¹¹ also shows that this group have an acute level of need, which is more similar to ENSNG recipients, than the overall Register population. For example, singles on the Register have comparable rates of acute hospitalisation (26%) and imprisonment (7%), and those under 30 have comparable rates of care and protection involvement (69%) and youth justice interaction (26%).
 - Single people on the Register also have notably higher uptake of mental health and addiction services, when compared to EHSNGs and the overall Register. Seventy per cent of singles on the Register have accessed a mental health or addiction service, compared to 53% of EHSNG clients and 45% for the overall Register population. This suggests that single people on the Register, along with EHSNG recipients, represent a group with an acute level of need.
- 35 Single people are also more reliant on Emergency Housing support.
- Singles receiving EHSNGs are more likely to remain in emergency housing accommodation for longer. They represent approximately 40% of all households in emergency housing (slightly below Sole Parents at 41%). However, they represent 45% of those in emergency housing for 6+ months and 50% of those with 12+ month durations. This is shown in Figure 7.
 - Notably, singles that have been in emergency housing for more than a year tend to be older, as only 8% are below 30 and 51% are between 30 and 50 years old.

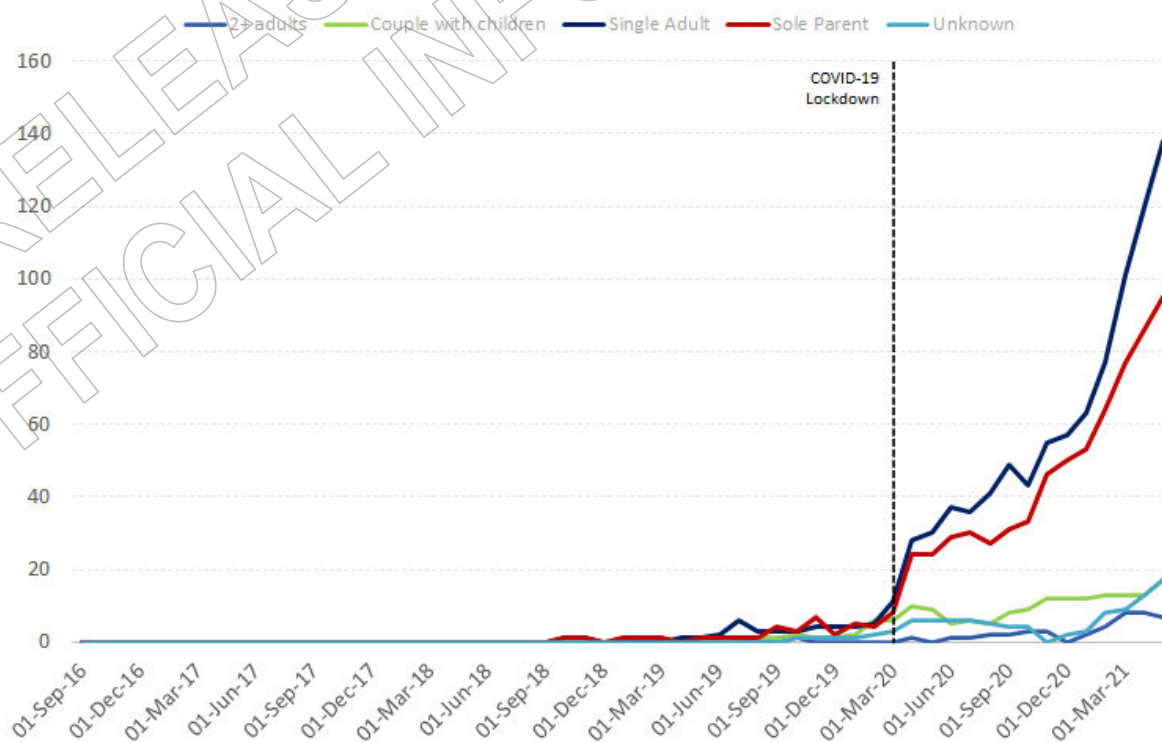
¹¹ We are not currently able to provide a breakdown of single people accessing EHSNGs due to data limitations.

Figure 7 – Number of households in Emergency Housing that stay for more than 6 or 12 months consecutively.

EHSNG Households - 6+ months



EHSNG Households - 12+ months

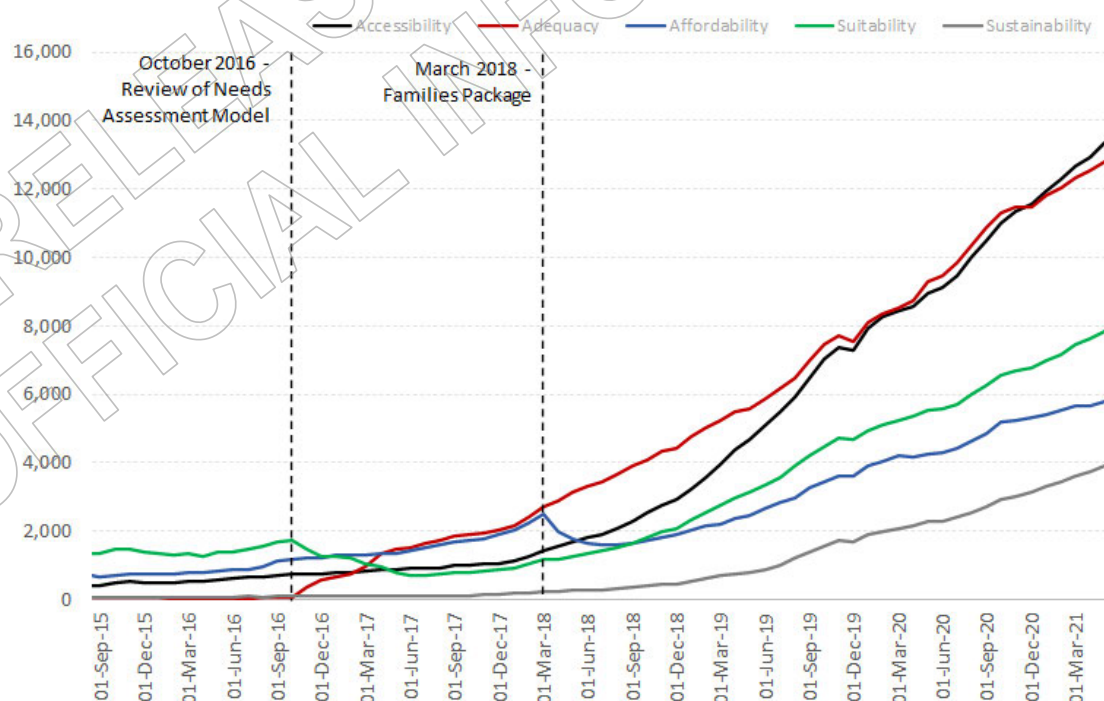


How do broader factors influence the need for housing support?

Accessibility is the most common reason for being on the Register but is intertwined with affordability issues

- 36 The Social Allocation System (SAS) is used to determine client's housing need based on their circumstances. It is measured across five criteria – Adequacy, Suitability, Affordability, Accessibility and Sustainability. More detailed information on these criteria is provided in Appendix Two.
- 37 Having a high Accessibility score has become the most common criteria for people on the Register. In May 2021, 59%¹² of clients on the Register had a maximum score in Accessibility, compared to 51% in May 2020 and 25% in September 2018. This indicates the increasing difficulty our clients have in finding appropriate accommodation in the private market.
- 38 The Accessibility criterion can overlap with Affordability and capture the same issues that the client is facing, as increasing rents can impact what housing our clients can realistically access, reducing their options.
- 39 A high Adequacy score is the second most common criteria, after being the most common historically until 2021. It measures how safe/secure their current accommodation is or if they have no permanent accommodation. In May 2021, 57% of clients had a maximum score in Adequacy, compared to 52% in May 2020 and 43% in September 2018.
- 40 Most notably, high Affordability is the second least common criteria, with only 26% of clients getting a maximum score (24% in May 2020 and 18% in September 2018). This is despite housing affordability concerns often being described as a key issue for these clients. This is shown in Figure 8.

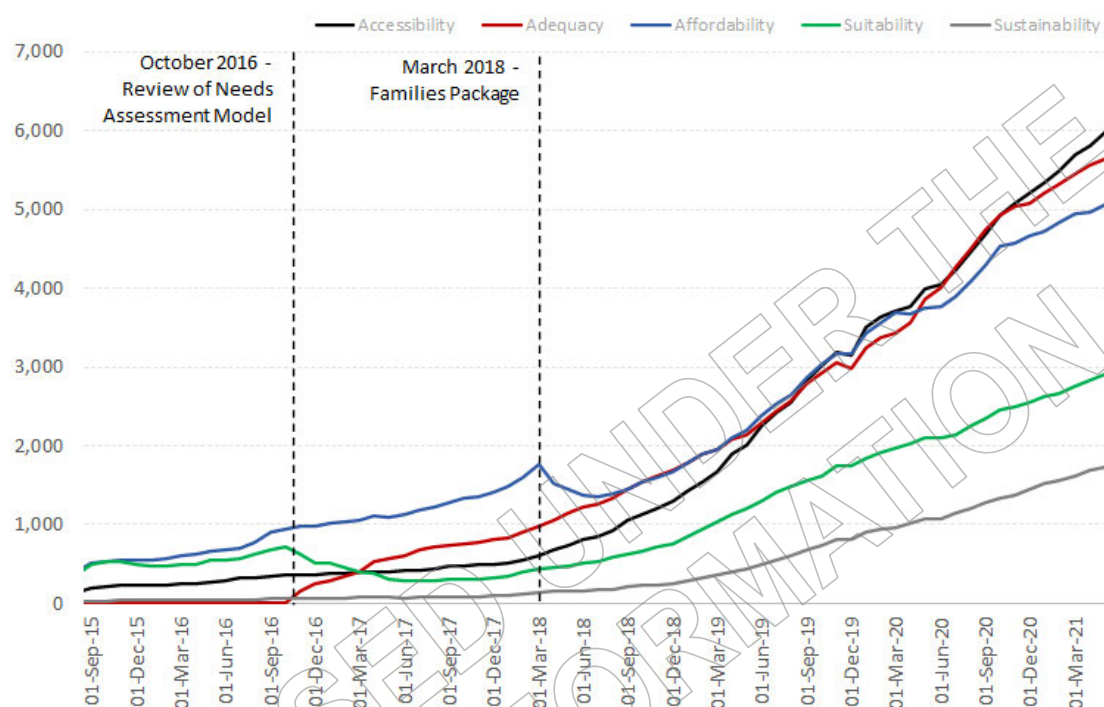
Figure 8 – High scores in Accessibility and Adequacy are the two most common SAS criteria



¹² These proportions are based on the number of clients with a maximum score of 4 in any of the criteria. Some clients (approximately 6,500) do not have individual scores and are excluded for this analysis.

- 41 However, affordability is a more important criterion when looking only at single people. For this group, a high Affordability score is much more frequent. In May 2021, 49% of all singles had a maximum score in Affordability, compared to 47% in May 2020 and 37% in September 2018. For single people, Affordability closely follows Adequacy and Accessibility as key issues. This is shown in Figure 9.

Figure 9 – Having a high Affordability score is significantly more common for applicants who are single



Rental affordability has improved since last year, but the proportion of houses considered affordable for our clients remains low

- 42 In addition to looking at the SAS affordability criteria, we have completed some additional exploratory analysis to better understand changes in client income and rents over time. This analysis looks at the broader group of clients who receive Accommodation Supplement and how their incomes have changed when compared to rents. It also looks at the proportion of places that are affordable for these clients and for those on the Register¹³.
- 43 This analysis suggests that while affordability has improved compared to last year, reflecting recent policy changes like changes to abatement thresholds and benefit rate increases, the proportion of private rentals that our clients can afford remains low. It also suggests that while affordability has also improved for Register clients, the proportion of houses considered affordable is lower than for clients accessing the Accommodation Supplement. This is shown in Figure 10.

¹³ This analysis is based on MBIE bond data compared to total incomes for AS clients and assessable incomes for Register clients. Assessable income is defined as a client's base benefit and some additional supplementary payments they are entitled to (e.g. the Accommodation Supplement). It excludes other temporary supplementary payments like Temporary Additional Support and the Winter Energy Payment. There are some differences in methodology that contribute to the difference between the affordability of different client groups. This information should be treated as subject to change, as it is based on a new methodology and doesn't account for differences in the household composition of our clients and those renting in the private market.

s9(2)(g)(i)

■ AS Clients - inc. TAS (no WEP) ■ AS Clients - exc. TAS (no WEP) ■ Register Clients

s9(2)(g)(i)

44 s9(2)(g)(i)

45

There are several 'hotspot regions' across the country, where rents are particularly unaffordable for our clients

- 46 Government has recently established a new Contracted Emergency Housing model in Rotorua, recognising the level of demand for housing in that region and the need to meet the needs of people accessing this support. s9(2)(f)(iv), we analysed regional data to understand whether any other 'hotspots' exist, where demand for emergency housing is likely to be high.

¹⁴ We have used a 65% threshold in this analysis as this is consistent with the SAS criteria definition of severe unaffordability.

- 47 To do this analysis, we examined the data behind the Affordability calculation that compares clients' assessable income and the lower quartile rent of a private market property appropriate to their circumstances¹⁵. This comparison should provide an overview of how affordable the market is based on the specific circumstances of our clients, which may be different when looking at the private market data overall¹⁶.
- 48 This analysis shows average rent for adequate properties increased faster than income nationally over the last five years. This is especially true for clients who are single or sole parents. In contrast, couples are better off as their income is generally higher.
- 49 As shown in Figure 11 and Figure 12, some locations, like Wellington and Auckland, have seen lower quartile rent levels rise above average assessable incomes of our clients, suggesting severe unaffordability issues. Both regions are showing rent to income ratios above 100%. These areas also have higher proportions of clients with high Affordability scores, especially for single clients.
- 50 Other locations, like Rotorua or Hamilton, have experienced significant rent growth so that lower quartile rent levels are almost in line with incomes. This has further contributed to the need for emergency housing support.
- 51 More recently, as noted, increases in unaffordability have slowed, as benefit increases since 2017 have offset increases in rents for many clients and the overall proportion of affordable places has increased. However, in the long term, if rents grow faster than benefit incomes, it is likely that affordability will continue being a concern in these areas, especially for single clients.
- 52 It is important to note that this analysis provides one view on how to determine 'hotspot' regions, based predominately on housing affordability. s9(2)(f)(iv)
- [REDACTED]
- [REDACTED] Kāinga Ora are also building more public housing in several of these regions, which may reduce the criticality of need for support longer-term.

¹⁵ This analysis accounts for the different size requirements of different household types, e.g. single adults only requiring a one bed property.

¹⁶ This analysis is intended to give a general overview of housing affordability over time in different regions; it does not compare clients' income to actual rent. Therefore, in some cases, rent to income ratios are over 100%. We have used the lower quartile for this analysis, as it is more in line with accommodation costs our clients are likely to face. We also note that 'assessable income' excludes some additional supplementary payments, such as Temporary Additional Support, the Winter Energy Payment, along with IRD tax credits.

Figure 11 – Historically, rents have increased compared to client incomes in major 'hotspot regions', but this growth has now slowed

Rent as a percentage of Income - all clients

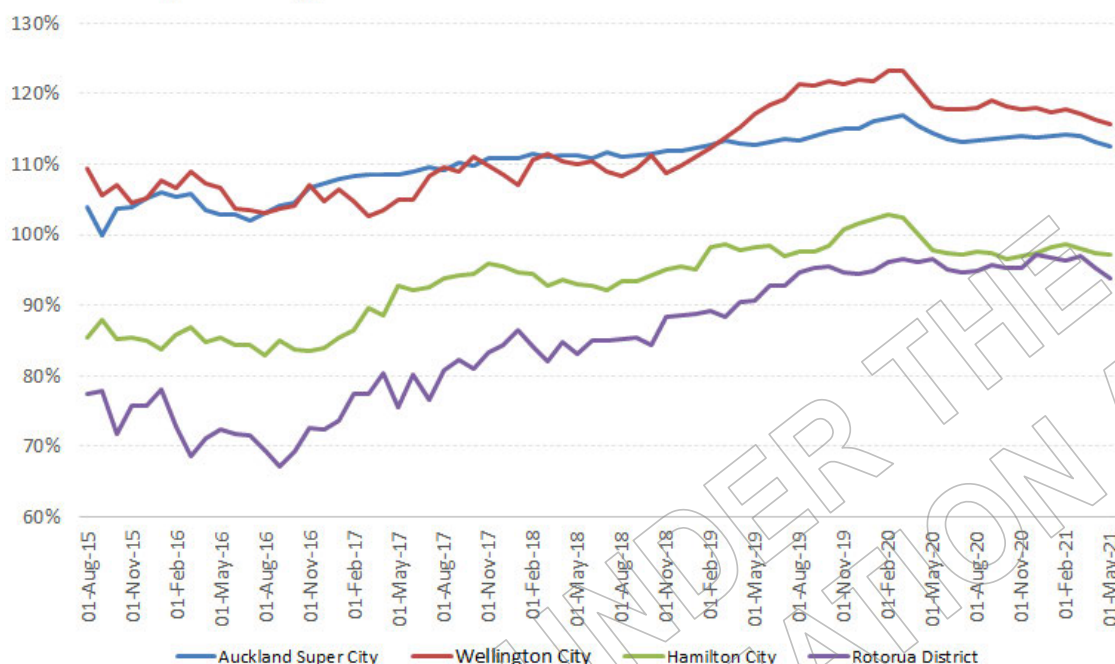
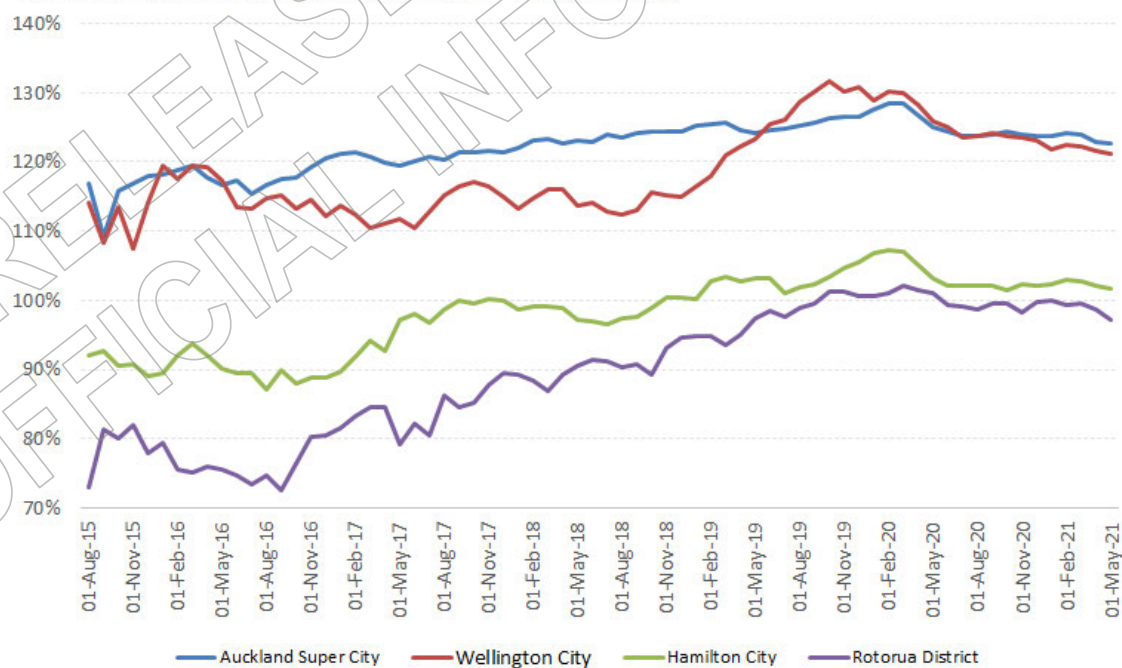


Figure 12 – Rents for singles with and without children are significantly higher than their incomes compared to all clients

Rent as a percentage of Income - singles only



There is a relationship between the number of households in Emergency Housing and the available supply of motels

- 53 While the number of households in Emergency Housing has stabilised, this does not necessarily indicate that demand has been met. Along with duration of grants, the level of supply of emergency accommodation can influence the number of EHSNGs.
- 54 Following COVID-19 border closures, a significant number of accommodation suppliers switched to offering Emergency Housing places, and we saw a steady increase in the number of suppliers up to June 2020. As the restrictions eased, some of these suppliers stopped providing their services.
- 55 There was a reduction of on average 20 unique suppliers each month over the last year, compared to an increase of 11 and 12 per month in the two years prior. The number of households housed by these suppliers has reduced by 14 households a month on average, compared to an increase of 27 and 23 a month in the two years before.
- 56 However, while the number of suppliers has decreased from the peak in 2020, it remains higher than in previous years, as the number of new suppliers was greater than the number that stopped dealing with us. Our current suppliers also have larger capacity and are housing more families than in the past.

Next steps

- 57 The analysis presented in this paper has several implications, which can support policy work and future decisions around supporting people accessing emergency and public housing. These findings will be of particular importance to the review of the emergency housing system, which is currently underway.
 - **Single people may be an underserved group who would benefit from tailored support.** While the number of single people has reduced from the peak observed during the pandemic, they remain the largest group accessing Emergency Housing Specials Needs Grants and continue to access this support at a higher level than before the lockdown. A focus on supporting families may result in this group being underserved, as they will have a different set of needs.
 - **People accessing housing support generally have acute needs, which should be addressed by holistic support from different agencies.** Our analysis demonstrates that many people accessing housing support have an acute level of need, which presents across a range of domains - including mental health and addiction, corrections and youth justice, and care and protection. Other agencies have a role in meeting these complex needs, alongside MSD.
 - **Barriers to housing are complex and income is not the sole factor.** While recent income increases have improved housing affordability for beneficiaries, the proportion of houses considered affordable remains low. We expect the proportion of affordable houses to grow in the future, following the impact of Budget 21 benefit increases. However, demand for housing support remains high, reflecting the influence of factors other than income, including the accessibility of affordable housing within the private rental market and the complex needs of clients seeking support.
 - **There are several hotspot regions, where access to affordable housing may be particularly difficult for our clients.** Rotorua has recently been identified as an area where the need for housing support has reached a critical level. In response, Government has proposed a new emergency housing model in this area, which will provide enhanced wrap-around support. Our analysis has identified several areas where access to affordable housing is also limited, including Auckland, Wellington, and Hamilton.

- 58 The analysis presented in this report excludes the impact of the second nationwide lockdown in August 2021. Following the lockdown, there was an increase in the number of households receiving EHSNGs. However, at this stage, this growth is not as substantial as what we saw in the 2020 lockdown.
- 59 This analysis also excludes the impact of MSD resuming Active Register Management in May 2021. After this was resumed, there was a reduction in the number of applicants on the Register from June to July, as some lower priority applicants experienced a change in circumstances. The number of applicants increased again in August (but remained lower than in previous months), following the lockdown.
- 60 More detailed reporting on these recent changes will be provided in the upcoming Monthly Housing Update, which will shortly be provided to your office [REP/21/9/1007 refers]. This update is a new version of the monthly housing reporting you regularly receive and provides information on EHSNGs and the Housing Register up to the end of August 2021.
- 61 This new reporting has been developed by the recently established Housing Analytics function within MSD. This function was stood up following growing demand for data and insights that improve our understand of the housing support system. This function will work closely with our partner agencies, such as Kāinga Ora and Te Tūāpapa Kura Kāinga - the Ministry of Housing and Urban Development, to identify and explore enduring questions related to public and emergency housing. We welcome your feedback on any key areas of interest you would like us to explore within this broader work-programme.

REP/21/9/992

File ref: A13555608

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Appendix One – demographic information (as at end of May 2021)ⁱ

Register Demographic Details

		Age											Total
Gender	Ethnicity	<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+	
Female	Māori	231	1,425	1,869	1,800	1,179	852	657	564	507	333	345	9,762
	NZ European	63	279	381	477	357	309	345	333	327	279	489	3,639
	Other	18	111	222	270	288	177	147	132	144	114	312	1,935
	Pacific Island	42	366	594	555	354	270	177	174	117	99	174	2,922
	Unspecified	48	204	102	60	54	39	30	18	12	18	48	633
	Total	396	2,385	3,165	3,162	2,232	1,647	1,350	1,221	1,107	849	1,374	18,887
Male	Māori	39	288	498	621	591	549	498	396	393	231	276	4,380
	NZ European	24	93	204	267	249	276	309	360	333	267	486	2,868
	Other	S	S	96	150	168	162	138	159	141	117	312	1,500
	Pacific Island	S	S	105	108	117	132	126	117	87	78	159	1,074
	Unspecified	9	48	36	S	33	S	24	S	18	18	42	312
	Total	78	S	936	S	1,161	S	1,098	S	969	714	1,275	10,131
Gender Diverse	Māori	S	S	S	S	S	S	-	S	-	-	-	15
	NZ European	-	S	S	S	-	-	-	S	-	-	-	6
	Other	-	-	S	-	S	-	-	-	-	-	-	S
	Pacific Island	-	-	S	-	-	-	-	-	-	-	-	S
	Unspecified	-	-	-	S	-	-	-	-	-	-	-	S
	Total	S	S	9	S	6	S	-	S	-	-	-	27
Grand Total		477	2,916	4,110	4,338	3,396	2,802	2,448	2,271	2,076	1,563	2,646	29,043

EHSNG Household Demographic Details

		Age											Total
		<20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+	
Female	Māori	108	228	321	315	207	141	114	75	54	27	21	1,611
	NZ European	18	30	66	63	63	42	42	42	21	15	18	420
	Other	33	60	48	33	33	27	18	18	12	6	9	297
	Pacific Island	18	54	63	51	33	24	18	18	9	S	S	288
	Unspecified	-	-	-	-	-	-	-	-	-	-	-	-
	Total	177	372	498	465	333	228	192	153	96	48	48	2,607
Male	Māori	30	57	90	126	105	111	90	54	48	33	30	774
	NZ European	S	S	27	42	30	45	51	42	33	18	33	351
	Other	15	21	18	21	21	18	15	9	9	6	12	165
	Pacific Island	S	S	S	21	18	S	21	9	15	6	6	147
	Unspecified	-	-	-	-	-	-	-	-	-	-	-	-
	Total	63	S	S	210	174	S	177	114	99	63	81	1,434
Gender Diverse	Māori	-	S	S	-	-	S	-	-	-	-	-	S
	NZ European	-	-	S	-	-	S	-	-	-	-	-	S
	Other	-	-	S	-	-	-	-	-	-	-	-	S
	Pacific Island	-	-	-	-	-	-	-	-	-	-	-	-
	Unspecified	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	S	S	-	-	S	-	-	-	-	-	7
Grand Total		240	477	657	675	504	423	369	267	195	111	129	4,050

Appendix Two – SAS criteria

Adequacy – *How safe/secure is your current place?*

Focuses on whether the client needs accommodation or needs to move from their current accommodation due to:

- not currently living in any accommodation, or living in emergency housing for the time-being
- the physical condition/structure or lack of basic facilities of the accommodation
- over-crowding or
- lack of security of tenure of their current accommodation.

Suitability – *How badly do you need to move?*

Focuses on needing to move due to:

- medical, disability or personal needs or
- family violence or neighbourhood tension (including tension within the household) or other violence relating to the client's current living situation.

Affordability – *Can you afford a private rental?*

Focuses on the ability to afford alternative, suitable housing in the private market.

Accessibility – *How difficult is it to access a private rental?*

Focuses on the ability to access and afford suitable and adequate housing as a result of discrimination, lack of financial means to move and availability of alternative, affordable suitable housing in the private market.

Sustainability – *Could you keep a private rental?*

Focuses on financial management difficulties and difficulties in social functioning and lack of social skills.

ⁱ This data is randomly rounded and suppressed.

Report

Date: 4 October 2021

Security Level: IN CONFIDENCE

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

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

Purpose of the report

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

Executive summary

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

The current emergency housing system is not delivering the desired outcomes

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

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

s9(2)(f)(iv)

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Hon Dr Megan Woods
Minister of Housing

..... / /

Hon Carmel Sepuloni
**Minister for Social Development
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12 / 10 / 2021

Hon Poto Williams
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..... / /

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

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