



Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development

Rotorua Contracted Emergency Housing Exit Strategy

Purpose

1. Resource consent was granted on 15 December 2022 for the use of 13 motels for Contracted Emergency Housing (CEH) for a duration of two years (Annex A (I) refers).
2. The purpose of this document is to inform Rotorua Lakes Council (RLC) of the Ministry of Housing and Urban Development's (HUD) CEH exit strategy, in accordance with Condition 5 of the resource consents (Annex A (II) refers).
3. In addition, as part of its exit strategy, HUD will seek resource consent (on behalf of the motel operators) for seven motels for a one-year period. This will ensure families can be transitioned to appropriate permanent housing.

Background

4. The causes of the housing crisis with specific reference to the Rotorua Lakes area, and the impact of the numbers of people requiring emergency housing in the region, were covered in the evidence HUD¹ lodged in support of the CEH consent application.
5. Since late 2019 HUD, along with other government agencies, has been working with RLC, Ngāti Whakaue and Te Arawa to respond to Rotorua's housing challenges.
6. These challenges have emerged due to an unexpected period of population growth, coupled with a lack of local housing supply, a slowdown in the construction of new housing and a downturn in the local economy.
7. The construction of new private market housing, whether for sale or rent, slowed due in part to infrastructure and geotechnical challenges and higher interest rates, but also to a lesser extent because of vertical build costs and relatively low market rents.
8. Incomes in Rotorua are significantly lower than the NZ average, with a high number of people on benefits. Private rental and purchasing a home are beyond the financial reach of those in acute housing need.
9. As a result, a housing crisis has emerged in Rotorua. As at the end of 2019, it was estimated there was a shortage of 1500 – 1750 homes. This led to an increase in motels being used for temporary emergency housing, with long-term rather than the intended short-term stays.
10. As agreed by Cabinet, HUD contracted specific motels to provide emergency accommodation focused on supporting families with children. Resource consents for 13 motels were subsequently lodged. Based on the pipeline of public housing at this time, HUD believed that the use of the motels for CEH would be required for five years and sought resource consent on that basis.

¹ Refer to Statement of evidence by Nick McNabb, Chief Advisor at The Ministry of Housing and Urban Development.

11. As part of the resource consent hearing, HUD outlined a 5-year plan to reduce Emergency Housing in Rotorua, including:
 - an anticipated increase in the supply of public, affordable, iwi and market housing, and
 - enabling managed reduction in the number and concentration of motels used for Emergency Housing Special Needs Grant (EH SNG) and CEH.
12. The resource consents were granted by Independent Commissioners for a two-year period. The current resource consents therefore expire on 15 December 2024.

What has happened since resource consent was granted

CEH has been evaluated

13. An independent evaluation of Contracted Emergency Housing in Rotorua was published in January 2023. It found most respondents were positive about their experiences, saying it provided their whānau with respite from a range of challenges and trauma they were experiencing in their lives, including homelessness. Most of the respondents said their experience of contracted motels was that it was safer and more secure, had reasonable amenities, and provided them with a sense of community (the full report can be found [here](#)).

Increased supply and lowered demand have enabled a reduction in the overall number of motels used for emergency housing

14. The supply landscape in Rotorua has seen a significant shift over the last few years with increased delivery of new permanent housing and a shift away from interim housing solutions. From September 2021 to March 2024 inclusive, a total of 876 (gross) new dwellings were built in Rotorua – these are a mixture of market and social housing.
15. The number of households in emergency housing, and the number of motels utilised for this purpose, has steadily reduced since the peak in November 2021. One of the initial priorities in Rotorua was to reduce the use of MSD ‘mixed use’² motels. This focus contributed to a sharp decline in the number of motels used by MSD. The number of EHSNG motels MSD clients are utilising has reduced from 35 motels in August 2022 to six in April 2024. As at May 2024, HUD has exited three³ of the 13 CEH motels prior to resource consent expiration.

Recent policy changes will enable reduced use of CEH motels

16. The recently established Priority One category enables families to receive a fast-track preference to social housing after a 12-week consecutive period in emergency housing – including CEH and EHSNGs.

² Motels which were being used for both emergency housing and tourism.

³ New Castle (site 6), Ann’s Volcanic (site 11) and Union Victoria (site 12).

Motels are progressively returning to commercial operation

17. The three motels HUD has exited have successfully returned to commercial operation within the 90-day notice period HUD issued.
18. HUD has provisions in the agreements they hold with accommodation providers that mean there was no 'mixed use' of motels as they transitioned from CEH to tourism operation.

Current Situation

19. In Rotorua, there has been a reduction in the overall demand for emergency housing⁴. Most households requiring emergency housing are families with children who reside in CEH. Therefore, it is not possible, based on reduced demand alone, that a full exit of CEH motels can be achieved by December 2024 without significant impacts and disruption. Given the key factor in reducing reliance on CEH was the pipeline of public housing, this is not unexpected. However, faster than expected progress is being, and has been, made.
20. The key enabler for reducing the reliance on CEH motels remains a steady supply of affordable housing options. HUD initially applied for resource consent for a five-year period to ensure enough new supply of housing would be available to support whānau to exit motels. While the supply picture is gradually increasing, there remains an interim need for the emergency housing delivered through the HUD contracted motels. Given the vulnerability of the cohorts, HUD consider the most appropriate approach is to continue to support a progressive decrease in contracted accommodation.
21. As a result, HUD will apply for resource consent for seven motels for a further one-year period.

HUD will continue to take a phased approach to reduce Contracted Emergency Housing motels

22. HUD will continue to take a phased approach to reduce its reliance on contracted motels with a full exit from contracted motels by December 2025.
23. By December 2025, HUD expects most of the supply solutions to be completed. This will support cross-agency efforts to reduce overall reliance on emergency housing motels. The Kāinga Ora Social Housing Pipeline for Rotorua estimates 350 social houses will be delivered by this time. Through discussions with Kāinga Ora, HUD anticipates approximately two thirds of these (234), as outlined in the below table, will be made available to whānau in emergency housing. This will support HUD's exit from CEH.

Anticipated Social Housing available for whānau in CEH

| December 2024 | June 2025 | December 2025 |
|---------------|-----------|---------------|
| 48 | 212 | 234 |

*The above figures are accumulative over time

⁴ In December 2021, 588 households were reported across both CEH and EH SNG motels compared to 222 households in April 2024.

24. While supply comes onboard to enable a full exit of CEH motels, HUD will implement a number of measures to support exits and CEH motels returning to tourism, as set out in the table below.

| Prioritising and exiting motels |
|---|
| <p>HUD will:</p> <ul style="list-style-type: none">• Prioritise all CEH motels in Rotorua to determine the most appropriate motels to exit and the order in which these exits occur.• Continue to gradually exit one motel at a time to ensure the market is not flooded with multiple motels returning to the tourism market at the same time.• Work alongside MSD to actively manage exits by stopping new referrals into CEH motels from 30 June 2025.• Issue 90-day notice period to motels being exited to allow sufficient time for restoration work, if necessary, to take place before the motels return to tourism. |

25. HUD has explored several options to achieve a full exit of contracted motels as efficiently as possible. It has balanced the different options with the need to ensure families are appropriately housed and believe the above approach is the best way to provide a supportive transition into stable housing.
26. Prior to resource consent expiring in December 2024, HUD will exit Malones Motel (RC17662), Midway Motel (RC17890) and Emerald Spa Motor Inn (RC18244). These motel exits were determined using the above process. HUD will work with the service providers supporting these three motels to reduce their occupancy, either by placement into long term housing or, if necessary, by transfers into the remaining motels for which new resource consents will be sought. Notice to these three motels will be issued no later than 90 days prior to consent expiry.

Conclusion

27. HUD is proactively working alongside other agencies to exit the use of motels for CEH in Rotorua by December 2025. This is being done through an increase in the supply of new social and affordable housing, including Kāinga Ora housing, leading to a reduction in the level of demand for CEH.
28. In addition, the recently established Priority One category enables families to receive a fast-track preference to social housing after a 12-week consecutive period in emergency housing – including CEH and EH SNGs.
29. This exit strategy outlines the programme to end use of the consented sites and buildings for CEH, including the need for HUD to apply for resource consent (on behalf of the motel operators) for seven motels for a one-year period.

Annex A – CEH resource consents

I. The following 13 motels were granted resource consent:

- RC17647 - Lake Rotorua Hotel, 131 Lake Road.
- RC17648 - Alpin Motel, 16 Sala Street.
- RC17650 - Newcastle Motor Lodge, 18 Ward Avenue.
- RC17661 - Pohutu Lodge Motel, 3 Meade Street.
- RC17662 - Malones Motel, 321 Fenton Street.
- RC17673 - Union Victoria Motel, 26/28 Victoria Street.
- RC17887 - Ascot on Fenton, 247 Fenton / 12 Toko Streets.
- RC17889 - RotoVegas Motel, 249 Fenton / 14 Toko Streets.
- RC17890 - Midway Motel, 293 Fenton Street.
- RC17891 - Geneva Motor Lodge, 299 Fenton Street.
- RC17892 - Ann's Volcanic Motel, 107 Malfroy Road.
- RC17893 - Apollo Hotel, 7 Tryon Street.
- RC18244 - Emerald Spa Motor Inn, 284 Fenton Street.

II. Condition 5 of these resource consents requires:

“No later than 6 months prior to the consent expiry under 4(a), the consent holder shall submit to the Manager, Planning & Development Solutions, Rotorua Lakes Council, or their delegate, for certification, an exit programme to end the use of the site and buildings for CEH within the timeframe granted under this consent. The exit programme shall detail matters such as - the plans to have the residents relocated from the site at the expiry of the consent, when the CEH will not be accepting further residents, and details of any required works to reinstate the buildings as a motel.”