

**Before Independent Hearings Commissioners
Rotorua Lakes Council**

**In the matter of 13 applications for resource consent for
contracted emergency housing by Te Tūāpapa
Kura Kāinga Ministry of Housing and Urban
Development**

**Statement of evidence by Kate Boyd of
Emerald Spa Motor Inn**

10 October 2022



Counsel
Nick Whittington
Hawkestone Chambers
PO Box 12091, Thorndon,
Wellington 6144
+64 21 861 814
nick.whittington@hawkestone.co.nz

Statement of evidence by Kate Boyd of Emerald Spa Motor Inn

1 Introduction

- 1.1 I am Kate Boyd, Building & Business Owner of Emerald Spa Motor Inn.
- 1.2 We bought the motel 5 years ago and operated it as a “Tourist” motel and are now operating as a Contracted EH Motel.

2 Emerald Spa Motor Inn

- 2.1 We purchased the business in early 2017. The motel had a large loyal corporate base, many wholesale customers and a substantial number of FIT’s staying each year. Our occupancy during the summer months and over weekends would be near to 100%. From 2015 onwards the moteliere in Rotorua were becoming increasingly concerned with the number of residential properties being available on Airbnb and the impact that this was having on their businesses. At a high point there was around one thousand residential properties advertised. With a motel having on average twenty rooms this was the equivalent of another fifty motels. Moteliere felt that they were not on a level playing field with Airbnb as these properties did not have to pay commercial rates or comply with the likes of FENZ regulations. The increase in Airbnb properties not only has an impact on the occupancy of motels in Rotorua but also on the restaurants and bars as Airbnb guests would choose to cook and eat in the property rather than dine out.

Some of the motels decided to take more WINZ guests as a way of offsetting their reducing occupancy rates and securing regular income.

As owners of the Emerald Spa Motor Inn and Tuscany Villas we made the decision that we would not accept WINZ guests as we strongly felt that our corporate guests and FIT experience at our motel should not be compromised by mixing the two.

A number of the motels who were accepting WINZ guests are situated across the road from our motels and there was often a police presence and unruly behaviour from guests at these motels stemming back to before 2017 which continues.

It is my opinion that many of these motels are the ones that have the poorest street appeal due to lack of investment and maintenance which certainly resulted in becoming the least preferred option for FIT's.

The other significant impact that the enormous number of Airbnb properties has had is that it has taken these properties out of the long-term rental pool. The impact of this is now a massive shortfall in housing and must be a significant contributor towards the current number of people homeless in Rotorua.

3 Contracted Emergency Housing

3.1 And then came Covid-19.

Like all the accommodation businesses in Rotorua during February 2020 our two motels saw most of their future reservations being cancelled.

As we were nearing our first national lockdown in March 2020, we had zero guests in house and no reservations for the foreseeable future. As business owners we had significant lease obligations and approached our landlords asking for a rent reprieve. At the time we had three landlords and all three of them were absolutely adamant that they were not going to assist us with reduced rent payments or a rent holiday and one of them informed us that they had instructed their lawyers to act if rent was not paid in time and in full.

On March 25th, 2020, Tiny Deane (CEO – Visions of a Helping Hand) came on site and asked if we would consider our two motels being used to accommodate Rotorua's homeless during the lockdown. After discussions with HUD and Visions we agreed to an initial 3-month contract where we would provide the rooms and Visions would provide 24-hour security and on-site wrap round services to support the guests. That same evening our guests arrived on site and the next day NZ entered into its first lockdown.

Although the thought of opening our motel to the homeless scared us as the only experience of housing the homeless was what we had witnessed in the motels across the road housing WINZ guests, we felt that it was our only option if we wanted to protect ourselves and our business from bankruptcy.

The first three months of the contract were difficult as the country was in lockdown so guests could not leave the site and our house keeping team could not enter the rooms. However, the Visions team did an exceptional job of supporting the guests and looking after our property.

The Covid contracts were extended for both motels and in July this year Emerald Spa moved over to the Emergency Housing Contract. To date we have housed the homeless for 29 months. During this time there has been only one instance of malicious damage to our property. We have seen many guests who arrive with low self-esteem and low confidence grow stronger, make friends with the other guests, and interact with the staff on site. These relationships are built as there is no judgement from the people living around them. We witness the guests supporting each other and children from different families playing together. We see happy children who we know are in a safe, drug and alcohol-free environment and living in clean, dry, warm accommodation. The children build a relationship with our onsite managers and often ask if there are any jobs, they can help with like sweeping up leaves and picking up rubbish.

Our house keepers collaborate with the guests, helping the ones that struggle to keep a tidy unit. They do this by assisting the guests to declutter, encouraging them to keep on top of their laundry and dishes, and educating them to change their sheets and towels regularly.

I am a member of the committee for Rotorua Association of Moteliers (RAM), and we meet on a regular basis to share experiences and discuss relevant issues affecting the motel and tourism industry in Rotorua. We have discussed motels housing the homeless on numerous occasions over the last two years. It is the opinion of our members that have chosen not to change their business model to accommodate the homeless that the reduced number of bed nights being available to the general public has enable them to ride out the last couple of years with good occupancy rates allowing them to keep their properties well maintained, staff employed and their businesses viable.

The following is an excerpt from the Chairperson report presented at the RAM AGM on 31 August 2022:

“While we continue to ride through these unpredictable times, there can be no denying one of the greatest challenges we face is in how we manage the Emergency and Transitional Housing effects on our town. As an organisation we remain firm in our stance that that well managed, accountable, and exclusive Emergency Housing is the best temporary solution and that the Mixed Model of Emergency Housing and Tourism visitors cannot and will never work for Rotorua. Those that continue to operate the Mixed Model simply act in short sighted personal interest and not the interests of Rotorua. Of course, policy is changing in this space and houses are frantically being build, time will tell of the effectiveness. There remains a fantastic opportunity for Emergency Housing businesses to reinvest in their business and successfully transition back into the tourism market. There is an abundance of support within this organisation and RotoruaNZ that will work with businesses to achieve this.”

Had we and the other contracted motels not entered into the HUD contracts we believe that the number of visitors staying in Rotorua would not have been enough to allow us all to continue to operate viably with what would have been very low occupancy rates across all the properties and increased costs.

In response to some of the concerns raised in the submissions opposing the Resource Consent Applications:

- **As a motel owner we take pride in our property regardless of our business model. We ensure that the presentation of our property both inside the gates and on the road frontage remains at a very high standard**
- **Shopping trolleys being abandoned on Fenton St is not a new issue. We have always ensured that trolleys left outside our property or neighbouring properties are removed from site and returned to the relevant store.**

Is Fenton St an unsafe location? I am a white female in my 50's. I live on Robertson St and regularly cycle and walk around Fenton St and the surrounding residential area. I don't feel intimidated when in this area and always say Hi to people I walk past regardless of where I think they are living. Yes, some of the local people walk with their heads down and

prefer not to make eye contact with passers-by but when I greet them, I almost always get a look of surprise and a smile. A large percent of the homeless people staying in motels have low self-confidence, feel worthless and are intimidated by the comments that are made and written about them in social media. Most of them keep their heads down because they don't want confrontation not because they are shifty or dangerous.

If there are gang members living in our contracted motel, they are obviously respecting us as owners and the other onsite staff and guests as I do not see patches being worn or any evidence of gang intimidation. Because of the security at the motel entrance, we do not have a gang presence out the front of our motel and there is a "No" visitor policy, so we only have the registered guests coming on site.

Our motel has operated with a "Zero" tolerance of drugs and alcohol policy since the first day of operating under the HUD contract. Intoxicated guests or guests under the influence of drugs are not allowed onto the property and neither are the allowed to have drugs or alcohol in their possession of in their rooms. All guests are very clear that this is the policy when they move into the motel.

Our on-site security guard if not present at the motel entrance will be inside the reception area where they have monitors displaying the footage from a number of security cameras which cover the motel frontage, entrance, and other areas of the motel. So, if the security guard is not visible to passers-by, they are still overseeing the activity and behaviour of the guests around the motel.

- 3.2 Finally, I respond to the submission from Rotorua Racing Club Inc (RRC) dated 2nd September 2022 opposing the application for Resource Consent for Contracted Emergency at 284-286 Fenton Street.
- 3.3 The submission from Rotorua Racing Club Inc (RRC) states:

- 3.4 *“RRC has also made its concerns around the use of the Premises known to the Motel operators on several occasions. It is RRC’s view that the current use of the Premises is in breach of the terms of the ground lease”*
- 3.5 RRC has indeed made their above opinion known to us.
- 3.6 In October 2020 Richard and I as shareholders of Boyd Holdings 2011 Ltd entered into a Sale and Purchase agreement to acquire the building at 284-284 Fenton Street. This was due to settle on 30th October 2020. The agreement was conditional on obtaining Rotorua Racing Club’s consent (as head lessor) to the assignment of the head lease.
- 3.7 The agreement did not settle on 30 October 2020 because the RRC advised in a letter dated 27 October 2020 that the Club would only consent to the assignment if Boyd Holdings 2011 Limited did not seek to extend its contract with MHUD beyond 31 March 2021.
- 3.8 In November 2020 Boyd Holdings engaged the services of Barrister Phillip Rice. Mr Rice wrote to Greg Burt of Lance Lawson Solicitors Rotorua who represents RRC on the 17th of November 2020. The following is an excerpt of the letter:
- 3.9 *“..... you consider the current use of the premises falls outside the permitted use of the premises as a motel.*
- 3.10 *It was held in Annie Enterprises Ltd v Cho (2018) 20 NZCPR 245 that the exclusive use of a motel by WINZ for emergency accommodation did not change the use of the motel as a motel. It was merely a change of the business model....*
- 3.11 *Accordingly, the Club’s reason for imposing the condition has no basis in law and its decision to withhold consent is unreasonable”*
- 3.12 On 23rd November 2020 Greg Burt emailed Mr Rice stating that the RRC had agreed to remove the requirement that Boyd Holdings 2011 Limited did not seek to extend its contract with MHUD beyond 31 March 2021 and consent to the assignment of the lease was given.
- 3.13 On the basis that RRC assigned the lease to Boyd Holdings it is clear that we are not in fact in breach of the Ground Lease. Hence Council will not be interfering in the contractual relations between RRC and its Lessee by

allowing resource consent to use the site and existing buildings at 284-286 Fenton Street for contracted emergency housing.

Date: 10TH OCTOBER 2022



Kate Boyd