

**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
RotoVegas Motel – Bryce Smart**

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1 Introduction

1.1 Name - Bryce Smart

1.2 Owner - RotoVegas Motel

I agree and sympathise with the many residents of Rotorua that something needs to be done to limit the amount of theft and violence that has spiked since homeless people began living in motels just a few years ago.

The homeless problem has become a common theme in cities throughout New Zealand over the last 5 years with many people living in Motels but what is unique about Rotorua is the trial of the 13 motels contracted to MHUD of which from my experience I firmly believe this is a successful model.

Having worked with MHUD and WERA for the last 12 months, the onsite security, onsite wrap-around-services and rules such as no gangs, drugs or alcohol have created a safe and quiet motel with good tenants whom respect the other guests of the motel and the local community. I believe the small percentage of people that are causing the problems in Rotorua come from those motels that do not have the security and wrap around services and those motels that continue to mix tourists with MSD accommodation.

My reason for giving evidence is that the residents of Rotorua are concerned that we have industrialised homelessness being facilitated by those who can make money out of it, but in fact short stay tourist accommodation companies such as AirBNB and the removal of 1,000 residential houses into short term temporary accommodation is what has caused the industrialised homelessness and it's the poor unknowing people at the bottom of the housing ladder that have to live in motels that are being persecuted in the media for a AirBNB crisis that is beyond their control.

Details and History of Motel

1.3 Brief history of the motel

RotoVegas Motel has been in the Hampson Family for over 30 years. During the tourism slowdown during the Great Recession in 2011 the current owners renamed the motel RotoVegas Motel as a way of targeting the domestic North Island tourist market whom had for many years affectionately referred to Rotorua as RotoVegas. Prior to Covid RotoVegas Motel had a wide ranging clientele of both domestic and international tourists, corporate clients and long stay project contractors. The motel offers fully catered kitchens in each room, an outdoor swimming pool, pool games room, playground, petanque court and laundry. Since working with MHUD RotoVegas Motel has invested in fridge/ freezers, ovens, storage facilities and kiddy gates for units to accommodate our guests.

2.2 What level of occupancy did the motel have

Prior to Covid RotoVegas Motel was an award winning busy motel and enjoyed a high level of occupancy rated at 2016 - 85%, 2017 – 83%, 2018 – 85%, 2019 – 79%. Summer time would see near 100% occupancy with some quieter week days during the winter.

3 Contracted Emergency Housing

Prior to the contract with MHUD, RotoVegas Motel hosted MSD guests between 2018-21 whom booked a room directly with the motel for a week at a time. During this period RotoVegas Motel hosted both tourists and MSD guests.

MSD guests were interviewed and individually selected to ensure their compatibility with the motel management and other motel guests. Preference was given to mothers and children whom would benefit from the motels fully equipped kitchens, open spaces, playground, pool and laundry facilities. MSD Guests signed an agreement of behaviour requirements whilst living at the motel and on the whole this system worked well as we treated the MSD guests with respect and they returned in kind (although we were always nervous mixing tourists and MSD guests).

Ironically on one of the few occasions we received a complaint from a tourist about an MSD guest the MSD guest was not actually an MSD guest but was a paying tourist!

RotoVegas Motel entered into Emergency Housing with MHUD in July 2021 for an initial 12 month contract which has since been extended by another two years.

Initially I had concerns about entering into a long term contract with MHUD as RotoVegas Motel has many guests that have returned annually for various events over the last 12 years and they are like family that we did not wish to let down but we also knew that many families in Rotorua were living on the street and needed a roof over their head. With COVID decimating all Rotorua events for tourists and knowing that it will take many years to rebuild tourism this left our business in great uncertainty and concerns as to how we can keep our staff employed and mortgage paid. Contracting to MHUD was the only viable option.

MHUD contracts the management of the motel and its guests to WERA whilst the motel staff continue to maintain the property and clean and service the rooms.

WERA has a fantastic team of people with some of them on the ground at the motel on a daily basis providing support and wrap around services to the guests by way of helping to seek employment, create CV's, keep rooms clean etc and helping to build a community amongst the people.

With the current set up and management of the motel the property has significantly less traffic, people flow and noise on a daily basis than when it hosted tourists and it is a home and community to many with the best time of day being 3 pm when it is filled with laughter from the kids playing on the trampoline out the back.

There is a little bit of back ground to our decision to contract that is not widely known. It is a bit long winded but vital to understanding how Rotorua got to where we are.

During 2016-18 moteliers in Rotorua started to notice an increase of locals whom were requesting accommodation in motels as they could not find a property to rent due to the 'Housing Crisis'.

Interestingly this increased demand for accommodation also coincided with the 1,000 standalone houses in Rotorua that transitioned during 2015 - 2018 from long term rental accommodation to short term tourist accommodation via websites such as AirBNB (please view <http://insideairbnb.com/new-zealand/> for a map view of where the AirBNB's are located in Rotorua). Please note each of the 768 red dots on this map used to be a home that a family lived in.

Although 2019 was a boom year for tourism in Rotorua, RotoVegas Motel, along with many other Rotorua motels began to experience a drop in tourist bookings which is believed to be due to the popular alternative of staying in AirBNB houses. Putting it into numbers within a very short time frame AirBNB doubled the amount of accommodation in Rotorua ie there are 54 motels in Rotorua and 1000 AirBNB houses which dividing this by the average 20 rooms per motel and you have the approximate equivalent of 50 new motels. Some of the AirBNB houses may have been existing lakeside holiday homes however these numbers are small versus the suburban newly established AirBNB homes.

As motel revenue dropped many motel operators began investigating the option of purchasing residential homes and converting them into AirBNB accommodation to supplement lost income.

During this time, buying an AirBNB in Rotorua was a favourable investment and many real estate agents promoted houses as either a great home or a 'fantastic AirBNB offering great return'. It didn't matter which area the house was in, be it Fordblock or Lynmore hundreds of homes were taken from Rotorua residents and offered up to international and domestic tourists.

On one occasion whilst inspecting a block of six flats to purchase and convert into AirBNB's one of the residents was at home resting on a couch. On asking how his day was the resident replied "*please do not purchase this building and convert it into AirBNB's, it's the third flat I've been moved out of in 2 years due to AirBNB*".

As a result of the drop in tourist visitor revenue RotoVegas Motel began hosting long term MSD guests. Ironically, houses in Rotorua began hosting tourists, and motels began hosting residents.

During the covid epidemic of 2020 there was two phases of MSD guests whom stayed at the motel.

The first phase were young individuals whom learned that they could stay at a motel for free and have a party as they were not in their normal place of residence when Lock-Down occurred. These people were a handful to deal with and often caught the attention of the Police.

The second wave of people tended to be young mothers many of which used to live in a house or flat and due to the housing shortage, they had to relocate on to the back yard of a family members house and live in a 2m x 4m tiny cabin that was only just large enough to host a queen bed for the mother and children. From discussions with many of these MSD guests it was learnt that the property they lived at often hosted other cabins, caravans and garages alongside an 80m square house with one toilet, shower and kitchen to service anywhere from 12-18 people. The living conditions were dire and were a breeding ground for tension and violence. I refer to the people caught in this unfortunate circumstance as being 'AirBNB refugees'.

Once MSD began sponsoring motel accommodation many Rotorua AirBNB refugees living in cramped conditions in the suburbs of Rotorua took up the option of warmer and safer living conditions in a motel.

Contrary to popular belief most of the guests that came to stay at my motel were from Rotorua, not from out of town. We know this because the children were already enrolled in the various schools throughout Rotorua.

The maths is simple, Rotorua does not build many new homes, we have had net migration and then we have had at the peak of tourism in 2019, over 1000 houses converted from homes into tourist accommodation. Averaging a low 2 people per property that is displaced when a house/ flat is converted into an AirBNB that's over 2000 people displaced and without a home. And the media still keeps asking where did all these people come from? The numbers are simple, people just don't want to believe it. AirBNB is fun, sexy and cool, *"how can people blame AirBNB for all the homelessness!" "That's just silly right?" "AirBNB's not the problem, surely".*

It may be argued that the type of people that live in motels would never have lived in the upmarket type of property that may be listed on AirBNB which is true. But what happens is the process of 'downward pressure' on the housing market where people that would normally live in the top end of the market get pushed down a level, and they in turn push down the next level and so on and so on until at the bottom the people that would have lived in fringe Fordblock and Koutu are pushed out and into motels (or cars or tents) as the areas they would typically be able to afford are gentrified by a new type of buyer that would not normally live in this area.

Most of the AirBNB refugees that have stayed at the motel have previously lived in their own homes in the past, are house proud, organised and well mannered. They just don't have a house to live in.

Prior to the long-term contract with WERA the MSD guests would on a weekly basis have to visit MSD to show how many homes they had applied for to rent. This was a soul-destroying scenario whereby there were no houses available in the city, MSD knew it, the guest knew it, but the guest would have to go through this weekly routine of head butting and constant feeling of rejection and failure. Couple this with not knowing if MSD would pay for another week's motel rent and you soon start to understand the levels of anxiety and depression people were feeling.

In 2018 the Rotorua Association of Motels (RAM) prepared a report which was presented to the Rotorua Council identifying the negative social and economic implications of AirBNB based on the many experiences of other cities around the world. In the report Barcelona was highlighted as an excellent example of where a whole city has marched in protest against AirBNB as it has displaced thousands of residents whom have had to shift out of Barcelona as their homes were repurposed into short stay tourist accommodation.

On the day of presenting RAM's findings the Rotorua Council advised RAM that they had recently changed the District Plan so that now any home could be converted into a house for AirBNB for up to 12 guests.

Councils view was that AirBNB was too difficult to regulate and AirBNB was viewed as an excellent opportunity to increase the number of available bed nights for tourists which in return will deliver greater numbers of tourists to Rotorua's restaurants and

attractions. I understand this train of thought, and its great in theory but look at the consequences we are suffering now.

The most disturbing comment from Council was that the Council could not afford the lawyers bill that would be incurred when AirBNB tried to challenge the validity of the District Plans ability to prevent home owners from operating their home as an AirBNB. *"If you own a home, you can do what you want with it, right?"* To Councils credit AirBNB is known to have a fleet of lawyers around the globe that pick off small councils and use up their legal budget until AirBNB wins the fight and AirBNB eliminates all rules or regulations hampering its growth. This is exactly what is happening with the Christchurch City Council now.

Of concern is that AirBNB is set to take more houses out of Rotorua as savvy investors see tourist numbers start to return. The negative media towards motel accommodation and the Covid effect of people wanting to stay away from other tourists will drive demand for AirBNB's and although Rotorua is building houses there may be just as many houses that transition from homes to short term accommodation which means the homeless issue won't be resolved anytime soon.

So, to answer to the question *'why did you decide to enter into the contract'* we reply that we did it for the people.

As a motel operator I grew tired of seeing on a daily basis people walking up and down Fenton Street looking exhausted, scared and demoralised because they did not have a home and so we decided to become part of the solution rather than the problem.

Council had changed the District Plan overnight allowing tourists to stay in houses, and so if motels were no longer hosting tourists it only seemed natural for the AirBNB Refugees to be housed in motels.

The decision to continue working with MHUD and WERA was based on the vision of providing a managed safe and quiet environment for the motel and MSD guests.

Since working with MHUD and WERA some of the benefits to guests and the community include:

- WERAs navigators on site daily meant the guests needs and behaviours could be addressed in a timely fashion
- Security is provided on site which limits the flow of vehicles, unwanted guests and unruly behaviour
- Security will walk around the property regularly during the day and night to ensure the property is quiet and will view the property from the cameras in the office.
- Security does not stand on the street frontage so that they do not detract from tourists traveling down Fenton Street
- we have recently installed fencing to remove the unsightly road cones on the property
- we have removed the road side motel signage so that tourists are not confused as to whether the motel is still operating for tourists.
- We have also instructed Security to ensure no cars are parked on the grass verge outside the motel
- In terms of noise and unruly guests I need to note that our current MSD guests are like church mice compared to some of the tourist groups that we used to

- host and would be woken at 3am by other guests complaining of the noise and partying in the rooms
- and we return any shopping trolleys to the shops across the road (shopping trolleys have littered Fenton Street for all of the 12 years that we have managed the motel so this is not a new concern)

RotoVegas Motel is currently a small, safe and stable community of people young and old that wave hello when you walk past, they borrow the vacuum cleaner from the reception to keep their room clean, they do the school drop off or get the kids to the bus in the morning and the children bring big smiles to the playground in the afternoon after school. It's different to serving tourists, but it's still serving the people and for the sanity of the local community it is significantly better to have the motel managed with security and wrap around services than not.


If the motel did not have MSD guests during Covid then we would have had some very tough discussions with our bank manager and all of our staff would have been made redundant.

Thankfully as we did have MSD guests, we were able to retain the six staff as well as employ services from people in Rotorua that had to transition from their tourism businesses to other employment.

If we did not have the current MHUD contract we would be struggling to survive as a tourist motel due to the lack of international tourists and the significant amount of competition from short stay holiday homes.

If the contract with MHUD is not available our only option to survive until tourism picks up is to continue to offer short term accommodation to guests whom will be entitled to remain at the property for a short duration then they will need to relocate to another motel. The down side of this is the constant unsettling of the guest and the loss of Security and wrap around services that currently ensure that the motel is quiet and is a pleasant and safe environment for guests to live whilst they wait for a new home to become available.

Date: 10 October 2022


Bryce Smart