

**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 Nicholas
McNabb**

5 October 2022

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1 Introduction

- 1.1 My full name is Nicholas George McNabb.
- 1.2 I hold a BCom (Hons) in Economics and an LLB (Hons) from the University of Canterbury.
- 1.3 I am a Chief Advisor at Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD). I have 17 years' experience in policy roles including the Treasury, HM Treasury in London, and HUD. I have wide experience in economic policy including tax, financial markets, public spending, and housing and urban policy.
- 1.4 I have worked on housing policy since late 2014 initially as Team Leader in Treasury's Housing Team and various roles at HUD since October 2018.
- 1.5 I am also a member of the Housing Technical Working Group established by the Reserve Bank, Treasury and HUD to improve collective understanding of housing market performance and share insights.
- 1.1 I have also been HUD's lead for the Rotorua Place Based Partnership since late 2019.
- 1.6 The majority of my evidence is factual in nature. However, to some extent my evidence interprets data and expresses opinions about the causes of the housing crisis in Rotorua. Accordingly, and while this is a Council-level hearing, I have read the Environment Court's Code of Conduct for Expert Witnesses, contained in the Environment Court Practice Note 2014, and agree to comply with it.
- 1.7 My qualifications as an expert are set out above. Other than where I state that I am relying on the advice of another person, I confirm that the issues addressed in this statement of evidence are within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

2 Purpose of this evidence

- 2.1 This evidence provides an overview of the wider housing system in Rotorua and the programme of work underway to increase housing supply and over time reduce use of motels for emergency housing. It sets out:
- (a) The role of Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development, and a summary of the different programmes in place to respond to homelessness and meet emergency and other housing needs.
 - (b) A summary of the key drivers of the housing crisis at a national level and key government strategies.
 - (c) How the housing crisis has impacted Rotorua, with a particular focus on the rental market.
 - (d) How government agencies are working with Rotorua Lakes Council (**RLC**), Te Arawa, and other stakeholders to respond to this crisis.
 - (e) The actions planned and underway to increase housing supply and reduce the use of motels for emergency housing over time.

3 Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD)

- 3.1 In this part of my evidence, I briefly set out HUD's role and its guiding strategies, which I will cover in more detail below.
- 3.2 HUD was created on 1 October 2018 to lead the housing and urban development work programme in Aotearoa New Zealand.
- 3.3 HUD's vision is "he kāinga ora, he hapori ora – thriving communities where everyone has a place to call home".
- 3.4 HUD is responsible for strategy, policy, funding, monitoring and regulation of New Zealand's housing and urban development system. Important parts of HUD's role include:
- (a) growing the understanding of the system and understanding what is happening now and identify future trends

- (b) focusing effort across the system
 - (c) monitoring and providing advice to the Government on the expectations of Kāinga Ora – Homes and Communities, the Crown’s public housing provider and urban development authority, and
 - (d) ensuring the right policy settings, tools and funding are in place to enable and ensure delivery and drive action through collaboration and partnership.
- 3.5 In partnership with people and organisations across government and the housing sector, HUD developed the Government Policy Statement on Housing and Urban Development (**GPS-HUD**¹). Together with MAIHI Ka Ora – the National Māori Housing Strategy², the GPS-HUD set the government’s long-term vision, direction, and priorities for housing and urban development in Aotearoa New Zealand. The two strategies are complementary and will be implemented side-by-side.
- 3.6 HUD is working to make significant, long-term change in the housing and urban development system, while helping people and communities now to meet their immediate needs.
- 3.7 HUD oversees a significant build programme, which aims to deliver 18,000 extra public and transitional homes by 2024. HUD developed the Public Housing Plan 2021-24 that set the role of Kāinga Ora in delivering public housing and priority areas for building new public homes, which includes Rotorua.
- 3.8 HUD is investing in infrastructure to develop build-ready land for thousands more affordable homes, to rent and buy, including dedicated funding to enable Māori to lead and deliver to whānau, hapū, and iwi housing aspirations in their own communities and regions.
- 3.9 Through the Aotearoa New Zealand Homelessness Action Plan, HUD is working across government to help people at risk of or experiencing homelessness. This includes establishing Housing First, Sustaining

¹ Government Policy Statement – Urban Development. Retrieved from: <https://www.hud.govt.nz/our-work/government-policy-statement-on-housing-and-urban-development/>

² MAIHI Ka Ora – the National Māori Housing Strategy. Retrieved from: <https://www.hud.govt.nz/our-work/maihi-ka-ora-the-national-maori-housing-strategy/>

Tenancies, and the Local Innovation and Partnership Fund, to support locally led initiatives that respond to and prevent homelessness.

- 3.10 HUD is not a delivery agency and does not provide housing or services directly. Rather, HUD works in partnership and contracts Community Housing Providers (**CHPs**), housing and social service providers, and Māori and iwi organisations.
- 3.11 HUD takes a MAIHI and place-based approach to its work, which is set out in the GPS-HUD. Te MAIHI o te Whare Māori – Māori and Iwi Housing Innovation (MAIHI) Framework for Action puts Māori at the heart of Aotearoa’s housing approach, to support better outcomes for Māori. A place-based approach recognises that each community has their own housing and urban development challenges and opportunities, and a ‘one size fits all’ approach will not work to address them. In Rotorua, HUD takes these approaches to enable a shared understanding of what is driving housing and urban outcomes, and to ensure all involved in the response do so in an aligned way.

4 Provision of emergency housing and other housing support

- 4.1 In this part of my evidence, I want to briefly outline the different ways that the Government provides support to individuals and whānau experiencing homelessness, having an emergency housing need or facing other insecure housing situations. The approach has evolved over time with overarching framework set out in the Aotearoa New Zealand Homelessness Action Plan (**HAP**)³.

Aotearoa New Zealand Homelessness Action Plan

- 4.2 The HAP was published in February 2020. It set out 18 immediate actions to be put in place in 2020, alongside 18 longer-term actions, to deliver on the Government’s vision that homelessness is prevented where possible, or is rare, brief and non-recurring.
- 4.3 The HAP is being delivered through a collaborative cross-government commitment from multiple agencies and partners. Responsibility for implementation and delivery of individual actions is held by initiative leads

³ Aotearoa New Zealand Homelessness Action Plan 2020 – 2023. Retrieved from: <https://www.hud.govt.nz/our-work/aotearoa-new-zealand-homelessness-action-plan-2020-2023/>

from HUD, Ministry of Social Development (**MSD**), Oranga Tamariki, Manatū Hauora – Ministry of Health, Kāinga Ora, and Ara Poutama – Department of Corrections. Homelessness Sector Services, formed by Te Matapihi he tirohanga mō te Iwi Trust and Community Housing Aotearoa, is working closely with HUD to support the development and delivery of action plan initiatives with the sector.

Emergency and Transitional Housing

- 4.4 Until 2016, there was no comprehensive approach to the funding or provision of emergency housing. Provision was largely through non-governmental organisations, including refuges with limited funding through some MSD social service contracts.
- 1.2 In May 2016, a new model was announced that provided government funding for set number of contracted places with wrap-around support. This is now known as Transitional Housing and is delivered by housing providers under contract with HUD. People with an urgent housing need may be placed into the Transitional Housing service and are helped to find longer-term housing.
- 4.5 The Transitional Housing service is intended as a 12-week programme, with a further 12 weeks of support once a household has moved into permanent housing. Given the lack of public and affordable housing for people to move in to, the duration can be longer. Transitional Housing is diverse. It includes new-builds, residential homes, re-purposed and long-term leased properties. Kāinga Ora delivers and owns a significant proportion of Transitional Housing, with more Transitional Housing providers contracted by HUD.
- 4.6 Subsequent investment through the HAP and Budget 2020 has resulted in the number of Transitional Housing places nationally increasing to 5,640 (as at 31 August 2022). There are currently 145 Transitional Housing places contracted in Rotorua, compared to 58 in October 2017.
- 4.7 The Emergency Housing Special Needs Grant policy (**EH SNG**) was also introduced in 2016 and is administered by MSD. The purpose of the grant is to help those with an urgent housing need with the actual and reasonable costs of short-term commercial accommodation (usually a

motel) where the need cannot be met in another way (for example, though Transitional Housing).

- 1.3 When the EH SNG was established in 2016, MSD anticipated fewer than 2,000 EH SNG recipients annually. Demand has grown significantly since then, as high housing costs and the shortage of affordable supply continues to impact low-income households. Combined with the impact of COVID-19, demand for emergency housing reached a high in November 2021 when over 6000 households nationally received an EH SNG. Since then, demand has eased and in June 2022 just over 5000 households received an EH SNG nationally.
- 4.8 In Rotorua, 264 clients received an EH SNG in January 2020 rising to 423 in June 2020. The number of clients receiving an EHSNG in Rotorua peaked in June 2021, prior to the introduction of Contracted Emergency Housing.⁴
- 4.9 Since 2016, changes to the emergency housing system have been made in response to higher-than-expected demand and to address the differences in supports provided across Transitional Housing and EH SNGs. These changes include:
- (a) introduction of Intensive Case Managers and Navigators to support people receiving EH SNGs
 - (b) introduction of Housing Brokers and Ready to Rent programmes to assist people receiving an EH SNG to obtain a private tenancy
 - (c) launch of a Flexible Funding package for families and whānau with children receiving an EH SNG, to support the wellbeing and education needs of children
 - (d) introduction of a requirement that people receiving an EH SNG pay 25 percent of their income towards accommodation costs after the first seven days, and

⁴ The number of EH SNG grants referred here relate to the number of distinct clients receiving a grant within a calendar month. MSD has recently changed the way it reports EH SNG numbers to also show the number of clients receiving an EH SNG at the end of the month. This new approach reflects a better point in time estimate of the individuals and whanau receiving an EH SNG.

- (e) extension of the maximum grant period for an EH SNG up to 14 nights at a time when there is low availability of commercial accommodation, or up to 21 nights at a time when a client engages with intensive support services.
- 4.10 One of the underlying causes of the high reliance on EH SNGs both nationally and in Rotorua is the shortage of affordable rentals and Transitional Housing places.
- Housing First and Rapid Rehousing***
- 4.11 In Budget 2017, the Government funded a pilot Housing First programme in Auckland. Through Budget 2019 funding was committed enable Housing First programmes to be extended to other locations to deliver services for more than 2,700 individuals, families and whānau. From early 2019, Te Taumata o Ngāti Whakau Iho Ake Trust (**Te Taumata**) was funded to support 105 whānau who were experiencing homelessness. From July 2022, this has increased to 180 whānau being supported at any one time.
- 4.12 Housing First is an internationally recognised approach to addressing chronic homelessness. The programme offers people immediate access to stable housing before providing them with access to the support services they need to address issues underpinning their homelessness. As 30 August 2022, 142 people in Rotorua are engaged in the Housing First programme and 108 are currently housed. The service in Rotorua is delivered through Te Taumata in partnership with The Lifewise Trust and Airedale Property Trust.
- 4.13 The HAP also introduced a pilot Rapid Rehousing approach to help individuals, family and whānau to quickly exit homelessness, return to permanent housing in the community and to maintain their tenancies. The trial targets people experiencing homelessness for less than 12 months with low to medium social service needs.
- 4.14 Rapid Rehousing providers support people into houses and deliver wraparound support to maintain their tenancy. Providers can support Rapid Rehousing clients for up to 12 months. 58 rapid rehousing places are funded in Rotorua and being delivered by LinkPeople Limited.

- 4.15 Rapid Rehousing and Housing First rely on finding properties to quickly house clients. Places may be funded as Public Homes or with Accommodation Supplement for clients that can pay a market rent. In Rotorua, the shortage of housing is a significant limitation on the delivery of contracted places and expansion of the Rapid Rehousing and Housing First programmes.

Investment in public housing

- 4.16 Budget 2018 and Budget 2020 committed funding for delivery of new public homes. By August 2022 an additional 10,328 public homes had been brought on nationwide since October 2017.
- 4.17 Public housing is subsidised rental housing provided by the government through Kāinga Ora and Community Housing Providers (CHPs). Eligibility and priority for public housing are determined by MSD using the Social Allocation System (SAS). The SAS criteria looks at a client's need to move and tests a client's ability to access, afford and sustain non-government subsidised housing.
- 4.18 In Rotorua, the number of public homes has increased by 219 since October 2017. These places have been brought on through a mix of new builds by Kāinga Ora and private rentals secured by CHPs through the Housing First and Rapid Rehousing programmes. There are now 866 public homes across the Rotorua District.
- 4.19 Through the Public Housing Plan 2021-24, Rotorua was identified as a priority area for newly built public housing. Kāinga Ora, CHPs and iwi now have 341 new public homes under construction or planning.

Supporting people in the private rental market

- 4.20 MSD administers several programmes to support individuals and whānau to meet their housing costs and to retain or secure new housing.
- 4.21 The Accommodation Supplement (**AS**) is a weekly payment that helps people with their rent, board or the cost of owning a home. In September 2022, AS supports around 350,000 individuals and whānau nationally. In Rotorua, there were around 8,500 recipients of the AS in September 2022. For households facing particularly high housing costs, MSD may

also provide Temporary Additional Support (TAS) where housing costs exceed the maximum entitlement under the AS.

- 4.22 Given rising housing costs for low-income individuals and whānau, spending on AS and TAS has increased significantly in recent years.
- 4.23 Housing Support Products are also provided by MSD and are designed to assist people to achieve or sustain independence in the private housing market including bond grant, rent arrears, moving assistance or rent in advance.
- 4.24 HUD also contracts Sustaining Tenancies service providers to work with tenants on issues that are putting their tenancy at risk. Those issues could range from struggling to pay their rent, to dealing with mental or physical health concerns, or risk factors such as addiction or family violence. Through the HAP, Sustaining Tenancies programme was redesigned with the new service operating from June 2020.
- 4.25 The Salvation Army, WERA Aotearoa Community Trust (**WACT**), and Linkpeople are contracted to provide Sustaining Tenancies in Rotorua. The total places funded across Bay of Plenty are 350.

COVID-19 homelessness response

- 4.26 In March 2020 when the New Zealand went into Alert Level 4 lockdown, motels were contracted to ensure suitable accommodation for rough sleepers, to reduce occupancy in high density accommodation such as night shelters and hostels, and to meet other immediate housing needs to reduce the impact of COVID-19.
- 4.27 Over 1500 units were contracted in partnership with housing providers, iwi and Māori organisations, local government and social services.
- 4.28 In Rotorua, HUD initially contracted 102 units across 7 motels to provide accommodation for up to 100 whānau and individuals, including rough sleepers and those from the former Homeless Shelter on Pukuatua Street, Rotorua. In August 2020, these places were consolidated into 3 motels – the Tuscany, Emerald Spa and Four Canoes Hotel. Te Taumata and Visions of a Helping Hand Charitable Trust (Visions) were contracted to provide support services to people in the COVID-19 motels. The contract

for the Four Canoes was transferred from Te Taumata to The Lifewise Trust on 1 July 2022.

- 4.29 Given the high and complex needs of some individuals and whānau some of the initial group remain in the COVID-19 motels. Given the high ongoing reliance on motels, as original clients moved to other accommodation, other clients were placed in the COVID-19 motels and provided with support services.
- 4.30 On 1 July 2022, the Emerald Spa shifted to a Contracted Emergency Housing contract and is the site of one of the 13 applications. In partnership with other government agencies and service providers, HUD is in the process of finding suitable alternative accommodation for the occupants of the Four Canoes. At the end of August 2022, 32 individuals and whānau remain in the COVID-19 motels (Four Canoes and Tuscany).

Local Innovation and Partnership Fund

- 1.4 Te Taumata and the Manaaki Ora Trust secured \$1m through round one of the Local Innovation and Partnership Fund, established as part of the HAP. The funding was to start a Te Arawa housing alliance to address homelessness in the Rotorua area and provide Te Arawa-centric financial wānanga to support individuals and whānau experiencing homelessness or at risk of being homeless.

Rotorua Housing Taskforce and Contracted Emergency Housing

- 4.31 The Rotorua Housing Taskforce (**The Taskforce**) was established in March 2021. The Taskforce was a collaborative partnership of the RLC, MSD, HUD, Kāinga Ora, Te Puni Kōkiri, Te Arawa, and various service providers. The aim of the Taskforce was to develop immediate short-term solutions to improve the environment for whānau receiving EH SNGs and the wider community, while more permanent housing solutions were developed.
- 4.32 The Action Plan recommended by the Taskforce and agreed by Cabinet in May 2021, includes:
- (a) HUD contracting suitable motels specifically for emergency accommodation with an initial focus on whānau with children.

- (b) wrap-around social support services for whānau and children in contracted accommodation, and improved support for people in motels receiving an EH SNG.
 - (c) a new community-led housing hub – Te Pokapū – including a collective of social services, iwi and agencies. The core function of Te Pokapū being to triage, assess, and where necessary place people into Contracted Emergency Housing or refer people to agencies and services.
- 1.5 The approach recommended by the Taskforce and agreed by the Government are a bespoke solution to respond to the particular problems identified in Rotorua for whānau and children in emergency housing. This tailored place-based approach is not being applied elsewhere. Through Budget 2022 funding of \$147.5 million was committed to fund these actions for at least five years.
- 4.33 A fundamental part of the approach is to provide wraparound support services within each contracted motel to support whānau to access the help and services they need. HUD has contracted with Rotorua-based social service providers WACT, Visions, and Emerge Aotearoa to provide these services
- 4.34 MSD, with a lead from Te Taumata, established Te Pokapū – the Rotorua Housing Hub - which co-locates collective social services, iwi and other relevant agencies to holistically support and place people in need of housing.
- 4.35 A two-part evaluation is planned with the initial phase looking at whānau experience underway with final report due in December. A fuller evaluation of all actions will be carried out in 2023.
- 4.36 Through the Taskforce, Kāinga Ora increased its focus on delivering new Public and Transitional Housing in Rotorua. Kāinga Ora now has around 310 homes under construction or planning and is set to over-deliver against its previously signalled intention of 190 new public homes from July 2022 to June 2024. A further 31 public homes are being delivered by CHPs and iwi.
- 4.37 The table below summarises the housing programmes funded by HUD in Rotorua:

Programme	Number of places
Public Housing	857
Transitional Housing	137
Housing First	180
Rapid Rehousing	58
Sustaining Tenancies	350 (note these places are across the Bay of Plenty region, not just in Rotorua)
Contracted Emergency Housing	296
COVID-19 Response Accommodation	77

Access to affordable housing remains a significant constraint

- 4.38 The actions outlined above improve the quality, safety and suitability of accommodation and provide better support for those in need of emergency housing, or at risk of homelessness. However, a substantial limitation remains the lack of public and affordable homes to provide permanent housing.
- 4.39 The Taskforce acknowledged that new housing supply would take time, with actions to contract motels for whānau with children being an interim solution to improve the quality of accommodation and support while long-term solutions were progressed.

5 Drivers of the housing crisis and policy response

- 5.1 Aotearoa New Zealand faces complex and systemic housing and urban development challenges. The poor housing and urban outcomes we are experiencing have developed across decades and require a concerted and aligned effort to resolve.

- 5.2 The high price of housing, including rents, is one of the most important issues facing New Zealanders today. In 2020, New Zealand had the highest housing cost to disposable income ratio in the OECD⁵.
- 5.3 However, access to affordable housing is not a new issue; it is a persistent long-term challenge that has far reaching consequences on social, cultural and economic outcomes.
- 5.4 House prices and rents differ significantly across Aotearoa New Zealand with a complex set of factors determining how this impacts individuals and whānau. But there are some common long-term drivers. Recent work published by The Treasury, Reserve Bank and HUD examined the key drivers of house prices over the last 20 years.⁶ It identified that the combination of a global decline in interest rates, the tax system, and restrictions on the supply of land for urban use have been the main cause of **house price growth** over the past 20 years.
- 5.5 Costs of construction, land development and infrastructure have also increased over time. However, rising land values explain more of the increase in house prices.
- 5.6 The joint research found that while physical supply of dwellings and population growth was not a strong driver of prices, it was a key driver of rents. At a national level, rents have moved broadly in line with incomes over time. But this masks significant differences across the country. In parts of the country where population growth has exceeded new supply, rents have grown significantly and much faster than incomes
- 5.7 In many regional centres house prices have spent periods of time below the cost of constructing new dwellings. Under these conditions incentives to build are low. Increasing demand will cause house prices and rents to rise until new homes are priced competitively compared to existing ones. This insight is particularly relevant for Rotorua, as outlined further below.
- 5.8 In response to the complex set of long-term drivers affecting the housing and urban development system, the GPS-HUD sets out a shared vision

⁵ OCED (2020), 'How's Life? 2020: Measuring Well-being'. OECD Publishing, Paris.

⁶ Assessment of the Housing System: with insights from the Hamilton-Waikato Area. Retrieved from: <https://www.treasury.govt.nz/sites/default/files/2022-08/htwg-assessment-housing-system-hamilton-waikato-aug22.pdf>

and direction for housing and urban development in Aotearoa New Zealand over the next 30 years.

- 5.9 For government, the GPS-HUD acts as an anchor from which aligned and consistent decisions can be made. The Government expects all agencies to help implement the GPS-HUD, and to consider how they can shift and align their policy and investment to support it, while also delivering on their core roles.
- 5.10 The GPS-HUD also gives the wider system visibility of how government intends to work and focus its energy and resources. It helps align and enable the different players to contribute to the best of their ability as we set about improving our housing and urban outcomes together. Key areas of focus for the GPS-HUD are to:
- (a) Ensure more affordable homes are built
 - (b) Ensure houses meet needs
 - (c) Enable people into stable, affordable homes
 - (d) Plan and invest in our places
 - (e) Support whānau to have safe, healthy, affordable homes with secure tenure
 - (f) Re-establish housing's primary role as a home rather than a financial asset
- 5.11 Māori are disproportionately affected by the housing crisis. So, alongside the GPS-HUD is MAIHI Ka Ora – the National Māori Housing Strategy (MAIHI Ka Ora), co-developed in partnership with Māori. Its priorities and goals are set out in the following table:

Priorities	Goal
Māori Crown partnerships	We are working in a partnership where the Crown and Māori achieve balance through a collaborative work programme that strengthens housing solutions for whānau.
Māori-led local solutions	Māori are leading and providing local housing solutions for whānau.
Māori housing supply	The number of Māori owned homes, iwi and hapū owned houses meet the needs of all Māori.
Māori housing support	Whānau have better access to effective support that enables them to attain and maintain their preferred form of housing.
Māori housing system	The system supports Māori to provide Māori-led housing solutions.
Māori housing sustainability	Whānau are supported to achieve housing solutions on their whenua, that enhance their mana. Māori can sustain a connection to their own land through housing, which is innovative and responsive to the effects of climate change.

6 Housing in the Rotorua District

- 6.1 In this part of my evidence, I want to look at the housing situation in Rotorua, to explain how we ended up here.
- 6.2 Rotorua has experienced strong population growth in recent years. From 1996 to 2013 the population grew by 2400 people or around 140 people a year. The population declined in 2012 and 2013. At that time, when the current operative District Plan was notified, Rotorua's population was forecast to continue declining.
- 6.3 Since June 2013, and contrary to those forecasts, Rotorua's population increased by 9,000 people – more than 1,000 people a year.
- 6.4 New housing supply has not kept up with this population growth. Since June 2013 around 1650 new residential dwellings have been consented. However, just over 600 have been consented in the last 18 months and may still be under construction.⁷ Recent experimental data from Stats NZ suggests a median time between building consent and Code of Compliance Certificate being is around 17 months.⁸

⁷ From March 2021 to August 2022.

⁸ Stats NZ Experimental Building Indicators: March 2022 quarter. Retrieved from: <https://www.stats.govt.nz/news/stats-nz-releases-experimental-indicators-about-building-timeframes>

- 6.5 Consistent with the national insights noted above, this shortfall in housing combined with broader national factors has impacted housing costs in Rotorua in the following ways:
- (a) Median house prices have risen by more than 148% from June 2013 to June 2022 (compared to 113% nationally).⁹
 - (b) Median weekly rents are up 104% over the same period (compared to 59% nationally).¹⁰
- 6.6 The increase in rents is most likely to have been driven by the growing shortfall in housing. The larger growth in house prices is most likely to be a consequence of both:
- (a) a shortfall in housing and higher rents; and
 - (b) the long-term decline in interest rates (with the recent increase in interest rates contributing to the recent decline in prices).
- 6.7 Rising housing costs have impacted households differently. For those who already owned their homes, the decline in long term interest rates reduced mortgage servicing costs and the value of their homes increased. However, renters have seen rising rental costs and first home buyers have needed to raise larger deposits to enter the housing market.
- 6.8 In its 2021-31 Long Term Plan Consultation Document, RLC noted that rateable property values across the district increased by \$5 billion between 2017 and 2020.¹¹ Property values have increased further since then. On the other hand, renters have seen an increase in median rents of \$210 per week since June 2013.

Why did housing supply not respond?

- 6.9 RLC recently acknowledged that its District Plan had not been adequately kept up to date and had been too restrictive. This contributed to an inadequate supply response.

⁹ Median house prices are HUD calculations based on official data from Councils sourced from CoreLogic.

¹⁰ Media rents are HUD calculations based on Tenancy Bond Data sourced from the Ministry of Business Innovation and Employment.

¹¹ Page 35, 2021-31 Long Term Plan Consultation Document, Rotorua Lakes Council. Retrieved from: <https://www.rotorualakescouncil.nz/our-council/news/news?item=id:2e4vdvc3x17q9sh85azp>

6.10 Mayor Chadwick said in a letter, co-signed on behalf of Te Arawa Lakes Trust and Te Tatau o Te Arawa Board, to Hon. David Parker, Minister for the Environment that:¹²

Council recognises that decades of limited to zero growth has meant that many planning provisions have been rolled over in successive District Plan reviews. Planning provisions are now too restricted and outdated, preventing affordable housing and limiting housing typologies needed into the future, e.g. smaller (1 or 2 bedroom) dwellings. This planning deficit has led to an inadequate supply response to the recent major shift in demand. In addition to worsening purchase affordability there is limited availability and affordability of rentals in our community, due to the lack of supply.

6.11 Infrastructure constraints and additional costs of development due to geotechnical issues have also contributed. These are covered in detail in RLC Housing Business Capacity Assessment (**HBA**) which identified a shortfall in development capacity across the district:

- (a) In the short term (2020 – 2023) of 1890 homes
- (b) In the medium term (2023 – 2030) of 1400, and
- (c) In the long term (2030-2050) of 320.

6.12 In addition to planning and infrastructure constraints, incentives to build housing in Rotorua have not been strong. As noted above, where house prices are below the cost of construction, increased demand will cause house prices and rents to rise until new homes are priced competitively compared to existing ones.

6.13 The chart below¹³ shows how the price of housing has compared with the cost of building new homes in Rotorua (excluding land and land development costs). Until 2018, existing houses were cheaper than new ones (once land and other non-building costs are taken into account). The ratio of price to cost has since increased sharply, coinciding with an increase in building consents and profitability of new development.

¹² Letter dated 16 December 2021 Resource Management (Enabling Housing Supply and Other Matters) Amendment Act.

¹³ Data sourced from the Urban Development Dashboard – Price efficiency indicators. Retrieved from: <https://www.hud.govt.nz/stats-and-insight/urban-development-dashboard/>

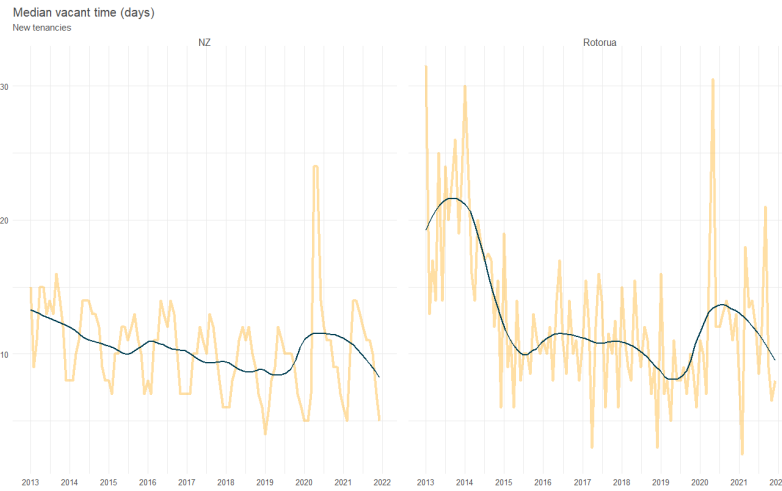


- 6.14 The HBA also noted that Rotorua had a high proportion of Te Ture Whenua Māori Land but there was a high level of uncertainty as to whether this could be developed. This reflects challenges with access to finance, limits in the district plan around papakāinga development, and lack of familiarity with leasehold models.
- 6.15 The combination of planning and infrastructure constraints and weak profitability for new housing means that while population has increased, new housing has, for many years, simply not kept up with that demand.
- 6.16 The RLC and Te Arawa identified through the Homes and Thriving Communities Strategic Framework developed in late 2020, that Rotorua has a housing shortage of approximately 1500-1750 homes to meet the needs of the existing community. The shortfall has likely grown since then.
- 6.17 This shortfall in housing is in my opinion the principal reason why the growth in house prices and rents Rotorua has been stronger than rest of the country.

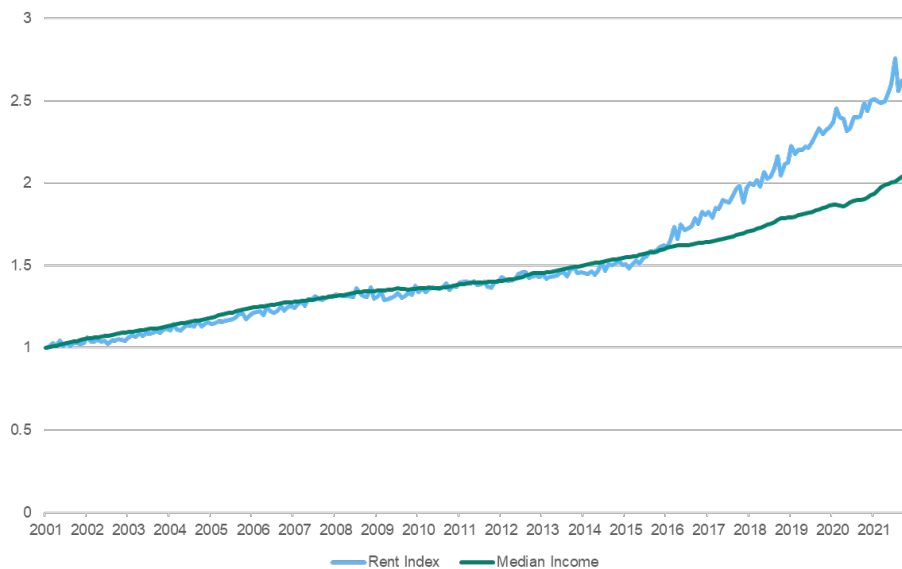
How the shortfall in housing has affected the rental market

- 6.18 In this section, I set out how the growing shortfall of housing is likely to have impacted individuals and whānau in the rental market.
- 6.19 Although population growth started to increase from June 2013, rental growth did not accelerate until 2015. Initially this population growth appears to have caused a tightening of the rental market. The chart below shows the average length of time between tenancies, based on bond data for Rotorua and New Zealand. This shows a sharp reduction in

the number of days between tenancies between 2013 and 2015 – with the duration relatively stable since then.



6.20 From 2015 the growth in rents accelerated sharply. The chart below shows how rents and incomes have changed over time in Rotorua.¹⁴ It shows that until 2015 rents increased steadily and in line with incomes, at around 3% per annum. But since then, rents have increased sharply and much faster than income. Rental growth has been around 8% per annum, while incomes have continued to grow at around 3%.



6.21 In addition to increased financial stress from higher rental costs, the shortfall in housing also increased the number of households living in a crowded situation. According to the 2018 Census, 7.3% of households in

¹⁴ Rental price index is HUD calculation based on Tenancy Bond data from the Ministry of Business Innovation and Employment. The median income index is a HUD calculation based on Census and Stats NZ income series.

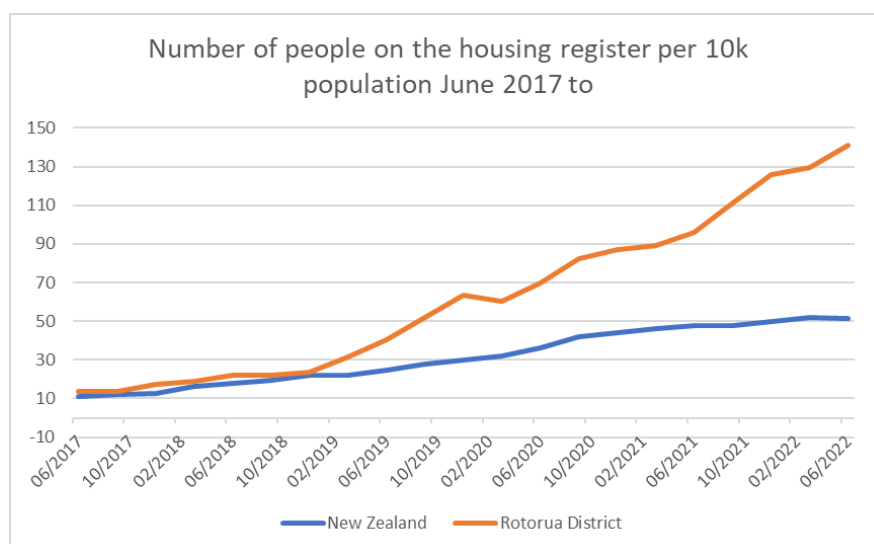
Rotorua were living in a crowded home. This is an increase from 5.3% in 2013 (while methodology changes mean these figures are not directly comparable, the suggested increase in crowding is consistent with a growing shortfall in housing).

6.22 More detailed analysis of the Census data shows that by March 2018, Rotorua had one of the highest levels of severe deprivation in the country. In particular, Rotorua had one of the highest rates of people sharing accommodation. This means living in a crowded household but not part of the primary household unit. But that sort of arrangement is precarious. The table below¹⁵ shows the territorial authorities with the highest rates severe housing deprivation (as at March 2018).

	Without Shelter per 10,000	Temporary Accommodation per 10,000	Sharing Accommodation per 10,000	Total per 10,000
Kawerau	s	s	214.1	230.9
Ōpōtiki	48.5	22.6	135.8	207.0
Far North	61.6	32.0	108.5	202.1
Mackenzie	37	74.0	30.8	141.8
Wairoa	s	s	104.0	136.2
Rotorua	7.5	19.8	104.8	132.0
Hastings	7.0	24.4	96.0	127.4
Whakatāne	13.4	17.1	93.3	123.8
Whangarei	27.4	25.3	67.9	120.6
Gisborne	8.8	16.4	95.3	120.6
Auckland	3.2	15.5	96.8	115.6

6.23 The next graph shows that from early 2018 the growth in the Public Housing Register in Rotorua was much faster than the rest of the country. My best explanation for why register growth accelerated for Rotorua at this time is that between 2013 and 2018 the rental market absorbed as much of the population growth it could, and from late 2018 could absorb no more. Given the high levels of shared accommodation and precarity of these arrangements, from late 2018 it appears that pressure on the rental market spilled over into a sharp growth in demand for public homes. The same trend is evident for EH SNGs, with significant growth from around mid-2018.

¹⁵Kate Amore, Helen Viggers, and Philippa Howden Chapman, Severe Housing Deprivation in Aotearoa New Zealand, 2018. Retrieved from: file:///C:/Users/Nick.McNabb/Downloads/Uploads_Documents_Severe-Housing-Deprivation-2018-Estimate-Report.pdf



6.24 Since then, we have also had the impacts of the COVID-19 pandemic. Nationwide, we saw an increase in numbers receiving the Job Seekers Support allowance and a sharp increase in the number of EH SNGs. The obvious impact on tourism from COVID-19 means the increase in Job Seekers – Work Ready was particularly high in Rotorua increasing from 2,671 in January 2020 to 4,116 in December 2020.

6.25 The overall effect of this increasing shortfall of housing is that as at end August 2022 there are:

- (a) 1061 applicants on the public housing register
- (b) 258 households in EH SNGs¹⁶; and
- (c) 249 households in COVID motels and CEH.¹⁷

6.26 Note that households in EH SNGs, COVID-19 motels and CEH are a subset of applicants on the Public Housing Register. The much higher number of applicants on the Public Housing Register highlights that acute housing need is being experienced across the district and not just by those individuals and whānau who are presently accommodated in motels.

¹⁶ These figures relate to the number of clients in receipt of an EH SNG at the end of the month and differs to reporting on EH SNGs from earlier years

¹⁷ HUD contacts places so relies on provider reporting to determine the number of individuals and whanau in CEH or COVID Motel. Reporting can be variable and may change as more information becomes available.

1.6 The following table shows how the total number of individuals and whānau in receipt of EH SNG or accommodated within COVID-19 or CEH motels has changed over the last 12 months, indicating a strong declining trend:

Clients at end of month	September 2021	December 2021	March 2022	June 2022	August 2022
EH SNG	335	370	365	292	258
Contracted Emergency Housing and COVID-19	315	307	306	280	249
Total	640	677	671	572	507

1.7 The decline the number of households in EH SNG, CEH and COVID-19 motels is consistent with a downward trend nationally as the increases during Alert Level 3 and 4 Lockdowns in 2021 reverse. Some of this decline will be related to actions set out further below including recent completion of new public homes.

Impact on the market for commercial accommodation

6.27 In its Destination Management Plan, Rotorua NZ notes the motel stock is “largely based on Fenton Street, much of which is considered to be tired and run down”, and that “this long tail of lower quality motels is also impacting on the investment case for development of new accommodation properties.”

6.28 One consequence of emergency housing need expanding during the COVID-19 pandemic is that it has provided an alternative funding source for many motel owners who, given the fall in international tourism, might otherwise have redeveloped their property for residential rather than tourist accommodation. As the same time, this use of motels has provided accommodation for those who would otherwise have been sleeping rough or in some other insecure housing situation.

7 Place-based Partnership and the Rotorua Housing Taskforce

7.1 I now turn from looking back over the causes of the current situation to explain the current and future actions to address it.

Place-based Partnership

- 7.2 Since late 2019, HUD along with other government agencies have been working with RLC and Te Arawa iwi to respond to these housing challenges. The Housing Minister formally announced the Place-based Partnership alongside Mayor Chadwick and Te Arawa in February 2020.
- 7.3 An initial focus was to support Te Arawa and RLC to develop a Rotorua Housing Strategy. He papakāinga, he hāpori taurikura – te poupou rautaki: Homes and Thriving Communities Strategic Framework was formally adopted by RLC in September 2020.
- 7.4 A key area of focus following the adoption of He papakāinga, he hāpori taurikura – te poupou rautaki was the RLC-led programme of work “planning/building our way forward” that incorporated the Kāinga Ora led build programme and addressing infrastructure and planning constraints. Work is well advanced and set out in more detail below.

Rotorua Housing Taskforce and Te Pokapū – the Rotorua Housing Hub

- 7.5 As noted above, the Taskforce was established in March 2021 to identify short term actions to improve the environment for whānau in emergency housing and the wider community. Following agreement by the Government to the Taskforce actions, the focus shifted to implementation.
- 7.6 The selection of the CEH motels was a collaborative process between RLC, HUD, MSD and service providers. It was based on a set of criteria followed by in-person site visits to ensure clean, safe, warm spaces with adequate facilities for whānau and children.
- 7.7 The Taskforce identified a range of motels that were suitable for whānau. An initial shortlist of 41 motels was refined through desktop review to 24. HUD, MSD and service providers then visited each of the motels and considered a range of attributes, including accessibility, cooking facilities, privacy, shared spaces, gates and fencing, and openness and willingness of the motel operator and how they spoke of whānau. Further details of the criteria are set out the Contracted Emergency Housing fact sheet accompanying the resource consent application.
- 7.8 In addition to contracting motels and providing wrap around support, a key action was the establishment of Te Pokapū led by Te Taumata. Through MSD, Te Taumata is contracted to:

- (a) assess and triage all new people looking for emergency housing support in Rotorua with support of case managers based on site, and
 - (b) work to find the best housing solution for that whānau or individual, whether it be support to stay in their current accommodation or with whānau, access private rentals, support to stay in transitional housing or CEH or, as a last resort through an EH SNG.
- 7.9 Te Pokapū works in a holistic integrated way with wellbeing, employment, training and support all factored into the assessment and ongoing support.
- 7.10 MSD contracted Te Taumata to deliver Te Pokapū – the Rotorua Housing Hub with the intention of strengthening the assessment and placement processes for people with an emergency housing need.
- 7.11 Te Taumata is the focal point for the collective of providers – Te Hau Ki Te Kāinga (including WACT, Visions, and Emerge).
- 7.12 Opened in April 2022, Te Pokapū draws on the strengths of local providers, including Iwi / Māori organisations, to connect with people experiencing or at risk of homelessness, assess their needs and triage them to the right accommodation option for them.
- 7.13 Case Managers from the MSD are co-located alongside contracted support services at Te Pokapū and work in a holistic and integrated way to address the clients’ wellbeing, employment, and income support needs.

Governance

- 7.14 The build/plan our way forward work is well advanced with governance including government agencies, RLC and the Bay of Plenty Regional Council.
- 7.15 Taskforce membership and focus has evolved over time. It was initially focused on solution generation from March to April 2021, before shifting to finalisation of the model and planning for delivery from May to July 2021, and implementation from July 2021 onwards.
- 7.16 At this time the taskforce is made up of local and central government representatives only, led by RLC with membership from HUD, MSD and Kāinga Ora.

- 7.17 As set out further below, HUD has been working with a number of individual Māori and iwi groups around housing supply.
- 7.18 Given the changing context the governance and focus of the placed-based partnership and Taskforce are currently under review, including ensuring an appropriate role for Te Arawa. HUD considers that getting the right governance in place is critical, as addressing the underlying causes of the housing crisis in Rotorua will require a collective and aligned response across local government, central government, Te Arawa iwi and the private sector.
- 7.19 As governance arrangements are under review, in the remainder of my evidence, where this is forward looking, I refer to the Taskforce and place-based partnership collectively as the “**Partnership**”.

8 Plan to reduce need for emergency housing in Rotorua

- 8.1 In this part of my evidence, I set out how the actions underway and planned through the Partnership will:
- (a) contribute to increase the supply of public, affordable, iwi and Māori and market housing, and
 - (b) enable managed reduction in the number and concentration of motels used for EH SNGs and CEH.
- 8.2 Our goal is that through these actions the use of motels for emergency housing is minimal in Rotorua within five years. This is consistent with the five-year resource consent period sought for CEH motels.
- 8.3 Through the Partnership, HUD will work with RLC and Te Arawa and other government departments to put in place appropriate reporting to track our progress towards this goal.

Increasing the supply of public, affordable, iwi and Māori and market housing

- 8.4 Consents for new residential dwellings have increased significantly in recent years. As noted above this is likely to reflect the improved profitability of building new homes. Delivery of new public homes has also contributed. In the 12 months to August 2022, 411 new residential

dwellings have been consented. This compares with 65 in the year to August 2014.

- 8.5 Although consents have risen sharply this has not yet translated to an increase in new homes that have been completed. Analysis RLC of building consent data suggests around 200 homes have been completed annually over the last four years.
- 8.6 The same analysis suggests around 350 homes have been consented and have started construction (they have had at least one building inspection). This suggests completions should increase over the coming year.
- 8.7 While the increased level of residential investment is promising, to address the underlying shortfall of housing, the level of completions needs to increase further and be sustained over time. To achieve this HUD's primary focus with respect to housing supply through the Partnership is two-fold:
- (a) supporting an increase in volume of housing, and
 - (b) increasing supply of public, affordable and Māori and iwi housing – with this investment contributing to the overall volume of housing.

Enabling housing supply

- 8.8 On 20 August 2022 RLC notified Housing for Everyone: Plan Change 9. The plan change was required under the National Policy Statement Urban Development (NPS-UD) and adopts the Medium Density Residential Standards (**MDRS**). Following a request by RLC, Te Tatau o Te Arawa and TeArawa Lakes, in February the Government made an Order in Council requiring RLC to incorporate the MDRS and to use the Intensification Streamlined Planning Process.
- 8.9 The MDRS provisions incorporated within Plan Change 9 will significantly increase the development opportunities for housing across the Rotorua urban area, including for higher density housing.

- 8.10 The Regulatory Impact Assessment (**RIA**)¹⁸ that accompanied the Order in Council noted that while the MDRS will affect Rotorua differently to other main centres, it would lead to increased supply relative to the counterfactual. The RIA noted that:
- (a) the lower land prices in Rotorua compared to main centres like Auckland mean it is harder to predict where development is most likely to occur.
 - (b) by applying the MDRS across the urban area this “provides developers the greatest set of development opportunities and does not limit these to areas where on paper re-development might be desirable”.
 - (c) the MDRS will also support Kāinga Ora, CHPs and Māori and iwi providers to deliver at higher levels of density.
- 8.11 Complementing the MDRS, the government has committed \$84.6m through the Infrastructure Acceleration Fund improve stormwater capacity in central and western areas. According to RLC estimates this investment will enable around 1765 and 1320 dwellings in those areas respectively.
- 8.12 These actions are in addition to the shovel ready investment of \$55m committed in July 2020. This investment in State Highway 30 and other key enabling infrastructure works will enable future stages of the Ngāti Whakaue Tribal Lands development at Wharenui Rise (around 1100 homes over time). Specific investment includes:
- (a) \$35m committed to NZTA for improvements to SH30 – work is well underway and according to Crown Infrastructure Partners is expected to be completed by mid 2023.¹⁹ The improvements, through to Wharenui Road, will address key transport constraints to future stages of Ngāti Whakaue Tribal Lands Wharenui Rise development.
 - (b) \$20m committed to RLC for other enabling infrastructure for Wharenui Rise. This included \$5m for local roading improvements

¹⁸ Retrieved from: [Rhttps://environment.govt.nz/assets/publications/upzoning-land-for-housing-in-rotorua-ris.pdf](https://environment.govt.nz/assets/publications/upzoning-land-for-housing-in-rotorua-ris.pdf)

¹⁹ Quarterly Infrastructure Reference Group Update Q2: to June 2022. Retrieved from: https://www.crowninfrastructure.govt.nz/wp-content/uploads/CIP-IRG-Quarterly-Report_June-2022.pdf

and \$15m for sewerage and stormwater infrastructure. By June 2022, Crown Infrastructure Partners report that \$1.65m had been spent, and projects are expected to be completed by Q3 2023.

- 8.13 Looking further forward, the NPS-UD requires RLC to produce a Future Development Strategy (**FDS**), which will form the basis for integrated, strategic and long-term planning in the district. An FDS sets a high-level vision for how and where RLC intends to accommodate urban growth over the long term. RLC's FDS will be informed by its recent HBA findings on expected demand and supply of housing and business land, and how much development capacity is needed to meet this. The FDS will inform future changes to the Operative District Plan.

Government investment in housing

- 8.14 The Government has significantly increased its investment in public, affordable and Māori and iwi housing. Rotorua has been identified as a priority through a number of key programmes including:
- (a) the Public Housing Plan 2021-24 (Budget 2020),
 - (b) investment in Māori and iwi housing through Whai Kāinga Whai Oranga (Budget 2021),
 - (c) investment in affordable rentals through the Affordable Housing Fund (Budget 2022).
- 8.15 Kāinga Ora currently has 310 public homes under construction or planned for delivery by the end of 2024. Key projects under construction or planning include:
- (a) Stage 1 at Ranolf and Malfroy that will include 37 offsite manufactured homes when complete. Stage 2 for the remainder of the site is in planning.
 - (b) 42 homes at Quartz Ave.
 - (c) 16 homes at the former language school at Pukuatua St.
 - (d) A number of redevelopments of older Kāinga Ora homes across the district.

- 8.16 In addition, Kāinga Ora is working with a number of private developers to build public homes and has also recently purchased the former Rotorua Eastern Arterial land from Waka Kotahi.
- 8.17 As well as the public housing being delivered by Kāinga Ora the following projects are also underway:
- (a) Ngāti Uenukukopako will deliver a further 17 public homes in partnership with Habitat for Humanity. This project was supported by a \$4.2 million grant through He Kūkū Ki Te Kāinga.
 - (b) Emerge Aotearoa will lease 14 new build public homes within the Mountainview Green development that also includes 35 KiwiBuild Homes.

Māori and iwi housing

- 8.18 Given the challenges noted above with developing Te Ture Whenua Māori land, HUD has worked closely with a number of iwi groups to progress housing developments. In addition to the Ngāti Uenukukopako project noted above, through the Whai Kāinga Whai Oranga programme, capability funding has been provided to:
- (a) Ngāti Whakaue Tribal Lands to progress resource consent for 80 homes on Te Ture Whenua Māori land at Manawa Gardens; and
 - (b) The Trustees of Owhata 2B for resource consenting for 93 homes on Te Ture Whenua Māori land.
- 8.19 HUD is in discussion with both entities about funding for housing delivery.

Affordable Housing Fund

- 8.20 Through the Affordable Rental Pathway of the Affordable Housing Fund, three projects in Rotorua have been approved to progress to the Request for Proposal Stage.

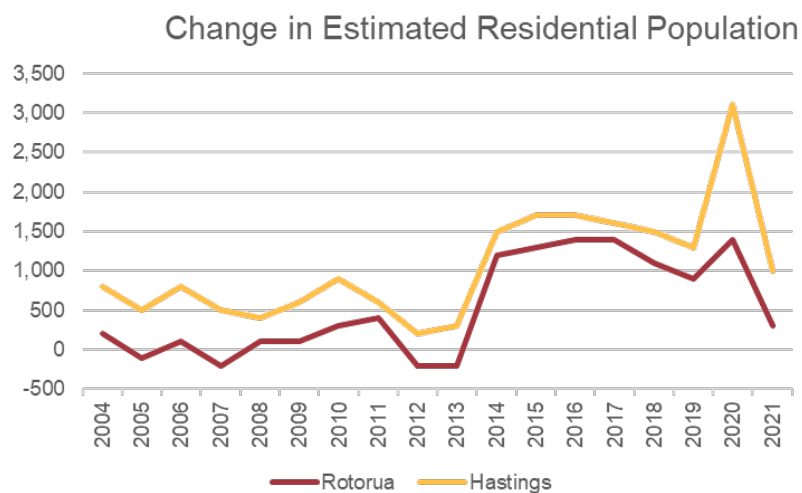
Overall pipeline of housing

- 8.21 Reducing the shortfall of housing and reliance on motels over time also critically depends private residential investment. HUD and Kāinga Ora are working closely with RLC to understand the overall pipeline of housing delivery.

- 8.22 I understand from RLC that there is significant interest from developers to get new projects underway in Rotorua, including a number of private plan changes. While this is promising, there is some uncertainty about the strength of private residential investment over the next one to two years. Rising interest rates and construction costs combined with falling prices will have impacted the profitability of new development both nationally and in Rotorua.
- 8.23 In response to these market headwinds, HUD and Kāinga Ora are working with RLC and developers to understand where government support could be targeted to ensure the residential investment continues to grow. Support could include underwriting through KiwiBuild, partnering with developers through purchase and sale of land, or the direct purchase of public housing within a development. These discussions are ongoing.
- 8.24 A number of submitters raised whether other more permanent housing options should have been considered by government agencies, in the place of contracting motels. The reality is that new housing takes time – it requires infrastructure, land may not be zoned, and the construction sector has been beset with delays.
- 8.25 Through the Taskforce, Kāinga Ora did significantly increase its focus on new housing supply. Kāinga Ora is using offsite manufacturing approaches to speed up development and looked at options for relocations or modular homes. However, land availability has been a key constraint along with building materials.
- 8.26 The actions outlined above reflect significant investment in resolving Rotorua's housing crisis. Investment includes just under \$140 million in infrastructure and new public housing under construction and planning, adding significantly to residential investment.
- 8.27 But the impacts of this significant investment will take time. In my opinion, the contracting of motels for whānau with children is needed to improve the quality of accommodation and support available while new housing supply is delivered.

Experience of the Hastings Place-based Partnership

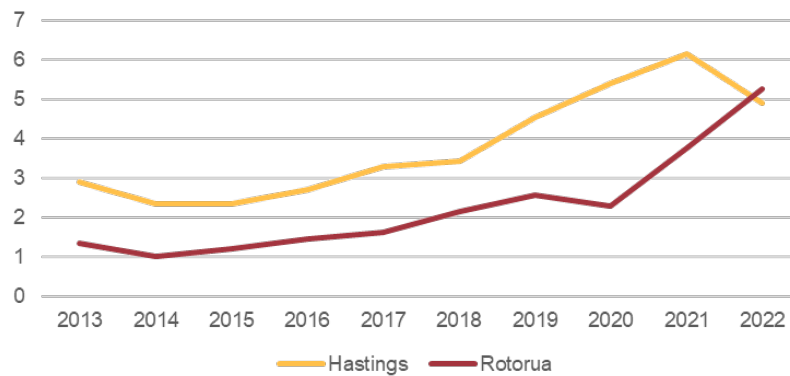
- 8.28 The potential impact of higher residential investment and direct investment in public, affordable and Māori and iwi housing can be seen through comparison with Hastings District.
- 8.29 The Government’s place-based partnership with Hastings District Council and Iwi commenced in April 2019, with a short-term set of actions including acceleration of public housing announced in December 2019. I set out below a brief comparison of key indicators between the two Districts.
- 8.30 The chart below²⁰ shows that Rotorua and Hastings have seen similar growth in population over recent years – with slightly higher growth in Hastings.



- 8.31 While both districts have experienced housing crises, Hastings has seen higher levels of residential investment compared to Rotorua and the lift in building activity came earlier. The chart below shows the level of building consents by population, showing that Hastings has sustained higher levels of residential construction (until just recently).

²⁰ Stats NZ Estimated Resident Population for Territorial Authority Areas

New Residential Building Consents per 1000 Population



8.32 The next chart shows²¹ the relative change in rents and incomes in Rotorua and Hastings. A horizontal line at 1 would indicate rents and incomes grew at the same rate. The declining trends indicate that rents have grown faster than incomes in both districts. Although population growth has been similar in both Hastings and Rotorua, the decline in rental affordability has been larger in Rotorua. This likely reflects the lower supply of new housing in Rotorua.

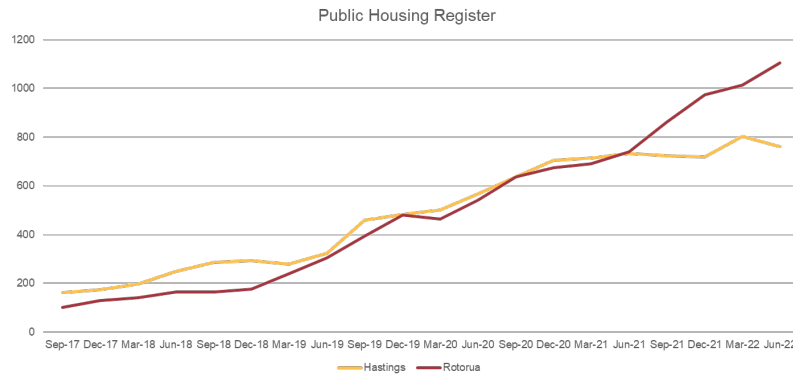
Rental Affordability



8.33 The chart below shows a stabilising of the public housing register in Hastings from the end of 2020. By contrast, the Public Housing Register has continued to grow as the level of completions in Rotorua have remained relatively stable over the last four years. The stabilisation of the public housing register in Hastings appears to have two main drivers:

²¹ Rental affordability index calculated by HUD based on rental and median income indexes referenced above.

- (a) Increased new build completions with the stabilisation occurring around 18 -24 months after the lift in building consents shown above.
- (b) Delivery of 138 new public homes by Kāinga Ora in Hastings since June 2021.



- 8.34 The combination of higher levels of private residential investment and public housing delivery has resulted in the level of individuals and whānau receiving EH SNGs falling to below 60 in early September 2022 from more than 130 at the end of April 2022.
- 8.35 It is my opinion that the higher levels of private and public housing delivery in Hastings have contributed to the stabilising of the number of applicants for public housing and the fall the number of clients receiving EH SNGs in recent months. My expectation would be that in Rotorua if the level of private and public housing delivery can be increased and sustained over time, this would lead to a similar stabilisation and subsequent decline in demand for public housing and individuals and whānau being accommodated in motels.

Managing a reduction of motels accepting EH SNGs

- 8.36 MSD and HUD are working with RLC to reduce the number of motels being used by people receiving EH SNGs over time and address concentration and mixed use. Areas of focus include:
- (a) Reporting on the households in emergency housing and management of the inflows from outside the region as permitted by legislation; and

- (b) Ensuring emergency housing is appropriate (taking account of mixed use, location and alignment with regulatory requirements).
- 8.37 From October 2022, HUD and MSD will provide a monthly dashboard identifying the number of households in the different forms of Temporary Accommodation in Rotorua. This will provide improved clarity of the total use of motels for emergency housing.
- 8.38 MSD and Te Pokapū will also seek to ensure that individuals and whānau from outside the district are not placed into CEH or motels accepting EH SNGs without a clear connection to the city and / or a valid reason. This does not mean that no placements would be made from outside the district, rather that MSD will consider the high demand for emergency housing in Rotorua when making grants to individuals and whānau from outside the district. All grants issued to individuals and whānau from outside the region will be approved by a local (Rotorua) MSD manager.
- 8.39 Examples of why someone previously residing outside the district might need to relocate to the district include instances where people are returning to the place to which they whakapapa or have other established support networks, or where victims of domestic violence may need to relocate for reasons of safety.
- 8.40 This will help reduce the number of EH SNGs in Rotorua over time, but we expect the impact to be limited given the majority of individuals and whānau in emergency housing in Rotorua have a clear connection to the city.
- 8.41 At the end of August 2022, there were 258 households receiving an EH SNG across 35 motels. MSD is working towards a managed reduction of the number of motels used by people receiving EH SNGs over time relying on advice RLC around the quality and suitability of motels available. MSD and HUD will work with RLC to determine how over time the exit from EH SNG motels and CEH is sequenced.
- 8.42 This managed reduction will be supported by anticipated delivery of new public housing in the first half of 2023, with 153 new builds expected to be

complete²². In addition, 21 of the 29 transitional housing places within 2Six5 on Fenton are still to be filled.

- 8.43 A key limitation on this managed exit is that the welfare programme under which the EH SHG is established means the choice of motel is ultimately up to the client. Advice from RLC around suitability will enable MSD to support clients to find accommodation that best suits their needs.

Emergency Housing System Review

- 8.44 The managed reduction of EH SNG motels will be supported by work underway to review the emergency housing system across New Zealand. This work is being led by HUD and MSD, informed by learnings from the actions piloted in Rotorua.
- 8.45 Actions stemming from the Emergency Housing System Review are still subject to advice to and decisions by Ministers and Cabinet. The first steps in redesigning the emergency housing system will have a focus on:
- (a) improving the wellbeing of people in emergency housing
 - (b) improving access to suitable accommodation and other support for people in urgent housing need, and
 - (c) enabling Māori-led solutions to address urgent housing need.

Impact of consents being declined

- 8.46 As set out above, the significant housing shortage in Rotorua has created significant housing stress and left a significant number of individuals and whānau unable access private accommodation. If the consents are declined²² and motel accommodation is no longer available then many individuals and whānau would be homeless or in some other form of insecure housing arrangement, for example street homelessness (sleeping rough), or other situations where they lack control over their housing security.
- 8.47 Analysis by MSD of some of the common themes and causes for people to use emergency housing indicate a range of drivers. Common drivers

²² This includes 122 new builds from Kāinga Ora. The Kāinga Ora number is a “gross” new build number and does not take account to of demolitions. Actual delivery time may differ, given inherent uncertainty around residential development

were a tenancy ending, breakdown of family relationships, being in an over-crowded home, escaping violence, or the end of a relationship. In a well-functioning housing system, where rentals are available and affordable, many of these causes should not lead to reliance on emergency housing. This would also be true for people being released from prison or leaving health services.

- 8.48 The reality is that given the shortfall in housing there are no good alternatives if and contracted emergency housing or other motel accommodation is not available the individuals and whānau will be placed insecure and unsafe housing situations.

Impact on whānau and children from granting consents

- 8.49 Preliminary findings from the evaluation of CEH currently underway provide a good indication of how the model is supporting whānau with children. Interviews with 11 whānau underline the unsettled state that people experience when they do not have access to stable and secure housing and have other unmet needs.
- 8.50 Having a tenancy end with no place to go or escaping unsafe environment can be traumatising. Interviews identify that CEH provides safe space with the wraparound support being critical to navigating whānau from this unsettled state towards state of wellbeing. On-site security appears to be an important part of feeling safe. Providers have also developed programmes to improve the wellbeing of children in CEH and assist parents to adjust including through breakfast clubs, transport to school and other activities.
- 8.51 The evaluation is still underway, and final findings and recommendations are still to be determined, including areas for improvement, improved consistency of service, and enhancement of the model. However, findings do support the proposition that CEH may provide better outcomes for whānau and children compared to the alternative of receiving an EH SNG or being in some other insecure housing situation.

8.52 Granting consents would ensure this enhanced model of provision and improved wellbeing for whānau and children can continue as intended by the by initial recommendations from the Taskforce in March 2021.

Date: 5 October 2022



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Nick McNabb