



Update on Emergency Housing in Rotorua

Date: 13 May 2021

Report no.: REP/21/5/461

Security level: IN CONFIDENCE

Priority: Medium

Action Sought

Hon Carmel Sepuloni
Minister for Social Development

For information

13 May 2021

Contact for telephone discussion

| Name | Position | Telephone | 1st Contact |
|-----------------|---------------------------------|-----------|-------------------------------------|
| Alex McKenzie | Manager, Housing Policy, | 9(2)(a) | <input checked="" type="checkbox"/> |
| Hayley Hamilton | General Manager, Housing Policy | 9(2)(a) | |

Report prepared by: Out of Scope Policy Analyst

Minister's office comments

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to (specify)

Comments

9(2)(a)

Date received from MSD

13 MAY 2021

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17 MAY 2021



Report

Date: 13 May 2021

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Update on Emergency Housing in Rotorua

Purpose of the report

- 1 This report provides you with an update on contracting emergency housing suppliers in Rotorua to better support families with children in emergency housing, as recommended by the Rotorua Housing Taskforce.
- 2 It also responds to your request for information on the following aspects of emergency housing, mainly relating to Rotorua:
 - 2.1 ceasing the use of unsuitable motels and moving clients into more suitable accommodation
 - 2.2 developing a process for ensuring emergency accommodation is suitable
 - 2.3 the current complaints process for clients and the potential for a complaints process for emergency housing suppliers
 - 2.4 ensuring clients are aware of their obligations when staying in emergency housing
 - 2.5 an update on reporting on the amount paid out as security deposits made recoverable in the event of damages to the emergency housing
 - 2.6 current support being provided to clients in emergency housing.

Executive summary

- 3 Due to wider market failures and the undersupply of public housing in Rotorua, the volume of Emergency Housing Special Needs Grant (EHSNG) households in Rotorua is the highest in New Zealand by population (approximately 380 households currently receive an EHSNG in Rotorua).
- 4 In response to the situation in Rotorua, the Rotorua Housing Taskforce was established in March 2021 to find solutions to homelessness. Immediate solutions have been agreed by Ministers Woods, Davidson and you to contract motel units and support services to provide more secure accommodation for families with children. This work is currently underway, and officials expect to relocate approximately 200 households to these motels within 12 weeks.
- 5 You have also requested information on stopping the use of unsuitable motels in Rotorua. Ministry of Social Development (MSD) has identified and stopped future referrals to three motels in Rotorua which have received a number of complaints regarding their suitability for EH. We have contacted all clients in these three motels and have moved the majority of them. There are two clients remaining who have requested to stay due to their circumstances.
- 6 We will develop a framework to identify suitable motels engaging with the Ministry of Housing and Urban Development (HUD), Kāinga Ora, Rotorua Lakes Council, iwi and

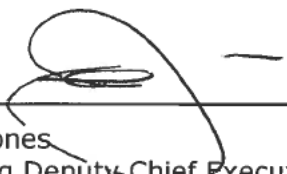
non-government organisations. Key criteria will need to be agreed on to ensure the adequacy of emergency accommodation and consistency.

- 7 MSD has recently implemented a new complaints process for clients to make complaints about their emergency housing. Officials will expand the complaints process to include supplier complaints currently being managed at a local level.
- 8 You have also requested information on options available to MSD when a client has breached the conditions of their EHSNG (for example they have damaged motel property or have behaved antisocially). Currently MSD has the ability to make EHSNG recoverable or decline grants. In practice MSD seldom declines clients in breach of their obligations for an EHSNG as making sure people have a place to stay is priority. Other factors are considered when declining emergency housing for a client in breach of their obligations, such as their health and safety or if they have children.
- 9 In Rotorua we are continuing to provide case management for the majority of households in emergency housing. Having a dedicated case manager will mean those clients will be able to access an integrated service that works to ensure the right support (income, employment, and housing). For clients not receiving case management, MSD has called them to ensure their accommodation is suitable. Officials are also developing an approach for new emergency housing clients, so they can connect to a case management service earlier.

Recommended actions

It is recommended that you:

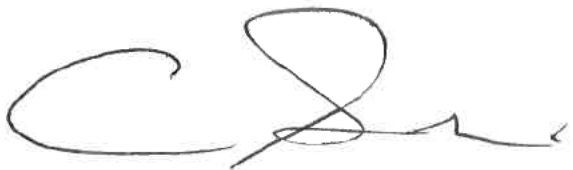
- 1 **Note** that due to wider market failures and the undersupply of public housing in Rotorua, the volume of EHSNG households in Rotorua is the highest in New Zealand by population
- 2 **Note** that in response to the situation in Rotorua, the Ministry of Housing and Urban Development and the Ministry of Social Development are working to contract motels for approximately 200 families with children currently receiving an EHSNG
- 3 **Note** that in Rotorua the Ministry of Social Development has stopped future use of motels which we have identified as unsuitable
- 4 **Note** that the Ministry of Social Development will create a nationwide process for ensuring motels it uses for the purposes of emergency housing are suitable (in consultation with key stakeholders) and report back in early June 2021
- 5 **Note** that the Ministry of Social Development has recently introduced a new national complaints process for client complaints about emergency housing
- 6 **Note** that the Ministry of Social Development will expand the complaints process to include complaints from emergency housing suppliers about emergency housing clients, providing the ability to report national and regional data
- 7 **Note** that the Ministry of Social Development will undertake further work to explore options for reinforcing the obligations of clients in emergency housing and take the appropriate action (in respect of damage, theft or anti-social behaviour) that considers the needs of vulnerable clients and children, and report back to you
- 8 **Note** that the Ministry of Social Development will develop a short-term approach to capturing recoverable grants made for security deposits while MSD creates a longer-term system for capturing this information more accurately
- 9 **Note** that the Ministry of Social Development is providing extra check-in support and reporting for emergency housing in Rotorua and is progressing nationwide implementation.



Liz Jones
Acting Deputy Chief Executive
Service Delivery

13/5/21

Date



Hon Carmel Sepuloni
Minister for Social Development and Employment

16/5/21

Date

Background

- 10 This report responds to your request for information on the current status of emergency housing in Rotorua and outlines the processes in place and actions MSD and HUD are taking to address some of the concerns about emergency housing. This report focuses on Rotorua although there are similar issues with emergency housing in other parts of New Zealand. This includes Wellington and Napier and the East Coast. Any changes we make to the emergency housing model in Rotorua may be required in other areas.
- 11 The supply of housing in Rotorua has not responded to recent population growth, particularly for lower-income households. Rents have increased significantly, and homelessness is a growing problem. There is an undersupply of both public housing and transitional housing in Rotorua which is placing greater pressure on emergency housing.
- 12 There are approximately 380 households receiving the Emergency Housing Special Needs Grant (EHSNG) in Rotorua¹. The volume of EHSNG households in Rotorua is the highest in New Zealand by population.
- 13 The **Rotorua Housing Taskforce** was established in March 2021 comprising the Rotorua Lakes Council, Te Arawa iwi and officials from MSD, HUD, Kāinga Ora and Te Puni Kōkiri. The New Zealand Police and the Lakes District Health Board are also participating. The Taskforce is working to develop solutions to the homelessness and emergency housing situation in Rotorua. The immediate solutions that have been noted and agreed to by Ministers Woods, Davidson and you are:
 - HUD contracting motel units and support services to provide more stable and secure emergency housing for families with children. MSD would retain responsibility for assessment and placement of people into the contracted motels
 - additional support services for EHSNG clients, with a priority focus on children and families initially, then on those with high and complex needs
 - strengthening assessment and placement processes for emergency housing clients and working on implementation of a Rotorua Housing HUB
 - Kāinga Ora motel purchases, and progress being made on the public and transitional housing build pipeline
 - officials undertaking further work on possible legislation to give Rotorua Lakes Council a time-limited power to use reserves land for housing (for report back to the Minister of Housing in May 2021).
- 14 Over the next two months, MSD, HUD and the Rotorua Lakes Council will be working intensively to implement the motel contracting option. This will require a working group approach to undertake tasks that include identifying motels that meet regulations, ensuring the Rotorua Housing HUB is in place, ensuring providers and support services are in place, ensuring MSD assessment and placement processes are aligned to ensure swift placement in contracted motels, and appropriate support services are provided to other EHSNG clients not in contracted motels.

Proposal to contract motels in Rotorua

- 15 Work is underway with HUD to contract emergency housing for approximately 200 families and other priority groups currently in emergency housing in Rotorua. These contracted places will be prioritised for families with children initially. This contracting

¹ There are approximately 500 households in government-funded motels in Rotorua. This includes motels contracted by HUD as transitional housing, the COVID-19 response motels contracted by HUD and around 380 households receiving the Emergency Housing Special Needs Grant (EHSNG) from MSD. The volume of EHSNG clients is the highest in New Zealand by population. In addition to this, both Oranga Tamariki and the Department of Corrections use motels in Rotorua.

will be similar to HUD's contracting model (used for Transitional Housing). Eligible clients relocated to contracted motels clients will continue to receive the EHSNG.

- 16 Having contracted motels available will enable MSD to provide greater security for clients in emergency housing than the current EHSNG model allows for. The remaining clients receiving EHSNGs will continue to receive support where necessary (through case management, contracted navigators and housing brokers).
- 17 Operational planning is underway to meet the timeframe for the contracting and resource consent requirements. The timeframe to transfer the priority cohorts into newly contracted emergency housing is approximately within 12 weeks (end of June, beginning of July 2021), but officials are aiming to make significant progress by the end of May 2021.

Ceasing the use of unsuitable motels in Rotorua

- 18 Before a client is placed into emergency housing, they have a discussion with a MSD staff member to assess their circumstances and options. If emergency housing is required, MSD can provide an EHSNG to the client to pay for their temporary stay in commercial accommodation, usually in the form of a motel. The client has some choice around where they stay, and the MSD staff member can provide information on emergency housing suppliers that may be most suitable for the client. In most cases, MSD will then pay the supplier directly, for a period of between seven and 21 days. In some cases, the client can be given a pre-loaded card to pay for their stay.
- 19 Where MSD has received complaints about the suitability and safety of certain emergency housing suppliers or MSD staff have visited these sites and have determined it may not be suitable for emergency housing purposes, MSD will advise clients against choosing to stay with these suppliers. From 3 May 2021, MSD stopped recommending six motels in Rotorua due to their unsuitability. While MSD can advise clients seeking emergency housing that there have been complaints about suppliers or that they may not be suitable for the client's needs, this is only guidance and the client has autonomy over where they stay (though MSD will only pay reasonable costs for emergency accommodation).
- 20 For the three most unsuitable motels in Rotorua, which have been identified as not appropriate for providing emergency housing, MSD has relocated all but two clients to more suitable motels. These two single clients wanted to stay at the motels they are in due to their circumstances, we are staying in regular contact with them.
- 21 There are a further three motels that MSD staff had received a number of complaints about. As of 6 May 2021, all emergency housing clients have been contacted to ensure they are in suitable accommodation, and in two instances where this was not the case, have been moved to more suitable motels. MSD is continuing to follow up with the two people who we were unable to reach.

Process for deciding which emergency housing options are suitable for MSD clients

Service and quality standards

- 22 Currently the Ministry, at a local level, determines suitability of motel use based on feedback we have received from clients staying there, or where MSD has made a visit to the facility. Not all motels are suitable for our clients, particularly whānau with children. There are several reasons that motels may be seen to be unsuitable, these include:
 - not meeting minimum cleanliness and quality of service standards
 - being in an unsafe or inappropriate location for children (busy road, no fencing, far from schools)
 - lacking the room configuration required or the facilities necessary to accommodate complex needs

- the presence of other patrons at the motels who are gang members, former offenders or people with complex mental health and addiction needs.
- 23 The Rotorua Housing Taskforce has identified some motels which are most unsuitable to provide emergency housing.

Options for an approach beyond Rotorua

- 24 MSD will carry out further work to develop a formal process for identifying suitable suppliers at a national level. MSD, alongside HUD and Kāinga Ora, will explore options for designing a robust process to make decisions about suitable motels based on agreed criteria. This should be done through engagement with local government, iwi, non-government organisations. Identifying suitable accommodation may be more difficult in other areas where there is a shortage of available motel accommodation.
- 25 Key factors to ensure suitability of motels include:
- The standards that motels are required to meet under relevant legislation that applies to them (including compliance with fire and emergency standards, building code requirements and health and safety standards. We will consult with Local Government New Zealand to get a definitive list of the legal requirements for motels
 - location and suitability of room configuration
 - agreement from the motelier about the housing of specific groups of clients.
- 26 Any process determined to ensure emergency housing is appropriate for clients will be consistent with the aim to reduce the long-term reliance on motels (through more transitional and public housing places and the medium-to-longer term initiatives to increase the supply of housing, particularly rental housing for lower income households). We will provide you with further advice on the process for assessing suitability of accommodation and timeline for implementation.

Emergency housing complaints process

New client complaints process implemented from 28 April 2021

- 27 MSD has implemented a new centralised process for recording client complaints about the quality of motel accommodation. This process was implemented to provide a systematic mechanism for managing complaints received from emergency housing clients about the service or accommodation standards from the emergency housing supplier.
- 28 If the client expresses concern for their safety to MSD staff, this issue will be examined promptly.² Complaints to MSD will be acknowledged within 24 hours of receipt and investigated by an MSD staff member. The emergency housing supplier and MSD will then have a discussion about the issue raised. If the emergency housing supplier can address the issue, there is an expectation that they will do this. If after the discussion there is no positive outcome, then alternative options will be discussed with the client and they may need to relocate to another supplier.

Recording complaints from moteliers and other parties

- 29 Currently complaints received from emergency housing suppliers are received and addressed at a local level. A national complaints process for suppliers will be implemented. The Ministry would benefit from a more formal channel through which emergency housing suppliers can raise complaints to us about emergency housing clients so that we can report and ensure consistency in our approach and response.

² Clients are instructed to contact Police about immediate risks to their safety or someone else's, or if they are aware of criminal activity.

Ensuring clients understand their obligation when in EH

- 30 Before MSD grants an EHSNG, MSD advises clients of their responsibilities and the conditions of payment. This includes ensuring clients are aware of the requirement to pay an emergency housing contribution of 25 percent of their income, the need to follow the emergency housing supplier's rules of stay, and the consequences for not following those rules.³ Clients also sign up to these responsibilities and acknowledge the consequences when they sign the EHSNG application form. When the client arrives at their accommodation, the emergency housing supplier may also inform the client of any rules.
- 31 If the client causes any damage, they will be liable for the costs arising from that damage. Often these damages are covered by the security deposit granted at the start of the client's stay. The security deposit is generally not granted for more than the equivalent of seven nights of accommodation costs and is always recoverable by MSD from the client. The client will be liable for any remaining amount if the damages exceed the security deposit. The supplier can only be paid if they have incurred damage or loss (that is not covered by insurance). If there is no damage or loss, the security deposit will not be needed.

MSD's options for clients who are continually in breach of their obligations

- 32 Where clients have damaged the property or acted in an anti-social way, MSD may consider that they have unreasonably contributed to their immediate emergency housing need. As a result, the EHSNG may be declined where the client is applying for a further grant. However, if there is a risk to the client or their immediate family's health or safety, the Special Needs Grant for emergency housing can be granted as recoverable assistance.
- 33 In practice, MSD does not often make grants recoverable or decline EHSNG as it is an option of last resort for clients. Recoverability of EHSNGs has decreased from 12 percent of grants and 11 percent of spend in the Quarter ending 30 June 2017 to 1 percent of grants and 1 percent of spend in the quarter ending 31 March 2021. The rate of declines also peaked in 2017 at 3.5 percent of recorded applications, dropping to 1 percent in 2019. In the last 12 months the rate of decline has been between 2 percent and 2.7 percent.
- 34 We will provide you with further advice, where we will examine options for disincentivising damage, theft or other anti-social behaviour in emergency housing that balances the needs of vulnerable clients and children.

Reporting on amount owed to MSD for damages

- 35 MSD makes the security deposit payment through the client management system, which offers limited categories for coding payments. Emergency Housing security deposit payments are made under the broad code, 'Other Emergency Grants'. These emergency housing payments are not distinguishable from other payments in the data reported.
- 36 Information about security deposits paid to emergency housing suppliers is contained in individual records. It would require the manual review of thousands of files and payments for MSD to determine the total value of payments made to emergency housing accommodation suppliers for damages or loss.

Interim and longer-term approaches to reporting on recoverable grants for motel damage

³ Consequences could include being asked by the motelier to leave the accommodation or having the full amount of the EHSNG made recoverable so that it must be paid back or being declined for future grants.

37 MSD is investigating the development of an interim structured note type to be added to the system to better estimate which emergency grants relate to the payment of costs for damage in emergency and transitional housing. This could be implemented within two months and would enable MSD to better estimate the number and size of grants for damages for emergency housing.

38 s 9(2)(f)(iv)

Planned ongoing support for clients in emergency housing

39 There will be additional case management for clients receiving emergency housing grants in Rotorua and staying in emergency housing for longer than one week. Having a dedicated case management will mean that those clients will be able to access an integrated service that works to ensure that clients:

- are getting their full and correct entitlement
- are in appropriate accommodation
- have the right supports in place
- have a plan which supports clients towards sustainable housing and employment when the time is right.

40 We have carried out analysis of the approximately 380 households in Rotorua receiving an EHSNG. All but 70 households have case management and/or are supported by a Housing Navigator. We expect that all clients will have case management within the next six weeks.

41 Those 70 households not included in a case management service have been contacted by MSD staff to ensure their accommodation is suitable. Clients in emergency housing are contacted at the time of their EHSNG renewal but will also receive an additional check in-between their renewals.

42 The check-in call will be made primarily by a member of MSD staff (case manager or housing broker). The purpose of the check in will be to assess the suitability of the emergency housing, ongoing housing needs and support with any other questions or issues that may arise during the call.

43 Officials are also developing an approach for new emergency housing clients, so they can connect to a case management service quickly.

Next steps

44 MSD and HUD will provide you with an aide-memoire and A3 on contracting emergency housing in Rotorua and the approach to better managing emergency housing in the future at a national level. We understand that you will be taking this material to the Cabinet Social Wellbeing Committee on Wednesday 12 May 2021.

45 Officials are also reporting back on the on the detail of the contracting approach in Rotorua before the end of May 2021.

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Author: Out of Scope Analyst, Housing Policy

Responsible manager: Alex McKenzie, Manager, Housing Policy