Office of the Minister for Social Housing

Chair

Cabinet Social Policy Committee

More Emergency Housing for auckland

# Proposal

1. This paper reports on the Emergency Housing Funding Review (the review) and seeks agreement to a $2 million short-term emergency housing response in Auckland using funding leftover from the Christchurch short-term housing response.

# Executive summary

1. The emergency housing sector is under growing pressure and people in crisis are not able to access emergency housing and support services when they most need them. The situation is particularly acute in Auckland where emergency housing providers have virtually no vacancies and the Ministry of Social Development (MSD) is providing financial assistance for people to stay in motels.
2. In the longer-term, work that is already underway to create more social housing places in Auckland, and to increase the Auckland housing supply in general, will ease pressure on the emergency housing sector. However, more assistance is needed in the short-term. I am therefore proposing a $2 million short-term emergency housing response for Auckland for the next two years (similar to the successful Christchurch short-term housing response).
3. The $2 million will be available for contributions towards the capital cost of refurbishing existing properties or new builds if required, as well as for ongoing operational costs (for accommodation and providing wraparound support services). The Auckland short-term response will be implemented in partnership with Auckland Council which has set aside $250,000 in each of the next two years ($500,000 in total) for emergency housing providers.
4. I propose to direct MSD to issue a Request for Proposals (RFP) by the end of September 2015 seeking the new emergency housing places in Auckland with the view to new places being available from January 2016. The $2 million for the new emergency housing places for Auckland will come from funds previously set aside for the short-term housing response for Christchurch. The number of people that will be supported by the short-term response will depend on the proposals that emerge through the RFP but MSD estimates that up to 30 additional places at any one time for families, singles and couples could be provided through this response.
5. Following Cabinet agreement, I will announce the $2 million short-term emergency housing response for Auckland.
6. In addition to the pressure on emergency housing in Auckland, the review has identified a number of systemic weaknesses with the current emergency housing funding arrangements. Work is underway on proposals to address these weaknesses and MSD will report to myself and the Minister for Social Development as these proposals develop.

# Background

1. In December 2014, as part of the Social Housing Reform Programme, Cabinet agreed to a one-off cash injection of $500,000 for emergency housing providers while a review of emergency housing (the review) was carried out [CAB Min (14) 39/23 refers].
2. The review had two phases:

* Phase One, between February and May 2015, was to gather information to understand the current emergency housing funding landscape
* Phase Two, in June and July 2015, was to develop recommendations.

1. Within the housing continuum, emergency housing is short-term housing[[1]](#footnote-1) for individuals and families who urgently need accommodation because they have nowhere to stay, or are unable to stay in their usual residence.
2. Non-government organisations are at the frontline of providing support for people needing emergency housing. The likes of the Salvation Army, Auckland City Mission and Monte Cecilia provide a valuable service to people in need. Emergency housing providers receive funding from numerous sources including government agencies, charitable institutions, trusts and lotteries funding.
3. MSD is the lead government agency for emergency housing. The Department of Corrections and the Ministry of Health ensure the right support is available for specific cohorts of people (for example, released prisoners). Housing New Zealand plays a role through Community Group Housing by providing accommodation for a range of emergency housing service providers across New Zealand (for example, women’s refuges). However, MSD has the role of coordinating the overall system.

# The emergency housing sector is under significant pressure

*Funding for emergency housing is disjointed*

1. Government financial support for emergency housing can be divided into three areas: funding for accommodation, funding for services, and income support for those who need emergency housing.
2. While I have the overall policy lead for emergency housing, much of the current government assistance for emergency housing sits within the Social Development portfolio (for example, the current contracts with 16 providers, worth approximately $1.3 million per year, to deliver social services for families in emergency housing). I am therefore working closely with the Minister for Social Development on this work.
3. While government funding for emergency housing falls into the three categories outlined above, it is unclear exactly how much funding government provides for emergency housing.

# *There are weaknesses with the current funding arrangements*

1. Phase One of the review highlighted a number of weaknesses with the current funding arrangements:

* **accountability** – there is no clear definition of emergency housing, no clarity about the roles of different agencies, and no clear standards for emergency housing
* **openness and transparency** – the funding arrangements are unclear, ad-hoc and not well co-ordinated which creates uncertainty for providers and people needing emergency housing
* **fairness** – people needing emergency housing are expected to repay support (advance benefit payments) while others in social housing or the private rental market are not expected to repay support (through Income-Related Rent Subsidy (IRRS) or Accommodation Supplement (AS))
* **links with the rest of the housing system** – people in emergency housing do not always have a clear pathway to more sustainable housing and may stay longer than expected in emergency housing because of a lack of suitable alternative housing or because they have complex issues that require more time to address
* **current funding is insufficient** – providers say this makes it difficult to provide quality services while the lack of certainty about future funding means they spend time seeking funding instead of delivering and improving services
* **gaps in provision** – both geographically (for example, in small rural towns) and for particular cohorts (for example, for people with disabilities, older people, youth and LGBTI)
* **lack of good quality data** –the Auckland emergency housing database is helping to increase our understanding of the demand for, and supply of, emergency housing, but the data is still patchy:
  + 2006 Census data suggests that nationally up to 34,000 people experience severe housing deprivation including approximately 5,000 people living on the street or in improvised mobile dwellings and approximately 700 people in emergency accommodation (for example, night shelters)
  + data from the social housing register indicates that at the end of June 2015 there were 659 people on the register in ‘insecure housing’[[2]](#footnote-2)
* **a growing need for services to address homelessness** – survey respondents said there was an increasing need for services specifically focussed on homelessness.

# *There are particular emergency housing pressures in Auckland*

1. Anecdotal evidence has for some time pointed to growing pressure on emergency housing places in Auckland. The emergency housing review, and the establishment of the Auckland emergency housing database in particular, has begun to provide a clearer picture of this issue:

* MSD has 99 places registered on its Auckland emergency housing database[[3]](#footnote-3) but on 12 August 2015 there were only two vacancies
* since the beginning of June 2015, MSD has provided financial assistance to at least 30 clients in Auckland to stay in motels with an average length of stay of 10 days
* at the end of June 2015, 299 (45 percent) of the 659 people on the social housing register living in insecure housing were in Auckland
* anecdotal information suggests that up to 90 clients present each week with emergency housing needs across the 34 Work and Income service centres in Auckland.

1. While pressure on emergency housing is not restricted to Auckland, the scale of the issue is significantly greater in Auckland. The issue is exacerbated in Auckland because of housing affordability issues which mean moving into the private rental market is not as feasible as it may be in other areas.
2. In the longer-term, work to create more social housing places in Auckland and to increase the Auckland housing supply in general, will ease pressure on the emergency housing sector. However, in the short-term, I consider an increase to the supply of emergency housing places in Auckland is required.

**Two million dollars for a short-term emergency housing response in Auckland**

1. I am proposing a $2 million short-term emergency housing response in Auckland, similar to the successful Christchurch short-term housing response. Preliminary discussions with emergency housing providers have indicated that a mixture of approaches may be required to deliver additional emergency housing places in Auckland. For some providers, the provision of ongoing financial assistance with the costs of providing accommodation and support services may be sufficient. Other providers may require a contribution towards the cost of the refurbishment of existing properties or innovative new builds (for example, relocatable units) in addition to ongoing operational funding.
2. An RFP process will provide an avenue for providers to propose innovative approaches to delivering the additional emergency housing places that are required in Auckland. This will include the consideration of a government contribution towards capital costs where a proposal has merit.
3. The RFP will focus on those most in need. In line with social investment policy, the key features of the proposed emergency housing response for Auckland are:

* an expected maximum stay of 12 weeks although providers will support people to move out sooner if appropriate
* a focus on two cohorts, sole parents or families with children, and singles or couples - providers will be able to bid to provide housing and services for one or both of the target cohorts
* providers will be expected to provide a wraparound support service including developing a plan with each household to get them back on their feet and into stable housing
* service providers will be expected to work with each household for three months after they have been placed into sustainable housing
* people in emergency housing will be expected to contribute to the cost of their accommodation
* the $2 million that will be available through the RFP will contribute towards:
  + the ongoing cost of providing emergency accommodation
  + the ongoing cost of delivering wraparound support services for people in emergency housing
  + a contribution towards the capital cost of the refurbishment of existing properties or new builds will be considered if the proposal has merit.

1. As with the Auckland RFP for 300 additional social housing places, any government contribution towards capital costs will be limited. If RFP proposals need significant amounts of capital funding, or are on a longer timeframe, those proposals will be referred to the new Auckland social housing supply team for consideration.
2. The number of people that will be supported by the short-term response will depend on the nature of the proposals that emerge through the RFP but MSD estimates that up to 30 additional places at any one time for families, singles and couples could be provided through this response (up to 120 additional places per year based on a 3 month stay for each person or family). These places would be a significant addition to the 99 places on the Auckland emergency housing database managed by MSD[[4]](#footnote-4).

# *Additional emergency housing places will be expected from January 2016*

1. I propose to direct MSD to issue the RFP for the additional emergency housing places in Auckland by the end of September 2015. The RFP will be open for six weeks and additional places will be expected to begin coming on-stream from January 2016 (any proposals requiring the refurbishment of existing properties or new builds are likely to take longer).
2. Auckland Council (the Council) is supportive of an increase in the number of emergency housing places in Auckland. The Auckland short-term response will be implemented in partnership with the Council which has set aside $250,000 for each of the next two years ($500,000 in total) for emergency housing providers.

**Work is underway on proposals to address systemic weaknesses identified in the review**

1. As well as the pressure on Auckland, the review has identified a number of systemic weaknesses with the current emergency housing funding arrangements. Work is well underway on proposals to address these weaknesses and MSD will report to myself and the Minister for Social Development as these proposals develop.

# Consultation and sector engagement

1. Treasury, Housing New Zealand, the Ministry of Business, Innovation and Employment, the Ministry of Health, the Department of Corrections, the Ministry of Justice, the Ministry of Education, the Department of Internal Affairs, Te Puni Kokiri, the Ministry of Pacific Island Affairs, and the Ministry of Women’s Affairs have been consulted on this paper. The Department of Prime Minister and Cabinet has been informed.
2. As part of Phase One of the review, MSD ran a survey of emergency housing providers seeking feedback about the current funding arrangements. MSD received 102 responses to this survey.

# Financial implications

1. I propose that approximately $2 million of unallocated funding from the Christchurch   
   Short-Term Housing Response appropriation be used to fund the Auckland emergency housing response. This funding is available because the Christchurch Short-Term Housing Response has not been as expensive as was initially anticipated. This funding is currently spread across the 2015/16, 2016/17 and 2017/18 financial years and can only be used for short-term housing initiatives in Canterbury.
2. I propose to set up a new appropriation for the provision of emergency housing which is not specific to any region and do a fiscally neutral transfer of funding from the Christchurch   
   Short-Term Housing Response appropriation. Pooling funding together into one single appropriation with a broader scope will enable flexibility in responding to demand for emergency housing across key regions.
3. I propose that the scope of the new appropriation be limited to activities relating to the provision of emergency housing support for eligible families and individuals in high need areas. At this stage, this funding will be used to contract with providers to deliver short-term housing responses in Auckland following the RFP process and the continuation of current contracts with providers in Christchurch.

# Human rights implications

1. The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

# Legislative implications

1. The proposals in this paper do not require any changes to primary legislation.

# Regulatory impact and compliance cost statement

1. A regulatory impact analysis is not required, as no regulatory changes are proposed.

# Gender implications

1. The proposals in this paper will have a positive impact on women, particularly sole parents and their dependants, as they are one of the cohorts most in need of emergency housing.

# Disability perspective

1. The proposal may impact positively on people with disabilities who require short-term accommodation and wraparound support.

# Publicity

1. I propose to announce the proposed $2 million short-term emergency housing response for Auckland soon after Cabinet has agreed to the proposals in this paper.

# Recommendations

1. It is recommended that the Committee:
2. **note** that a review of the emergency housing funding arrangements has shown that the current arrangements are unclear and confusing, and emergency housing providers on the frontline are reporting increased pressure for their services, in particular in Auckland

*$2 million short-term emergency housing response in Auckland*

1. **note** that there is a need for additional emergency housing places in Auckland
2. **agree** that the Ministry of Social Development issue a Request for Proposals by the end of September 2015 seeking innovative proposals for the provision of additional emergency housing places in Auckland
3. **note** there is $2 million funding already available in the Christchurch short-term housing appropriation in Vote Social Development which can be used to provide additional emergency housing places in Auckland, however the current scope of the appropriation constrains the use of this funding to Christchurch only
4. **agree** to establish the following new appropriation, which broadens the scope for emergency housing provision and provides flexibility to respond to emergency housing demand in high need areas such as Christchurch and Auckland

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| --- | --- | --- | --- | --- |
| Vote | Appropriation Minister | Title | Type | Scope |
| Social Development | Minister for Social Housing | Emergency Housing Response | Non-Departmental Output Expense | This appropriation is limited to activities relating to the provision of emergency housing support for eligible families and individuals in high need areas |

1. **approve** the following fiscally neutral adjustment to give effect to the policy decision in recommendation 3 above, with no impact on the operating balance over the forecast period

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | $m – increase/(decrease) | | | | |
| **Vote Social Development**  **Minister for Social Housing** | **2015/16** | **2016/17** | **2017/18** | **2018/19** | **2019/20 & Outyears** |
| Non-Departmental Output Expense:  Short-term Housing in Canterbury | (2.738) | (1.895) | (0.717) | - | - |
| Non-Departmental Output Expense:  Emergency Housing Response | 2.738 | 1.895 | 0.717 | - | - |

1. **agree** that the proposed changes to appropriations for 2015/16 above be included in the 2015/16 supplementary estimates and that, in the interim, the increase be met from Imprest Supply

*Publicity*

1. **note** that the Minister for Social Housing will announce the short-term emergency housing response in Auckland, shortly after Cabinet approves the proposals
2. **authorise** the Minister for Social Housing to make technical, policy and operational changes required to implement the proposals outlined in recommendation 3, in keeping with the overall policy aims of the proposal, in consultation with other Ministers, as appropriate.

Hon Paula Bennett

Minister for Social Housing

1. Intended to be for no more than 3 months. [↑](#footnote-ref-1)
2. Insecure housing relates to main applicants living in bus/house trucks, camp grounds, cars, emergency housing, garages or who are rough sleeping. [↑](#footnote-ref-2)
3. The Auckland emergency housing database was established in June 2015 and is intended to provide a single view of emergency housing vacancies across Auckland for MSD frontline staff. [↑](#footnote-ref-3)
4. Note that some emergency housing providers have not yet registered their places with MSD for inclusion in this database. [↑](#footnote-ref-4)