

Aide-mémoire



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Meeting

Date: 11 March 2016 **Security Level:** BUDGET - SENSITIVE

For: Hon Paula Bennett, Minister for Social Housing

File Reference: REP/16/3/219

Overview of Emergency Housing Budget Bid

Meeting/visit details 10am, 14 March 2016, 6.3, Beehive

Expected attendees Nic Blakeley, Deputy Chief Executive, Social Policy
Carl Crafar, Deputy Chief Executive, Social Housing
Jerry Wilson, General Manager, Housing Assessment
Kelvin Moffat, General Manager, Housing Contracts
[Section 9\(2\)\(a\) - Privacy of the Person](#) Principal Analyst, Housing Policy

Purpose of meeting/visit Refresher session on the Emergency Housing Budget Bid (\$41.6 million over 4 years).

In late 2015 Cabinet agreed to a new emergency housing funding model

- In November 2015 Cabinet agreed to two components of a new emergency housing funding model:
 - contracts with selected providers to deliver a set number of emergency housing places per year in areas of high demand
 - a new Emergency Housing Special Needs Grant for people who need support with emergency accommodation costs for up to seven days and are unable to access a contracted place [SOC 15 Min 0039 refers].

Emergency housing provides a good return on investment

- Emergency housing is a good investment because:
 - Beneficiaries in emergency housing have a higher liability than beneficiaries who are not in emergency housing (e.g. emergency housing clients on Sole Parent Support have an average lifetime liability of **\$32,000 more than Sole Parent Support clients** not in emergency housing).

- There is strong international evidence about the cost savings from programmes to support homeless people (e.g. an AHURI study in 2008 showed **whole-of-government savings were at least twice as large as the annual cost of delivering effective homelessness programmes¹**).
- Feedback from the short-term housing response in Christchurch has demonstrated the successful outcomes that can be achieved from emergency housing. Of the 95 households who have left the short-term housing response, 84 have moved into sustainable housing (76 into social housing and 8 into private rentals).
- Emergency housing provides an essential safety net for some of the most vulnerable New Zealanders and is an opportunity to intervene and support some of the families with the most complex needs.

The majority of the \$41.6 million Budget bid is for contracted emergency housing places

Table 1: Overview of Emergency Housing Budget bid

No.	Funding type	2016/17	2017/18	2018/19	2019/20 (and outyears)	Total
1	Contracted places (general)	6.3	8.2	8.8	8.8	32.1
2	Section 9(2)(f)(iv) Active Consideration					
3	Special Needs Grant	2.0	2.0	2.0	2.0	8
4	IT change to implement Special Needs Grant	0.5	-	-	-	0.5
5	Service Delivery project team	0.4	-	-	-	0.4
6	Evaluation	0.05	0.05	-	-	0.1

¹ The cost for single male homelessness assistance for an Australian programme is only \$4,625 per client compared to average health and justice costs of \$10,212 above the normal population rate while homeless.

	7	Total	9.5	10.5	10.8	10.8	41.6
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Breakdown of contracted places funding

- The bid seeks funding for MSD to contract approximately 800 emergency housing places to be available at any one time across New Zealand (3,200 per year based on a maximum length of stay of three months).
- MSD expects that approximately half of these places will be needed in Auckland with the remainder spread across New Zealand (see Appendix 1 for a proposed regional breakdown of these contracted places).
- Funding has been costed on the basis of the average IRRS for each region. The precise cost of the places required will depend on responses to the Request for Proposals for the contracted places that will follow the Budget.

Why do we need this many contracted places?

Our budget bid is based on 800 places at any one time because this number of places would:

- Provide capacity to house those on the register living in insecure housing circumstances (this number varies but is generally between 500-800 households at any one time).
- Provide the ability to offer a nationwide response with a significant number of emergency housing places in the main centres (especially Auckland) and smaller numbers of places in other regions.
- Provide some additional capacity to house those who need emergency housing but are not on the register. We know that not all those who require emergency housing are on the register (Salvation Army report *Invisible in the SuperCity: Hidden Homelessness in Auckland* indicated that 41 per cent of survey participants had not engaged with MSD). Other figures and anecdotal reports suggest the real level of need is significantly higher:
 - 2006 Census data indicated there were more than 5,000 people living on the street or in improvised mobile dwellings across New Zealand
 - in the year to the end of June 2015, the Citizen’s Advice Bureau received over 3,000 enquiries about emergency accommodation, double the number of annual enquiries received five years earlier
 - anecdotal feedback from MSD frontline staff suggests an ongoing level of need for emergency

housing across New Zealand.

**The new
Emergency
Housing Special
Needs Grant
will be non-
recoverable up
to set limits**

- The new Special Needs Grant (SNG) will provide non-recoverable assistance for accommodation costs up to set limits for those who need immediate housing. Clients will be expected to contribute where the cost of accommodation is above these limits.

Table 2: Proposed limits for the Emergency Housing Special Needs Grant

Accommodation Type	Single person	Two - four person household	Households of five or more people
Hostel / Night Shelter	up to <input type="text"/> per night	n/a	n/a
Motel	up to <input type="text"/> per night	up to <input type="text"/> per night	up to <input type="text"/> per night

- The SNG will be available for up to seven days but MSD will have discretion to extend this in exceptional circumstances (i.e. if the client has nowhere else to stay at the end of 7 days).
- The estimate of \$2 million per year is based on approximately 1,400 households accessing the SNG each year for the full 7 nights.

**The emergency
housing bid is
supported by
Treasury and
the Social
Investment
Panel**

- Treasury supports the proposed emergency housing bid. The Social Investment Panel has also supported the proposed bid but noted the following areas of concern or further work:
 - *'the panel noted the importance of wraparound support to address issues leading people to need emergency housing and was not convinced that NGO support was generally available as a response in this area*
 - *the panel also felt that the direct connection to Community Investment could be strengthened*
 - *the panel felt there may be questions about the readiness of emergency housing providers to take up the funding'.*

MSD response to Social Investment Panel comments

Wraparound services and Community Investment link

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- In November 2015 Cabinet noted the importance of wraparound services for people in emergency housing and noted that further work was required on this component of the emergency housing funding model.
 - Through its Community Investment arm MSD already contracts 16 providers to provide social work services for families living in emergency housing at a cost of approximately \$1.3 million per year. However, limited information is currently available about the outcomes that are being achieved from these services.
 - Line-by-line reviews of these services are currently underway as part of the implementation of the Community Investment Strategy. These reviews are expected to be completed in April 2015 and will provide more information about the current state of these services.
 - Findings from the line by line reviews, and stocktake and analysis of other wraparound services (funded by other agencies), will then be used to develop recommendations for the future provision of wraparound services for people in emergency housing.

Readiness of emergency housing providers to take up the funding

- Following Budget 2016 MSD will run an RFP for the contracted emergency housing places. Part of this process will involve clear communication of the requirements to the sector and ensuring organisations have the time they need to develop and submit proposals.

Next steps

Following this meeting we will work with your office to ensure you have the information required to support you in the ongoing Budget discussions.

Appendix 1: Proposed regional breakdown of contracted emergency housing places

- The table below shows the proposed regional breakdown of how many contracted emergency housing places would be sought in each region along with an estimate of the regional funding breakdown this would result in.

Region	Families	Singles	Total	Approximate regional funding breakdown per year	
Auckland	180	180	360	Section 9(2)(j) - Commercial and Industrial Negotiation	
Canterbury	70	70	140		
Waikato	25	25	50		
Bay of Plenty	25	25	50		
East Coast	25	25	50		
Wellington	25	25	50		
Northland	10	10	20		
Southern	10	10	20		
Central	10	10	20		
Taranaki	10	10	20		
Nelson	10	10	20		
Total	400	400	800		\$8,800,000

Criteria to be used in the RfP

- The detailed criteria that will be used in the RfP for contracted emergency housing places have not yet been finalised but are likely to be similar to those used in the recent RfP for additional emergency housing places in Auckland. This RfP sought proposals from providers (approved to MSD Level 2 or capable of achieving this status) that could demonstrate:
 - Experience in delivering accommodation for people with emergency housing needs
 - Links with local community organisations that can provide further support to participants
 - Organisational capacity / infrastructure and staff with relevant specialist skills
 - Appropriate accommodation (or ability to secure) for the service
 - Ability to develop plans to transition participants into more sustainable housing and provide post-transition support
 - Proposals that are cost effective.