**MINISTRY OF SOCIAL DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

# Emergency Housing

TEMPORARY SOLUTIONS FOR EMERGENCY HOUSING
Colliers International  /  3 June 2016

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# EXECUTIVE SUMMARY

This report examines options for the provision of temporary, commercially procurement emergency housing to meet urgent requirements.

The preferred solutions for MSD's immediate requirements are motels and boarding houses. The preferred procurement option is to rent rooms on negotiated bulk deals.

## INTRODUCTION

MSD is reviewing options for provision of emergency housing.

This report examines the real-world viability of a range of temporary, commercially procurable options to meet urgent requirements.

The key requirements for the solution are:

- Indicatively 100 low-risk placements (50 singles and 50 small families) in Auckland

- Solution intended to operate in the short-term: deliverable within 3-4 weeks and in operation for 3-6 months whilst more permanent solutions are secured

## OPTIONS

A wide range of options were examined, ranging from use of greenfield development land through to hotels. Major concerns during the evaluation of options were:

- Quality of the housing solution (habitability)

- Value for money

- Flexibility

- Softer issues such as how MSD tenants will interface with other guests (if any)

## PREFERRED SOLUTIONS

The preferred solutions are rooms within motels and/or boarding houses. The preferred short-term procurement option is to rent rooms using negotiated bulk deals. This approach will achieve housing of suitable quality and design, scalability, avoids long-term commitments, and is likely to achieve reasonable value for money.

Longer term, there is potential to lease entire motels (via a commercial lease for say 3 years) or acquire lessee interests in motels. The cost of such transactions will be sensitive to the location, quality and profitability of the facility, but where deals can be achieved they will likely achieve better value for money. These options are likely to take at least 2 months to implement so are not suitable for urgent requirements.

Other options that may be viable, but are not commercially procurable and are already assumed to be exhausted are surplus housing from Housing NZ, housing held by the NZ Defence Force and charitable offerings from maraes and churches.

*This report was completed on an urgent basis over a short time period (less than one week from the date of instruction) in order to meet MSD's internal reporting timelines.*

# INTRODUCTION

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This report
examines options
for the provision of
temporary
emergency housing.

## PURPOSE OF THIS REPORT

The government has recently announced additional funding for emergency housing.

MSD is reviewing options for provision of emergency housing. This report examines the real-world viability of a range of temporary, commercially procurable options to meet urgent requirements.

## STRUCTURE OF THIS REPORT

The structure of this report is outlined in Figure 1.

*Figure 1 - Structure of this report*

| No | Section | Description |
|----|---------|-------------|
| 1 | Introduction | Introduces the purpose and structure of this report. |
| 2 | Emergency housing | Outlines important content for emergency housing solutions. |
| 3 | Long-list of options | Outlines the long-list of options |
| 4 | Short-list of options | Evaluates the short-list of options |
| 5 | Procurement options | Outlines the preferred procurement options |
| 6 | Financials | Outlines the indicative financials for the short-listed options |
| 7 | Preferred solutions | Outlines the preferred solutions |
| 8 | Appendices | • Scope<br>• Long-list of options<br>• Financial analysis |

# EMERGENCY HOUSING

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## MSD'S REQUIREMENTS

MSD's requirements are briefly outlined in Figure 2.

Solutions currently in use by MSD include:

- Separate flats / houses
- Large multi-bedroom facilities
- Motel access (guaranteed capacity) - currently in use in Christchurch

*Figure 2 - MSD requirements*

| Requirement | Description |
| --- | --- |
| Location | Focused on Auckland |
| Scale | Indicatively, 50 places for singles and 50 places for families (2-3 people). Solutions should be scalable to meet changes in demand over time. |
| Duration | The measure is intended to be a short-term solution (3-6 months) while other permanent solutions are procured. Ideally the temporary solution will be operational within 3-4 weeks. Users typically stay for a maximum of 12 weeks, but ideally 6 weeks. |
| Typology | Two key types of cohorts require separate housing: <br> • Single males <br> • Families with children (typically 2 bedrooms - sole parent with 1-2 children) <br> This accommodation is not intended to deal with high and complex needs (such as long-term homeless people and/or people with drug/alcohol issues). Users could include victims of domestic violence, but also those "down on their luck". <br> Physical damage to properties is a possibility. It is anticipated that private providers will require some form of make-good arrangement to address damage. |
| Critical attributes | Acceptable housing format (privacy, safety / security, quality). Proximity to transport and wrap-around services. Value for money. |

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"The right to housing should not be interpreted in a narrow or restrictive sense which equates it with, for example, the shelter provided by merely having a roof over one's head ... rather it should be seen as the right to live somewhere in security, peace and dignity."

United Nations Committee on Economic, Social and Cultural Rights (1991) The right to adequate housing: article 11.

## DEFINING MINIMUM REQUIREMENTS

Figure 3 outlines the minimum requirements identified by the Human Rights Commission (in conjunction with the United Nations requirements).

MSD's user groups are also likely to require:

- Different housing for different user groups - single males and families with children. Some solutions may not work for both user groups. For example, families with children are likely to require greater levels of privacy and may have additional security requirements in the case of domestic violence situations.

- MSD's user groups are particularly vulnerable. They are likely to have come from distressed situations. It is important that the housing solution can contribute to improving their wellbeing.

- MSD's solutions will have high degree of scrutiny. This could include media publicity and critical review by interest groups (such as charities).

*Figure 3 - Human rights to adequate housing[1]*

| Right | |
|---|---|
| (24) | Security of tenure |
| | Availability of services (potable water, energy, sanitation, etc) |
| $ | Affordability |
| | Habitability (sound physical structure, absence of dampness, etc) |
| | Accessibility by all groups |
| | Location (schools, employment, etc) |
| | Cultural adequacy |

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[1] Adapted from Human Rights Commission (2010) Human rights in New Zealand - right to housing (page 205).

## NEW ZEALAND'S SEVERELY HOUSING DEPRIVED

During 2013, Statistics New Zealand and Housing NZ commissioned a study on severe housing deprivation. Approximately 34,000 people were found to be severely housing deprived[2]. The majority were temporarily housed in private dwellings (typically with extended family).

The statistics in Figure 4 are consistent with MSD's advice that two key emergency housing user groups are single individuals and sole parents with children.

Research also indicates several issues that contribute to homelessness:[3]

- Poverty and unemployment

- Mental health issues

- Alcohol, drug and gambling addictions

- Emotional health and trauma (e.g. childhood abuse, family breakdowns, etc)

- Convictions

- Discrimination by some landlords.

*Figure 4 - Severely housing deprived population (2006)[4]*



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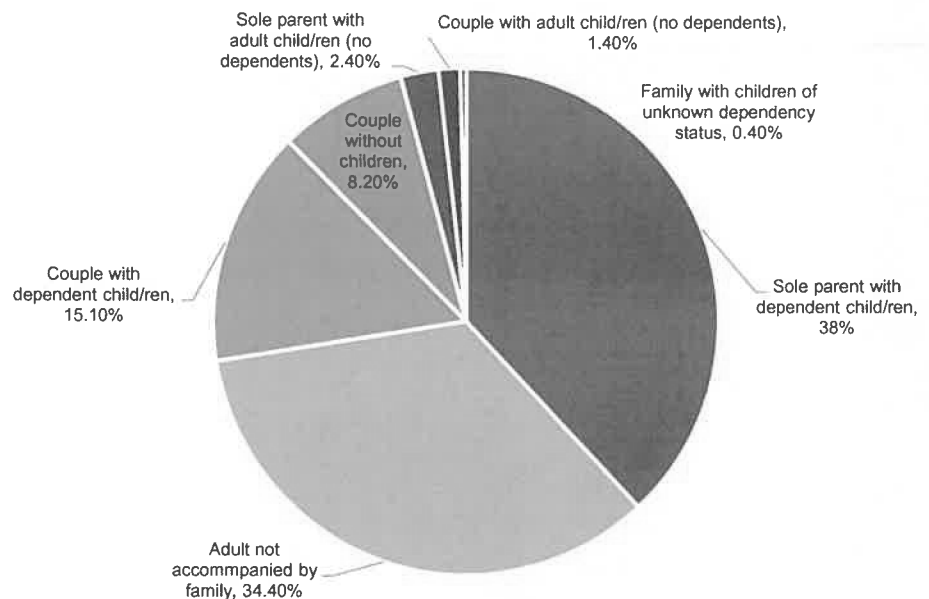
[2] Adapted from Amore, Viggers & Howden-Chapman (2013) Severe housing deprivation - the problem and its measurement. Official Statistics Research Series (page 44) Available at www.statisphere.govt.nz. Research was commissioned by Statistics New Zealand and Housing NZ, and was approved by the Government Statistician. The research used Census 2006 data (more recent data was not available at the time) and surveys of people on the street.
[3] Parliamentary Support Research Papers (2014) Homelessness in New Zealand. Retrieved from http://www.parliament.nz/resource/en-nz/00PLEcoRP14021/e5be279de0819fd2d7a9f53e0cf4ff50b5f30aa0
[4] Ibis

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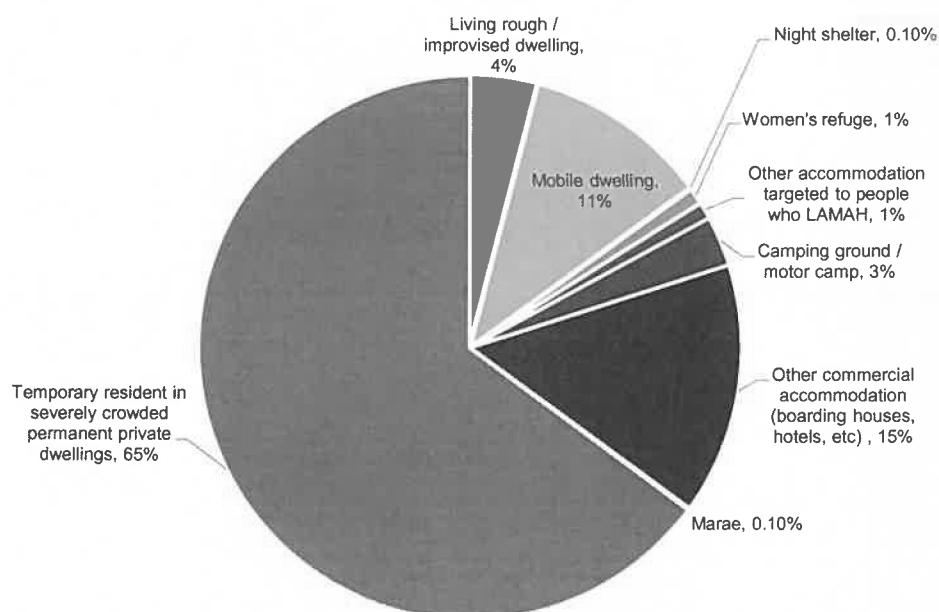
HOUSING SITUATIONS FOR THE HOUSING DEPRIVED

Figure 5 outlines the living situations for the severely housing deprived.

Research into homelessness in New Zealand has identified four categories of homelessness[5]:

- Without shelter: no shelter or makeshift shelter. Examples include living on the street and inhabiting improvised dwellings such as shacks or cars.

- Uninhabitable housing: dilapidated dwellings where people reside.

- Sharing accommodation: temporary accommodation for people sharing someone else's dwelling.

- Temporary accommodation: overnight shelter or 24-hour accommodation in non-private dwellings not intended for long-term living. For example, hostels for the homeless, transitioning housing for the homeless, and women's refuges, motor camps and boarding houses.

MSD's requirements for emergency housing align most closely with 'temporary accommodation' above.

*Figure 5 - Severely housing deprived population by specific living situation (2006)[6]*



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[5] Parliamentary Support Research Papers (2014) Homelessness in New Zealand. Retrieved from http://www.parliament.nz/resource/en-nz/00PLEcoRP14021/e5be279de0819fd2d7a9f53e0cf4ff50b5f30aa0

[6] Adapted from Amore, Viggers & Howden-Chapman (2013) Severe housing deprivation - the problem and its measurement. Official Statistics Research Series (page 33) Available at www.statisphere.govt.nz. Research was commissioned by Statistics New Zealand and Housing NZ, and was approved by the Government Statistician.

Figure 6 outlines a brief sample of innovative solutions that were captured as part of the research process.

*Figure 6 - Innovative solutions*

| Photo | Description |
|---|---|
|  | **Warehousing**<br>Stockton, California (2015)[7]<br><br>Using warehouses to provide shelter and basic amenities for homeless. This provides higher quality shelter and avoids issues associated with improvised tent cities (including visual pollution). *NO* |
|  | **Containers / prefabrication**<br>Brighton, UK (2014)[8]<br><br>Use of containers and other prefabrication units to create fast and low cost housing units. Scale varies from individual units (similar to the tiny houses below) to more substantial developments like that shown. *maybe.* |
|  | **Tiny houses**<br>Portland, USA[9]<br><br>Provide a higher quality of shelter than improvised housing, access to basic amenities, and an improved sense of home for residents. An example is Dignity Village in Oregon. *NO.* |
|  | **Enhanced tents / mobile shelters**<br>San Francisco, USA[10] *NO.*<br><br>Various designs for innovative shelters. These shelters do not provide basic amenities (eg sanitation, drinking water, etc) and are effectively just an improved version of improvised shelters. |

[7] http://www.kcra.com/news/Mayor-unveils-170-million-plan-for-Stockton/36748040
[8] http://www.psfk.com/2014/11/shipping-containers-repurposed-brighton-homeless.html
[9] http://www.tentcityurbanism.com/2014/01/eugenes-homeless-solutions-ecology.html
[10] http://www.sfweekly.com/thesnitch/2009/05/12/revenge-of-the-nerds-producer-inspires-innovative-shopping-cart-shelter-for-the-homeless

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# LONG-LIST OF OPTIONS

Appendix 2 outlines the long-list of options, including potential procurement options, pros/cons and an assessment as to viability. Figure 7 summarises the findings and identifies the short-listed options.

The short-listed options are examined in the next section.

*Motels worth exploring -*

*Figure 7 - Summary of long-list of options*

| Ref | Type | Potentially viable? | Short-List? |
|-----|------|---------------------|-------------|
| | Accommodation | | |
| 1 | Private rental properties (incl AirBnB) | Yes - familiar housing option. Understood that MSD currently uses this approach. This option is out of scope for this study. | No (out of scope) |
| 2 | Housing NZ surplus stock | Yes - understood that MSD is reviewing these options in parallel. This option is out of scope for this study. | No (out of scope) |
| 3 | Hotels | No - hotel operators unlikely to support this option resulting in high costs and poor value for money | No |
| 4 | Motels | Yes - existing solution used by MSD in Christchurch | Yes |
| 5 | Backpackers / hostels / boarding houses | Yes - more suitable for single males than small families | Yes |
| 6 | Student accommodation | No - too difficult to secure facilities (intermittent availability) | No |
| 7 | Holiday parks / campgrounds / caravan parks | Yes - subject to specific housing typology | Yes |
| 8 | School camps | No - likely to be too far from transport and wrap-around services, and too difficult to monitor | No |
| | Community facilities | | |
| 9 | Churches | Potentially viable, but we assume all options are already exhausted. Reliant on charitable response (not a commercially procurable solution) | No |
| 10 | Marae | Potentially viable, but we assume all options are already exhausted. Reliant on charitable response (not a commercially procurable solution) | No |
| 11 | Former schools / boarding schools | No - no suitable options | No |
| 12 | Community centres / school halls | No - too difficult to secure facilities (intermittent availability) | No |
| 13 | Military accommodation | Yes - requires discussion with NZDF (housing stock might have potential) | Yes |
| 14 | Public parks | No - planning regime likely to be too difficult | No |
| | Other properties | | |
| 15 | Office buildings | No - cost and time to establish facilities is likely to be prohibitive | No |
| 16 | Warehouses | No - cost and time to establish facilities is likely to be prohibitive | No |
| 17 | Car parking buildings | No - cost and time to establish facilities is likely to be prohibitive | No |
| 18 | Greenfield development land | No - cost and time to establish facilities is likely to be prohibitive | No |
| 19 | Farms | No - cost and time to establish facilities is likely to be prohibitive. Also too far from transport and wrap-around services. | No |

# MOTELS

## MARKET OVERVIEW

Briefly:

- Currently enjoying high occupancy rates as a result of New Zealand's strong tourism market. Quality motels in higher demand areas tend to achieve higher occupancy rates.

- Varying levels of quality. Higher quality motels might be less willing to take bookings from MSD due to potential brand damage.

- Few (if any) current examples of distressed assets for sale or lease as the accommodation industry is performing strongly.

- Occupants typically rent rooms. Rooms are usually designed to accommodate 1-2 singles or a small family.

Motels usually function with multiple layers of ownership:

- Freehold interest: owns the underlying land and buildings.

- Lessee interest: operator leases the property from the freehold owner.

A proportion of motels are also freehold owner-operated (no lessee layer).
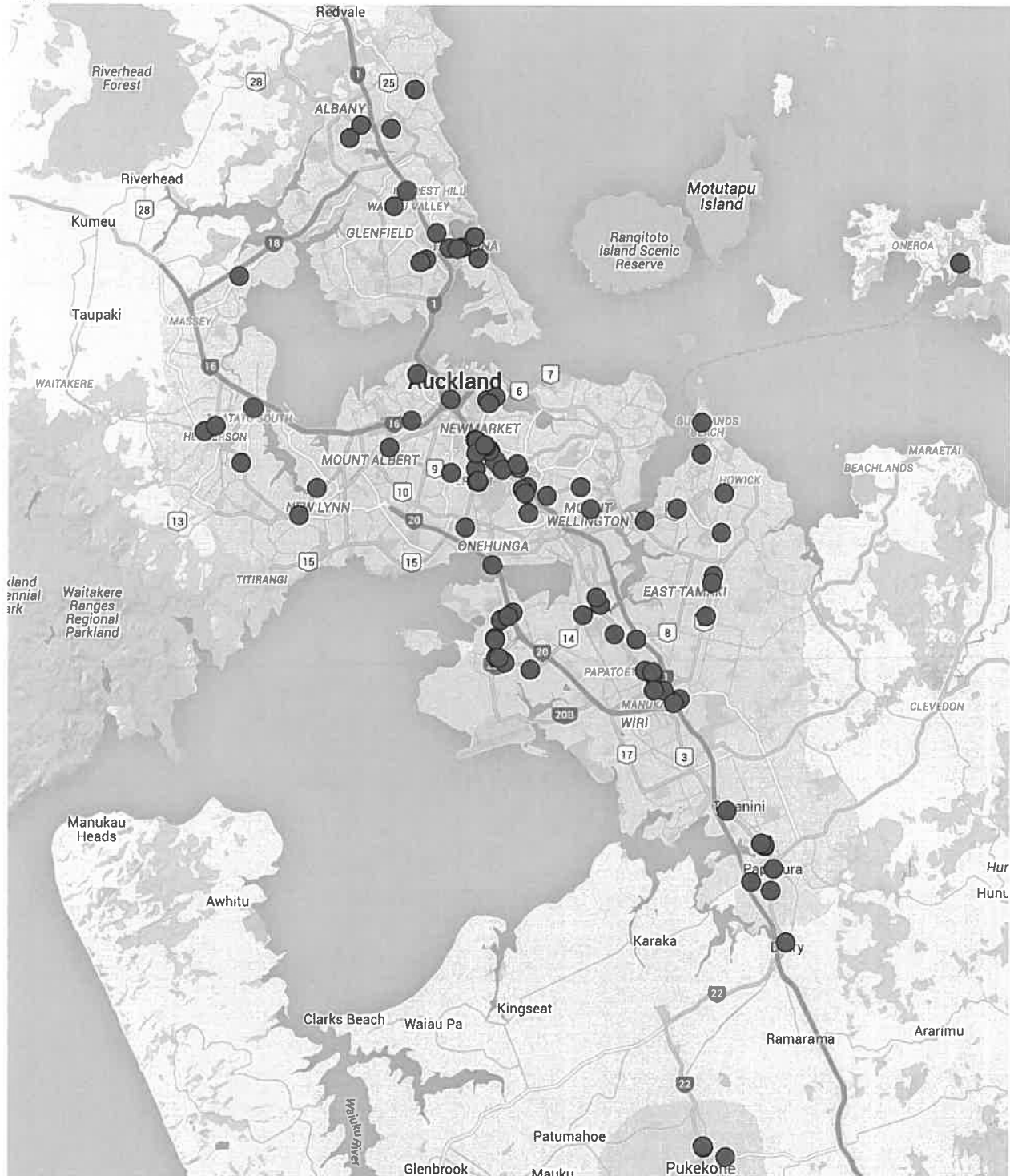
## LOCATIONS

Figure 8 maps the locations of motels in Auckland. A small subset of these properties would be viable for MSD's purpose - typically lower quality motels with reduced risk of brand damage from MSD's tenants.

## OTHER ISSUES

Other issues identified are:

- The private rooms provided by motels provide a sound level of privacy (relative to shared nature of backpackers, hostels, etc). The higher level of privacy will be beneficial where MSD's tenants require private meetings, wrap-around services, etc.

- Private rooms reduce the risk of incompatibility between MSD tenants and other guests. The risk to other guests is also reduced.

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*Figure 8 - Motels in Auckland[11]*

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*Figure 9 –* Section 9(2)(j) - Commercial and Industrial Negotiation

Section 9(2)(j) - Commercial and Industrial Negotiation

*Figure 10 –* Section 9(2)(j) - Commercial and Industrial Negotiation

Section 9(2)(j) - Commercial and Industrial Negotiation

# BACKPACKERS / HOSTELS

## MARKET OVERVIEW

Briefly:

- Currently enjoying high occupancy rates as a result of New Zealand's strong tourism market.

- Varying levels of quality (including some higher quality branded facilities).

- Typically central locations as focused towards tourists.

- Occupants typically rent beds. Beds are usually distributed in rooms of several beds (often 4-6 beds per room).

## LOCATIONS

Figure 11 maps the locations of backpackers and hostels in Auckland.

## OTHER ISSUES

Other issues identified are:

- Potential issues may arise around guest mix. Backpackers/hostels are typically frequented by 18-35 year old international travelers. This may not be compatible with families or single males.

- Backpackers and hostels involve occupants sharing central amenities (bathrooms, kitchens, lounges, etc). Co-locating MSD tenants with other guests might introduce incompatibility issues or the risk of harm to guests. This risk may not be acceptable to operators and/or MSD. MSD might need to lease whole facilities to manage this risk.

- The housing format (typically dorm rooms with multiple beds) may not be suitable for all of MSD's user groups. Small families may need to secure a full dorm room to achieve sufficient privacy.

- MSD might require private areas to talk to its tenants (e.g. when they first arrive, setting up wrap-around services, etc). The availability of private areas within backpackers and hostels might be insufficient.

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*Figure 11 - Backpackers and hostels in Auckland[12]*



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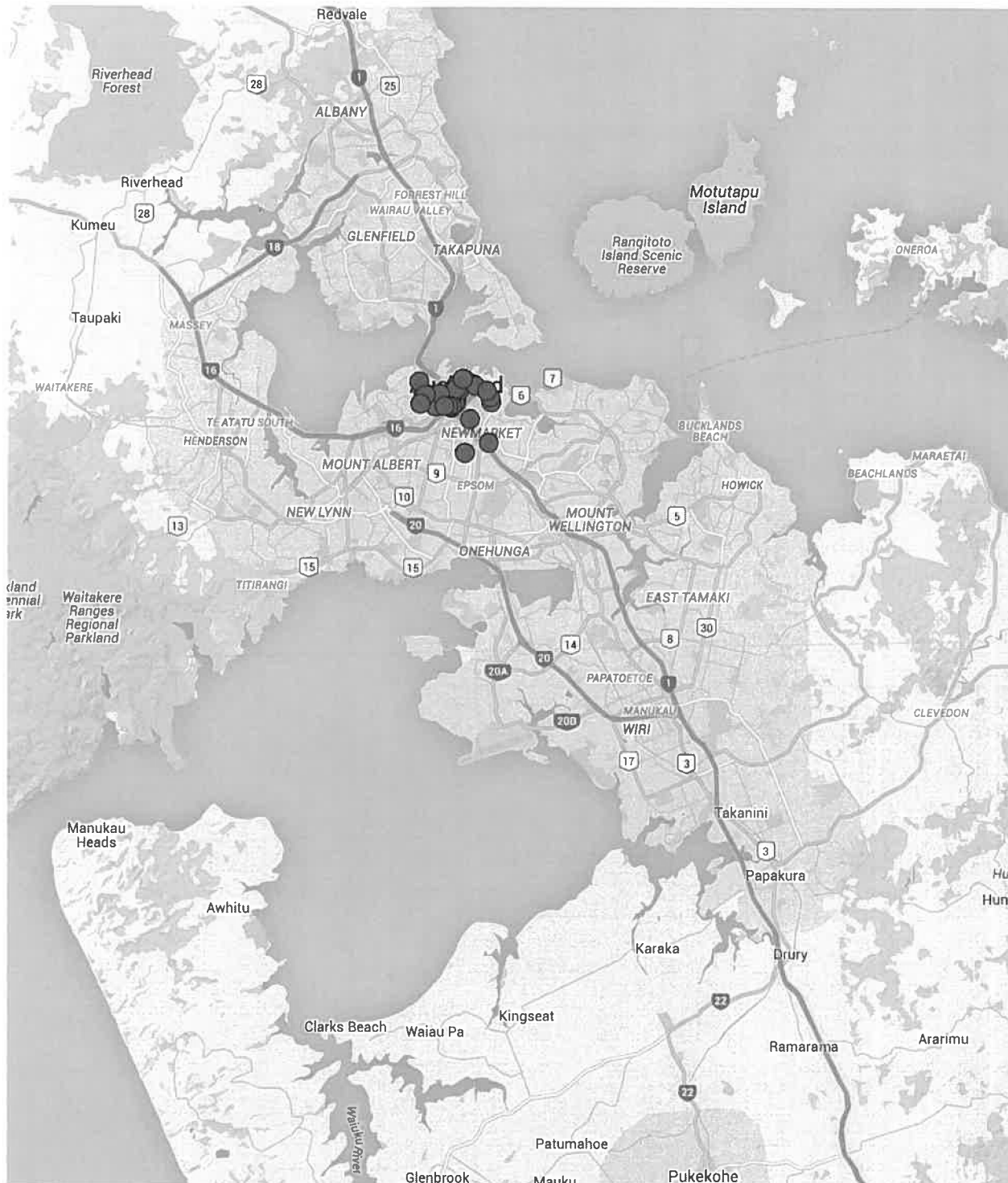
[12] Source: Colliers International

*Figure 12 –* Section 9(2)(j) - Commercial and Industrial Negotiation

Section 9(2)(j) - Commercial and Industrial Negotiation

Section 9(2)(j) - Commercial and Industrial Negotiation

Section 9(2)(j) - Commercial and Industrial Negotiation

# BOARDING HOUSES

## MARKET OVERVIEW

Briefly:

- Range in size from converted houses through to large scale facilities.
- Varying levels of quality.
- Users typically rent rooms. Rooms are usually designed to accommodate one person or two children (similar to bedrooms within a house).

## LOCATIONS

Figure 14 maps the locations of known boarding houses in Auckland.

Boarding houses can be found in large villas, former motels, purpose-built facilities or buildings whose use has been modified for accommodation.

Boarding houses are difficult to identify as they lack a centralized database and range from ad-hoc through to large scale operations. Properties can range significantly in terms of quality and management with attention to current guest mix likely to be required.

## OTHER ISSUES

Other issues identified are:

- Boarding houses can involve occupants sharing central amenities (bathrooms, kitchens, lounges, etc). Co-locating MSD tenants with other guests could introduce incompatibility issues or the risk of harm to guests. This risk may not be acceptable to operators and/or MSD. MSD would likely need to lease whole facilities to manage this risk.
- The facilities range in size and are located across Auckland. MSD could target facilities that are most appropriately sized for its needs.
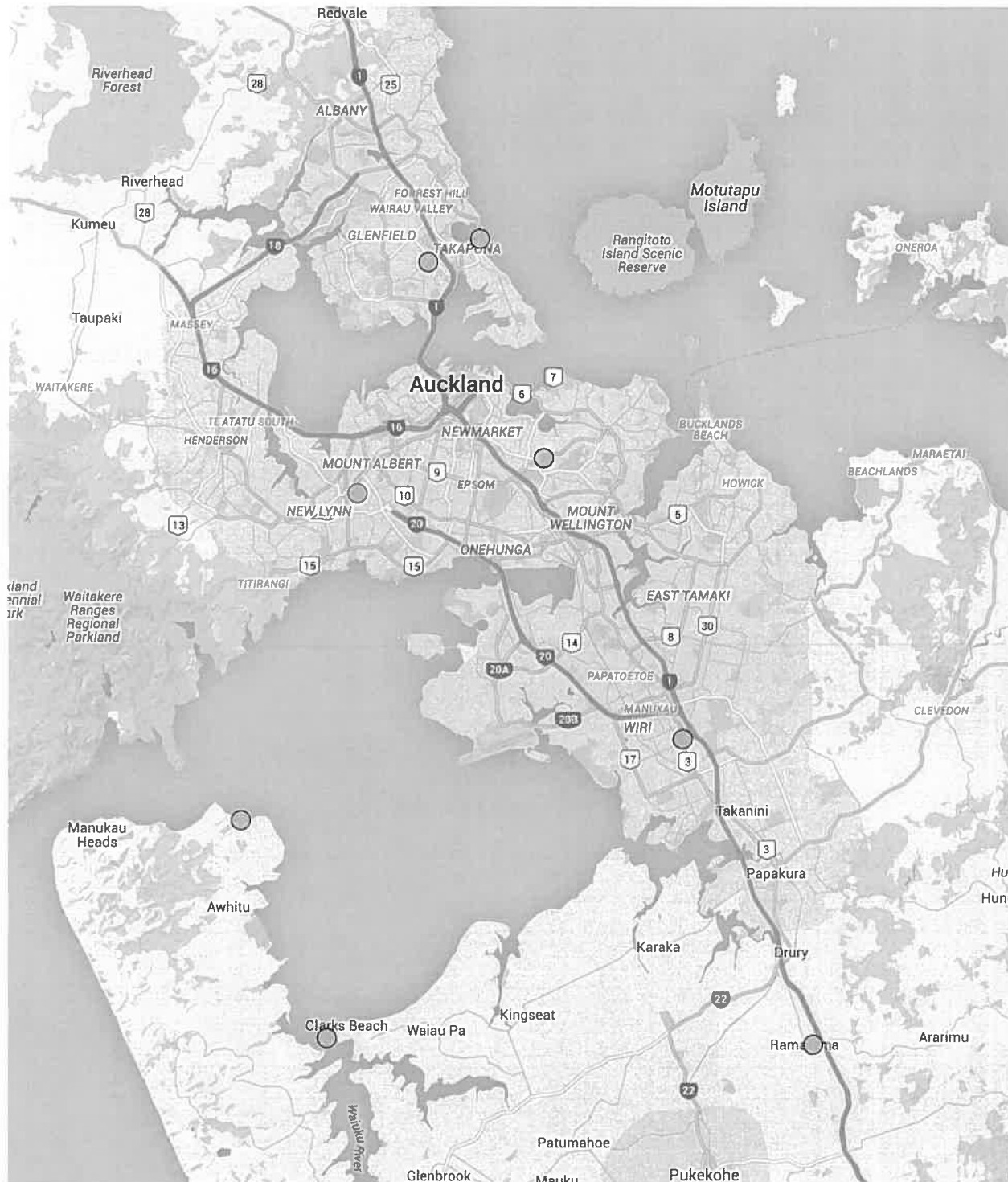
*Figure 14 - Boarding houses in Auckland[13]*
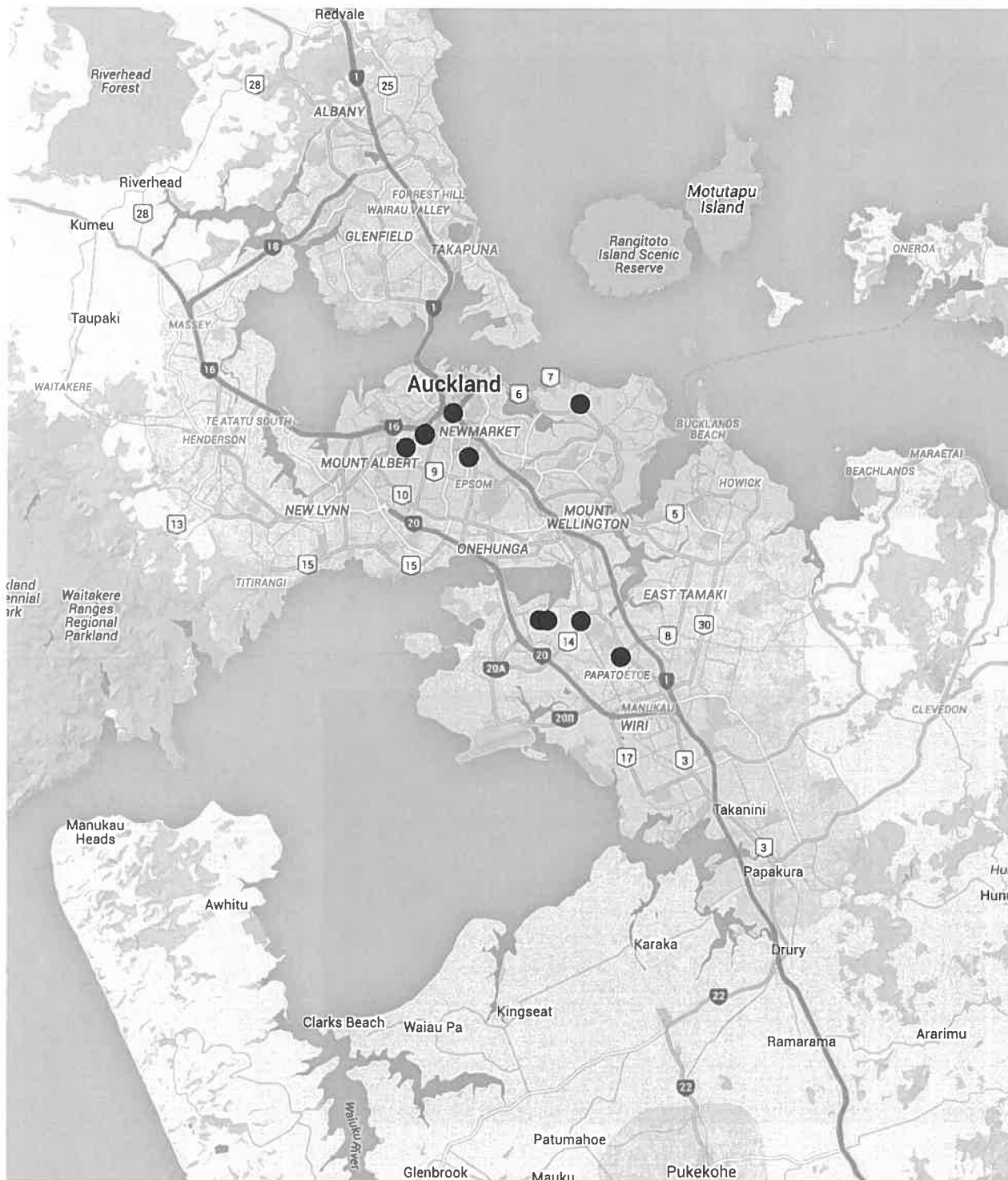


*Boarding houses are difficult to identify as they lack a centralized database and range from ad-hoc through to large scale operations.*

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[13] Source: Colliers International

*Figure 17 - Campgrounds and caravan parks in Auckland[14]*



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[14] Source: Colliers International

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# PROCUREMENT OPTIONS

Figure 20 outlines the various procurement options available for motels, backpackers / hostels, boarding houses and campgrounds. On balance, renting rooms or units on a negotiated bulk basis is the preferred approach. This provides an opportunity to secure better value for money (relative to ad-hoc renting), whilst still retaining a level of flexibility.

Other options, such as leasing whole facilities or acquiring lessee interests will require more substantial commitments and will generally be more capital intensive. These options will require more extensive procurement processes meaning the arrangements will take longer to secure.

*Figure 20 - Procurement options*

| Approach | Critical review | Preferred |
|---|---|---|
| Rent individual beds or rooms on an ad-hoc basis | • Relatively expensive as lacks coordination and bulk discount<br><br>• Difficult to monitor if spread across a large number of properties around Auckland<br><br>• In the case of renting beds, cohabitating MSD tenants with other guests is likely to create issues | ✗ |
| Rent rooms on negotiated bulk basis | • Potential to negotiate with selected operators to secure rates and availability for individual units for a set period<br><br>• Greater flexibility (does not necessarily require long-term contracts)<br><br>• Can be established relatively quickly and with minimal legal formalities | ✓ |
| Lease of an entire facility (from freehold or lessee operator) | • Motels operate as going concerns. Leasing the whole facility will interrupt the ongoing business and is likely to be unattractive to an operator<br><br>• Possibly viable as a longer term solution (e.g. 3 year duration). A longer-term lease will be less disruptive to the business than a short-term lease<br><br>• May incur an up-front payment or premium rental to acquire the 'going concern' value for the property for a period of time. The cost will be sensitive to the specific property and the profitability of the operation. This may not be required if the facility is lower quality or intended for redevelopment in the medium term, such that the going concern value is low<br><br>• Where achievable, this approach avoids the cost of acquiring a lessee's long-term interest (below), which would need to be resold at the end of MSD's holding period. This avoids the risks associated with the future resale value | ✗<br>(potential long-term solution) |
| Acquire lessee's interest in facility | • Lessee's interests are typically 15-30 years - this could be a long-term solution<br><br>• Potential to acquire the interest and on-sell if alternative solutions are found. Liquidity and resale value could be issues. MSD's use could also damage the ongoing business which could devalue the interest relative to its purchase price | ✗<br>(potential long-term solution) |
| Acquire freehold interest in facility | • Takes longer than 3-4 weeks to implement (due diligence period, settlement)<br><br>• Capital intensive | ✗ |

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# FINANCIALS

Appendix 3 provides simplified financial analysis for the short-listed options. Private rental housing was also included as a benchmark.

The analysis indicates the order of cost for each option. Key metrics are:

* 6 month holding period

* 200 MSD tenants, comprised of 50 singles and 50 3-person families (parent and 2 children)

* Allows for property rent, property operating costs (rates, maintenance, etc), fitout and acquisition funding costs where appropriate. MSD operational costs, procurement costs, logistics, wrap-around services and make-good costs for damage to properties were not accounted for.

The results are summarised in Figure 21. The design of different facilities results in differing efficiencies. For example, it is assumed that a motel room can accommodate 1x single or 1x family, whereas a 3 bedroom house can accommodate 3x singles or 1x family.

**The analysis is preliminary. It does not use any property specific information and should not be relied upon for budgeting. Actual costs will require review for individual / specific properties and may vary significantly based on location, quality and other such factors.**

*Figure 21 - Indicative financials - Costs for 6 month holding period[15]*



Legend: Rental & opex, Fitout, Acquisition funding cost

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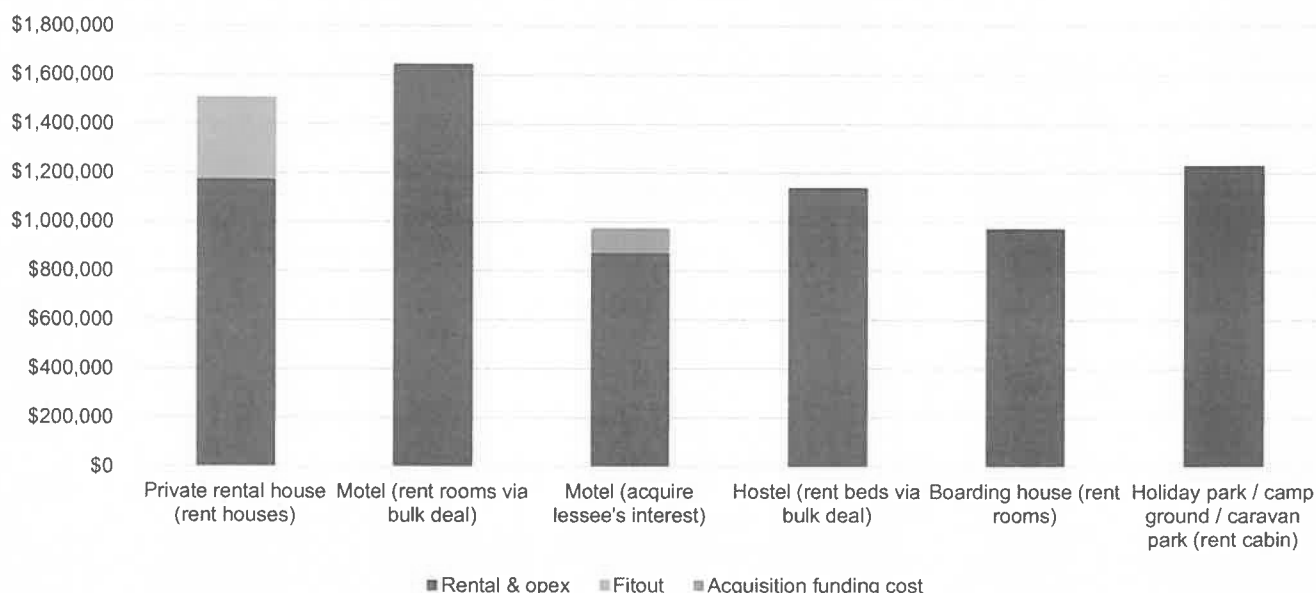
[15] Refer Appendix 3 for further details.

# PREFERRED SOLUTIONS

Figure 22 outlines the preferred solutions and procurement options from the short-listed options. The preferred immediate solutions are rooms within motels and/or boarding houses, procured using negotiated bulk deals.

Longer term, there is potential to lease entire motels (via a commercial lease for say 3 years) or acquire lessee interests in motels. The cost of such transactions will be sensitive to the location, quality and profitability of the facility.

Other options that may be viable, but are not commercially procurable and are already assumed to be exhausted are:

- Surplus housing from Housing NZ

- Housing held by the NZ Defence Force

- Charitable offerings from maraes and churches

*Figure 22 - Preferred solutions*

| Short-list | Conclusion | Preferred procurement option |
|---|---|---|
| Motels | Appropriate solution | Rent rooms on negotiated bulk deal (short-term) |
| | | Lease entire facility (medium to long-term) |
| | | Acquire lessee interest (medium to long-term) |
| Backpackers / hostels | Not an appropriate solution - risk of incompatibility between MSD tenants and other guests, and insufficient privacy for MSD tenants | N/A |
| Boarding houses | Appropriate solution (primarily for singles; less suitable for families)[16] | Rent rooms on negotiated bulk deal |
| | | Rent entire facilities if small |
| Holiday parks / campgrounds / caravan parks | Lower quality, less permanent types of accommodation found at these facilities may be less familiar to MSD's tenants. Tend to prefer other options, although merits enquiry if other options unavailable. | N/A |

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[16] Boarding houses are difficult to identify as they lack a centralized database and range from ad-hoc through to large scale operations.

# APPENDIX 1 - SCOPE

## TIMELINE

This report was completed on an urgent basis over a short time period (less than one week from the date of instruction) in order to meet MSD's internal reporting timelines.

## EXTRACT FROM OUR PROPOSAL

The report will be a concise report (approximately 10 pages).

*Figure 23 - Methodology / Scope of Services*

| Ref | Component | Approach |
|-----|-----------|----------|
| 1A | Development of long-list | • Brief review of local and overseas solutions.<br>• Develop a long-list of options.<br>• Provide practical real-world advice on whether each option is likely to be viable and why. |
| 1B | Development of short-list | • Workshop with MSD with discuss the options.<br>• Determine the short-list of the most appropriate options.<br>• Provide indicative financials for the short-list. The financials will be simple measures (e.g. rates per night, etc) rather than discounted cashflow analysis. The purpose of these financials will be to assess the options that are likely to be best value for money. |
| 1C | Reporting | • Prepare a brief report that summarises the findings. |

# APPENDIX 2 - LONG LIST OF OPTIONS

| Ref | Type | Procurement options | Pros | Cons | Fit for purpose | Potentially viable? | Short-List? |
|---|---|---|---|---|---|---|---|
| | **Accommodation** | | | | | | |
| 1 | Private rental properties (including AirBnB solutions) | • Rent houses from private landlords<br>• Buy houses | • Familiar housing for users<br>• Liquid market<br>• Variety of sizes and locations<br>• No concentration issues | • Expensive – shortage of rental stock in Auckland driving prices up<br>• Damage expensive to remedy<br>• Deconcentrated - difficult to monitor<br>• Landlords may not be interested in MSD tenancies (might require premium rentals) | Yes | Yes - familiar housing option. Understood that MSD currently uses this approach. This option is out of scope for this study. | No (out of scope) |
| 2 | Housing NZ surplus stock | • Rent houses from Housing NZ | • Options to repurpose sites with prefabricated units (if existing dwellings are not suitable) | • Surplus stock is generally either not suitable for occupation or is undergoing disposal processes<br>• Properties that are suitable for use are already occupied (already a shortage of stock) | Maybe | Potentially viable, but we assume all options are already exhausted. Reliant on cross-agency solution (not a commercially procurable solution) | No (out of scope) |
| 3 | Hotels | • Renting individual rooms<br>• Rent floors / facilities | • High quality accommodation<br>• Some lower quality operations may also be suitable | • Negative connotation associated with homeless – brand image very important hotels<br>• Unlikely to provide good value for money<br>• NZ in the middle of a tourism boom, hotel rooms (even budget ones) are being sold for a premium<br>• Damage expensive to fix<br>• Procurement issues due to incompatibility with ongoing business | Yes | No – hotel operators unlikely to support this option resulting in high costs and poor value for money | No |
| 4 | Motels | • Rent individual rooms<br>• Rent whole facility<br>• Acquire lessee's interest in facility<br>• Acquire freehold interest in facility | • More affordable than hotels<br>• Winter rates are generally 'off peak'<br>• Renting whole facilities would reduce impact on other users and reduce brand damage<br>• Most motels offer long stay options<br>• Large number of motels in the Auckland market (range of locations) | • Impact on other users of the motel<br>• Potential concentration issues<br>• Damage expensive to fix<br>• Procurement issues due to incompatibility with ongoing business | Yes | Yes - existing solution used by MSD in Christchurch | Yes |
| 5 | Backpackers / hostels / boarding houses | • Renting entire dormitories<br>• Acquire lessee's interest in facility<br>• Acquire freehold interest in facility | • Affordable accommodation option<br>• Generally centrally located<br>• Potential for small families to share rooms | • Risk to international image – shared facilities mean intermingling of homeless people and young foreign backpackers<br>• Risk of damage to shared rooms – should one room have to be closed for damage/repairs, removes 6+ beds from the revenue stream<br>• Limited availability – NZ in the midst of a tourism boom, record numbers of backpackers in NZ | Yes | Yes - more suitable for single males than small families | Yes |
| 6 | Student accommodation | • Rent student accommodation facilities | • Facilities likely to be available during holiday periods | • Facilities unlikely to be available during University / school periods | No | No - too difficult to secure facilities (intermittent availability) | No |
| 7 | Holiday parks / campgrounds / caravan parks | • Rent tent sites<br>• Rent cabins<br>• Rent motorhomes<br>• Rent part of campground<br>• Rent entire campground<br>• Acquire lessee's interest in campground | • Inexpensive<br>• Winter is off-peak season, so occupancy is low<br>• Campgrounds that are being sold off for housing developments could be leased<br>• Low risk of property damage | • Tents are a poor housing solution - likely to require cabins, prefabricated units or other semi-permanent solution<br>• Some locations will not be suitable | Yes - subject to specific housing typology | Yes - subject to specific housing typology | Yes |
| 8 | School camps | • Rent from schools or other owners | • Less impact on other users as school camps are typically held during summer<br>• Likely to have pre-existing dormitories | • Concentration risks<br>• Likely to be far from transport and wrap-around services<br>• Risk of damage to property | Maybe | No - likely to be too far from transport and wrap-around services, and too difficult to monitor | No |

| Ref | Type | Procurement options | Pros | Cons | Fit for purpose | Potentially viable? | Short-List? |
|---|---|---|---|---|---|---|---|
| | **Community facilities** | | | | | | |
| 9 | Churches | • Charitable use<br>• Rent facilities | • Religious fit likely to be mixed (suitable for some, but not ideal for others) | • Difficult to compel use of facilities (not a commercial solution) | Yes | Potentially viable, but we assume all options are already exhausted. Reliant on charitable response (not a commercially procurable solution) | No |
| 10 | Marae | • Charitable use<br>• Rent facilities | • Cultural fit likely to be mixed (suitable for some users, but not ideal for others)<br>• Large number of locations available | • Difficult to compel use of facilities (not a commercial solution) | Yes | Potentially viable, but we assume all options are already exhausted. Reliant on charitable response (not a commercially procurable solution) | No |
| 11 | Former schools / boarding schools | • Purchase closed schools<br>• Rent closed schools | • Classrooms/facilities could be reconfigured to accommodate people. | • Properties likely to be run down - might require significant investment to make them fit for purpose[¹].<br>• Review of publicly available records indicates no suitable properties. | Maybe | No - no suitable options. | No |
| 12 | Community centres / school halls | • Rent school halls | • Facilities likely to be available during holiday periods | • Facilities unlikely to be available during school periods | No | No - too difficult to secure facilities (intermittent availability) | No |
| 13 | Military accommodation | • Rent from NZDF | • Range of housing formats (dormitories, houses, etc)<br>• Typically other services on site (catering, etc) | • Security requirements if site is operational<br>• Locations typically not ideal (Waiouru, Linton, etc) | Maybe | Potentially viable, but we assume all options are already exhausted. Reliant on cross-agency solution (not a commercially procurable solution) | No |
| 14 | Public parks | • Prefabricated units<br>• Tiny house village | • Range of locations across Auckland | • Planning issues because parks are likely to be zoned open space and any use of space likely to be contested by public | No | No - planning regime likely to be too difficult | No |
| | **Other properties** | | | | | | |
| 15 | Office buildings | • Lease floor | • Good quality shelter<br>• Readily available property type<br>• Large number of locations | • Planning issues – residential use in commercial area<br>• Alterations likely required to be fit for purpose (fire, building services, etc)<br>• Compatibility with other tenants – likely require stand-alone properties<br>• Building consent issues (change of use)<br>• Risk of damage is high | Maybe | No - cost and time to establish facilities is likely to be prohibitive | No |
| 16 | Warehouses | • Rent warehouses<br>• Purchase warehouses | • Large enclosed environment (privacy)<br>• Relatively low cost<br>• High durability (less make good issues)<br>• Large number of locations available | • Alterations likely required to be fit for purpose (fire, building services, partitioning, etc)<br>• Planning issues – residential use in commercial/industrial area<br>• Building consent issues (change of use) | Maybe | No - cost and time to establish facilities is likely to be prohibitive | No |
| 17 | Car parking buildings | • Rent carpark buildings<br>• Purchase carpark buildings | • Existing shelter<br>• Various central locations<br>• Relatively low cost | • Potential planning issues – residential use in commercial/industrial area<br>• Building consent issues (change of use)<br>• Alterations likely required to be fit for purpose (fire, building services issues, etc) | No | No - cost and time to establish facilities is likely to be prohibitive | No |
| 18 | Greenfield development land | • Rent land<br>• Purchase land | • Utilise low cost pop-up systems or flat pack housing – rapid delivery, easy to set up and move<br>• Low risk of property damage | • Tents are a poor housing solution - likely to require prefabricated units (or other similar solution)<br>• Services (water, sanitation, etc) might not be in place | Maybe | No - cost and time to establish facilities is likely to be prohibitive | No |
| 19 | Farms | • Rent paddocks | • Utilise low cost pop-up systems or flat pack housing – rapid delivery, easy to set up and move | • Distance from other services, transport, etc.<br>• Safety - expensive, high end machinery/equipment and fuel is kept on most farms. | No | No - cost and time to establish facilities is likely to be prohibitive. Also too far from transport and wrap-around services. | No |

# APPENDIX 3 - FINANCIAL ANALYSIS

Section 9(2)(j) - Commercial and Industrial Negotiation