



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

Mr Matthew Whitehead  
[fyi-request-6253-aa35df05@requests.fyi.org.nz](mailto:fyi-request-6253-aa35df05@requests.fyi.org.nz)

19 SEP 2017

Dear Mr Whitehead

On 21 July 2017 you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *Was the Minister (or any other Government member) informed at any time that emergency housing costs could reach \$50million for this year?*
- *What figures, if any, did the ministry provide estimating the anticipated cost of emergency housing, and when were they provided? Please include any revised estimates.*

On 1 July 2016, the Ministry introduced a non-recoverable Emergency Housing Special Needs Grant (SNG). This grant has been made available to people who cannot remain in their usual place of residence, if any, and do not have access to other accommodation which is adequate for them or their family's needs. Assistance is generally granted for up to seven nights, but can be extended dependent on individual circumstances. In most cases the grant does not need to be repaid.

When the proposal for the Emergency Housing Special Needs Grant was developed, the Ministry had to estimate expenditure on the new SNG. Two sources of information were used to develop the estimate of expenditure of \$2 million per year. These were:

- The number of individuals/ families who were on the Social Housing Register with a current housing status defined as in 'insecure housing'. The precise number of households in this category generally fluctuates but it was between 800-950 households over the period during which MSD was developing its estimates.
- The number of individuals/ families without habitable accommodation from severe housing deprivation data (4,197 at the time of the 2013 Census).

As shown in the Ministry's reporting over the past year, the demand for Emergency Housing SNGs has been much higher than anticipated. The key here is that MSD has a clear commitment to provide safe, secure and stable accommodation to vulnerable New Zealanders. MSD will continue to utilise the SNG to meet those needs where there is no alternative accommodation option.

Further information regarding Emergency Housing SNGs can be found on the Ministry's website: [www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/emergency-housing.html](http://www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/emergency-housing.html)

I have interpreted your request "*was the Minister (or any other Government member) informed at any time that emergency housing costs could reach \$50million for this year?*" to be for documents that informed the Minister (or any other Government member) of any estimates relating to the cost of an Emergency Housing Special Needs Grant. As such, please find enclosed the following six documents which include information about the estimated cost of the Emergency Housing SNG:

1. '*Emergency Housing – September Cabinet paper for Ministerial Consultation*' dated 31 August 2015.
2. '*A new emergency housing funding model*' dated 30 October 2015.
3. Cabinet Paper: '*Emergency Housing Cabinet paper*' dated 4 November 2015.
4. '*Update on Emergency Housing*' dated 26 November 2015.
5. '*Social Housing Budget Bid 2016*' dated 11 December 2015.
6. Aide memoire: '*Overview of Emergency Housing Budget Bid*' dated 11 March 2016.

Please note that for context, I have provided you with all the information in the attached documents that pertains to the Emergency Housing SNG, you will note that some information not relating to the Emergency Housing SNG is withheld, as it is out of the scope of your request.

You will note that the names of some individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

Some information is also withheld under section 9(2)(j) of the Act to enable the Ministry to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). The greater public interest is in ensuring that government agencies can continue to negotiate without prejudice.

Futhermore, the Ministry publishes the Social Housing Quarterly Report, which contains expenditure on the Emergency Housing Special Needs Grant. The June 2017 report is available here: [www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/social-housing/social-housing-quarterly-report-june-2017.pdf](http://www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/social-housing/social-housing-quarterly-report-june-2017.pdf). While the information in these reports is not an estimate or projection of costs, it does track the expenditure on Emergency Housing SNGs.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and

- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response concerning funding of the Emergency Housing Special Needs Grant with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding Emergency Housing Special Needs Grants, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Gallacher', with a long horizontal flourish extending to the right.

Scott Gallacher  
**Deputy Chief Executive, Housing**



# Report

Date: 31 August 2015

Security Level: IN CONFIDENCE

To: Hon Paula Bennett, Minister for Social Housing

## Emergency Housing - September Cabinet Paper for Ministerial Consultation

### Purpose of the report

- 1 This report seeks your agreement to commence Ministerial Consultation for feedback on the attached Cabinet paper, *More Emergency Housing for Auckland and a New Emergency Housing Funding Model Nationally*, due to be discussed at the Wednesday 16 September Cabinet Social Policy Committee meeting.

### Executive summary

- 2 The draft Cabinet paper seeks:

- Out of Scope
- in-principle agreement to the main components of a proposed new emergency housing funding model with further development work to be done ahead of funding being sought through Budget 2016.

Out of Scope

Out of Scope

*Further work will be required on the individual components of the funding model ahead of Budget 2016*

- 10 The draft Cabinet paper has also been revised to be clearer about the link with the Social Development portfolio and to clarify that the paper is seeking in-principle agreement only to the components of the proposed funding model with further development work to come on its individual components.
- 11 Recent discussions with the Housing Assistance Reform Feedback Group (HARFG) and External Feedback Group (EFG), have shown support for the main components of the proposed funding model (in particular, the importance of the wraparound support services).

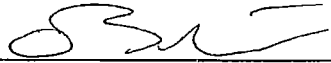
### **Recommended actions**

It is recommended that you:

- 1 **note** that the draft Cabinet paper, *More Emergency Housing for Auckland and a New Emergency Housing Funding Model Nationally*, seeks agreement  **Out of Scope** and in-principle agreement to the main components of a proposed new emergency housing funding model
- 2 **agree** to commence Ministerial Consultation on the draft Cabinet paper

**Agree / Disagree**

- 3 **note** that MSD will provide you with a revised version of the paper incorporating any feedback you may have on Monday 7 September 2015 for lodgement with the Cabinet Office on Thursday 10 September 2015, and consideration at SOC on Wednesday 16 September 2015.



Anna Butler  
General Manager  
Housing, Income Support and Employment  
Policy

31-8-15

Date

Hon Paula Bennett  
Minister for Social Housing

Date

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Chair  
Cabinet Social Policy Committee

## MORE EMERGENCY HOUSING FOR AUCKLAND AND A NEW EMERGENCY HOUSING FUNDING MODEL NATIONALLY

### Proposal

1 This paper reports on the Emergency Housing Funding Review and seeks agreement, subject to Budget 2016 decisions, to a new funding model to create a sustainable and effective emergency housing sector.

2 Out of Scope

### Executive summary

3 Emergency housing provides a vital safety net for some of the most vulnerable people in our society when they have nowhere else to stay or are unable to stay in their usual residence. Many people using emergency housing need support from a range of social services to get back on their feet.

4 The current emergency housing funding arrangements are unclear and confusing and offer only limited support for vulnerable people. As a result, people 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.

5 From a social investment perspective, there is a strong case for investing in extra support and services for people in emergency housing. Initial data suggests that people on benefit in emergency housing have higher future lifetime benefit costs (liability) than people on the same benefits who are not in emergency housing<sup>1</sup>. The social investment case is strengthened by additional savings that may come from the health and justice sectors.

6 Emergency housing funding needs to address acute housing need and help people to move into sustainable long-term housing. The funding model proposed in this paper will help meet two objectives of the Government's Social Housing Reform Program by ensuring people who need housing support can access it, and ensuring people can move to housing independence, where appropriate. It is one part of the Government's wider program to assist people across the housing continuum.

7 As the Minister for Social Housing I am responsible for emergency housing. This is the first time there is a Minister directly responsible for emergency housing. However, much of the support that vulnerable people in emergency housing need sits within other portfolios, in particular the Social Development portfolio. I am therefore working closely with the Minister for Social Development on the proposals outlined in this paper.

<sup>1</sup> Data based on the average liability for a cohort of people who were matched to Community Group Housing properties that are used for emergency housing.

- 8 There is an opportunity to create a cohesive funding system that works for people in need of emergency housing, emergency housing providers and the Government. These proposals aim to provide clear pathways for people to transition from emergency housing to social housing or, where appropriate, to independent affordable housing.

9 Out of Scope

• **new emergency housing funding arrangements nationally:**

- contracts with selected emergency housing providers for an annual number of emergency housing places in areas of high demand so there are a guaranteed number of places available and certainty of income for providers
- a new Emergency Housing Special Needs Grant (SNG) for people who need support with emergency housing costs for up to seven days and are unable to access a contracted place
- contracts to provide wraparound support to help people in emergency housing enter into, and stay in, sustainable housing.

10 Out of Scope

- 11 At this stage I am only seeking in-principle agreement to the high-level design of the new funding model. Further work is needed to confirm the operational design of each component of the new model and the implications the new funding model will have on any support currently provided. I propose to direct MSD to report to me, the Minister for Social Development and other Ministers as appropriate, as this design work progresses. I then propose to seek funding for the new emergency housing funding arrangements in Budget 2016 with the intention of implementing the new funding model in mid-2016.

### Background

- 12 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].
- 13 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.

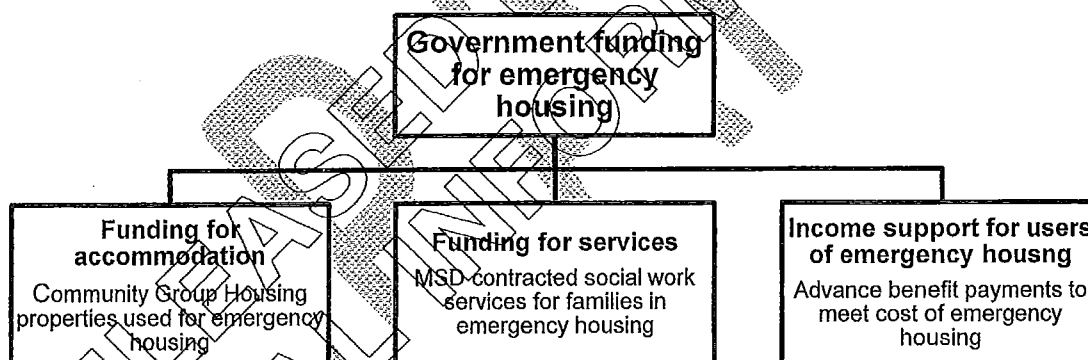


- 14 Within the housing continuum, emergency housing is short-term housing for individuals and families who urgently need accommodation because they have nowhere to stay, or are unable to stay in their usual residence.
- 15 Non-government organisations are at the frontline of providing support for people 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.
- 16 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*

- 17 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.



- 18 While I have the overall policy lead for emergency housing, current government assistance provided for emergency housing is split across the following portfolios:
  - I am responsible for the assistance currently provided through Housing New Zealand-owned Community Group Housing (CGH) properties being made available to emergency housing providers. Approximately 70 CGH properties are used by emergency housing providers (mainly in Auckland and Wellington) with a further 80 CGH properties used by women's refuge providers. In the last 12 months, 10 emergency housing providers have started or renewed tenancies.
  - The Minister for Social Development is responsible for the current contracts with 16 providers, worth approximately \$1.3 million per year, to deliver social services for families in emergency housing. These services provide advice, case management and support to help low income, disadvantaged families with dependent children who need emergency accommodation to transition them to stable housing.

- The Minister for Social Development is also responsible for any financial assistance provided via advance benefit payments for people reporting to Work and Income with emergency housing needs. Currently, the way the data is recorded means it is not possible to separate advance benefit payments for this purpose from other advance benefit payments.

19 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*

20 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 about available funding and how to access it
- **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'<sup>2</sup>
- **a growing need for services to address homelessness** – survey respondents said there was an increasing need for services specifically focussed on homelessness.

<sup>2</sup> Insecure housing relates to main applicants living in bus/house trucks, camp grounds, cars, emergency housing, garages or who are rough sleeping.

*There are particular emergency housing pressures in Auckland*

- 21 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<sup>3</sup> but on 12 August 2015 there were only two vacancies
  - since the beginning of June 2015, MSD has provided financial assistance to at least 24 clients in Auckland to stay in motels with an average length of stay of 11 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.
- 22 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.
- 23 In the longer-term, work to create more social housing places in Auckland and to increase 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 is required.

Out of Scope

<sup>3</sup> 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.

Out of Scope

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**A new national funding model for emergency housing is needed**

- 30 I propose to establish a new funding model with three key components to provide better support to those people who need emergency housing. They address the current weaknesses in the system identified by the review by providing both guaranteed funding to providers and direct funding to individuals to pay for emergency housing as well as funding for support services to ensure people can move on from emergency housing.
- 31 The outcomes from the proposed emergency housing funding model are that:
- People in need:
    - get access to emergency housing when they need it
    - receive the support and services they need to address health and social issues

- have a pathway towards long-term housing so they can move up the housing continuum.
- Providers are funded in a sustainable way so they can focus on improving outcomes for the people they are working with.

**Table 1: Key features of the proposed components of the new funding model**

|   |
|---|
| <p><b>1. Contracts with selected providers to provide a set volume of emergency housing places per year in particular areas.</b> Contracts would cover two types of accommodation:</p> <ul style="list-style-type: none"> <li>● A set number of places in short-term/transitional accommodation (contracted payment rate to be determined).</li> <li>● A set number of places in hostels/nightshelters (based on a nightly rate) subject to providers meeting quality assurance standards.</li> </ul>   |
| <p><b>2. A new Emergency Housing Special Needs Grant (SNG) for clients who need support with emergency accommodation costs for up to seven days and are unable to access a contracted place</b></p> <ul style="list-style-type: none"> <li>● The SNG would provide a non-refundable contribution towards the cost of emergency accommodation for people with no other housing options.</li> <li>● Clients would be expected to contribute to the cost of accommodation. If the client was unable to contribute themselves, their contribution could come from an Advance Benefit Payment or from a Recoverable Assistance Payment.</li> <li>● As an example, if 750 SNGs were paid per year at an average cost of \$500 then the annual cost would be \$375,000.</li> </ul>   |
| <p><b>3. Wraparound social support services for clients in emergency housing</b></p> <ul style="list-style-type: none"> <li>● The exact role these services play will vary from family to family but they generally involve building a relationship with the family, understanding the type of support that they need (for example, budgeting, access to health services, support with finding work), making a plan with the family and then connecting the family or individual to the particular services they need to move into stable housing.</li> <li>● Changes would be required to the current services contracted by MSD to: <ul style="list-style-type: none"> <li>○ be explicit that the services can be portable (i.e. the provider can continue to support the individual or family for three months after they leave emergency housing)</li> <li>○ introduce more certainty for providers through longer-term contracts.</li> </ul> </li> </ul> |

32 These proposals will greatly increase the support available for vulnerable people in emergency housing, and for providers delivering emergency housing. Once these proposals are implemented:

- more people in crisis will be able to find the accommodation they need while they get back on their feet
- fewer people in crisis will incur debt by having to use advance benefit payments or recoverable assistance payments to cover the cost of emergency accommodation
- people will be supported not just while they are in emergency housing, but as they settle into a new home, to increase their chances of sustaining their tenancy and reduce their need for emergency housing again.

- 33 Officials from MSD, the Ministry of Health, the Department of Corrections and Housing New Zealand will also investigate the potential to build on existing cross-agency housing initiatives to ensure clients known to government agencies such as released prisoners, patients being discharged from hospital, and people presenting to Work and Income, are supported into sustainable housing sooner.
- 34 The Auckland Social Sector Leaders Group is looking to pilot a programme that prioritises joint social sector action to support young people (17 – 24 years) in custody on remand. The pilot will look at service improvements to the ways these at risk young people are supported (by all agencies) before, during and after a period of remand (particularly in situations where they are discharged without a custodial sentence). This will include ensuring that this group have access to appropriate housing.

*Further work will be required on the individual components of the proposed funding model*

- 35 At this stage I am seeking in-principle agreement to the high-level design of the funding model only. Further work is needed to confirm the operational design of each component of the new model and the implications the new funding model will have on any current support provided.
- 36 In particular, further work is required to understand the full impact of the changes that will need to be made to the current support services contracted by MSD. For example, MSD currently purchases support services for approximately 800 families per year from 16 providers. If MSD expects to contract for significantly more than 800 emergency housing places then it is possible that some additional funding may be required for the support services to go with these contracted places. MSD is now beginning the modelling work to understand how many emergency housing places it would want to contract for. The full implications on the current services, and associated funding, will only become clear once this modelling work is complete.
- 37 Any funding implications that arise from the proposed changes to the current services will be considered in the context of the social investment work for Budget 2016. While the cohort of people who use emergency housing is varied, single parents with children aged 0-5 form a large part of this group. Young people between the ages of 15-24 are also users of emergency housing. As such these proposals have good alignment with two of the priority groups identified for Budget 2016. Further work on the proposed wraparound support services will also include consideration of any overlap or crossover with services that are already provided for similar population groups (for example, services contracted by the Ministry of Health or the Department of Corrections).
- 38 MSD will progress the work on design of the detailed components of the proposed funding model in the coming months. As the current contracted social support services for emergency housing providers and the proposed Emergency Housing SNG sit within the social development portfolio I propose to direct MSD to report to the Minister for Social Development and myself on the development of these two initiatives.

*Success of the new model will be closely monitored*

- 39 From a social investment perspective, the proposed funding arrangements will enable MSD to build a more robust understanding of the future liability of people in emergency housing. Once the new arrangements are implemented, future social housing valuations will offer an opportunity to understand, and measure, the impact they have.
- 40 As part of the Budget 2016 process, MSD will develop plans for how the proposed components of the new funding model will be monitored and evaluated.

## Implications of proposed funding model for emergency accommodation for victims or perpetrators of family violence

- 41 The implications of the proposed funding model on emergency accommodation for victims or perpetrators of family violence also need to be considered. A review of emergency accommodation services for victims of family violence is being undertaken as part of the Ministerial Group on Family Violence and Sexual Violence Work Programme. Costs for the provision of emergency accommodation for victims of family violence include accommodation and social support.
- 42 I will work closely with the Minister for Social Development and Minister of Justice to ensure there is alignment between the proposed emergency housing funding arrangements and the review of emergency accommodation services for victims of family violence being undertaken as part of the Ministerial Group on Family Violence and Sexual Violence Work Programme.

## Consultation and sector engagement

- 43 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 Kōkiri, 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.
- 44 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. The proposals in this paper have been shaped by feedback from the survey as well as discussions with various sector groups, including two housing reference groups<sup>4</sup> convened by MSD and the Auckland network of emergency housing providers.

## Financial implications

- 45 The proposed funding model for emergency housing will require additional ongoing funding. MSD will continue to work on quantifying both the relative costs of implementing the model and the wide range of benefits that the new funding model will provide. I will be seeking funding for the implementation of this model, which may include operational funding, funding for IT changes and on-going monitoring, in Budget 2016.

46 Out of Scope

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<sup>4</sup> The Housing Assistance Reform Feedback Group and the External Focus Group.

Out of Scope

### Human rights implications

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

### Legislative implications

- 50 The proposals in this paper do not require any changes to primary legislation. Amendments will however be required to the Special Needs Grant Programme and the Recoverable Assistance Programme to give effect to the proposed Emergency Housing Special Needs Grant.

### Regulatory impact and compliance cost statement

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

### Gender implications

- 52 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

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

### Publicity

- 54 Out of Scope  
At the same time I will announce the key findings of the emergency housing funding review and my intention to seek funding for the components of the proposed funding model in Budget 2016.

- 55 I also propose that MSD undertake further consultation with emergency housing providers on the detailed development of the proposed funding model.

### Recommendations

- 56 It is recommended that the Committee:
- 1 **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 **note** that there is a strong social investment case for investing in additional support and services for people in emergency housing



Out of Scope

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*Proposed new funding model for emergency housing*

- 9 **agree** in principle, subject to funding in Budget 2016, to a new emergency housing funding model comprising three key components:
  - 9.1 contracts with selected providers to provide a set number of emergency housing places per year in areas of high demand

- 9.2 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
- 9.3 wraparound support services to help people in emergency housing get back on their feet to enter into, and stay in, sustainable housing placements
- 10 **direct** the Ministry of Social Development to report to the Minister for Social Housing and Minister for Social Development on the development of the proposed new Emergency Housing Special Needs Grant and the proposed changes to existing social support services for clients in emergency housing
- 11 **note** that the Ministry of Social Development will also work with other agencies, in particular the Ministry of Health, Department of Corrections and Housing New Zealand, to investigate the potential for a cross-sector housing service building on successful existing cross-agency initiatives to make sure people in emergency housing get access to the services they need

*Implications of proposed funding model on emergency accommodation services for victims of family violence*

- 12 **note** that the proposed funding model has implications for emergency accommodation services for victims and perpetrators of family violence and that these services are currently being reviewed as part of the Ministerial Group on Family Violence and Sexual Violence Work Programme

*Publicity*

- 13 **note** that the Minister for Social Housing will announce the short-term emergency housing response in Auckland, and the proposed funding model for emergency housing shortly after Cabinet approves the proposals
- 14 **authorise** the Minister for Social Housing to make technical, policy and operational changes required to implement the proposals outlined in recommendations 4 and 9, in keeping with the overall policy aims of the proposals, in consultation with the Minister for Social Development, as appropriate.

Hon Paula Bennett  
Minister for Social Housing



# Report

**Date:** 29 October 2015

**Security Level:** IN CONFIDENCE

**To:** Hon Paula Bennett, Minister for Social Housing  
Hon Anne Tolley, Minister for Social Development

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## A new emergency housing funding model

### Purpose of the report

- 1 This report seeks your agreement to some of the key parameters of two elements of the proposed emergency housing funding model, the contracted emergency housing places and the proposed Emergency Housing Special Needs Grant.

### Executive summary

- 2 Following our meeting with you on Thursday 15 October, the Ministry of Social Development (the Ministry) has progressed work on the operational parameters of two of the components of the proposed emergency housing funding model. This report seeks your agreement to the Ministry's recommendations for the proposed contracted emergency housing places and proposed Emergency Housing Special Needs Grant.
- 3 The recommendations in this paper are reflected in a draft Emergency Housing Cabinet paper which is attached for your consideration. This paper has been drafted on the assumption that you agree with the recommendations outlined in this paper.
- 4 Subject to your feedback on this paper, the Ministry will provide a final version of the Cabinet paper to you on Wednesday 4 November. The office of the Minister for Social Housing will then lodge the final paper with Cabinet Office on Thursday 5 November ahead of consideration at Cabinet Social Policy Committee on 11 November.

### Recommended actions

It is recommended that you:

- 1 **note** that these recommendations cover a range of issues which affect your portfolios to greater or lesser degrees and as a result some recommendations seek agreement from both the Minister for Social Housing and Minister for Social Development, while others seek the agreement of one Minister

Yes / No

Hon Paula Bennett

Yes / No

Hon Anne Tolley

*A new Emergency Housing Special Needs Grant*

- 2 **agree** that the proposed Emergency Housing Special Needs Grant will provide non-taxable, non-recoverable financial assistance to support vulnerable people with a genuine emergency housing need for up to seven days

**Agree / Disagree**  
**Hon Paula Bennett**

**Agree / Disagree**  
**Hon Anne Tolley**

- 3 **agree** that clients accessing the Emergency Housing Special Needs Grant will be expected to make a contribution towards the cost of their accommodation, where this cost is above set limits

**Agree / Disagree**  
**Hon Paula Bennett**

**Agree / Disagree**  
**Hon Anne Tolley**

- 4 **agree** that the set amounts for the Emergency Housing Special Needs Grants will vary across household composition and accommodation type and that the Ministry will specify these set amounts in operational guidance

**Agree / Disagree**  
**Hon Paula Bennett**

**Agree / Disagree**  
**Hon Anne Tolley**

- 5 **agree** that accessing the Emergency Housing Special Needs Grant should not count towards a client's hardship count but the need for support for budgeting and managing money will be considered as part of the service response for those accessing the new Special Needs Grant

**Agree / Disagree**  
**Hon Paula Bennett**

**Agree / Disagree**  
**Hon Anne Tolley**

- 6 **note** that following Budget 2016, the Ministry will provide the Minister for Social Development with a Ministerial Direction for approval, setting out the parameters of the Emergency Housing Special Needs Grant under the delegated authority set out in the Social Security Act 1964

**Yes / No**  
**Hon Paula Bennett**

**Yes / No**  
**Hon Anne Tolley**

*Funding for contracted emergency housing places*

- 7 **agree** that the best balance between simplicity and the actual costs of the provision for different types of emergency housing can be provided by the following structure for the funding of contracted emergency housing places:

- 7.1 *self-contained accommodation with private facilities* – an annual subsidy based on the average Income Related Rent Subsidy for similar properties in the same area  
7.2 *dormitory accommodation* – a set fee per place per night  
7.3 *other accommodation* (e.g. accommodation with private bedrooms but shared facilities) - funded on a case-by-case basis by negotiation with providers

**Agree / Disagree**  
**Hon Paula Bennett**

8 **note** that the Ministry recommends that the proposed contracted places funding model should apply to emergency accommodation for victims or perpetrators of family violence and considers that this decision should be made by the Minister of Justice and Minister for Social Development in their roles as lead Ministers on the Ministerial Group on Family Violence and Sexual Violence Work Programme

AT  Yes /  No  
Hon Anne Tolley

*Budget 2016*

9 **note** that the Ministry is developing a Budget 2016 bid for funding to implement the new Emergency Housing funding model and that this bid will include operational funding, funding for IT changes and on-going monitoring as well as funding for the contracted places and the proposed Special Needs Grant

**Yes / No**  
Hon Paula Bennett

AT  Yes /  No  
Hon Anne Tolley

*A new Emergency Housing Funding Model Cabinet paper*

10 **note** that, subject to feedback on this paper, the Ministry of Social Development will provide a final version of the attached Cabinet paper to be lodged with Cabinet Office on Thursday 4 November ahead of consideration at Cabinet Social Policy Committee on 11 November


**Yes / No**  
Hon Paula Bennett

AT  Yes /  No  
Hon Anne Tolley

11 **agree** that a copy of this paper should be forwarded to the Associate Minister for Social Development.

**Agree / Disagree**  
Hon Paula Bennett

AT  Agree /  Disagree  
Hon Anne Tolley

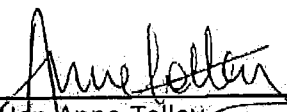
PP   
Anna Butler  
General Manager  
Housing, Income Support and Employment

29/10/15

Date

Hon Paula Bennett  
Minister for Social Housing

Date

  
Hon Anne Tolley  
Minister for Social Development

3-11-15.  
Date

## Background

5 In line with the discussion at a meeting with the Minister for Social Housing and the Minister for Social Development on 15 October, officials from the Ministry of Social Development (the Ministry) have progressed work on the following two components of the proposed emergency housing funding model:

- contracted emergency housing places
- a proposed Emergency Housing Special Needs Grant (SNG).

6 The third component of the model, wraparound services for users of emergency housing, will progress following the line-by-line review of the existing services for at-risk families in emergency housing to be carried out as part of the implementation of the Community Investment Strategy. Officials from the Ministry will report back to the Minister for Social Development and the Associate Minister for Social Development at the conclusion of this review with recommendations for how the wraparound services component of the model should be progressed.

7 This report sets out the key decisions related to the contracted emergency housing places and proposed SNG. A draft Emergency Housing Cabinet paper is attached which seeks in principle agreement to the contracted emergency housing places and proposed SNG, subject to Budget 2016 funding.

## A new Emergency Housing Special Needs Grant

8 Currently people who have nowhere to stay and need financial assistance with the cost of emergency housing are supported through either an Advance Benefit Payment or a Recoverable Assistance Payment. Both of these forms of assistance are repayable. One consequence of this is that at an already difficult time, clients needing emergency housing incur debt which can often be significant.

9 The current process is also inconsistent with the Ministry's policy towards other housing assistance (for example, Income Related Rent Subsidy (IRRS) and the Accommodation Supplement provide support which does not need to be repaid). In addition, the current arrangements mean that there is no way to track how much total assistance the Ministry currently provides towards emergency housing.

10 To address these inequities, the Ministry is proposing a new Emergency Housing SNG to support people who are unable to access a contracted emergency housing place (for example, if all of the contracted places are full or there are no suitable contracted places available locally).

11 The proposed SNG will provide non-taxable, non-recoverable financial assistance to vulnerable people so they can meet their immediate housing needs without incurring significant debt.

12 Access to the proposed SNG will be a last resort. Work and Income will assess a client's circumstances in the period leading up to their request for emergency housing assistance before the decision is made to grant this assistance. This will include exploring alternative options such as support from friends and family and assistance from other agencies before offering a SNG.

*The Special Needs Grant will provide assistance with the costs of emergency accommodation for up to seven days*

13 The Ministry proposes that the SNG should be available for up to seven days. This time period would allow for the person accessing the emergency accommodation to stabilise their situation while a longer-term housing solution is found.

14 The Ministry is developing a proposed service response that will outline how people will be supported in the immediate period after the SNG is granted. This will include considering what support is required to ensure that clients move out of emergency housing as soon as possible. During this seven day period, clients will be assessed for other types of assistance that can support clients into more permanent housing

solutions (for example, the Accommodation Supplement and Housing Support Products).

*Clients will be able to access the Special Needs Grants once every 12 months*

- 15 The Ministry proposes that only one Grant for a seven day period may be paid to a client within a 52 week period. It is expected that after clients access this assistance once, they will be supported to access sustainable alternative accommodation, either in the form of transitional housing, private rental or social housing.

*There will be discretion around these parameters under Exceptional Circumstances*

- 16 As with other forms of Hardship Assistance, the Ministry proposes that there will be discretion to extend the length of the SNG (i.e. over seven days) and frequency of access (i.e. more than once during a 12 month period) under exceptional circumstances. It is expected that this discretion will be very rarely used in extreme cases where there are complex needs or other extenuating factors.

*Clients will be expected to make a contribution towards the emergency accommodation, where the costs are above set limits*

- 17 As with other forms of accommodation assistance, clients will be expected to make a contribution towards their emergency accommodation, where these costs are above set limits.
- 18 The maximum amount clients will be able to access under the non-recoverable grant (set limits) will be specified in operational guidance. These set limits are based on accommodation costs for different types of accommodation (i.e. hostels vs motels) and family type (sole tenant, households of two – four people, households of five or more people). An indication of these limits is provided as Table 1.

*Table 1: Indicative set 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 \$40 per night  | n/a                         | n/a                               |
| Motel                  | up to \$105 per night | up to \$175 per night       | up to \$240 per night             |

- 19 Frontline staff will work with clients to secure the lowest cost for suitable accommodation.
- 20 Where a client is required to make a contribution and is unable to fund the contribution themselves, assistance will be available from the Ministry in the form of an Advance Benefit Payment or Recoverable Assistance Payment. Some clients may still incur some additional debt through this avenue but their situation will be a considerable improvement on the current situation, where they may be incurring debt for the whole accommodation cost.

*Accessing the Emergency Housing Special Needs Grant will not count towards a client's hardship count*

- 21 The Ministry proposes that accessing this Special Needs Grant will not count towards a client's hardship count. This recognises the urgent need for accommodation that these clients are facing and aligns with other similar forms of assistance that do not form part of the hardship count (i.e. rural assistance payments, specific assistance for victims of domestic violence). The need for any other hardship assistance (i.e. bedding and food) would still count towards their hardship count.
- 22 The cohort of people likely to present with an emergency housing need are a diverse group. While some may benefit from activities such as budgeting and extra support

to help manage their money, others may not require this support (for example, victims of family violence who may be relatively stable financially but require assistance because of an unforeseen and unexpected event). As such, we do not consider it appropriate to include the proposed SNG in the hardship count as a blanket response.

- 23 As part of the service response, if budgeting assistance is required this will be followed up on a case-by-case basis once the client has accessed the Emergency Housing SNG.

*Amendments to the Special Needs Grant Programme and the Recoverable Assistance Programme will be required to give effect to the proposed Special Needs Grant*

- 24 Amendments to tertiary legislation will be required to implement the SNG. The Ministry will provide the Minister for Social Development with amendments to the Special Needs Grant Programme and the Recoverable Assistance Programme to enact these changes, following Budget 2016.

### **Funding for contracted emergency housing places**

- 25 Currently, the only financial support directly provided to emergency housing providers for accommodation costs is the funding that those providers using Community Group Housing (CGH) properties owned by Housing New Zealand Corporation (HNZC) can access.
- 26 Providers who are using non-CGH properties to deliver emergency housing do not currently receive any assistance with the cost of delivering this accommodation. This places them under significant financial pressure and is not consistent with policies in other areas of the housing system where providers are supported through IRRS.
- 27 The Ministry proposes to address this issue by contracting with emergency housing providers in areas of high demand for a set volume of places per year.

*The Ministry will contract with selected providers to provide a set volume of emergency housing places per year in particular areas*

- 28 A key objective of the contracted places funding model is to provide a simple, transparent funding model that gives certainty to providers about their expected income. To support this, the Ministry proposes to base the funding for contracted places on the type of properties that will be used to deliver emergency housing, rather than on the individuals that will use the accommodation. Contracting based on properties will provide more certainty to providers as funding will be more stable than if it was linked to specific individuals using the accommodation. This approach also means that the funding can more accurately reflect the different costs associated with providing different type of accommodation.
- 29 Following Budget 2016 the Ministry will conduct a procurement exercise to seek providers to offer emergency housing places in particular locations. As with the Christchurch and Auckland short-term housing response there will be two main cohorts that accommodation will be contracted for:


- families (likely to be mainly sole parents with children)
- single people.

- 30 Providers will be contracted and paid an annual subsidy to provide a set number of emergency housing places per year.
- 31 Decisions about how many places to contract for and in which locations will be informed by demand modelling work currently being developed by the Ministry. This modelling will be used to inform decisions about the appropriate level of funding that will be required in Budget 2016 to implement the new funding model.




*The subsidies available for providers will reflect the type of accommodation they are providing*

- 32 The Ministry considers that the best balance between a simple funding model and one that reflects the costs of providing different types of emergency housing is met by the following funding structure:
- *self-contained accommodation with private facilities* – an annual subsidy based on the average IRRS for similar properties in the same area
  - *dormitory accommodation* – a set fee per place per night
  - *other accommodation (for example, accommodation with private bedrooms but shared facilities)* - funded on a case-by-case basis by negotiation with the provider.
- 33 The diagram below sets out how these contracts would work for emergency housing providers.




**Self-contained accommodation for families**

- Provider A in Auckland has four three-bedroom properties available for emergency housing
- The average IRRS for three-bedroom properties in Auckland is \$15,184 per year.
- For their four properties Provider A would receive \$60,736 to house 16 families per year (four families at any one time for up to three months at a time)



**Dormitory accommodation for singles**

- Provider B in Tauranga has a 10 bed dormitory available to be used by single men for temporary accommodation
- From this provider, MSD expects to contract for 5 beds to be used for temporary accommodation for clients with an emergency housing need
- For 5 bed nights at any one time, at a cost of \$15 per night, MSD would contract with this provider for \$27,375 per year.



**Other accommodation**

- Provider C in Christchurch has a five-bedroom house with private bedrooms and shared kitchen, bathroom and laundry facilities suitable for singles
- The average IRRS for a five-bedroom property in Canterbury is \$19,553 per year
- MSD would negotiate with the provider to agree a suitable rate for the property. These negotiations are likely to use the average IRRS for comparable properties as a starting point with adjustments to reflect the shared facilities.

*Implications of the proposed funding model for accommodation for victims of family violence will need to be considered*

- 34 The implications of the proposed funding model on emergency accommodation for victims or perpetrators of family violence also need to be considered. A review of emergency accommodation services for victims and perpetrators of family violence is being undertaken as part of the Ministerial Group on Family Violence and Sexual Violence Work Programme. Costs for the provision of emergency accommodation for victims and perpetrators of family violence include accommodation and social support.
- 35 The Ministry recommends that the proposed contracted places funding model should apply to emergency accommodation for victims or perpetrators of family violence but

that this decision should be made by the relevant Ministers leading the family violence work (the Minister of Justice and Minister for Social Development).

### **Budget 2016 Bid**

- 36 The Ministry is currently preparing a Budget 2016 bid for the new emergency housing funding model. The bid will include funding for the contracted places and the SNG, operational funding and IT costs to implement the new SNG.

### **Next steps**

- 37 Subject to feedback on this paper, the Ministry will provide a final version of the attached draft Cabinet paper to the Minister for Social Housing on Wednesday 4 November. The final version of the paper will need to be lodged with the Cabinet Office by 10am Thursday 5 November for consideration by the Social Policy Committee on Wednesday 11 November.
- 38 The Ministry will continue to develop the Budget 2016 bid and brief Ministers as this bid progresses.

RELEASED UNDER THE  
OFFICIAL INFORMATION ACT

Chair  
Cabinet Social Policy Committee

## A NEW EMERGENCY HOUSING FUNDING MODEL

### Proposal

- 1 This paper reports on the Emergency Housing Funding Review (the Review) and seeks agreement, subject to Budget 2016 decisions, to a new funding model to create a more sustainable and effective emergency housing sector.

### Executive summary

- 2 The emergency housing sector is under increasing pressure and some of the most vulnerable New Zealanders are not able to access the emergency housing and support services they need when they most need them.
- 3 There is currently very little government support with the costs of accommodation for emergency housing. Providers are under immense pressure to provide services and accommodation with some at risk of collapse. Proposals in this paper will mean that for the first time, government will contract directly with emergency housing providers to support them with the costs of delivering emergency housing. These contracts will provide certainty to providers around their funding streams and make them more sustainable.
- 4 A short-term housing response in Christchurch was implemented earlier this year and in September 2015 Cabinet agreed to a \$2 million short-term emergency housing response for Auckland. While these initiatives provide valuable short-term support, further changes are necessary to address the systemic weaknesses identified in the recent review of funding arrangements for emergency housing.
- 5 I am proposing a new emergency housing funding model that has been developed in consultation with the sector. I am seeking in principle agreement, subject to Budget 2016 decisions, to the following two components of the model:
  - contracts with selected emergency housing providers for an annual number of emergency housing places in areas of high demand so there are a guaranteed number of places available and providers have greater certainty of income
  - a new Emergency Housing Special Needs Grant (SNG) for people who need support with emergency housing costs for up to seven days and are unable to access a contracted place.
- 6 A third component of the model, contracts for wraparound services for people in emergency housing, will progress separately and be led by the Minister for Social Development and Associate Minister for Social Development. While there is a clear need for wraparound support for people in emergency housing, more work needs to be done to ensure that the proposed services complement rather than duplicate existing services already provided.
- 7 Proposals in this paper will provide much needed support to some of the most vulnerable New Zealanders and build on work currently underway to create an effective and efficient housing continuum. The Ministry of Social Development (MSD) will work with clients in emergency housing to create better flow through the system by utilising existing products and

services like the Housing Support Products and the Accommodation Supplement. Work underway to create more social housing places, particularly in Auckland, will also support this flow.

- 8 As the Minister for Social Housing I am responsible for emergency housing. This is the first time there is a Minister directly responsible for emergency housing. However, much of the support that vulnerable people in emergency housing need sits within other portfolios, in particular the Social Development portfolio. I am therefore working closely with the Minister for Social Development and propose to direct MSD to report to me, the Minister for Social Development and other Ministers as appropriate, as implementation plans for the new funding model progress.
- 9 I propose to seek funding for the new arrangements in Budget 2016, with the intention of implementing the new model in September 2016. While detailed costs are still being developed, indications are that the new funding model will cost in the region of \$5-\$10 million per year.
- 10 These proposals fit well with a social investment approach. Initial data suggests that people on benefit in emergency housing have higher future lifetime benefit costs (liability) than people on the same benefits that are not in emergency housing<sup>1</sup>. International evidence also suggests that investment in emergency housing is likely to provide additional savings from the health and justice sectors as people with nowhere to stay are more likely to have higher health costs and contact with the criminal justice system than the general community. Providing more support to vulnerable families with an emergency housing need will also support better outcomes for children in these families.
- 11 Two of the priority groups identified as part of the social investment approach for Budget 2016 (0-5 year olds and 15-24 year olds) are well-represented in the cohorts of people who use emergency housing. I consider that there is a strong social investment case for investing in extra support for the emergency housing sector. As part of the Budget 2016 process a cost benefit analysis is being conducted to quantify the likely benefits that the proposed investment will deliver.
- 12 The proposals in this paper represent a significant increase in support for emergency housing providers and will ensure more support is there for people in crisis when they most need it. These proposals will also give more certainty to providers so they can focus on helping improve the outcomes of some of the most vulnerable New Zealanders. MSD will continue to work closely with emergency housing providers and the sector to ensure the proposals are fit for purpose.
- 13 I intend to announce the proposed new emergency housing funding model once Budget decisions have been made.

## Background

- 14 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].

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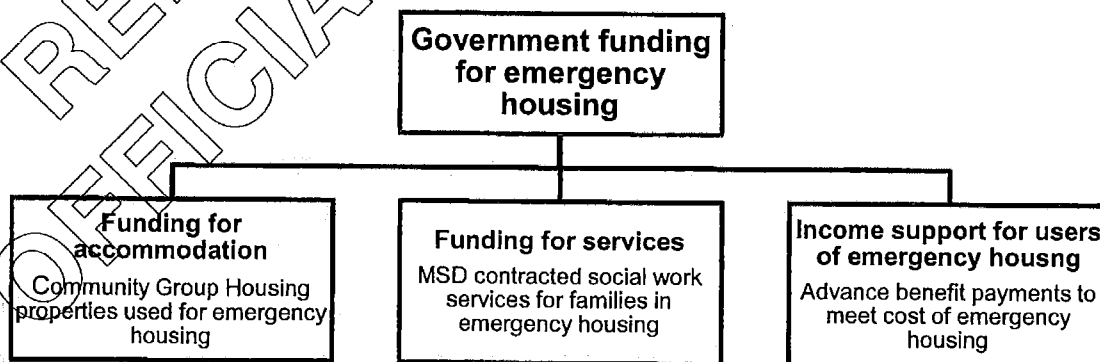
<sup>1</sup> Data based on the average liability for a cohort of people who were matched to Community Group Housing properties that are used for emergency housing.

- 15 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.
- 16 In September 2015 Cabinet agreed to a \$2 million short-term emergency housing response for Auckland to respond to the growing pressure on emergency housing places in Auckland [CAB Min (15) 00/85 refers]. 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).
- 17 Within the housing continuum, emergency housing is short-term housing<sup>2</sup> for individuals and families who urgently need accommodation because they have nowhere to stay, or are unable to stay in their usual residence.
- 18 Non-government organisations (NGOs) 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.
- 19 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 Corporation (HNZC) 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*

- 20 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.



- 21 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,

<sup>2</sup> Intended to be for no more than 3 months.

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.

- 22 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*

- 23 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'<sup>3</sup>
- **a growing need for services to address homelessness** – survey respondents said there was an increasing need for services specifically focussed on homelessness.

- 24 These weaknesses are putting increasing strain on the emergency housing sector and mean that vulnerable New Zealanders are not getting the support they need to get back on their feet.

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<sup>3</sup> Insecure housing relates to main applicants living in bus/house trucks, camp grounds, cars, emergency housing, garages or who are rough sleeping.

*While the highest demand for emergency housing is in Auckland, there is also pressure in other areas*

- 25 While it is clear that the demand for emergency housing is greatest in Auckland, the indications are that there is also demand for emergency housing across the country in other towns and cities:
- at the end of September 2015, there were 558 main applicants on the social housing register living in insecure housing<sup>4</sup> (although 236 of these or 42 percent were in Auckland)
  - other organisations, such as the Citizens Advice Bureau (CAB), are also reporting significant increases in the number of enquiries they are receiving about emergency housing - the CAB reported 100 percent increase in the number of enquiries about emergency housing between 2010 and 2015 (the CAB has received 10,000 enquiries about emergency housing over the last five years)
  - feedback from the emergency housing provider survey carried out in Phase 1 of the review also suggested that there was demand for emergency housing outside of Auckland and Christchurch
  - anecdotal feedback from frontline Work and Income staff across the country suggests that there is ongoing demand for emergency housing.
- 26 In the longer-term, work to create more social housing places and to make the social housing system more efficient at matching people to available places will ease pressure on the emergency housing sector. However, it is likely that there will always need to be some level of emergency housing provision to meet the needs of people responding to unexpected life events.

### **A new national funding model for emergency housing is needed**

- 27 I propose to establish a new funding model to provide better support to the most vulnerable people who need emergency housing. The outcomes from the proposed emergency housing funding model are that:
- People in need:
    - get access to emergency housing when they need it
    - receive the support and services they need to address health and social issues
    - have a pathway towards long-term housing so they can move up the housing continuum.
  - Providers are funded in a sustainable way so they can focus on improving outcomes for the people they are working with.

*People who require emergency housing are among our most vulnerable*

- 28 The primary target group for the emergency housing funding model will be those living on the street, in improvised or mobile dwellings (according to the 2006 Census data there were approximately 5,000 people in this category of severe housing deprivation) or on the social housing register and classified as living in insecure housing in the following categories:
- living in a car (57 at end June 2015)

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<sup>4</sup> This includes people on the social housing register who are homeless and living in a public place, people living in cars or tents, people in homeless shelters, people living in caravans, people in emergency housing and people who are currently in prison or hospitals.

- living in a garage (150 at end June 2015)
  - sleeping rough (153 at end June 2015).
- 29 People in other housing situations who, if they were not able to access emergency housing, would end up in one of the situations above (e.g. sleeping rough, in a car, or in a garage) will also be eligible for support through the new funding model. An example of someone in this situation is somebody who may have an adequate house but is unable to stay there because of family violence.
- 30 Anyone presenting to MSD or to a contracted emergency housing provider directly for emergency housing will need to demonstrate that their emergency housing need is real (for example, that they have no other options like staying with family or friends and that their current living situation is not sustainable).
- 31 I am seeking in principle agreement, subject to Budget 2016 decisions, to two components of the proposed funding model which are set out in Table 1.

**Table 1: Key features of the proposed components of the new funding model**

| <b>1. Contracts with selected providers to supply a set volume of emergency housing places per year in particular areas.</b>   |
|--|
| <ul style="list-style-type: none"> <li>● Providers will be contracted and paid an annual subsidy to supply a set number of emergency housing places per year.</li> <li>● Decisions about how many places to contract for and in which locations will be informed by demand modelling work currently being developed by the Ministry. This modelling will be used to inform decisions about the appropriate level of funding that will be required in Budget 2016 to implement the new funding model.</li> <li>● Following Budget 2016 MSD will conduct a procurement exercise to seek providers of emergency housing places in particular locations. As with the Christchurch and Auckland short-term housing response, there will be two main cohorts that accommodation will be contracted for: <ul style="list-style-type: none"> <li>○ families (likely to be mainly sole parents with children)</li> <li>○ single people.</li> </ul> </li> <li>● Funding that the providers receive will be linked to the type of property they are using: <ul style="list-style-type: none"> <li>○ <i>self-contained accommodation with private facilities (e.g. standalone houses or units)</i> – providers will be funded based on the annual IRRS average for a similar property. For example, a provider offering a 2-bedroom property for emergency housing in Auckland would receive approximately \$13,624 per year (\$262 per week (the average IRRS for a 2-bedroom property in Auckland) x 52)</li> <li>○ <i>dormitory accommodation</i> – places would be contracted on a set fee per place per night - for example, \$15 per place per night.</li> <li>○ <i>other accommodation</i> – where providers offer shared accommodation (e.g. a house with a number of private bedrooms but shared facilities like bathrooms, kitchen, lounge) then the appropriate level of funding will be considered on a case-by-case basis. This follows the approach currently taken with social housing providers offering shared accommodation models.</li> </ul> </li> </ul> |



- People staying in contracted places would be expected to contribute towards the cost of their accommodation but would pay no more than 25% of their income in rent.

**2. A new Emergency Housing Special Needs Grant (SNG) for clients who need support with emergency accommodation costs for up to seven days and are unable to access a contracted place**

- The SNG will be available nationally to be used:
  - in areas where MSD does not contract any emergency housing places (for example, in rural areas where there may not be enough demand for emergency housing to require contracted places)
  - if all contracted places are full in an area where MSD does contract for emergency housing places.
- The SNG will provide a non-refundable contribution towards the cost of emergency accommodation for people with no other housing options (for example, the cost of staying in a hostel or motel). Clients will only be eligible for the SNG if they can demonstrate that they have no other alternative accommodation options.
- Clients will be expected to contribute to the cost of accommodation where the cost is above a set level. If the client is unable to meet their contribution, their contribution will come from an Advance Benefit Payment or from a Recoverable Assistance Payment (the client contribution could also be met by an NGO or charity if they chose to meet this cost).
- The SNG will be available for up to seven days with discretion to extend this period only if there are exceptional circumstances.
- Clients would only be able to access the SNG once a year, except where exceptional circumstances exist.
- The level of assistance available through the SNG will vary based on the characteristics of the people presenting (for example, families with several children will be eligible for more assistance than single people as they may require more than one bedroom).

*A third component of the model, wraparound services for clients in emergency housing will progress separately*

- 32 A third and critical component of the funding model is wraparound services for clients in emergency housing to help them get back on their feet and into sustainable housing. However, some support is already provided in this area and further work is required to ensure that any changes or additions complement rather than duplicate existing services already provided.
- 33 Through its Community Investment arm, MSD funds 16 providers from across New Zealand to deliver social work services for approximately 700 at-risk families in emergency housing per year at a cost of approximately \$1.3 million per year. However, these contracts have developed in an ad-hoc manner across the country and are not consistent (i.e. some contracts expect providers to work with at-risk families for up to 12 months, others for only three months). There is also wide variation in the levels of funding that providers receive for each family they support. There is little information currently available about the outcomes achieved by these services.
- 34 These services are due to be reviewed as part of the implementation of the Community Investment Strategy being led by MSD. A line-by-line review of these services in early 2016 will provide more information on the effectiveness of the current services. MSD will also

investigate the possibility of trialling revised contracting arrangements with one or two of the providers already contracted to deliver these services.

- 35 Further work is also required to understand the link between the proposed wraparound services and other services for vulnerable groups such as Whānau Ora and transitional services to help released prisoners reintegrate into community. This will include consideration of any overlap or crossover with services that are already provided for similar population groups.
- 36 I consider that access to wraparound services to help people in emergency housing get back on their feet and move into more sustainable housing is a very important element of the proposed funding model. I am conscious, however, of the need to get a better understanding of how effective the current services are before any changes are made or any further funding is committed.
- 37 These services are delivered through the Social Development portfolio. I therefore propose that MSD report to the Minister for Social Development and Associate Minister for Social Development on this work as it progresses.

*MSD will have a comprehensive service response to support the new funding model*

- 38 MSD is developing a service response that will provide clear guidance to frontline staff about how emergency housing enquiries should be managed from initial presentation at frontline Work and Income offices through to the follow up that will be required for those referred to emergency housing.
- 39 The service response will ensure that there is a consistent national approach to those people presenting to Work and Income with an emergency housing need. A key element of this response will be ensuring that people referred to emergency housing are supported to find a more sustainable housing solution and do not remain in emergency housing any longer than is necessary. This will include linking people in emergency housing to existing products such as Housing Support Products and the Accommodation Supplement that can help them move out of emergency housing.
- 40 However, I do not propose that Work and Income should become the 'gateway' to the emergency housing system. Work and Income will remain an important part of the system that offers support for vulnerable people but I do not believe that it should be the only route into emergency housing. Instead I propose that, as at present, emergency housing providers should be able to take referrals from other sources (for example, from other NGOs, from doctors, from the CAB etc).
- 41 I consider that emergency housing providers are best placed to determine the most vulnerable people in need of support. Providers will be expected to demonstrate, however, that they have assessment criteria in place to ensure that only those with a genuine emergency housing need are offered access to a contracted place. Checks and balances in the form of monitoring and auditing processes will also provide assurance that contracted providers are responding to those with a genuine emergency housing need. A process will also be developed to ensure that, in those areas where the Ministry contracts for emergency housing places, Work and Income has priority access to these places for people who present to Work and Income with a genuine emergency housing need. People requiring support from the new SNG will still be required to present to Work and Income for access to this assistance.

*The new model fits well with a social investment approach and will be closely monitored*

- 42 The proposed funding model fits well with a social investment approach. Initial data already suggests that people on benefit in emergency housing have higher future lifetime benefit costs (liability) than people on the same benefits that are not in emergency housing. Once the proposed funding arrangements are in place, MSD will be able to build a more robust understanding of the particular characteristics of those people presenting with an emergency housing need and their future liability. The proposed SNG will provide the ability, for the first time, for government to clearly track the demand for emergency housing. As part of the Budget 2016 process, MSD will develop plans for how the proposed components of the new funding model will be monitored and evaluated.
- 43 While the cohort of people who use emergency housing is varied, single parents with children aged 0-5 form a large part of this group. Young people between the ages of 15-24 are also users of emergency housing. As such these proposals have good alignment with the two priority groups identified through the social investment work for Budget 2016. Once implemented, the proposed SNG will provide further information about the numbers accessing this support from the priority groups.
- 44 These proposals will greatly increase the support available for vulnerable people in emergency housing, and for providers delivering emergency housing. Once these proposals are implemented:
- more people in crisis will be able to find the accommodation they need while they get back on their feet
  - fewer people in crisis will incur debt by having to use advance benefit payments or recoverable assistance payments to cover the cost of emergency accommodation.
- 45 As part of the Budget 2016 process a cost benefit analysis is being conducted to quantify the likely benefits that the proposed investment will deliver.

### **Implementation**

- 46 Subject to funding in Budget 2016, I propose that the new funding model should be implemented in September 2016. This will allow time for the procurement process that will be required to seek providers to deliver the contracted emergency housing places following Budget 2016.
- 47 As the proposed SNG for emergency housing places is intended to complement the contracted places I propose that the new SNG should be implemented in September 2016 alongside the first contracted places coming onstream.

### **Implications of proposed funding model for emergency accommodation for victims or perpetrators of family violence**

- 48 The implications of the proposed funding model on emergency accommodation for victims or perpetrators of family violence also need to be considered. Currently emergency accommodation is provided mainly for victims, and there is less provision for perpetrators. A review of emergency accommodation services for victims and perpetrators of family violence is being undertaken as part of the Ministerial Group on Family Violence and Sexual Violence Work Programme. This review is considering the support needs of both victims and perpetrators.
- 49 I consider that the decision about whether the proposed contracted places funding model should apply to emergency accommodation for victims or perpetrators of family violence

should be made by the Minister for Social Development in discussion with the other members of the Ministerial Group on Family Violence and Sexual Violence. Subject to this decision, the proposed Budget bid will then include funding for contracted places for victims or perpetrators of family violence as well as for other cohorts requiring emergency housing.

### **Consultation and sector engagement**

- 50 Treasury, HNZC the Ministry of Business (MBIE), 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 Kōkiri, 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.
- 51 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. The proposals in this paper have been shaped by feedback from the survey as well as discussions with various sector groups, including two housing reference groups<sup>5</sup> convened by MSD and the Auckland network of emergency housing providers.

### **Financial implications**

- 52 The proposed funding model for emergency housing will require additional ongoing funding. I will be seeking funding for the implementation of this model, which may include operational funding, funding for IT changes and on-going monitoring, in Budget 2016. While further work is needed to refine the cost of the proposed funding model, current indications are that the cost is likely to be in the region of \$5-\$10 million per year. The majority of this cost will be to fund the contracted emergency housing places.

*[the following section is subject to agreement to the proposed CGH funding transfer covered in the joint MBIE/MSD paper to the Minister for Social Housing]*

- 53 As part of the Budget 2016 process I will be proposing that the subsidies currently paid to HNZC to top up the rent paid by providers using Community Group Housing properties for emergency housing, should be transferred to MSD to be used as part of the broader funding pool for contracted emergency housing places. This proposal will simplify the funding arrangements for emergency housing.

### **Human rights implications**

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

### **Legislative implications**

- 55 The proposals in this paper do not require any changes to primary legislation. Amendments will however be required to the Special Needs Grants and Recoverable Assistance welfare programmes, setting out the parameters of the Emergency Housing Special Needs Grant and related matters under the delegated authority in the Social Security Act 1964. An amendment will also be required to the Social Security (Advance Payment of Benefit) Regulations 2010.

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<sup>5</sup> The Housing Assistance Reform Feedback Group and the External Focus Group.

## Regulatory impact and compliance cost statement

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

## Gender implications

57 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

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

## Publicity

59 I propose to announce the proposed new emergency housing funding model once Budget decisions have been made. I also propose that MSD continue to engage with emergency housing providers on the detailed development of the proposed funding model.

## Recommendations

60 It is recommended that the Committee:

- 1 **note** that a review of the emergency housing funding arrangements has shown that the current arrangements are unclear and emergency housing providers on the frontline are reporting increased pressure for their services
- 2 **note** that there is a strong social investment case for investing in additional support and services for people in emergency housing

### *Proposed new funding model for emergency housing*

- 3 **agree** in principle, subject to Budget 2016 decisions, to two components of a new emergency housing funding model:
  - 3.1 contracts with selected providers to deliver a set number of emergency housing places per year in areas of high demand
  - 3.2 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
- 4 **note** that the Minister of Social Housing will seek funding through Budget 2016 for the contracted emergency housing places and proposed new Special Needs Grant

### *Wraparound support services*

- 5 **note** that the need for wraparound support services for people in emergency housing is the third component of the funding model and is an important part of an effective system of support for people in emergency housing

- 6 **note** that further work is required to get a better understanding of the effectiveness of current support services for people in emergency housing already contracted by the Ministry of Social Development, and the link between these proposed wraparound services and other services for vulnerable groups
- 7 **direct** the Ministry of Social Development to report to the Minister for Social Development and Associate Minister for Social Development on the effectiveness of the existing services once the line-by-line review of the existing services, proposed as part of the implementation of the Community Investment Strategy, is completed

*Financial implications*

- 8 **note** that while further work is needed to refine the cost of the proposed funding model, current indications are that the cost will be in the region of \$5-\$10 million per year

*Publicity*

- 9 **note** that the Minister for Social Housing will announce the proposed funding model for emergency housing once Budget decisions have been made
- 10 **authorise** the Minister for Social Housing to make technical, policy and operational changes required to implement the proposals outlined in recommendation three, in keeping with the overall policy aims of the proposals, in consultation with the Minister for Social Development, and other Ministers, as appropriate.

Hon Paula Bennett  
Minister for Social Housing

RELEASED UNDER THE OFFICIAL INFORMATION ACT



# Report

**Date:** 4 November 2015

**Security Level:** IN CONFIDENCE

**To:** Hon Paula Bennett, Minister for Social Housing

## Emergency Housing Cabinet paper

### Purpose of the report

- 1 This report provides a summary of the changes to the Emergency Housing Cabinet paper based on feedback received. A final version of the Cabinet paper is attached for your signature and for your office to lodge with Cabinet Office on 5 November.

### Executive summary

- 2 Following a meeting with you and the Minister for Social Development on Thursday 15 October, the Ministry of Social Development (MSD) has drafted an Emergency Housing Cabinet paper.
- 3 A draft Cabinet paper was provided to you and the Minister for Social Development on Thursday 29 October along with a report seeking your agreement to the key proposals to be included in the paper. Based on your feedback on that report, feedback from the Minister for Social Development and feedback from departmental consultation we have made some amendments to the draft Cabinet paper. The key changes are outlined below:
  - Announcement – to avoid being seen as a pre-commitment against Budget 2016 the paper now proposes that the new funding model should be announced once Budget decisions have been made
  - Family violence text – this has been updated to reflect feedback from the Minister for Social Development's office that the proposed funding model should apply to perpetrators of family violence as well as to victims of family violence
  - Additional information about the likely impact of the proposals on the health and justice sectors and improved outcomes for children has been added to the Executive Summary which also notes that a cost benefit analysis will be developed as part of the Budget 2016 process
  - Table 2 has been updated to:
    - clarify that people staying in contracted places would be expected to contribute towards the cost of their accommodation but would pay no more than 25% of their income in rent
    - note that the client contribution to the SNG could be met by an NGO or charity
  - A number of other minor changes have also been made to clarify particular aspects of the policy intent of the paper.
- 4 We understand that you would like to discuss the proposed Community Group Housing funding transfer that was recommended in a joint MBIE/MSD paper provided to you on Thursday 29 October. This issue is on the agenda for your meeting with

officials on Thursday 5 November. The proposed funding transfer is currently included in the attached Cabinet paper.

- 5 In your feedback on the 29 October paper, you asked whether the proposed Emergency Housing Special Needs Grant (SNG) could be available for two separate three and a half day periods a year rather than a single seven day period. While it would be possible to implement the SNG in this way we do not recommend it for the following reasons:
- the 7 day limit is not an entitlement to be spread across a certain time period but is an operational limit intended to focus efforts on finding more sustainable accommodation
  - while the intention is that people will only be able to access the SNG once a year, there will be discretion to cater for exceptional circumstances where an individual or family has a genuine need to access the SNG more than once in a year
  - administering the SNG as an entitlement of two separate three and a half day periods a year would be more complex and costly to administer operationally.
- 6 The Minister for Social Development has approved the proposals in the joint report submitted on 29 October and has provided no further comments on the draft Cabinet paper.
- 7 We recommend that you sign the attached paper and CAB 100 so your office can lodge it with Cabinet Office for consideration at Cabinet Social Policy Committee on 11 November.

### Recommended actions

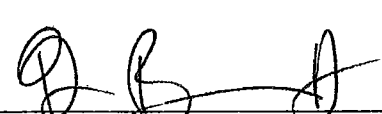
It is recommended that you:

- 1 **note** that a number of changes have been made to the draft Emergency Housing Cabinet paper to reflect feedback from you and the Minister for Social Development on an earlier draft and that a revised version of the Cabinet paper is attached
- 2 **agree to sign** the attached Cabinet paper and CAB 100 form so your office can lodge the paper with Cabinet Office on Thursday 5 November.

**Agree / Disagree**

  
\_\_\_\_\_  
Anna Butler  
General Manager  
Housing, Income Support and Employment

4-11-15  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Hon Paula Bennett  
Minister for Social Housing

4-11-15  
\_\_\_\_\_  
Date



Chair  
Cabinet Social Policy Committee

## A NEW EMERGENCY HOUSING FUNDING MODEL

### Proposal

- 1 This paper reports on the Emergency Housing Funding Review (the Review) and seeks agreement, subject to Budget 2016 decisions, to a new funding model to create a more sustainable and effective emergency housing sector.

### Executive summary

- 2 The emergency housing sector is under increasing pressure and some of the most vulnerable New Zealanders are not able to access the emergency housing and support services they need when they most need them.
- 3 There is currently very little government support with the costs of accommodation for emergency housing. Providers are under immense pressure to provide services and accommodation with some at risk of collapse. Proposals in this paper will mean that for the first time, government will contract directly with emergency housing providers to support them with the costs of delivering emergency housing. These contracts will provide certainty to providers around their funding streams and make them more sustainable.
- 4 A short-term housing response in Christchurch was implemented earlier this year and in September 2015 Cabinet agreed to a \$2 million short-term emergency housing response for Auckland. While these initiatives provide valuable short-term support, further changes are necessary to address the systemic weaknesses identified in the recent review of funding arrangements for emergency housing.
- 5 I am proposing a new emergency housing funding model that has been developed in consultation with the sector. I am seeking in principle agreement, subject to Budget 2016 decisions, to the following two components of the model:
  - contracts with selected emergency housing providers for an annual number of emergency housing places in areas of high demand so there are a guaranteed number of places available and providers have greater certainty of income
  - a new Emergency Housing Special Needs Grant (SNG) for people who need support with emergency housing costs for up to seven days and are unable to access a contracted place.
- 6 A third component of the model, contracts for wraparound services for people in emergency housing, will progress separately and be led by the Minister for Social Development and Associate Minister for Social Development. While there is a clear need for wraparound support for people in emergency housing, more work needs to be done to ensure that the proposed services complement rather than duplicate existing services already provided.
- 7 Proposals in this paper will provide much needed support to some of the most vulnerable New Zealanders and build on work currently underway to create an effective and efficient housing system. The Ministry of Social Development (MSD) will work with clients in emergency housing to support these clients into more sustainable housing by using existing

products and services like the Housing Support Products and the Accommodation Supplement. Work underway to create more social housing places, particularly in Auckland, is also likely to create more sustainable housing options for people in emergency housing.

- 8 As the Minister for Social Housing I am responsible for emergency housing. This is the first time there is a Minister directly responsible for emergency housing. However, much of the support that vulnerable people in emergency housing need sits within other portfolios, in particular the Social Development portfolio. I am therefore working closely with the Minister for Social Development and propose to direct MSD to report to me, the Minister for Social Development and other Ministers as appropriate, as implementation plans for the new funding model progress.
- 9 I propose to seek funding for the new arrangements in Budget 2016, with the intention of implementing the new model in September 2016. While detailed costs are still being developed, indications are that the new funding model will cost in the region of \$5-\$10 million per year.
- 10 These proposals fit well with a social investment approach. Initial data suggests that people on benefit in emergency housing have higher future lifetime benefit costs (liability) than people on the same benefits that are not in emergency housing<sup>1</sup>. International evidence also suggests that investment in emergency housing is likely to provide additional savings from the health and justice sectors as people with nowhere to stay are more likely to have higher health costs and contact with the criminal justice system than the general community. Providing more support to vulnerable families with an emergency housing need will also support better outcomes for children in these families.
- 11 Two of the priority groups identified as part of the social investment approach for Budget 2016 (0-5 year olds and 15-24 year olds) are well-represented in the cohorts of people who use emergency housing. I consider that there is a strong social investment case for investing in extra support for the emergency housing sector. As part of the Budget 2016 process a cost benefit analysis is being conducted to quantify the likely benefits that the proposed investment will deliver.
- 12 The proposals in this paper represent a significant increase in support for emergency housing providers and will ensure more support is there for people in crisis when they most need it. These proposals will also give more certainty to providers so they can focus on helping improve the outcomes of some of the most vulnerable New Zealanders. MSD will continue to work closely with emergency housing providers and the sector to ensure the proposals are fit for purpose.
- 13 I intend to announce the proposed new emergency housing funding model once Budget decisions have been made.

## Background

- 14 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].

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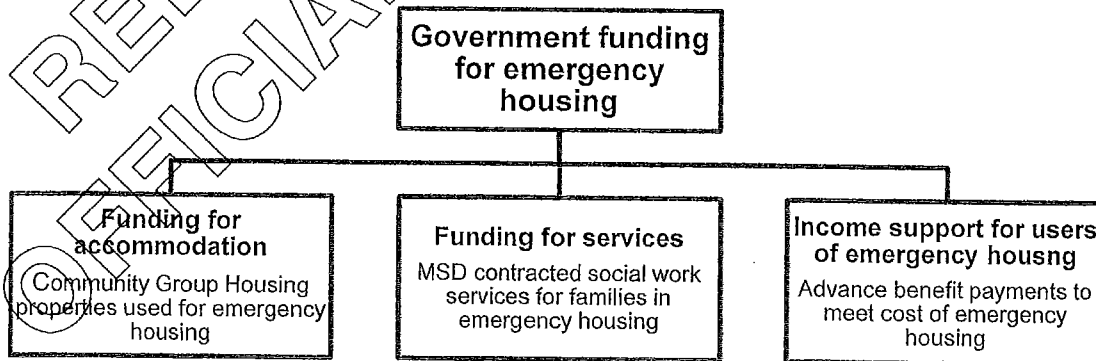
<sup>1</sup> Data based on the average liability for a cohort of people who were matched to Community Group Housing properties that are used for emergency housing.

- 15 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.
- 16 In September 2015 Cabinet agreed to a \$2 million short-term emergency housing response for Auckland to respond to the growing pressure on emergency housing places in Auckland [CAB Min (15) 00/85 refers]. 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).
- 17 Within the housing continuum, emergency housing is short-term housing<sup>2</sup> for individuals and families who urgently need accommodation because they have nowhere to stay, or are unable to stay in their usual residence.
- 18 Non-government organisations (NGOs) 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.
- 19 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 Corporation (HNZC) 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*

- 20 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.



- 21 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,

<sup>2</sup> Intended to be for no more than 3 months.

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.

- 22 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*

- 23 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 September 2015 there were 558 people on the register in 'insecure housing'<sup>3</sup>
  - **a growing need for services to address homelessness** – respondents to a survey carried out in Phase One of the review noted that there was an increasing need for services specifically focussed on homelessness.
- 24 These weaknesses are putting increasing strain on the emergency housing sector and mean that vulnerable New Zealanders are not getting the support they need to get back on their feet.

<sup>3</sup> This includes people on the social housing register who are homeless and living in a public place, people living in cars or tents, people in homeless shelters, people living in caravans, people in emergency housing and people who are currently in prison or hospitals.

*While the highest demand for emergency housing is in Auckland, there is also pressure in other areas*

- 25 While it is clear that the demand for emergency housing is greatest in Auckland, the indications are that there is also demand for emergency housing across the country in other towns and cities:
- at the end of September 2015, there were 558 main applicants on the social housing register living in insecure housing (although 236 of these or 42 percent were in Auckland)
  - other organisations, such as the Citizens Advice Bureau (CAB), are also reporting significant increases in the number of enquiries they are receiving about emergency housing - the CAB reported 100 percent increase in the number of enquiries about emergency housing between 2010 and 2015 (the CAB has received 10,000 enquiries about emergency housing over the last five years)
  - feedback from the emergency housing provider survey carried out in Phase 1 of the review also suggested that there was demand for emergency housing outside of Auckland and Christchurch
  - anecdotal feedback from frontline Work and Income staff across the country suggests that there is ongoing demand for emergency housing
- 26 In the longer-term, work to create more social housing places and to make the social housing system more efficient at matching people to available places will ease pressure on the emergency housing sector. However, it is likely that there will always need to be some level of emergency housing provision to meet the needs of people responding to unexpected life events.

### **A new national funding model for emergency housing is needed**

- 27 I propose to establish a new funding model to provide better support to the most vulnerable people who need emergency housing. The outcomes from the proposed emergency housing funding model are that:
- People in need
    - get access to emergency housing when they need it
    - receive the support and services they need to address health and social issues
    - have a pathway towards long-term housing so they can move up the housing continuum
  - Providers are funded in a sustainable way so they can focus on improving outcomes for the people they are working with.

*People who require emergency housing are among our most vulnerable*

- 28 The primary target group for the emergency housing funding model will be those living on the street, in improvised or mobile dwellings (according to the 2006 Census data there were approximately 5,000 people in this category of severe housing deprivation) or on the social housing register and classified as living in insecure housing in the following categories:
- living in a car (76 main applicants on the social housing register at the end of September 2015)
  - living in a tent (18 main applicants at the end of September 2015)

- homeless and sleeping rough (146 main applicants at the end of September 2015).
- 29 People in other housing situations who, if they were not able to access emergency housing, would end up in one of the situations above (e.g. sleeping rough, in a car, or in a tent) will also be eligible for support through the new funding model. An example of someone in this situation is somebody who may have an adequate house but is unable to stay there because of family violence.
- 30 Anyone presenting to MSD or to a contracted emergency housing provider directly for emergency housing will need to demonstrate that their emergency housing need is real (for example, that they have no other options like staying with family or friends and that their current living situation is not sustainable).
- 31 I am seeking in principle agreement, subject to Budget 2016 decisions, to two components of the proposed funding model which are set out in Table 1.

**Table 1: Key features of the proposed components of the new funding model**

| 1. Contracts with selected providers to supply a set volume of emergency housing places per year in particular areas  |
|---|
| <ul style="list-style-type: none"> <li>• Providers will be contracted and paid an annual subsidy to supply a set number of emergency housing places per year.</li> <li>• Decisions about how many places to contract for and in which locations will be informed by demand modelling work currently being developed by the Ministry. This modelling will be used to inform decisions about the appropriate level of funding that will be required in Budget 2016 to implement the new funding model.</li> <li>• Following Budget 2016 MSD will conduct a procurement exercise to seek providers of emergency housing places in particular locations. As with the Christchurch and Auckland short-term housing response, there will be two main cohorts that accommodation will be contracted for: <ul style="list-style-type: none"> <li>○ families (likely to be mainly sole parents with children)</li> <li>○ single people.</li> </ul> </li> <li>• Funding that the providers receive will be linked to the type of property they are using: <ul style="list-style-type: none"> <li>○ <i>self-contained accommodation with private facilities (e.g. standalone houses or units)</i> – providers will be funded based on the annual IRRS average for a similar property. For example, a provider offering a 2-bedroom property for emergency housing in Auckland would receive approximately \$13,624 per year (\$262 per week (the average IRRS for a 2-bedroom property in Auckland) x 52)</li> <li>○ <i>dormitory accommodation</i> – places would be contracted on a set fee per place per night – for example, \$15 per place per night.</li> <li>○ <i>other accommodation</i> – where providers offer shared accommodation (e.g. a house with a number of private bedrooms but shared facilities like bathrooms, kitchen, lounge) then the appropriate level of funding will be considered on a case-by-case basis. This follows the approach currently taken with social housing providers offering shared accommodation models.</li> </ul> </li> <li>• People staying in contracted places would be expected to contribute towards the cost of their accommodation but would pay no more than 25% of their income in rent.</li> </ul> |

**2. A new Emergency Housing Special Needs Grant (SNG) for clients who need support with emergency accommodation costs for up to seven days and are unable to access a contracted place**

- The SNG will be available nationally to be used:
  - in areas where MSD does not contract any emergency housing places (for example, in rural areas where there may not be enough demand for emergency housing to require contracted places)
  - if all contracted places are full in an area where MSD does contract for emergency housing places.
- The SNG will provide a non-refundable contribution towards the cost of emergency accommodation for people with no other housing options (for example, the cost of staying in a hostel or motel). Clients will only be eligible for the SNG if they can demonstrate that they have no other alternative accommodation options.
- Clients will be expected to contribute to the cost of accommodation where the cost is above a set level. If the client is unable to meet their contribution, their contribution will come from an Advance Benefit Payment or from a Recoverable Assistance Payment (the client contribution could also be met by an NGO or charity if they chose to meet this cost).
- The SNG will be available for up to seven days with discretion to extend this period only if there are exceptional circumstances.
- Clients would only be able to access the SNG once a year, except where exceptional circumstances exist.
- The level of assistance available through the SNG will vary based on the characteristics of the people presenting (for example, families with several children will be eligible for more assistance than single people as they may require more than one bedroom).
- Accessing the SNG will not count towards a client's hardship count. This recognises the urgent need for accommodation that these clients are facing and aligns with other similar forms of assistance that do not form part of the hardship count (i.e. rural assistance payments, specific assistance for victims of domestic violence).

*A third component of the model wraparound services for clients in emergency housing will progress separately*

- 32 A third and critical component of the funding model is wraparound services for clients in emergency housing to help them get back on their feet and into sustainable housing. However, some support is already provided in this area and further work is required to ensure that any changes or additions complement rather than duplicate existing services already provided.
- 33 Through its Community Investment arm, MSD funds 16 providers from across New Zealand to deliver social work services for approximately 700 at-risk families in emergency housing per year at a cost of approximately \$1.3 million per year. However, these contracts have developed in an ad-hoc manner across the country and are not consistent (i.e. some contracts expect providers to work with at-risk families for up to 12 months, others for only three months). There is also wide variation in the levels of funding that providers receive for each family they support. There is little information currently available about the outcomes achieved by these services.
- 34 These services are due to be reviewed as part of the implementation of the Community Investment Strategy being led by MSD. A line-by-line review of these services in early 2016

will provide more information on the effectiveness of the current services. MSD will also investigate the possibility of trialling revised contracting arrangements with one or two of the providers already contracted to deliver these services.

- 35 Further work is also required to understand the link between the proposed wraparound services and other services for vulnerable groups such as Whānau Ora and transitional services to help released prisoners reintegrate into community. This will include consideration of any overlap or crossover with services that are already provided for similar population groups.
- 36 I consider that access to wraparound services to help people in emergency housing get back on their feet and move into more sustainable housing is a very important element of the proposed funding model. I am conscious, however, of the need to get a better understanding of how effective the current services are before any changes are made or any further funding is committed.
- 37 These services are delivered through the Social Development portfolio. I therefore propose that MSD report to the Minister for Social Development and Associate Minister for Social Development on this work as it progresses.

*MSD will have a comprehensive service response to support the new funding model*

- 38 MSD is developing a service response that will provide clear guidance to frontline staff about how emergency housing enquiries should be managed from initial presentation at frontline Work and Income offices through to the follow up that will be required for those referred to emergency housing.
- 39 The service response will ensure that there is a consistent national approach to those people presenting to Work and Income with an emergency housing need. A key element of this response will be ensuring that people referred to emergency housing are supported to find a more sustainable housing solution and do not remain in emergency housing any longer than is necessary. This will include linking people in emergency housing to existing products such as Housing Support Products and the Accommodation Supplement that can help them move out of emergency housing.
- 40 However, I do not propose that Work and Income should become the 'gateway' to the emergency housing system. Work and Income will remain an important part of the system that offers support for vulnerable people but it should not be the only route into emergency housing. Instead I propose that, as at present, emergency housing providers should be able to take referrals from other sources (for example, from other NGOs, from doctors, from the CAB etc).
- 41 I consider that emergency housing providers are best placed to determine the most vulnerable people in need of support. Providers will be expected to demonstrate, however, that they have assessment criteria in place to ensure that only those with a genuine emergency housing need are offered access to a contracted place. Checks and balances in the form of monitoring and auditing processes will also provide assurance that contracted providers are responding to those with a genuine emergency housing need. A process will also be developed to ensure that, in those areas where the Ministry contracts for emergency housing places, Work and Income has priority access to these places for people who present to Work and Income with a genuine emergency housing need. People requiring support from the new SNG will still be required to present to Work and Income for access to this assistance.



*The new model fits well with a social investment approach and will be closely monitored*

- 42 The proposed funding model fits well with a social investment approach. Initial data already suggests that people on benefit in emergency housing have higher future lifetime benefit costs (liability) than people on the same benefits that are not in emergency housing (for example, emergency housing clients on Sole Parent Support have an average liability of \$32,000 more than Sole Parent Support clients not in emergency housing although these figures are based on small numbers of clients so need to be treated with caution).
- 43 Once the proposed funding arrangements are in place, MSD will be able to build a more robust understanding of the particular characteristics of those people presenting with an emergency housing need and their future liability. For example, the proposed SNG will improve our understanding of the demand for emergency housing and help us to understand the future liability of those people accessing this support. As part of the Budget 2016 process, MSD will develop plans for how the proposed components of the new funding model will be monitored and evaluated.
- 44 While the cohort of people who use emergency housing is varied, single parents with children aged 0-5 form a large part of this group. Young people between the ages of 15-24 are also users of emergency housing. As such these proposals have good alignment with the two priority groups identified through the social investment work for Budget 2016. Once implemented, the proposed SNG will provide further information about the numbers accessing this support from the priority groups.
- 45 These proposals will greatly increase the support available for vulnerable people in emergency housing, and for providers delivering emergency housing. Once these proposals are implemented:
- more people in crisis will be able to find the accommodation they need while they get back on their feet
  - fewer people in crisis will incur debt by having to use advance benefit payments or recoverable assistance payments to cover the cost of emergency accommodation.
- 46 As part of the Budget 2016 process a cost benefit analysis is being conducted to quantify the likely benefits that the proposed investment will deliver.

### **Implementation**

- 47 Subject to funding in Budget 2016, I propose that the new funding model should be implemented in September 2016. This will allow time for the procurement process that will be required to seek providers to deliver the contracted emergency housing places following Budget 2016.
- 48 As the proposed SNG for emergency housing places is intended to complement the contracted places I propose that the new SNG should be implemented in September 2016 alongside the first contracted places coming onstream.

### **Implications of proposed funding model for emergency accommodation for victims or perpetrators of family violence**

- 49 The implications of the proposed funding model on emergency accommodation for victims or perpetrators of family violence also need to be considered. Currently emergency accommodation is provided mainly for victims, and there is less provision for perpetrators. A review of emergency accommodation services for victims and perpetrators of family violence is being undertaken as part of the Ministerial Group on Family Violence and Sexual Violence

Work Programme. This review is considering the support needs of both victims and perpetrators.

- 50 I consider that the decision about whether the proposed contracted places funding model should apply to emergency accommodation for victims or perpetrators of family violence should be made by the Minister for Social Development in discussion with the other members of the Ministerial Group on Family Violence and Sexual Violence. Subject to this decision, the proposed Budget bid will then include funding for contracted places for victims or perpetrators of family violence as well as for other cohorts requiring emergency housing.

### **Consultation and sector engagement**

- 51 Treasury, HNZC the Ministry of Business (MBIE), 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 Kōkiri, 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.
- 52 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. The proposals in this paper have been shaped by feedback from the survey as well as discussions with various sector groups, including two housing reference groups<sup>4</sup> convened by MSD and the Auckland network of emergency housing providers.

### **Financial implications**

- 53 The proposed funding model for emergency housing will require additional ongoing funding. I will be seeking funding for the implementation of this model, which may include operational funding, funding for IT changes and on-going monitoring, in Budget 2016. While further work is needed to refine the cost of the proposed funding model, current indications are that the cost is likely to be in the region of \$5-\$10 million per year. The majority of this cost will be to fund the contracted emergency housing places.
- 54 As part of the Budget 2016 process I will be proposing that the subsidies currently paid to HNZC to top up the rent paid by providers using Community Group Housing properties for emergency housing, should be transferred to MSD to be used as part of the broader funding pool for contracted emergency housing places. This proposal will simplify the funding arrangements for emergency housing.

### **Human rights implications**

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

### **Legislative implications**

- 56 The proposals in this paper do not require any changes to primary legislation. Amendments will however be required to the Special Needs Grants and Recoverable Assistance welfare programmes, setting out the parameters for assistance provided in relation to emergency housing. These amendments may be made by the Minister for Social Development under the delegated authority in the Social Security Act 1964.

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<sup>4</sup> The Housing Assistance Reform Feedback Group and the External Focus Group.

- 57 An amendment will also be required to the Social Security (Advance Payment of Benefit) Regulations 2010, so that the proposed SNG is not included in the circumstances in which a person may be required to undertake a budgeting activity (i.e. will not count towards a client's hardship count).

### Regulatory impact and compliance cost statement

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

### Gender implications

- 59 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

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

### Publicity

- 61 I propose to announce the proposed new emergency housing funding model once Budget decisions have been made. I also propose that MSD continue to engage with emergency housing providers on the detailed development of the proposed funding model.

### Recommendations

- 62 It is recommended that the Committee:
- 1 **note** that a review of the emergency housing funding arrangements has shown that the current arrangements are unclear and emergency housing providers on the frontline are reporting increased pressure for their services
  - 2 **note** that there is a strong social investment case for investing in additional support and services for people in emergency housing
- Proposed new funding model for emergency housing*
- 3 **agree** in principle, subject to Budget 2016 decisions, to two components of a new emergency housing funding model:
    - 3.1 contracts with selected providers to deliver a set number of emergency housing places per year in areas of high demand
    - 3.2 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
  - 4 **note** that the Minister of Social Housing will seek funding through Budget 2016 for the contracted emergency housing places and proposed new Special Needs Grant

*Legislative changes required to implement the proposals*

- 5 **invite** the Minister for Social Development to make amendments to the Special Needs Grants and Recoverable Assistance welfare programmes to implement the proposed new Special Needs Grant for emergency housing
- 6 **invite** the Minister for Social Development, in consultation with the Minister for Social Housing, to issue drafting instructions to the Parliamentary Counsel Office to draft any amendments to regulations that may be required to implement this package, in keeping with the policy aims of the proposals
- 7 **authorise** the Minister for Social Housing and the Minister for Social Development to make any technical, policy and administrative changes required, to implement this package

*Wraparound support services*

- 8 **note** that the need for support services for people in emergency housing is the third component of the funding model and is an important part of an effective system of support for people in emergency housing
- 9 **note** that further work is required to get a better understanding of the effectiveness of current support services for people in emergency housing already contracted by the Ministry of Social Development, and the link between these proposed wraparound services and other services for vulnerable groups
- 10 **direct** the Ministry of Social Development to report to the Minister for Social Development and Associate Minister for Social Development on the effectiveness of the existing services once the line-by-line review of the existing services, proposed as part of the implementation of the Community Investment Strategy, is completed

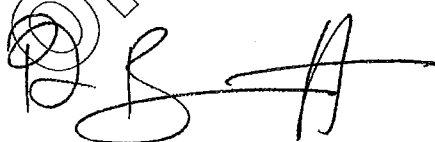
*Financial implications*

- 11 **note** that while further work is needed to refine the cost of the proposed funding model, current indications are that the cost will be in the region of \$5-\$10 million per year

*Publicity*

- 12 **note** that the Minister for Social Housing will announce the proposed funding model for emergency housing once Budget decisions have been made.

Hon Paula Bennett  
Minister for Social Housing





MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

# Report

**Date:** 27 November 2015

**Security Level:** IN CONFIDENCE

**To:** Hon Paula Bennett, Minister for Social Housing

## Update on emergency housing work

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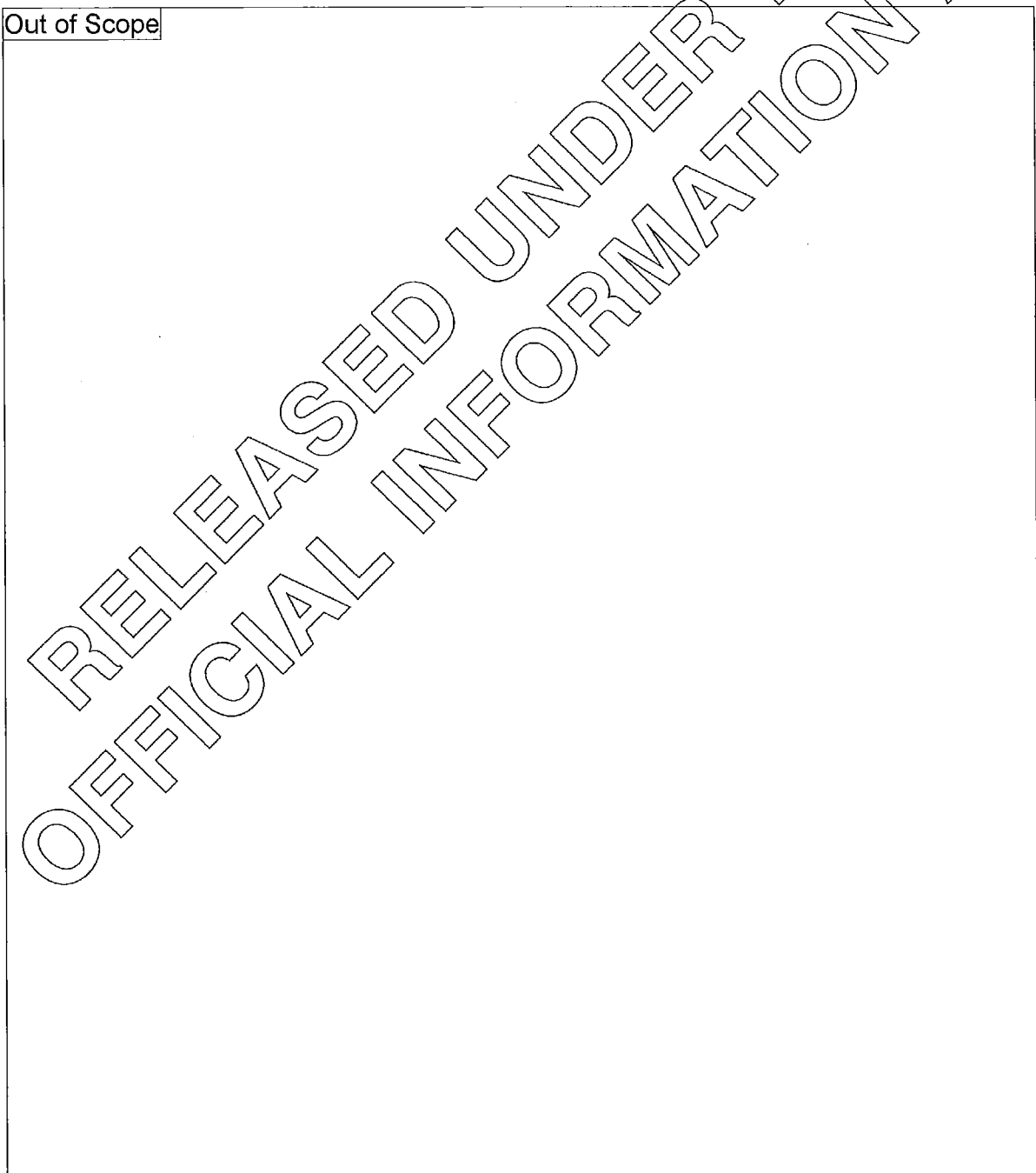
*A Budget bid for funding for the emergency housing funding model has been developed*

- 15 A Budget bid for the proposed emergency housing funding model has been developed and will be submitted to Treasury as part of the Budget process by 4 December. The main components of this Budget bid are for funding for contracted emergency housing places and funding for a new Special Needs Grant for emergency housing.
- 16 The expected implementation date of the new funding model is September 2016 to allow for the procurement process that will be required for the contracted emergency housing places. While it could be possible for the SNG to be implemented sooner MSD does not recommend this as the proposals have been developed as a package to complement each other. It is also unlikely that the IT changes required to support the implementation of the SNG could occur earlier than planned.
- 17 A more detailed overview of this Budget bid is attached as Appendix 1.

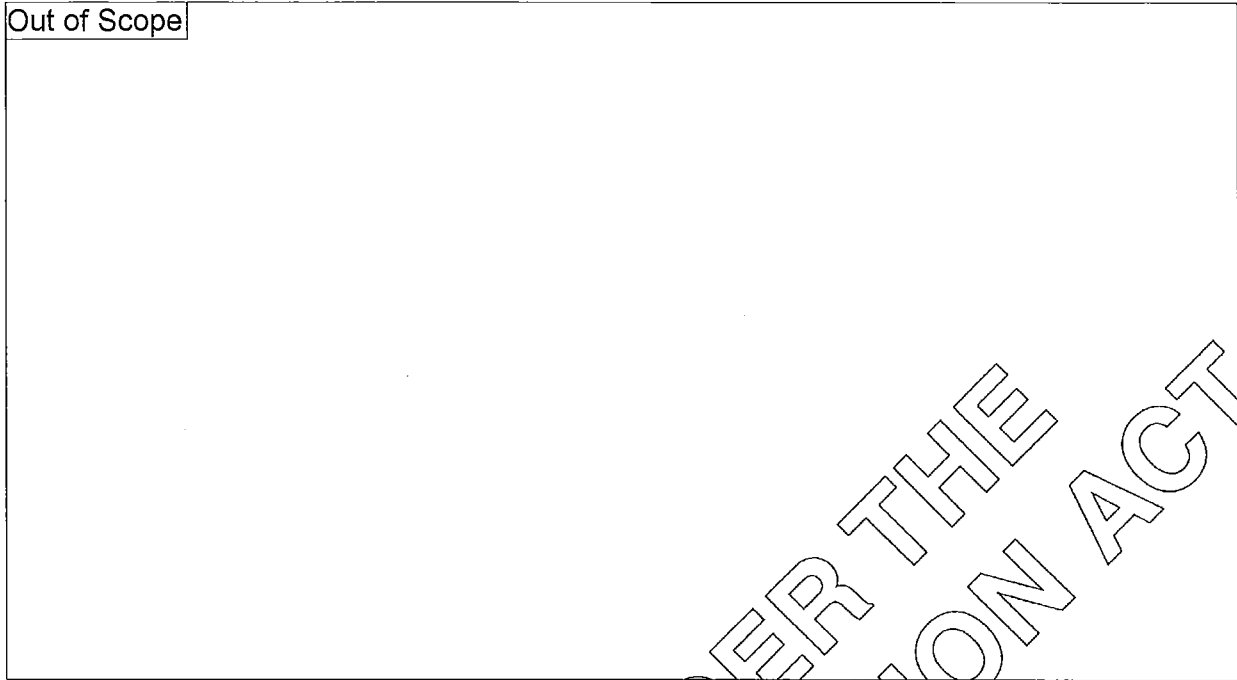
### **Recommended actions**

It is recommended that you:

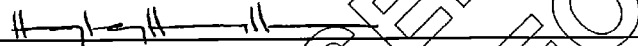
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11 **Note** that an overview of the proposed Budget bid for the emergency housing funding model is attached as Appendix 1

  
\_\_\_\_\_  
Anna Butler  
General Manager  
Housing, Income Support and Employment

27/11/15  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Hon Paula Bennett  
Minister for Social Housing

\_\_\_\_\_  
Date

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## Appendix 1: Overview of proposed Emergency Housing Budget bid

- 1 The total cost of the proposed Budget bid for the emergency housing funding model is \$45.2m over four years.

### Overview of emergency housing Budget bid

| Component   | 2016/17             | 2017/18             | 2018/19             | 2019/20 and outyears | Total               |
|---|---------------------|---------------------|---------------------|----------------------|---------------------|
| Contracted emergency housing places                   | \$6,416,667         | \$8,170,000         | \$8,652,800         | \$8,998,912          | \$32,238,379        |
| Contracted places for perpetrators of family violence | \$1,000,000         | \$1,000,000         | \$1,000,000         | \$1,000,000          | \$4,000,000         |
| Funding for SNG                                       | \$2,000,000         | \$2,000,000         | \$2,000,000         | \$2,000,000          | \$8,000,000         |
| IT changes to implement SNG                           | \$480,000           | \$0                 | \$0                 | \$0                  | \$480,000           |
| Project team to implement funding model               | \$380,000           | \$0                 | \$0                 | \$0                  | \$380,000           |
| Evaluation  | \$50,000            | \$50,000            | \$0                 | \$0                  | \$100,000           |
| <b>Total</b>  | <b>\$10,326,667</b> | <b>\$11,220,000</b> | <b>\$11,652,800</b> | <b>\$11,998,912</b>  | <b>\$45,198,379</b> |

- 2 This bid has been developed on the basis of the following assumptions:
- MSD would seek to contract for approximately 800 emergency housing places across New Zealand with an expected maximum duration of 3 months each (a total of 3,200 places per year)
  - Funding for these contracted places has been based on the average IRRS subsidy levels in the areas we would expect to contract places in
  - Actual number of places and total cost will depend on the proposals that are received from providers in the procurement exercise that will be needed to secure the contracted places
  - The cost of the contracted places for perpetrators of family violence is still a placeholder as expected volumes are still being worked through
  - The cost of the SNG has been estimated on the basis of supporting 750 single people and 1,250 families at 7 days each at the maximum SNG rate. Once implemented, the SNG will be demand-driven but an estimate of expected cost still needs to be provided as this is a policy change.



# Report

**Date:** 11 December 2015

**Security Level:** BUDGET-SENSITIVE

**To:** Hon Bill English, Minister of Finance

Hon Paula Bennett, Minister for Social Housing

## Social Housing Budget Bid 2016

### Purpose of the report

- 1 This report outlines the proposed Social Housing Budget bid that has been submitted for consideration as part of Budget 2016. Out of Scope

### Executive Summary

- 2 A significant Social Housing Budget bid has been submitted for consideration as part of Budget 2016. Substantial amounts of additional funding will be required to continue to deliver on key proposals from the Social Housing Reform Programme in the coming years.

3 Out of Scope

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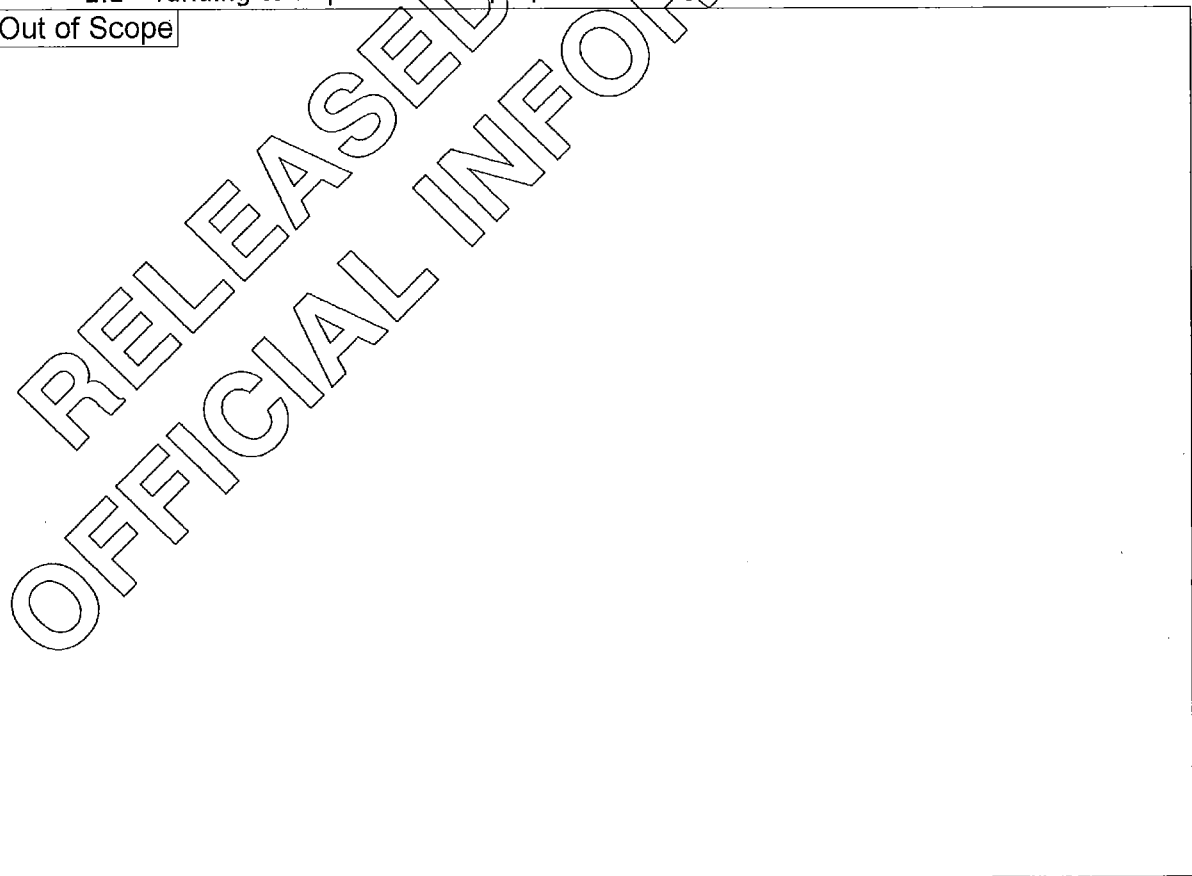
**Recommended actions**

It is recommended that you:

1 **note** that the proposed MSD Social Housing 2016 Budget bid includes five components:

1.1 funding to implement the proposed Emergency Housing funding model

Out of Scope



|    |              |
|----|--------------|
| 5  | Out of Scope |
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| 9  |              |
| 10 |              |



Anna Butler  
 General Manager  
 Housing, Income Support and Employment

11-12-15

Date

Hon Bill English  
 Minister of Finance

Date

Hon Paula Bennett  
 Minister for Social Housing

Date

## Background

1. A Social Housing Budget bid has been submitted by MSD as part of the Budget 2016 process. This bid includes five components that are required to support transactions and other SHRP initiatives.

## Overview of MSD Social Housing Budget bid

2. The table below gives a brief overview of the different components of the MSD Social Housing Budget bid and the related costs. Out of Scope

### Components of MSD Social Housing Budget Bid

| No. | Description  | Opex/<br>Capex | 2016/17 | 2017/18 | 2018/19 | 2019/2020<br>and<br>outyears | Total |
|-----|--|----------------|---------|---------|---------|------------------------------|-------|
| 1   | Emergency Housing Funding Model<br>(funding for contracted places, new<br>Special Needs Grant, IT changes,<br>evaluation and project team to<br>implement) | Opex           | 9.8     | 11.2    | 11.7    | 12                           | 44.7  |
|     |  | Capex          | 0.5     | -       | -       | -                            | 0.5   |

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# 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 natural persons | 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 programmes<sup>1</sup>**).
- 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     | 18.2    | 8.8     | 8.8                    | 32.1  |
| 2   | Contracted places (perpetrators of family violence) | 0.25    | 0.25    | -       | -                      | 0.5   |
| 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   |

<sup>1</sup> 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 |
|--|---|-------|-----|------|------|------|------|

**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 TRRS 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

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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 \$40 per night  | n/a                         | n/a                               |
| Motel                  | up to \$105 per night | up to \$175 per night       | up to \$240 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*



- 
- 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.

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**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.

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**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)(f) Ongoing negotiations            |
| 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   |   |

**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.