



# Cabinet Business Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Improving the Provision of Emergency Housing in Rotorua and Potential Expansion

**Portfolio**                      **Housing / Social Development and Employment / Associate Housing (Homelessness)**

On 14 June 2021, the Cabinet Business Committee:

- 1        **noted** that the government has taken significant steps to directly address homelessness and has a focus on reducing the use of Emergency Housing Special Needs Grants (EH-SNGs);
- 2        **noted** that there is also a range of work currently underway to address the structural issues, such as a lack of affordable housing, that drive much of the demand for EH-SNGs;
- 3        **noted** that, in spite of this direct focus on reducing EH-SNG use, there has been significant growth in EH-SNG numbers over the last two years;
- 4        **noted** that the current model of EH-SNG provision does not consistently ensure safe and quality motels, or provide for wraparound social support services, which can make it difficult for families and individuals to thrive;
- 5        **noted** that the Minister of Housing, Minister for Social Development and Employment, and Associate Minister of Housing (Homelessness) (responsible Ministers) have agreed to a suite of changes to meet urgent need in Rotorua, which include:
  - 5.1      the Ministry of Housing and Urban Development (HUD) contracting specific motels to provide emergency accommodation, with an initial focus on the approximately 200 families and whānau with children in EH-SNG motels;
  - 5.2      providing better supports through HUD contracting additional wraparound support services to meet the needs of the families in those contracted motels, and the Ministry of Social Development (MSD) improving supports available for those remaining in current EH-SNG motel places;
  - 5.3      the implementation of a Rotorua Housing Hub to strengthen assessment and placement processes for emergency housing clients and co-locate relevant services;
  - 5.4      near-to-medium-term supply solutions;

## Funding options

- 6 **agreed** to fund the first year's costs s 9(2)(j) of contracting motels and providing wraparound supports and 24/7 onsite management for around 200 families and whānau with children currently in EH-SNG motels in Rotorua;
- 7 **agreed** to fund the first year of operating cost s 9(2)(j) for Te Pokapū, the Rotorua Housing Hub, which will strengthen the assessment and placement processes for emergency housing clients and co-locate relevant services;
- 8 **agreed** to fund the capital cost of the fit-out of Te Pokapū s 9(2)(j) and the development of a data system that will support agencies located in the Hub with appropriate placement and assessment information s 9(2)(j);
- 9 **agreed** to fund the first year's costs s 9(2)(j) s 9(2)(f)(iv)
- 10 **agreed** to establish the following appropriations to give effect to the decisions above:

Vote	Appropriation Minister	Title	Type	Scope
Housing and Urban Development	Minister of Housing	Contracted emergency housing accommodation and services	Non-Departmental Output Expense	This appropriation is limited to contracting with service providers for emergency housing accommodation (including ancillary services such as onsite management) and to supporting clients in contracted emergency housing to move into sustainable housing.
Social Development	Minister of Housing	Housing Place-Based Approaches	Non-Departmental Output Expense	This appropriation is limited to the delivery of housing-related services and operational support of collective initiatives utilising a place-based approach.
Social Development	Minister of Housing	Housing Hub capital costs Place-Based Approach	Non-departmental Other Expense	This appropriation is limited to the capital costs for the delivery of a Housing Hub in support of collective initiatives utilising a place-based approach.

- 11 **noted** that EH-SNG expenditure is expected to reduce (as a direct result of the 200 families moving from EH-SNG accommodation to contracted accommodation) by s 9(2)(j) in 2020/21;
- 12 **noted** that EH-SNGs are funded under the Vote Social Development: Benefits or Related Expenses appropriation: Accommodation Assistance where funding is set at a level intended to meet forecast demand, and that it is expected that contracting emergency accommodation in Rotorua will free up approximately 75 percent of current EH-SNG supply that would then be available to meet latent demand in the city, thereby diminishing any potential permanent reduction in EH-SNG spend;



- 13 **noted** that MSD has estimated the potential increase in EH-SNG spend associated with meeting the demand referred to in paragraph 12 at **s 9(2)(j)**, and therefore this approach is not technically fiscally neutral;
- 14 **agreed** to reprioritise **s 9(2)(j)** from the Accommodation Assistance appropriation that would otherwise be spent providing EH-SNGs to the 200 families and whānau in Rotorua to partially fund the costs agreed in paragraphs 6 to 9 above;
- 15 **noted** that MSD projects that there will be a \$40-50 million underspend in the Housing Support Assistances Multi-Category Appropriation category: Recoverable Housing Support Assistances in the 2020/21 financial year;
- 16 **noted** that Rent Arrears Assistance is recoverable capital expenditure and is therefore expected to be fiscally neutral over time, and redirecting this underspend will not be fiscally neutral as there is no expectation that the costs incurred in Rotorua will be recoverable, and therefore transferring the underspend will impact on the operating balance and net core Crown debt;
- 17 **agreed** to reallocate **s 9(2)(j)** of the projected \$40-50 million underspend in the Housing Support Assistances Multi-Category Appropriation category: Recoverable Housing Support Assistances from the 2020/21 financial year to fund the balance of costs agreed in paragraphs 6 to 9 above;
- 18 **noted** that the decision in paragraph 17 above will adversely impact the operating balance and net core Crown debt;
- 19 **agreed** that the fiscal implications noted in paragraph 18 above be managed outside of budget allowances;
- 20 **noted** that funding this initiative from the reduction in EH-SNG expenditure and the Rent Arrears Assistance underspend is an interim measure only **s 9(2)(f)(iv)**
- 21 **agreed** to the following in-principle transfer of up to **s 9(2)(j)** to give effect to the decision in paragraph 17 above:

Vote Social Development Minister of Housing	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Multi-Category Expenses and Capital Expenditure: Housing Support Assistances MCA Non-departmental Capital Expenditure: Recoverable Housing Support Assistances	<b>s 9(2)(j)</b>	<b>s 9(2)(j)</b>	-	-	-

- 22 **noted** that early confirmation of the full amount of the available capital transfer is required to give effect to paragraph 21 above;
- 23 **agreed** to a capital transfer of **s 9(2)(j)** from 2020/21 to 2021/22;
- 24 **approved** the following changes to appropriations to give effect to the decisions in paragraph 23 above, with no impact on the operating balance and net core Crown debt across the forecast period:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
<b>Vote Social Development Minister of Housing</b>					
Multi-Category Expenses and Capital Expenditure: Housing Support Assistances MCA Non-departmental Capital Expenditure: Recoverable Housing Support Assistances	-	<b>s 9(2)(j)</b>	-	-	-

- 25 **agreed** to a fiscally neutral capital to operating swap to provide for the decision in paragraph 17 above, with the following impacts on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
<b>Vote Social Development Minister of Housing</b>					
Operating Balance and Net Core Crown Debt Impact	-	-	-	-	-
Operating Balance Only Impact	-	-	-	-	-
Net Core Crown Debt Only Impact	-	<b>s 9(2)(j)</b>	-	-	-
No Impact	-	-	-	-	-
<b>Vote Housing and Urban Development Minister of Housing</b>					
Operating Balance and Net Core Crown Debt Impact	-	<b>s 9(2)(j)</b>	-	-	-
Operating Balance Only Impact	-	-	-	-	-
Net Core Crown Debt Only Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

- 26 **approved** the following changes to appropriations to give effect to the decisions in paragraphs 6 to 9, 21, and 23 to 25 above, with a corresponding impact on the operating balance and net core Crown debt:

	2020/21	\$m – increase/(decrease) s 9(2)(i)	2022/23	2023/24	2024/25 & outyears
<b>Vote Social Development Minister of Housing</b>					
Benefits or Related Expenses:					
Accommodation Assistance	-		-	-	-
Multi-Category Expenses and Capital Expenditure:					
Housing Support Assistances MCA:					
Non-departmental Capital Expenditure:					
Recoverable Housing Support Assistances	-		-	-	-
Departmental Output Expense:					
Services to Support People to Access Accommodation	-		-	-	-
Non-departmental Output Expense:					
Housing Place-Based Approaches	-		-	-	-
Non-departmental Other Expense:					
Housing HUB capital costs Place- Based Approach	-		-	-	-
<b>Vote Housing and Urban Development Minister of Housing</b>					
Non-departmental Output Expense:					
Contracted emergency housing accommodation and services	-		-	-	-
<b>Total Operating</b>	-		-	-	-
<b>Total Capital</b>	-		-	-	-

- 27 **agreed** that the changes to appropriations in paragraphs 21 and 23 to 26 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

### Next steps

28

s 9(2)(f)(iv)

29

30

31

32

33

Rachel Clarke  
Committee Secretary

---

**Present:**

Rt Hon Jacinda Ardern (Chair)  
Hon Grant Robertson  
Hon Kelvin Davis  
Hon Dr Megan Woods  
Hon Chris Hipkins  
Hon Carmel Sepuloni  
Hon Andrew Little  
Hon David Parker  
Hon Nanaia Mahuta  
Hon Michael Wood

**Officials present from:**

Office of the Prime Minister  
Department of the Prime Minister and Cabinet