

Budget Sensitive

Office of the Minister of Housing

Chair, COVID Response Committee

IMMEDIATE HOUSING RESPONSE TO COVID 19

Proposal

1. This paper seeks approval for funding to secure up to 1,600 additional housing places to provide suitable accommodation for rough sleepers, reduce occupancy in high density accommodation such as night shelters and hostels, and meet other immediate housing needs to reduce the impact of COVID 19.
2. This paper also seeks approval for additional funding for the Tenancy Tribunal for predicted additional costs dealing with rental security matters during COVID 19.

Background

3. New Zealand entered the COVID-19 situation with significant unmet housing need for some of its population, particularly Maori and Pacific. The requirements of Alert Level 3 and 4 to remain home and limit travel to access essential services, and to minimise the number of people within a “bubble”, have resulted in added needs and risks for:
 - the street homeless who do not have a home to locate to when they are required to do so
 - people living in accommodation with communal facilities that make limiting contact with others difficult
 - crowded households where limiting contact is difficult.
4. In order to reduce these risks, the Ministry of Housing and Urban Development (HUD) has been working with Housing First, Community Housing and Maori providers to secure appropriate, quality, housing for those who are homeless or in overcrowded situations with shared facilities.
5. HUD is also working closely with other government departments to co-ordinate the provision of accommodation to meet other needs arising from our response to COVID-19 including the self-isolation and quarantine of arrivals to New Zealand, meeting the needs of other New Zealanders and foreign nationals who do not have a place to self-isolate or are unable to do so in their own home, and support for those impacted by domestic violence and family violence.
6. As at 16 April 2020, HUD has contracted 1,070 temporary Transitional Housing Places (primarily motels at this stage) across the country to provide suitable accommodation for people who were previously sleeping rough on the street or in other overcrowded situations.

BUDGET SENSITIVE

7. The locations of additional contracted supply to date are:

Location	Number of Places
Northland	48
Auckland	404
Bay of Plenty	270
Waikato	29
East Coast	72
Central North Island	14
Wellington	120
Nelson/Tasman	45
Canterbury	68
Southern	-
Total	1,070

- 8. HUD are targeting an additional 130 places to be contracted over the coming month, to meet unmet demand in some areas for homeless and rough sleeper support. There remains unmet demand across the country, in particular Northland, Auckland, Bay of Plenty, East Coast and Wellington.
- 9. A further 400 places are estimated to meet demand where an urgent housing solution is required (e.g. domestic and family violence), or an overcrowded housing situation where the occupant's health and well-being is at risk due to COVID-19. These places will be shorter term (three months) as occupants are most likely to want to return to their whanau when COVID-19 restrictions are lifted.
- 10. This would bring the total immediate response to 1,600 additional places over pre COVID levels.
- 11. HUD will continue to access readily available accommodation (e.g. motels and potentially vacant Air BnB properties), however, we will also need to address areas of risks across the country where readily available options are limited and other forms of supply may be required, for example temporary cabins or campervans in the Far North.

BUDGET SENSITIVE

12. As part of the contracting process, the length of tenure of these places will be targeted to varying lengths (400 places to July 2020 and 1,200 to April 2021) to
 - Provide certainty to those placed in the accommodation that suitable, good quality, accommodation will be available throughout the response to COVID 19
 - Enable value for money to be achieved in negotiations with landlords of these places
 - Enable in some areas, where there was a reliance on tourism, for certainty to be provided to owners of accommodation over the next 12 months.
 - Enable the delivery of the previously announced 1,000 Transitional Housing places to be completed and a transition away from the use of motels to start.
13. In order to maintain the existing level of Transitional Housing supply during COVID-19 it has also been necessary to extend contracts for approximately 750 existing motel places to October 2021. These places were partially funded through Budget 2019, and the balance is sought to be funded through this proposal.
14. The total cost to October 2021 for the above proposals is \$107.6 million.
15. An additional \$10 million is been sought for additional costs which Housing Providers are incurring with supporting vulnerable tenants. It is proposed that this funding be established as a grant scheme for provider to apply with supporting evidence of the additional costs incurred.
16. Examples of the additional costs which may be incurred are protective equipment for staff when engaging with tenants, increased staffing levels for new services (e.g. delivering food and medical supplies), increased cleaning and laundry services and other operational costs such as transporting vulnerable people to alternative accommodation and security services for monitoring properties.

Previous Transitional Housing Decisions

17. As part of the Homeless Action Plan announcement in February, 1,000 Permanent Transitional Housing Places were funded and planned to be delivered by December 2020.
18. The phasing of these places has been delayed due to COVID 19 restrictions on construction activity. HUD and Kāinga Ora – Homes and Communities will provide me with advice on the high-level impact shortly on the commitment above.
19. At this stage, given the high levels of demand for Transitional Housing Places, it is recommended that this funding be retained in the baseline because the need still exists and also to enable HUD to respond further above the 1,600 places if necessary in response to COVID-19.
20. Within the Transitional Housing appropriation, a capital expenditure for the acquisition, development and construction of transitional housing was established in 2016 [CAB-16-MIN-0491]. There is currently approximately \$50 million uncommitted within this appropriation.

BUDGET SENSITIVE

BUDGET SENSITIVE

21. Given the construction restrictions in place, there will likely be no further projects approved against this appropriation this financial year, and therefore this could be used to partially fund the additional costs for the 1,600 immediate response places required.
22. However, I propose with the Associate Minister of Housing (Maori) and Associate Minister Housing (Public Housing) that this funding is transferred to 2020/21 in order to progress more permanent housing places to begin the transition from motels.
23. This funding is intended to be used in 2020/21 to provide up front funding for Community Housing Providers and to progress Te Maihi o te Whare Māori – the Māori and Iwi Housing Innovation Framework for Action (MAIHI) and provide impetus towards a connected response to the WAI2750 Housing Policy and Services Kaupapa Inquiry.
24. This funding, specifically targeted at “investment ready” Community Housing Providers with strong linkages to Local Government and Iwi projects, will support an uplift in permanent housing places which are going to be necessary to successfully transition from the short term responses outlined in this paper. Examples of past initiatives that similar proposals could be delivered if funding was available are:
 - Arrangements similar to Otautahi Community Housing Trust and Christchurch City Council.
 - A joint project with Crown agencies and Te Tihi¹ aims to contribute to increasing housing supply for Māori whānau in Palmerston North. This project was one of six approved trials initiated and invested in by Te Puni Kōkiri in 2017 known as Te Ara Mauwhare: Pathways to Home Ownership.
25. I propose that the Minister of Finance, Minister of Housing, Associate Minister of Housing (Māori) and Associate Minister of Housing (Public Housing) jointly agree the projects to be funded from the Transitional Housing capital appropriation.

Refugee Housing

26. As part of the approach to housing for refugees, funding was provided to provide 149 Public Housing places by June 2022, beginning in 2019/20.
27. The phasing of these places within the overall Public Housing pipeline have now been delayed due to COVID 19 restrictions on construction activity.
28. The funding associated with the delay of these places (estimated at this stage to be three months and \$1.396 million) is recommended to offset a portion of the additional \$107.6 million funding required for the immediate 1,600 places to April 2021.

¹ The Te Tihi O Ruahine Whānau Ora Alliance (“Te Tihi”) is an alliance of nine iwi, hapū, and Māori organisations who work collectively to deliver whānau-centred services based on the Te Ara Whānau Ora process.

Impact on Tenancy Management Services

29. COVID-19 is likely to impact the Tenancy Tribunal through
- increased demand for information and education, as well as likely increases in the number of disputes as a result of the legislative changes that implemented a six-month freeze on residential rent increases and three-month prohibition on landlords ending tenancies (unless the parties agree, or in limited circumstances); and
 - organisational impacts for both Tenancy Services and the Tenancy Tribunal as they adjust to a different model of working as well as impacts on capacity due to affected staff.
30. It is estimated that approximately \$6.9 million is required over three years.

Financial Implications

31. The overall cost of this proposal is \$124.505 million which has been offset by \$1.396 million of reprioritised funds reducing the net impact on the COVID-19 Response and Recovery Fund to \$123.109 million.

Legislative Implications

32. There are no legislative implications with this paper.

Population Implications

33. Many parts of New Zealand entered the COVID-19 situation with significant unmet housing need, particularly Maori and Pacific. This includes different forms of homelessness, including those rough sleeping, living in insecure, emergency or temporary accommodation, or in overcrowded accommodation.
34. Māori are over-represented in all estimates of homelessness. Māori with a lack of access to minimally adequate housing make up approximately:
- 24 percent of those living without habitable accommodation
 - 17 percent of those living in commercial accommodation or marae (note that almost all those living in marae are likely to be Māori, distorting the total figure)
 - 36 percent of those living as a temporary resident in a severely crowded, permanent private dwelling.
35. Previous estimates have suggested that the proportion of Pacific peoples affected will be higher and that this is largely driven by the number of Pacific families living in severely overcrowded dwellings.
36. A large proportion of the individuals who will be provided suitable accommodation and support through this paper have high and complex needs including mental health and physical health needs. It is likely that a proportion of rough sleepers and those in high density housing that need support with housing will be disabled. People will be housed according to need, and we will ensure accessible accommodation is made

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available to those who require it and the wrap around support services included in this paper are intended to identify and then help deal with these needs.

Consultation

37. The Department of the Prime Minister and Cabinet and the Treasury were consulted.

Communications

38. No specific public announcement is required.

Proactive Release

39. I propose to proactively release this paper within 30 business days of decisions by Cabinet. The released paper will be subject to redaction as appropriate under the Official Information Act 1982

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Recommendations

40. The Minister of Housing recommends that the Committee:
1. **note** that the requirements of Level 3 and 4 to remain home and limit travel creates added risks for homeless populations
 2. **agree** that the Ministry of Housing and Urban Development will contract 1,200 additional Housing places by June 2020 to remain in place until at least April 2021;
 3. **agree** that an additional 400 short term places to July 2020 be contracted to reduce overcrowding situations
 4. **note** that further investment in permanent Transitional and Public Housing places will be required in addition to current plans to enable those people placed in the immediate response places in recommendation 2 above to transition to more permanent housing
 5. **approve** the following change to appropriations to give effect to the decision in recommendation 3 and 4 above, with a corresponding impact on the operating balance and debt:

Vote Housing and Urban Development Minister of Housing	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Transitional Housing MCA <i>Non Departmental Output Expenses</i>					
Provision of Transitional Housing Places	23.300	49.600	3.400	-	-
Transitional Housing Services	8.300	23.000	-	-	-
<i>Non Departmental Capital Expenditure</i>					
Acquisition, Development and Construction of Transitional Housing	(50.000)	50.000	-	-	-
Public Housing MCA <i>Non Departmental Output Expenses</i>					
Purchase of Public Housing Provision	(0.300)	(1.096)	-	-	-
Total	(18.700)	121.504	3.400	-	

B U D G E T S E N S I T I V E

6. **note** that the Minister of Finance, Minister of Housing, Associate Minister of Housing (Māori) and Associate Minister of Housing (Public Housing) will jointly approve projects undertaken in the Transitional Housing Capital Expenditure appropriation.
7. **agree** to establish the following new multi-year appropriation for additional costs incurred by Housing Providers in responding to COVID-19, to run from 30 April 2020 to 30 June 2021:

Vote	Appropriation Minister	Title	Type	Scope
Housing and Urban Development	Minister of Housing	COVID-19 Housing Providers Operational Cost	Non Departmental Output Expenses	This appropriation is limited to payments to Housing Providers for additional operational costs incurred associated with responding to COVID 19..

8. **approve** the following change to appropriations to give effect to the decision in recommendation 7 above, with a corresponding impact upon the operating balance and debt:

Vote Housing and Urban Development Minister of Housing	\$m – increase/(decrease)	
	2019/20 to 2020/21	2022/23 & outyears
Non Departmental Output Expenses COVID-19 Housing Providers Operational Cost	10.000	-

9. **agree** that additional funding is provided to the Tenancy Tribunal for expected costs in relation to COVID 19.

B U D G E T S E N S I T I V E

10. **approve** the following change to appropriations to give effect to the decision in recommendation 9 above, with a corresponding impact on the operating balance and debt:

	\$m – increase/(decrease)				
Vote Building and Construction Minister of Housing	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<i>Departmental Output Expenses</i> Residential Tenancy and Unit Title Services	0.615	2.460	1.230	-	-
Total	0.615	2.460	1.230	-	

	\$m – increase/(decrease)				
Vote Courts Minister for Courts	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<i>Non Departmental Other Expenses</i> Tribunal Related Fees and Expenses	-	0.800	0.800	-	-
<i>Multi-Category Expenses and Capital Expenditure</i> Specialist Courts, Tribunals and Other Authorities Services	0.100	0.550	0.350	-	-
Total	0.100	1.350	1.150	-	-

11. **agree** that the proposed change to appropriations for 2019/20 in recommendations 5,8 and 10 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.
12. **agree** that the proposed change to appropriations for 2020/21 above in recommendations 5 and 10 be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply
13. **agree** that the expenses incurred under recommendations 5, 8, and 10 above be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020.

Authorised for lodgement

Hon Dr Megan Woods
Minister of Housing