

# Budget 2022 Initiative Summary – Main Budget Process

**Note to agencies:** delete any sections that are not applicable before submitting this template. Where a CFISnet character limit is specified, this applies to entry in the CFISnet field only. There are no character or word limits for the Word version of this template.

## Public and Transitional Housing – Maintaining and Increasing Public, Transitional and COVID-19 housing supply

### Section 1: Overview

*This section must be completed for all initiatives.*

#### Section 1A: Basic Initiative Information

Lead Minister	Minister for Housing, Hon Dr Megan Woods.				
Department	Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development				
What type of initiative is this?	Critical cost pressure initiative	X	Manifesto commitment initiative		Health and Disability System Reform initiative
	Climate Emergency Response Fund initiative		Savings initiative		Non-Spending initiative
Initiative description [max 800 Characters]	Rising costs and increased demand are causing critical cost pressures. This cost pressure bid will ensure we can maintain the current supply of public and transitional housing and continue to deliver new places committed to through the Public Housing Plan 2021-24. It will also enable the extension of existing contracted transitional housing motels and COVID-19 motel places, which are being exited at a much slower rate due to the ongoing impacts of COVID-19. Not providing the funding will result in increased levels of homelessness, people living in unsuitable accommodation without support, will impact the government's build programme, and will have significant impact on government's wellbeing strategy and commitment to Māori.				
Is this a Cross-Vote initiative?	N				
Department contact	Fiona Smith s 9(2)(a) <a href="mailto:Fiona.smith@hud.govt.nz">Fiona.smith@hud.govt.nz</a>				
Treasury contact	Alex Smith				

#### Section 1B: Total Funding Sought

Operating funding sought (\$m)	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears	Total
	34.700	183.300	260.900	451.900	s 9(2)(f)(iv)	

Capital funding sought (\$m)	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total
	-	-	-	-	-	-	-	-	-	-	-

## BUDGET SENSITIVE

### Section 1C: Initiative Classifications

Is this initiative seeking funding from the Climate Emergency Response Fund (CERF)? [max 300 characters in CFISnet].	N	
Is this initiative climate-related, but not seeking funding from the CERF? [max 300 characters in CFISnet].	N	
Does this initiative align with the Crown's obligations under the Treaty of Waitangi?	Strong	<p>As Treaty partner, the Government has a role in ensuring Māori housing aspirations are achieved. Māori are significantly overrepresented on the housing register accounting for 50% of applicants. This initiative aims to maintain the current level of transitional and public housing which will help to address Māori housing needs. Māori are also significantly overrepresented in COVID motels and make up around 64% of residents.</p> <p>As a Treaty Partner, the Government also has a role in supporting Māori to develop and deliver Māori-led housing solutions. 30% of Community Housing Providers identify as Kaupapa Māori.</p>
Specify if this initiative will help reduce child poverty and describe the impact [max 300 characters in CFISnet].	Direct	This initiative will ensure whānau, children and young people can continue to access safe, warm and stable accommodation.
Does this initiative align with the Child and Youth Wellbeing Strategy?	Y	<p>This initiative aligns directly with the 'have what they need' outcome, specifically the housing quality and affordability indicators of that outcome.</p> <p>Having warm, dry, safe homes also aligns with the:</p> <ul style="list-style-type: none"> <li>• learning and development outcome: frequent or unexpected moves can negatively impact educational achievement and social development outcomes</li> <li>• happy and healthy outcome as children are less likely to get sick from poor quality, or no, housing.</li> </ul>
Does the initiative include funding to procure from NGOs?	Y	<p>NGO Community Housing Providers (CHPs) make up 14% of the public housing supply. This initiative aligns with the following social sector commissioning procurement principles:</p> <ul style="list-style-type: none"> <li>• Individuals, families, whānau and communities exercise choice</li> <li>• Māori-Crown partnerships are at the heart of effective commissioning</li> <li>• The sector works together locally, regionally, and nationally; andThe sector is sustainable.</li> </ul> <p>CHPs represent a range of communities across New Zealand using a place based and treaty anchored approach. Their expertise and local focus ensures strong and enduring community relationships.</p>
Does the initiative include funding to support digital and data related investments?	N	
	N	

## BUDGET SENSITIVE

<p>Is this a regulatory or legislative initiative (according to the guidance provided)?</p>									
<p>Is this a significant investment initiative per the definition at section 4.8 of the Budget 2022 guidance?</p>	<b>N</b>	<i>If yes, please specify the type of significant initiative below</i>							
		Data / Digital / ICT		Physical Infrastructure		Organisational Transformation		Specialised Equipment	
	<p><u>See Annex A for further questions – mandatory to complete for all significant initiatives</u></p>								

## Section 2: Cost pressure information

This section must be completed for all cost pressure initiatives. Skip this section for Manifesto Commitment, Savings, Non-Spending, Health and Disability System Reform (HDSR), Climate Emergency Response Fund (CERF) and Pre-Commitment initiatives.

See **section 4.2** of the Budget 2022 guidance for more information on cost pressure initiatives.

Answers must not exceed 1-2 paragraphs per section.

Cost pressure driver	Y	Volume	Y	Price	N	Personnel (driven by volume/price)
Cost pressure description	<p><i>Market rent cost pressures (Price driven)</i></p> <p>There has been significant investment into Public and Transitional housing in recent years, resulting in delivery of 18,000 Public and Transitional housing places by 2024. Since 2017 we have delivered 8,500 public houses and nearly 3,000 transitional houses. Increases in market rent and building costs mean higher rates of Income Related Rent Subsidies and Operating Supplement need to be paid. In order to ensure the public housing build programme is maintained, it is critical to fund cost pressures through Budget 2022. Forecast market rent rises to 2025/6 of 4.8% mean higher rates of Income Related Rent Subsidies and Operating Supplement need to be paid to housing providers to maintain current and planned places. Rising construction costs are also likely to impact levels of Operating Supplement required. In addition, outyear funding calculations for public and transitional housing in Budget 2018 and Budget 2020 used the final delivery year as the base for ongoing funding required in future years. As not all places are completed until this final year, outyear delivery is not fully funded.</p> <p><i>Transitional Housing demand and Transitional and COVID-19 motels (Volume driven)</i></p> <p>There was an expectation when funding was allocated in Budget 2018 and Budget 2020 that the need for transitional and emergency housing would decrease. This has not been the case; high levels of demand have continued, and there has been continued pressure across emergency housing, public housing and private rentals. Rates of transition from COVID-19 and transitional housing contracted motels have also been slower than anticipated. The continued impact of COVID-19 on increased demand for emergency housing and construction of new build homes is also contributing to this slower reduction in motel use. Together this means there is an increased need for Transitional Housing places, and Ministers have agreed that a further 500 Transitional Housing places should be delivered between July 2023 and June 2024, and that COVID-19 and transitional housing contracted motel places will be needed for longer.</p>					

## BUDGET SENSITIVE

The total budget bid is broken down to the following components:

		\$m					
Component	Cost Driver	21/22	22/23	23/24	24/25	25/26 & outyears	Total
Public Housing <sup>1</sup>	Market rent increase	7.0	65.4	170.1	351.9	\$ 9(2)(7)(v)	
Transitional Housing	Time limited funding	-	(7.2) <sup>2</sup>	90.8	100.00	\$ 9(2)(7)(v)	
COVID Motels & TH Contracted Motels	Time limited funding	27.7	125.1	-	-	-	152.8
<b>Total</b>		<b>34.7</b>	<b>183.3</b>	<b>260.9</b>	<b>451.9</b>	<b>\$ 9(2)(7)(v)</b>	

### Cost pressure management

#### *Market rent cost pressures*

Agencies do not control market rent or demand for Public and Transitional Housing so cannot manage the cost pressures without additional funding.

#### *Transitional Housing demand and Transitional and COVID-19 motels*

Good progress is being made to deliver against the government's transitional housing targets, with the first 1,000 met in February 2021 and the next 1,000 places were recently delivered in November 2021. However, new transitional housing places have not kept pace with demand.

### Case for funding

#### *Market rent cost pressures and transitional housing demand*

The funding will ensure that Kainga Ora and CHPs are paid in line with the market rate, maintain the current levels of public and transitional housing and deliver on the government's commitments to new supply of public and transitional housing places. Failure to fund these places will impact those in most housing need, leading to increased levels of homelessness, increased EHSNGs at higher cost (and without supports to help people address long term or underlying issues), and people living in unsuitable accommodation such as overcrowded homes, or vehicles.

#### *Transitional and COVID-19 motels*

Continuing to fund COVID-19 and Transitional Housing motels will ensure that whānau and individuals in these motels have somewhere to live while more suitable accommodation is found. It will prevent them needing an Emergency Housing Special Needs Grant (EHSNG). EHSNGs are more expensive and have worse outcomes than COVID-19 and Transitional motels as they do not come with any services or support that help address underlying causes of

<sup>1</sup> Additional break down of the drivers behind the Public Housing cost pressure can be found in the attached supporting documents.

<sup>2</sup> Please note there is a small saving predicted in the TH modelling. The net amount of \$126.3m for TH is being requested, the \$133.5m is the result of BAU and COVID Motels.

homelessness and result in better outcomes for whanau. By continuing to fund these places there may also be an opportunity to convert them to more permanent accommodation following the ongoing Emergency Housing review.



## Section 3: Value

*Section 3 must be completed for all initiatives, unless exempted by the Minister of Finance in the invitation letter. Further information on the questions in this section can be found at **Annex Two** of the Budget 2022 guidance.*

This section explains the initiative's value, drawing on elements of He Ara Waiora (section 3A) and the Living Standards Framework (Section 3D). For explanations of these two frameworks, please see the accompanying guidance.

**Explanation**

Intervention logic terms such as outputs, impacts, and goals can have different definitions. Please see table below for how the Treasury defines these concepts.

Explanation Table		
<i>This explanation table is for your reference only. Do not fill out the sections.</i>		
	Definition	Example
<b>Outputs</b>	The good or service the initiative is purchasing.	<p>The purchased goods are localised curriculum resources in te reo Māori, as well as the services of publishers, designers and story tellers.</p> <p>Costs cover the design, development, distribution and maintenance of online tools, interactive electronic and hard copy resources to promote and provide teachers, students and whānau, and external providers with quality tools and resources to enable effective teaching and learning from offsite or the workplace using a range of online, distance and place-based delivery modes.</p>
<b>Impact</b>	The direct effect of the initiative.	<ul style="list-style-type: none"> <li>Increased whānau involvement in education which is a key driver to lifting student engagement and achievement.</li> <li>Improved student engagement and achievement in education that better reflects their identity, language and culture.</li> <li>Increased visibility of te reo Māori at schools and in the community.</li> <li>Learning programmes supported by quality te reo Māori resources.</li> </ul>
<b>Goals</b>	What this initiative aims to achieve.	<ul style="list-style-type: none"> <li>Normalisation of te reo Māori used by teachers in the classroom, wider school and home.</li> <li>Increased student and whānau participation in and retention of te reo Māori learning.</li> <li>Increase in the quality of te reo Māori used by teachers and students.</li> <li>Attitudinal shift in the wider education community that te reo Māori is recognised as being for everyone.</li> </ul>

## Section 3A: Opportunity/Problem

## Opportunity/Problem

**Costs to provide public housing, and demand for transitional housing have increased**

Kāinga Ora – Homes and Communities and our partners in the community and housing sectors have exceeded the 6,400 public housing places sought between July 2018 and June 2022, with a further 6,000 public housing places expected to be delivered by June 2024. Over 2,000 additional transitional housing places have already been delivered with another 1,000 to be delivered by 30 June 2022.

Increases in market rent mean higher rates of IRRS and OS are needed to ensure housing providers are funded to continue the public housing build programme and maintain existing public housing places. It is critical these cost pressures are funded through Budget 2022.

s 9(2)(f)(iv)

Primary drivers of these cost pressures are covered in Section 2: Cost pressure information above.

**Increasing housing demand means that alternative accommodation will be needed for longer**

Good progress is being made to deliver against the government's transitional housing targets, with net increase of 2,329 places between 1 July 2018 and 30 September 2021. An additional 1,000 places are to be delivered by June 2022 to ensure Budget 2020 targets are reached. Continued progress will depend on how well construction markets and our partners respond to COVID impacts.

Despite this good record of delivery, demand continues to outpace delivery of new supply. Between June 2018 and September 2021 there was an increase of +4,969 EHSNGs clients.

This high demand has meant rate of transition from COVID-19 and contracted Transitional Housing motels has been slower than anticipated.

While the numbers of exits from COVID-19 motels to August 2020 were slightly ahead of schedule, indications were that this rate was going to slow because of pressure across the public housing and private rental market. Further, the resurgence of COVID-19 has led to an increase in the number of places contracted in these motels, to 877 from a low of 799 (and a high of around 1,200).

The funding sought in this Bid will maintain 877 COVID-19 motel places.

There will also be a need to continue funding support services in these places. In addition to support services there will be a need to fund security in the COVID-19 motels as the cohorts that live there have complex needs, such as drug and alcohol addiction, which has resulted in increased police call outs, risk to other tenants and anti-social behaviour.

## Section 3B: He Ara Waiora

**Kāinga Oratahitanga** - Ensuring that agencies work in an aligned, coordinated way across the system and alongside iwi and Māori as Treaty partners, and other affected communities and groups

**MAIHI** (Māori and Iwi Housing Innovation Framework for Action), co-designed with iwi and Māori in the housing sector, provides the framework for a coordinated approach that places partnerships with whānau at the centre of our housing response and guides Māori-Crown relationships. Developed in partnership with Māori, **MAIHI Ka Ora**, the National Māori Housing strategy, outlines the immediate and short term challenges facing Māori housing. Using the MAIHI Framework and



through genuine partnership we plan to meet these shared challenges through the respond, review, reset framework.

In line with our **place-based approach**, we are partnering with local organisations to understand the needs of distinct communities and inform local solutions. The **Public Housing Plan 2021-24** (PHP) sets out the government's plan to enact its vision to provide homes to New Zealanders with the most urgent housing needs. The PHP sets a target of 6000 additional public housing places by 2024, and 2000 additional transitional housing places by June 2022. Intended delivery ranges are set by region, responding to areas where they are most needed. The PHP will focus on opportunities to build more homes in communities of severe housing deprivation, Northland (Far North, Whangārei), Bay of Plenty (Tauranga, Rotorua) East Coast (Gisborne, Napier and Hastings), Taranaki, Palmerston North and Whanganui. Many of these areas also have a high proportion of Māori in housing need.

To illustrate, the deliberate place-based and MAIHI approach we are taking can be seen in the Far North - Te Taitokerau, which comprises a high Māori population. Here, the Government will invest in collaborative planning to develop and implement joined up housing solutions, working with Iwi, Māori, central and local government and local stakeholders to support achievement of housing aspirations, improve housing quality and support Māori housing on Māori land. HUD are currently working with CHPs in the Far North on a number of projects to deliver public housing to people in the area.

This initiative builds on and strengthens existing relationships established across government organisations, including Te Tūāpapa Kura Kāinga/Ministry of Housing and Urban Development, Kāinga Ora – Homes and Communities, Te Manatū Whakahiato Ora/Ministry of Social Development, and partnerships with iwi and Māori, local councils and community providers in pursuit of housing for those with no or inadequate access.

The Government Policy Statement on Housing and Urban Development, developed through engagement and consultation with NGO, Iwi and Māori, key stakeholders and the public, articulates our shared path to achieving this.

**Tikanga**- decisions are made by the right decision-makers, following a tikanga process, according to tikanga values

Around 85% of public housing is provided through Kāinga Ora. Kāinga Ora provides opportunities for early and meaningful engagement with Māori, understanding Māori perspectives and the active pursuit of opportunities for Māori to participate in urban development.

Community Housing Providers provide the remaining 15 percent public housing. One third of Community Housing Providers are Māori registered CHPs. Mahitahi Kainga Trust is an example of how Te Ao Māori perspectives and values are being incorporated into practice. Mahitahi Kainga Trust has been serving its community for over thirty years, and understand the need in their community for safe, warm, long-term, affordable housing as a foundation from which to address wider wellbeing needs. With the support of HUD the Trust was able to 'achieve its dream' of building a Papakainga designed with Te Ao Māori concepts and designs in mind which they said "reflects the coming together of common hopes and dreams<sup>3</sup>." The facility provides forty self-contained units and common spaces for community and connection through a Whare Manaaki and landscaped courtyard. It also hosts office and consultation spaces to enable better access for tangata whaiora to healthcare, social and financial services.

Pacific people represent 23 percent of public housing tenants. Penina Trust is responding to the need for culturally appropriate, affordable, and accessible housing for Pacific people. Located in South Auckland, where one third of Pacific people in New Zealand live, Penina offers 20 social housing units. Penina is a Pacific led NGO which has been working in the community for 20 years. Faa Pasefika (the Pacific way) underpins the way they operate.

To grow the number of Pacific organisations in the social housing sector Te Manatū mō ngā Iwi o te Moana-nui-ā-Kiwa/The Ministry for Pacific Peoples is operating The Pacific Community Housing Provider (CHP) Registration Support Service as part of their Pacific Housing Initiative. This aims to support existing Pacific organisations who want to provide social housing become an established CHP.

**Whanaungatanga** - Working together to foster meaningful, reciprocal and enduring relationships with iwi and Māori, and affected communities and groups

Partnering with iwi, Māori, and local organisations acknowledges their experience of housing in New Zealand, understanding of local challenges, connections within their community, and abilities to deliver solutions that work for them. It also helps the government better understand the local need and enables us to respond appropriately, as a partner, to local solutions.

Public housing provides secure tenancies for the duration of a household's need. 50 percent of applicants are Māori. Placing people in public housing means providing security and continuity to allow for attachments to and within local communities. This in turn builds resilience and community capacity.

The partnership between Kāinga Ora, Te Rūnanga o Toa Rangātira (Ngāti Toa) and HUD provides an example of partnership in practice. This saw Ngāti Toa's community housing provider, Te Āhuru Mōwai, take over the tenancy management of around 900 Kāinga Ora homes in Western Porirua from 1 July 2020. The partnership enabled opportunities for Tangata Ngāti Toa to participate in the management, maintenance, and upgrade of the properties, and provides progressive home ownership and other options to strengthen their future.

Providing certainty through funding of this initiative contributes to the government upholding its existing commitments to providers of housing,

<sup>3</sup> Letter from Head of Mahitahi Kainga Trust to the Right Hon Jacinda Ardern November 2020

## BUDGET SENSITIVE

	and the people that will inhabit them. Honouring our commitments is critical to an enduring and effective relationship.
<b>Manaakitanga</b> - focus on improved wellbeing and enhanced mana for iwi and Māori, and for other affected communities and groups, demonstrating an ethic of care and mutual respect	<p>Māori are overrepresented in the demand for social housing; Māori comprise 50 percent of applicants on the housing register and 37 percent of tenants in public housing. In 2018, 50 percent of households in public housing had children living in them. Stable secure housing is a necessary foundation from which all individuals and families are able to address mental health needs.</p> <p>Households with high priority on the housing register typically face multiple challenges; securing housing is often necessary before they can address other challenges. Kaupapa Māori service providers play a critical role in providing safe housing solutions and wrap-around services. We ensure that partnerships with whānau remain at the heart of our housing response.</p> <p>The stability of tenure provided for through this initiative maintains established connections with mana whenua, school, and community, building resilience and overall wellbeing. A place-based approach takes into account that Māori identity arises from a relationship with the land, and that effective solutions must respect place-based needs.</p>
<b>Tiakitanga</b> - Focus on strong stewardship to lift the intergenerational wellbeing of people, communities and Te Taiao	<p>Current inequities in housing have developed over generations. Addressing these inequities through the provision of healthy secure affordable housing will positively impact on families, their children, and future generations.</p> <p>Through maintaining tenancies and providing security of tenure this initiative will lead to improvements in education, health and job opportunities and support for those who represent the most vulnerable sectors of our community. As children's experience in their early years is linked to future outcomes, providing the essential foundations for wellbeing now will see benefits to future generations.</p> <p>Through partnering with mana whenua, Māori and affected communities the foundations are laid for long term solutions, in which the wider wellbeing needs of communities are met. Through providing stable homes links are created within communities, building resilience within families and the community around them, including connection to and stewardship of the land.</p>

### Section 3C: Outputs – The good or service the initiative purchases

Output	Description
<i>Name each output here (80-100 words)</i>	<i>Describe each output in detail. (Add additional lines to the table for more outputs)</i>
Maintain current and planned Public Housing places	The current and planned Public Housing places will be maintained by funding the increase in IRRS and Operating Supplement that are tied to market rent. This will ensure the continued availability of 74,337 public houses. It will also ensure the availability of the expected 7,051 additional places.
Maintain current and planned Transitional Housing places	The current and planned Transitional Housing places will be maintained. This will ensure the continued availability of 4,432 transitional housing places. It will also ensure the availability of the expected 1,500 additional places.
Extend COVID-19 motel places	877 pre-existing COVID-19 motel places (including support services and security) will be extended through to 2023.
Extend existing contracted Transitional Housing motels	823~950 transitional housing motel places (including support services) will be extended through to 2023.



Section 3D: Impacts – The direct effect of the initiative

Please repeat these questions for each impact

Impact 1	Description of the impact	<p><i>Continued provision of accommodation for whānau and individuals</i></p> <p>The goal of this cost pressure bid is to continue to provide safe, warm housing to whānau and individuals living in public or transitional housing.</p> <p>The funding will enable providers to maintain the current levels (and agreed future levels) of public and transitional housing. Lack of funding could mean homes are lost from the public and transitional housing system.</p> <p>Without this funding waits on the Housing Register will increase and the numbers of people experiencing homelessness or living in unsuitable accommodation will increase. People already in public or transitional housing will face increased uncertainty, and housing instability.</p> <p>If these places are not funded people currently staying in this accommodation could receive EHSNGs (which are more expensive and do not include support services), or return to rough sleeping or overcrowded housing and may not receive an appropriate level of support.</p> <p>These impacts will particularly affect Māori, who are disproportionately represented on the Housing Register and in public and transitional housing.</p>
	Quantification	<p>s 9(2)(f)(iv)</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
	Supporting Evidence	<p>Public housing provides secure tenancies for the duration of a household's need.</p> <p>The NZ Productivity Commission noted that "insecure tenure has a detrimental impact on tenants, particularly older people and families with children."<sup>7</sup> Poor quality housing also affects educational outcomes, through frequent transitions to different</p>

s 9(2)(f)(iv)

<sup>7</sup> New Zealand Productivity Commission (2012). "Housing Affordability Inquiry." Wellington, New Zealand.

## BUDGET SENSITIVE

		<p>schools, overcrowded homes (affecting the ability to focus on homework), increased sickness affecting attendance levels and behavioural disorders from increased stress in the home<sup>8</sup>,</p> <p>High tenancy turnover often fails lower-income families, particularly during school years. Multiple changes of address adversely affect children's educational attainment and access to healthcare. Dixon (2018) found that highly mobile students are more likely to have truancy, stand-downs and suspensions recorded, and the NCEA level 1 achievement rates of the most mobile children were substantially lower than those of children with more stable schooling histories<sup>9</sup>.</p> <p>A US study found housing insecurity is associated with poor health, lower weight and developmental risk among young children<sup>10</sup>.</p> <p>Participation in a tenant's community is important for building social cohesion and encouraging civic duties, including everything from enrolling in the right electorate to vote, to playing a more active role in community development. Poor social outcomes equate to an increase in economic costs for government. For example, infrequent contact with health professionals mean health issues remain undetected and untreated, leading to increased hospitalisation and the need for more extensive care.</p> <p>Providing warm, dry, secure and stable public housing is important for reducing child poverty and improving child health and overall wellbeing. Warm housing of an appropriate size will result in fewer hospitalisations from infectious diseases due to reduced overcrowding and few incidences of respiratory illness from damp or overcrowded homes. Paediatric studies of deprivation and overcrowding have been associated with bronchiolitis pneumonia and bronchiectasis, and tuberculosis<sup>11</sup>.</p>
	<b>Gaps in Evidence</b>	
	<b>Assumptions</b>	<p>The funding shortfall and number of places that would not be funded if this bid is not progressed are based on the following assumptions:</p> <ul style="list-style-type: none"> <li>that the government meets its target for numbers of public and transitional housing</li> <li>that the houses will be delivered when forecast</li> <li>that the average market rent increases by 4.78% per annum</li> </ul> <p>There is some uncertainty around the continuing impacts of COVID-19 on pace and cost of building, which could impact both</p>

<sup>8</sup> Suhrcke, M. & de Paz Nieves, C. (2011). The impact of health and health behaviours on educational outcomes in high-income countries: a review of the evidence. Copenhagen, WHO Regional Office for Europe; Sagatun, A et al (2014). "Mental health problems in the 10<sup>th</sup> grade and non-completion of upper secondary school: the mediating role of grades in population-based longitudinal study". *BMC Public Health*, 14(1), 16.

<sup>9</sup> Dixon, S (2018). "Student Mobility Across Schools and its Links to Under-Achievement." New Zealand Treasury Working Paper 18/01.

<sup>10</sup> Cutts, D et al (2011). US Housing Insecurity and the Health of Very Young Children. *American Journal of Public Health*, 101(8), pp. 1508-1514.

<sup>11</sup> Brynes, C and Trenholme A (2010). "Respiratory infections in tamariki (children) and taitamariki (young people) Maori, New Zealand." *Journal of Paediatrics and Child Health*, 46, 521-526.



## BUDGET SENSITIVE

		<p>rents and when public or transitional housing places are available for tenanting.</p> <p>The Public Housing Plan only extends to June 2024. The funding shortfall that has been calculated does not include any allowance for housing delivered after this date but within the Budget period i.e. there is no allocation for places delivered between July 2024 and June 2026.</p>
	<b>Implications</b>	<p>If market rent increases by more than 4.78% per annum there is likely to be a funding shortfall which could cause the negative implications associated with not providing funding. However, if this happens there would be time to seek further funding to address the shortfall.</p>
<i>Please repeat these questions for each impact</i>		
<b>Impact 2</b>	<b>Description of the impact</b>	<p><i>Continued provision of accommodation and services for vulnerable New Zealanders in contracted transitional and COVID-19 motels</i></p> <p>The goal of this cost pressure bid is to continue to provide housing and support services to people at risk of homelessness.</p> <p>The funding will enable providers to maintain the current levels of contracted Transitional Housing Motels, and the current level of COVID-19 motels. If these places are not funded people currently staying in this accommodation could receive EHSNGs (which are more expensive and do not include support services), or return to rough sleeping or overcrowded housing and may not receive an appropriate level of support.</p> <p>These impacts will particularly affect Māori, who are disproportionately represented in these COVID-19 and Transitional Housing motels.</p>
	<b>Quantification</b>	<p>There are currently around 1,800 COVID-19 or Transitional Housing motel places.</p> <p>If the funding is stopped people currently staying in this accommodation would likely receive an Emergency Housing Special Needs Grant instead (EHSNG)</p> <p>The weekly average cost of EHSNG is \$1,494 with no support services provided and results in worse outcomes in the short and longer term as underlying issues are not addressed.</p> <p>The weekly average accommodation and support cost for a COVID-19 or Transitional motel place is \$1,400 per week. Actual cost will vary depending on the level of funding received.</p> <p>As such if funding is stopped it will likely mean an additional cost to the government of around \$8.8m a year<sup>12</sup></p>
	<b>Supporting Evidence</b>	<p>COVID-19 or Transitional Housing motels can have positive impacts for the people supported. Comments collected from people in COVID-19 motels in a survey carried out by Wellington Downtown City Mission (DCM) included "not having to worry about where I am going to stay", "being safe and having a roof over my head", and "being in a motel has made me feel safe and warm"<sup>13</sup>.</p>

<sup>12</sup> Assuming all of the people who could stay in COVID-19 or Transitional housing motels would need EHSNG if those motels were not funded

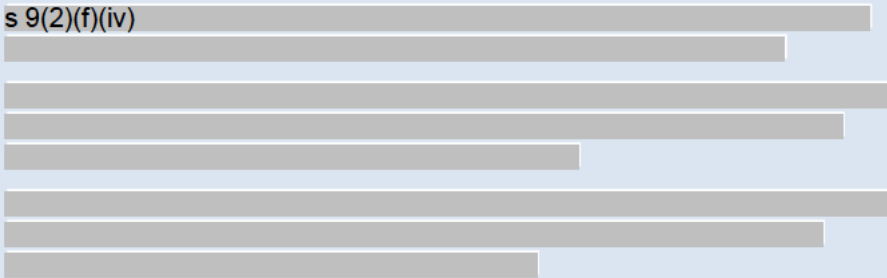
<sup>13</sup> <https://www.nzherald.co.nz/nz/covid-19-coronavirus-the-upside-of-lockdown-for-wellingtons-homeless/KJPS4DUKV54LHCHFBA7ARV5RHU/>

## BUDGET SENSITIVE

	Gaps in Evidence	There is uncertainty about the rate of exits from COVID-19 and Transitional motels given the ongoing increasing demand for public housing, some uncertainty about the impact on construction sector of the Delta variant and the difficulty of matching this high needs cohort with suitable accommodation for this high needs cohort..
	Assumptions	There is an assumption that the majority of people currently in COVID-19 or Transitional housing motels would require an EHSNG. There is also an assumption that there will not be further COVID-19 lockdowns.
	Implications	Due to the uncertainty of the rate of exit and the future housing needs there is a risk of continued need of this type of accommodation beyond 2023. If this happened further funding would need to be sought.

### Section 3E: Goals – What this initiative aims to achieve

Please repeat these questions for each goal

Goal 1	Description	<p><i>A primary goal of the initiative is to continue to provide warm, secure housing.</i></p> <p>Around 220,000 people live in public or transitional housing and by the end of 2024, based on the contracted building pipeline, this will increase to around 240,000.</p> <p>Warm secure housing improves people's wellbeing across a broad range of wellbeing outcomes.</p> <p>It directly provides housing which in turn has a positive impact on:</p> <ul style="list-style-type: none"> <li>• Health - lack of housing, or substandard housing has significant effects on peoples physical and mental health.</li> <li>• Safety – Secure housing allows people to leave dangerous situations and can prevent or reduce exploitation.</li> <li>• Social connections – a secure public house tenancy provides people with certainty about the tenancy and prevents them having to move. This allows people to develop social connections in their area, put down roots and build support networks.</li> <li>• Education - Secure housing improves educational achievement and reduces truancy, standdowns and suspensions.</li> </ul>
	Quantification	<p>s 9(2)(f)(iv)</p> 
	Timeframes	Maintaining warm, secure housing will have short-, medium- and long -term impacts.
	Evidence and Assumptions	<p><i>An assumption of this goal is that the alternative to living in public housing is homelessness, or living in insecure or overcrowded housing.</i></p> <p>Public housing provides secure tenancies for the duration of a household's need.</p>

	<p>Insecure housing creates a number of risks. The Growing Up in New Zealand study found that 26% of families moved when a child was aged between 9 months and 2 years. Those at high risk of vulnerability were much more likely to have shifted during this age (35%)<sup>14</sup>. The study also found that families living in private rental accommodation are the most likely to move in the first two years of a child's life, with most moves related to housing tenures.</p> <p>This budget initiative supports mental wellbeing for New Zealanders as unstable housing can exacerbate existing mental health issues, and people with mental health conditions can struggle to sustain appropriate housing.</p> <p>It can also place significant stress on a household, through repetitive moves, changing schools, isolation and living in overcrowded situations. Recent research by the MacArthur Foundation in the US found housing quality to be the most consistent and strongest predictor of emotional and behavioural problems affecting children from under-served, low-income communities. The authors identified "parental stress" as one of the mechanisms through which poor quality and unstable housing affected children's wellbeing.<sup>15</sup></p> <p>For families facing high and persistent levels of stress caused by factors such as inadequate housing, the impacts are literally toxic – changing brain structure and chemistry. The Growing Up in New Zealand research indicates that children exposed to four or more risk factors like overcrowded housing, living in a low-income area, low household income, and experience of extreme financial stress, are more likely to suffer behavioural and health impacts of toxic levels of stress.<sup>16</sup></p> <p>Experiencing high levels of stress can be dangerous for unborn children also. Prenatal stress exposure has been associated with poor birth outcomes, including preterm birth and low birth weight. Both pre- and post-natal stress exposure impact postnatal health outcomes, including poor cognitive ability, and a variety of affective disorders, behavioural problems, poor academic performance, and elevated body mass index in offspring.<sup>17</sup> Provision of public housing can help to reduce stress levels by providing stable tenures in good quality, affordable homes.</p> <p>The Ministry of Health has labelled some diseases 'Housing-Sensitive Hospitalisations', for which approximately 6,000 children are admitted each year. These children are 3.6 times more likely to be re-hospitalised and 10 times more likely to die in the following 10 years.<sup>18</sup></p> <p>A study of children admissions to an Auckland Hospital in 2012 for severe acute respiratory infection found that 14% of children were living in severely</p>
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<sup>14</sup> Morton et al (2014). "Growing up in New Zealand: A longitudinal study of New Zealand children and their families. Residential mobility Report 1: Moving house in the first 1000 days." Auckland: Growing Up in New Zealand.

<sup>15</sup> Coley et al (2013). "Relations between housing characteristics and the wellbeing of low-income children and adolescents." *Developmental Psychology*, 49(9), 1775-1789.

<sup>16</sup> Growing up in New Zealand Longitudinal Study at two years.

<sup>17</sup> Solari, C.D., & Mare R.D. (2012). "Housing Crowding Effects on Children's Wellbeing." Retrieved 1 November 2018 from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3805127/>; Statistics New Zealand. (2012). *Vulnerable children and families: Some findings from the NZ General Social Survey*. Retrieved 1 November 2018 from [http://archive.stats.govt.nz/browse\\_for\\_stats/people\\_and\\_communities/Children/vulnerable-children.aspx](http://archive.stats.govt.nz/browse_for_stats/people_and_communities/Children/vulnerable-children.aspx); Child Matters (2018). *Risk Factors of Child Abuse*. Retrieved 1 November 2018 from <http://www.childmatters.org.nz/57/learn-about-child-abuse/risk-factors>; Farewell, C, Thayer, Z, Puma, J and Morton S. (2017). "Exploring the timing and duration of maternal stress exposure: Impacts on early childhood BMI." *Early Human Development*, 117, pp.15-19.

<sup>18</sup> Oliver J, Foster T, Kvalsvig A, Williamson DA, Baker MG, Pierse N. (2017) "Risk of rehospitalisation and death for vulnerable New Zealand children." *Archives of Diseases in Childhood*: doi: 10.1136/archdischild-2017-312671.

## BUDGET SENSITIVE

		<p>crowded houses.<sup>19</sup> Overcrowding has been linked to respiratory illnesses with a study identifying that 9.8% of hospital admissions for respiratory illness are attributable to overcrowding.<sup>20</sup></p> <p>A study of 58,000 children in various countries showed indoor mould exposure was consistently associated with adverse respiratory health outcomes in children. The Cochrane and Campbell Collaboration report documented findings of a systemic review of 33 quantitative and 6 qualitative studies that showed housing of an appropriate size and which is affordable to heat is linked to improved health and may promote improved social relationships within and beyond the household.<sup>21</sup></p>
	Implications	<p>As is seen from the wealth of evidence there are significant direct and indirect health and wellbeing implications associated with the provision of warm secure housing.</p> <p>It is not known to what extent COVID-19 and lockdowns will affect long-term housing wellbeing outcomes.</p>

<sup>19</sup> Howden-Chapman, P, Baker, M & Bierre, S (2013). "The houses children lie in: Policies to improve housing quality." Policy Quarterly, 9(2)35-39.

<sup>20</sup> Barnard and Zhang (2016) "The impact of respiratory disease in NZ: 2016 update." University of Otago, prepared for the Asthma and Respiratory Foundation NZ.

<sup>21</sup> Thomson, H et al (2013). "Supplement to Housing Improvements for Health and Associated Socio-Economic Outcomes: A Systemic Review." The Campbell Collaboration.



### Section 3F: Distributional Analysis

Question 1: Does the initiative have the following types of distributional impacts for Māori?	A	Direct	X	Indirect		No Impact	
	If direct, please complete Question 1B. If indirect or no impact, please progress to Question 2.						
	B	Targeted and tailored for Māori		Disproportionate positive impact		Other (explain)	X
		<p>Māori are disproportionately represented on the housing register and in public housing accounting for 50% of applicants and 37% of tenants. Any reduction in public housing will directly and disproportionately affect Māori.</p> <p>Please explain why the initiative falls under the category identified in B above [max. 300 characters in CFISnet].</p>					
Question 2: Does the initiative have the following types of distributional impacts for Pacific Peoples?	A	Direct	X	Indirect		No Impact	
	If direct, please complete Question 2B. If indirect or no impact, please progress to Question 3.						
	B	Targeted and tailored for Pacific Peoples		Disproportionate positive impact		Other (explain)	X
		<p>Pacific peoples are disproportionately represented on the housing register and in public housing accounting for 12% of applicants and 23% of tenants. Any reduction in public housing will directly and disproportionately affect Pacific Peoples.</p> <p>Please explain why the initiative falls under the category identified in B above [max. 300 characters in CFISnet].</p>					
Question 3: Does the initiative have the following types of distributional impacts for children?	A	Direct		Indirect	X	No Impact	
	If direct, please complete Question 3B. If indirect or no impact, please progress to Question 4.						
	B	Targeted and tailored for children		Disproportionate positive impact		Other (explain)	
		Please explain why the initiative falls under the category identified in B above [max. 300 characters in CFISnet].					
Question 4: Does the initiative have direct impacts on any other population groups?	Y	<p>Other groups of people disproportionately represented in homelessness or the housing register are: Rangatahi/Youth, Disabled people; People with mental health needs; LGBTQI+; and other marginalised groups.</p> <p>If yes, please list population groups impacted, e.g. "People with disabilities" [max 300 characters in CFISet].</p>					
Question 5: What region is this initiative expected to impact?	Y	All of New Zealand		Gisborne		Northland	Tasman
		Areas outside regions		Hawke's Bay		Offshore	Waikato
		Auckland		Manawatu-Whanganui		Otago	Wellington
		Bay of Plenty		Marlborough		Southland	West Coast
		Canterbury		Nelson		Taranaki	

### Section 4: Alignment

Section 4 must be completed for all initiatives, unless exempted by the Minister of Finance in the invitation letter. Further information on the questions in this section can be found at Annex Two of the Budget 2022 guidance.

### Section 4A: Strategic Alignment

How does this initiative link with your strategic intentions/statement of intent?	This initiative aligns with the Government's objectives as stated in the Government Policy Statement on Housing and Urban Development, that 'everyone lives in a home, whether rented or owned, that is stable and affordable' by providing Kāinga Ora and Community Housing Providers security to continue to provide housing at an affordable cost to their tenants.
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## BUDGET-SENSITIVE

	<p>This initiative aligns with the Government's objectives as stated in the Government Policy Statement on Housing and Urban Development, that 'everyone lives in a home, whether rented or owned, that is stable and affordable' by enabling providers to continue to provide housing.</p> <p>This initiative fits within Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development's following strategic objectives:</p> <ul style="list-style-type: none"> <li>• <i>Improve access to housing and support services for those in need-</i> Transitional housing, alongside accommodation, provides wrap around services to help people address their wider wellbeing needs in order to maintain long-term accommodation. In maintaining these services at their current level individuals and families will be able to continue to receive and build on the support they need to secure and maintain housing.</li> <li>• <i>Increase partnerships and collaboration–</i> as in the case of Ngāti Toa and Mahitahi Kainga, public housing is delivered through partnerships with community providers in locations across New Zealand. This initiative provides security for these relationships to continue and strengthen on the basis of continued commitment by the government. It contributes to understanding and responsiveness by acknowledging the extensive work they are doing and sources outside their control by providing funding to continue their operations.</li> <li>• <i>Homelessness Action Plan –</i> This initiative ensures continued supply of public and transitional housing which aligns with the supply focus area of the Homelessness Action Plan.</li> </ul>
Does this initiative link with other sectoral or whole-of-government strategies (e.g. the Pacific Wellbeing Outcomes Frameworks)?	<p>Yes, as this initiative relates to maintaining public housing it links with strategies across government such as:</p> <p><i>Child and Youth Wellbeing Strategy</i> – lists as an objective 'children have what they need' this includes living in stable housing that is affordable. It also identifies children and young people are accepted, connected and respected' as an objective and a sense of belonging as an indicator of this. Security in tenancies contributes to this by allowing children and young people in council housing homes to maintain connections through continuity in their housing. This initiative responds to the importance of stability and maintaining connections in children and young people's lives as central to their wellbeing</p> <p><i>Better Later Life – He Oranga Kaumātua 2019 to 2034</i> - states as a priority that older people and kaumātua should be able to continue to live in their communities and have access to a broader range of safe, secure and affordable housing options that meet older peoples' needs, including intergenerational living and smaller affordable housing, including rentals.</p>
Does this initiative impact other agencies directly or indirectly? If so, how?	<p><i>Yes, this initiative directly impacts</i></p> <p>Kainga Ora - Kainga Ora would be directly impacted by an inability to pay subsidies tied to market rent, impacting their ability to maintain current places and build new places.</p> <p>Ministry of Social Development – would be directly impacted as they administer the Housing Register. Any inability to tenant or build public housing would affect MSD and their clients. Stopping COVID-19 and transitional housing motels would likely lead to an increase in EHSNGs which MSD funds and administers.</p>

## **Section 4B: Alignment to Government's goals**

The Government's goals for this term are:

- 1) Continuing to keep New Zealand safe from COVID-19
- 2) Accelerating the recovery and rebuild from the impacts of COVID-19
- 3) Laying the foundations for the future, including addressing key issues such as our climate change response, housing affordability and child poverty

### **Alignment to Government goals**

This initiative aligns most strongly with laying the foundations for the future by addressing housing affordability and child poverty. It does this by providing homes and support for the most vulnerable people in New Zealand. By providing homes we are laying the foundations for the future across many wellbeing areas such as housing, health and education.

## Section 4C: Contribution to the Government's Wellbeing Objectives

The Government's five wellbeing Objectives are:

- **Just Transition:** supporting the transition to a climate-resilient, sustainable, and low-emissions economy.
- **Future of Work:** enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation
- **Physical and Mental Wellbeing:** supporting improved health outcomes for all New Zealanders, including protecting New Zealanders from the impacts of COVID-19.
- **Māori and Pacific:** lifting Māori and Pacific incomes, skills, and opportunities, including through access to affordable, safe, and stable housing
- **Child Wellbeing:** reducing child poverty and improving child wellbeing, including through access to affordable, safe, and stable housing.

*\*Please note: these objectives have been agreed by Cabinet subject to wider consultation. The final versions of the objectives will be published in the Budget Policy Statement in December 2021.*

Contribution to Wellbeing Objective(s)	Which wellbeing objective(s) does this initiative contribute to and how? Is it a direct or indirect contribution? Answers must not exceed 1-2 paragraphs.
	<p><b>Physical and mental wellbeing (and COVID-19)</b></p> <p>Access to affordable, secure and stable housing directly contributes to improved child development and learning outcomes, improved management of chronic medical conditions, increased worker productivity and better mental health (Inquiry into Mental Health and Addiction). Those on the housing register include those who are currently homeless or in inadequate or unsuitable housing. Public housing provision directly improves the physical and mental wellbeing of a family or individual through reduced homelessness and overcrowding and has been linked with a significant drop in in hospitalisation rates for almost all health outcomes.</p> <p><b>Māori and Pacific</b></p> <p>Pacific and Māori families are most likely to be in disadvantaged housing. Māori comprise 50% of applicants on this housing register. A strong association between housing quality and physical health has been found to exist for Māori, over and above any other socio-demographic variable. This initiative also contributes to lifting Māori and Pacific incomes and opportunities by providing secure housing from which to seek and maintain local employment opportunities.</p> <p><b>Child wellbeing</b></p> <p>This initiative has direct positive impacts on child wellbeing. Providing secure and stable public housing is critical for reducing child poverty and improving health and overall wellbeing. Impacts of poor housing include disrupted education (more likely to miss school) and access to health care, poorer health outcomes due to unsuitable housing (e.g., overcrowding leading to higher rates of respiratory conditions), and effects of toxic parental stress on the brain.</p>

## Section 5: Delivery

Section 5 must be completed for all initiatives. Further information on the questions in this section can be found at **Annex Two** of the Budget 2022 guidance.

## Section 5A: Fit with existing activity

The answer must not exceed 1-2 paragraphs.

How does the initiative link with existing initiatives with similar objectives?	Public and transitional housing form part of a broader cross-agency response to reduce homelessness and provide housing support.	
Is the initiative an expansion or a cost pressure for an existing initiative?	Y	This initiative is a cost pressure bid responding to pressure on public and transitional housing, contracted Transitional Housing motels and The overall increases in market rent has meant increased costs which are being sought to maintain the existing services.

## BUDGET-SENSITIVE

		COVID-19 motels
		<i>If no, move on to section 5B.</i>

	Provide an overview of existing funding levels for this initiative, and/or initiatives with similar objectives, in the two tables below.											
		Operating Funding profile (\$m)										
		2021/22	2022/23	2023/24	2024/25	2025/26 & outyears						Total
Existing funding for this/similar initiatives	PH	1,319.688	1,389.334	1,481.516	1,478.667	1,479.816	7,149.021					
	TH	298.930	276.860	219.700	218.330	218.330	1,232.150					
Total funding sought for this initiative	PH	7.000	65.400	170.100	351.900	s 9(2)(f)(iv)						
	TH	27.700	117.900	90.800	100.000	s 9(2)(f)(iv)						
% change between existing funding and funding sought	PH	1%	5%	11%	24%	s 9(2)(f)(iv)						
	TH	9%	43%	41%	46%	s 9(2)(f)(iv)						
Comments (optional)		The TH appropriation includes Transitional housing as well as COVID-19 and Transitional housing motels										
	Capital Funding profile (\$m)											Total
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31		
Existing funding for this/similar initiatives												
Total funding sought for this initiative												
% change between existing funding and funding sought												
Comments (optional)												

**Section 5B: Funding sought by input**

*Provide a breakdown of what the requested funding will purchase. Briefly explain the formula used, or key assumptions made, to calculate the cost of each output. Add additional rows to the table as needed to capture each output separately. Please include which Vote(s) will be impacted by each component.*

<b>Formula and assumptions underlying costings</b>	<p><b>For Public Housing, MSD have assumed:</b></p> <ul style="list-style-type: none"> <li>The number of places is based on current tenancies that receive IRRS. It excludes Market Renters.</li> <li>Pipeline numbers are added on top of the current places. These figures come from HUD and Kāinga Ora (for CHPs and Kāinga Ora delivery expectations respectively).</li> <li>Delivery timing is based on data provided by HUD and Kāinga Ora.</li> <li>Current places are based on current mean rent, future places use rents provided by HUD for new and redirect places.</li> <li>Rent growth is based on historical regional data and projected over the forecast period.</li> <li>IRR growth is also calculated based on historical growth in client incomes by region.</li> <li>Rent growth is applied monthly for CHPs and quarterly for Kāinga Ora.OS is calculated based on rates provided by HUD. OS costs can only be calculated for pipeline places and not for current places.</li> </ul> <p>HUD directly pay for Direct leases and OS to Kāinga Ora for existing places, this has been added to the MSD modelled numbers.</p> <p><b>For Transitional Housing, HUD have assumed:</b></p> <ul style="list-style-type: none"> <li>Pipeline numbers are added on top of the current places.</li> <li>Delivery timing is based on data provided by HUD.</li> <li>Transitional Housing Motels will continue until June 2023</li> <li>COVID-19 Motels will continue until June 2023.</li> </ul>					
<b>Input – Operating</b> <b>[Enter <u>one number</u></b> <b><u>value</u> per field only</b> <b>into CFISnet]</b>	<b>Funding profile (\$m)</b>					<b>Total</b>
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26 &amp; outyears</b>	<b>Number values only, i.e. 15 or 100000. Do not enter any text, \$ signs or % signs.</b>
<b>Input Information</b>						
<i>Non-Departmental (PH)</i>	7.000	65.400	170.100	351.900	§ 9(2)(f)(iv)	
<i>Non-Departmental (TH)</i>	27.700	117.900	90.800	100.000	§ 9(2)(f)(iv)	
<b>TOTAL</b>	<b>34.700</b>	<b>183.300</b>	<b>260.900</b>	<b>451.900</b>	§ 9(2)(f)(iv)	
<b>FTE-specific Input Information (if applicable)</b>						



## BUDGET-SENSITIVE

New FTE funding											
New contractor funding											
Additional FTE overhead funding											
<b>Total</b>											
# of FTE's (employees and/or contractors)											
What's the % increase in FTE compared to baseline FTE numbers											
	<b>Funding profile (\$m)</b>										<b>Total</b>
<b>Input – Capital</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	
<b>Total</b>											
<b>Appropriations</b>	<ul style="list-style-type: none"> <li>Public Housing MCA – Purchase of Public Housing Provision</li> <li>Transitional Housing MCA – Provision of Transitional Housing places</li> <li>Transitional Housing MCA – Transitional Housing Services</li> </ul>										

### Section 5C: Options analysis

*The answer must not exceed 1-2 paragraphs.*

#### Options analysis

*Provide a bullet point list of different options, with short summaries where needed, that were considered for addressing the problem or opportunity. Include alternative funding options, reprioritisation within baselines, and non-spending arrangements.*

- Fund/don't fund cost pressures caused by market rent increases - Agencies do not control market rent or demand for public and transitional housing so cannot manage the cost pressures without additional funding.
- Continue funding transitional housing Motels and fund more COVID-19 motels for longer: The resurgence of COVID-19 has increased the need for COVID-19 motels. Increased demand for transitional housing has meant we have not been able to exit transitional housing motels or COVID-19 motels at the rate that had been expected. As such there is a need to continue funding these places.

Because of the size of these cost pressures there are no alternative funding options or ability to reprioritise within baselines.

#### Counter-factual question

If the funds to meet the market rent increases are not provided it could lead to:

- Not meeting public housing build targets
- Increased levels of homelessness, increased EHSNGs at higher cost than TH, and people living in unsuitable accommodation
- s 9(2)(f)(iv)
- A reduction, or halt, of the new build programme
- Cancellation of contracts, damaging relationships with Community Housing Providers and potentially resulting in them exiting the market.
- Exceeding the appropriation in breach of the Public Finances Act 1989

<sup>22</sup> s 9(2)(f)(iv)



## Section 5F: Implementation readiness

*The answer to each question must not exceed 1-2 paragraphs.*

Workforce: Are additional FTEs or contractors required?	N	If yes, what kind of skills will be required e.g. policy analysts, administrative support, frontline facing staff?
		What is the ability to secure the required FTE, considering relevant departmental vacancy information, turnover rates and average salaries of similar roles? [max. 300 characters in CFISnet].
Workforce: Resourcing considerations	n/a	
Timeframes	n/a This is a cost pressure bid to maintain existing services and commitments.	
Delivery Risks	The key risk to delivery is an underestimate of market rent increases .	
Market capacity	n/a	
Previous delivery experience	This initiative is for business as usual cost pressures so will use existing delivery experience and processes.	