

Aide-mémoire



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Meeting

Date: 17 May 2024 **Security Level:** CABINET
SENSITIVE

For: Hon Tama Potaka, Associate Minister of Housing

File Reference: REP/24/5/447

Targets discussion at Cabinet Strategy Committee

Cabinet Committee	Cabinet Strategy Committee (STR)
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Date of meeting	11.30am, Tuesday 21 May 2024
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What you can expect at STR	You will be attending STR to discuss your progress on and plan for achieving <i>Target 8: reducing number of people in emergency housing</i> . The Committee will have received the two supporting A3s.
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The chair of STR is Rt Hon Christopher Luxon.

Hon Chris Bishop, the Minister of Housing and Hon Louise Upston, the Minister for Social Development and Employment are both members of STR and will be present.

You can expect:

- to have up to 30 minutes for this item – as the committee is also *discussing Target 5: Fewer people on Jobseeker Support benefit*, this may impact how much time you have
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	<ul style="list-style-type: none"> that the Minister of Housing may want to make opening remarks about the wider housing policy work programme / portfolio before handing over to you. <p>We suggest you do a 5-minute introduction before opening up to the Committee for questions.</p>
Officials who will support	<p>Ministry of Social Development</p> <ul style="list-style-type: none"> Debbie Power, Chief Executive Simon MacPherson, Deputy Chief Executive Policy Anne Shaw, Acting Group General Manager Housing Hayley Hamilton, General Manager Housing Employment and Climate Change Policy <p>Ministry of Housing and Urban Development</p> <ul style="list-style-type: none"> Andrew Crisp, Chief Executive Jeremy Steele, General Manager, Policy and Legislation Design
What is in your talking points	<p>At our discussion about the material for STR on 14 May 2024 you asked that supporting material cover several questions.</p> <ul style="list-style-type: none"> What is our target? Who is in emergency housing? Where people are? Why are people using EH? How will we achieve the target? When will we consider further advice? <p>We have attached proposed talking points (in Annex 1) using this format.</p> <p>Annex 2 includes additional information on the following topics.</p> <ul style="list-style-type: none"> The difference between EH-SNG and Contracted Emergency Housing. EH support services. Housing Support Products. Data we have / do not have. Social Housing pipeline.
Responsible manager: Hayley Hamilton, General Manager Housing, Employment and Climate Change Policy	

Annex 1: Discussion on Target 8 at the Cabinet Strategy Committee

Proposed talking points for your introductory remarks (following from the Minister of Housing)

Starting with 'emergency housing data narrative' slide...

What is our target?

- 1 Starting with what is happening now, the data sets out the scale of the challenge ahead of us. We need to get from 3,100 households in EH down to no more than 800 by 2030.
- 2 Those numbers are already coming down. While we expect some volatility in the numbers, we are already tracking ahead of where we thought we would be.
- 3 At the end of March there were over 2,800 households in emergency housing:
 - 2,628 households were receiving an EH grant with:
 - 189 households were in Contracted EH in Rotorua where motels are contracted by HUD to house families with wrap-around support.

Who is in EH?

Over 50 percent of the households in EH include children, and many of these are in EH for over 3 months

- 4 When we look at household types in EH the largest segments are:
 - Single people with children (44%)
 - Single people with no children (42%).
- 5 The duration in EH remains a challenge, with:
 - 44 percent of all households in EH for 3 months or longer, and 25 percent of these were households with children.

This analysis includes those who accessed EH, and the general population, between September 2016 and December 2022

Why are people using EH?

The drivers of EH use are varied

- 6 There are structural drivers, system failures and individual stressors and shocks that all contribute to people needing EH.
- 7 As you can see from the cohort characteristics, compared to the general population and people receiving the Accommodation Supplement (AS) or in Social Housing (SH), people in EH are more likely to:

- face challenges with their physical and mental health

Received mental health and addiction services in the last 12 months			
EH	SH	AS	General population
31%	10%	14%	4%

- to have had a past interaction with the justice system:

Had a police proceeding in the last 12 months			
EH	SH	AS	General population
28%	6%	8%	2%

Had any offence in the last 12 months, excluding driving			
EH	SH	AS	General population
22%	4%	6%	1%

Had been in prison in the last 12 months			
EH	SH	AS	General population
8%	1%	2%	0%

Where are people?

We know there are a number of hot spots across the country

- 8 There are 5 regions we will need to watch closely. These are where 76 percent of all households in EH are based. Those regions are:
 - Auckland
 - Waikato
 - Bay of Plenty (Rotorua)
 - Wellington
 - Canterbury.
- 9 The drivers of demand and possible solutions will differ somewhat from place to place.

Moving on to the slide with our Plan to achieve the target...

How will we achieve the target?

The social housing pipeline is a key intervention to help reduce numbers

- 10 The stock of social housing is growing. We are expecting over 6,000 further places to be delivered by 30 June 2025. This will bring the total number of places to over 87,000 social housing places which will be a big help in supporting people out of EH.
- 11 But other types of supply is also critical, initial data highlights that 31 percent of households exited EH into private rentals. Incentivising and bringing on different housing tenures will be important.

We have completed a number of key actions

- 12 The priority one category on the social housing waitlist for families with dependent children went live at the end of April. This ensures that families with dependent children in EH for extended periods (12 weeks or more) are prioritised on the waitlist.
- 13 Tenancy reviews have also been progressing since the end of March and we expect this may free up some social housing places.
- 14 The implementation of Housing Support Products are another action that help prevent people needing EH (via rent arrears assistance) and support people into private accommodation (via help with bond, rent in advance and moving costs).

We will also implement 2 other actions in the next quarter (Quarter 3)

- 15 We have some other key changes coming online between now and the end of August including:
 - extension of EH support services from 1 July
 - the implementation of our decisions to move to a more rules-based payment for EH by August.

There are a number of system enablers that are progressing

- 16 Across the housing and other portfolios, a number of system enablers will support the target.
- 17 The delivery plan for this Target will reflect the wide programme of work that will contribute to the achievement of the target. This includes the connections and implications with other housing-related programmes (e.g. such as Going for Housing Growth, Better Social Housing and work on the rental markets).

- 18 It also includes wider cross-government work underway, particularly the work on the eight other targets which involve sectors that intersect with EH (e.g. health, justice, education).
- 19 Together these will pave the way to have the right conditions for our specific actions across EH, TH and SH to make sure the settings and incentives are working as intended.

When will we consider further advice?

We have more coming – and we will need to take some decisions over the next 12 months and fill the gaps in our understanding of how the system is working

- 20 We want to get EH back to being a last resort for short periods. Our plan includes work across the full spectrum of levers.
- 21 Achieving our target of no more than 800 households will require efforts across the system so that we are making full use of the interventions to:
 - stop people needing EH
 - support people while they are in EH
 - ensure the pathways out are available, well utilised and working as intended
 - having the wider system enablers which impact supply, s 9(2)(f)(iv)
- 22 Broadly, the actions in the 'future work and decisions to take' section cover the following themes.
 - **Filling some key gaps in our understanding about how people find themselves needing EH.** While we have a good understanding of who is in EH at any point in time, there are important gaps in our understanding of flows. In particular:
 - understanding what causes people to cycle in and out of EH
 - understanding where people come from and where they go – for example there are 57 percent of EH exits that we don't know where they go to, Understanding this will help us focus our efforts on those who may need support to enter and sustain longer term housing.
 - **Optimising the current stock of transitional housing and social housing** – this is about ensuring we are using these services to their maximum potential and includes considering the policy and practices for allocation and placement across TH and SH

- **Getting the incentives right for getting people from EH into sustainable private rentals.**
 - **Addressing flows across government** – including ensuring people moving from state care and custody, out of hospital etc are not left with nowhere to go but EH.
- 23 Work over the next few months will give us a better sense of the potential impact of these initiatives on our target.
- 24 At this stage I'm keeping all options on the table which is why you can see that the work noted here and advice to come remains broad in scope. We know supply is a big factor, but we need to focus on ensuring we are making good use of our current supply, in the first instance. Future advice will further detail where we can make the biggest impact and choose to focus our efforts.
- 25 I am expecting advice on issues including:
- Optimising the current stock of transitional housing and social housing – this is about ensuring we are using these services to their maximum potential s 9(2)(f)(iv)
 - Getting the incentives right for getting people from EH into sustainable private rentals
 - Addressing flows across government – including ensuring people moving from state care and custody, out of hospital etc are not left with nowhere to go but EH.

Annex 2: Additional information

The difference between EH-SNG and Contracted Emergency Housing

- Emergency Housing Special Needs Grants are grants provided to support households to access commercial accommodation when they cannot remain in their housing (or do not have housing) and will not have access to any other accommodation that is adequate for their or their family's needs.
- Contracted Emergency Housing is a place-based approach used in Rotorua where motels are contracted by HUD to house families with wrap-around support.

Extending support services for people in EH – investing in support services to reduce EH-SNG use

- MSD provides support to help people find and secure a longer-term home. This includes:
 - Integrated Services Case Managers
 - Navigators
 - Housing Brokers who work with clients to find a suitable home, including private rentals
 - Ready to Rent courses which help prepare people for renting
 - Flexible Funding assistance to support children in emergency housing.
- For Budget 2024 we have agreed to spend \$83.477 million on support services over 2 years to achieve net savings of \$350.545 million over the forecast period (2023 to 2028), which involves a reduction of 27 percent of households from July 2024 to June 2028.
- The savings come from:
 - tightening eligibility settings to ensure EH grants are provided to those in genuine need and who have met their responsibilities
 - continued investment in support services to sustain a reduction of households in EH
 - \$6.489 million from stopping the Housing Support Product pilot (savings of \$6.489 million).
- Projected savings in the medium to long-term can be very uncertain, as they are reliant on external factors outside MSD's modelling parameters such as migration, availability of private and social housing, and rental prices.

Housing Support Products

- Housing Support Products are a key tool for MSD to help people move out of and avoid emergency accommodation they help people with the costs of obtaining and retaining accommodation in the private market. They include:
 - **Moving Costs Grant:** to help a client (or any other person living in the client's household) with costs to move their combined household furniture, appliances, personal effects and personal belongings into rental housing.
 - **Bond Grant:** to help with the cost of a rental bond charged by a landlord to the client as a tenant.
 - **Rent in Advance Grant:** to help with the cost of rent in advance charged by a landlord to the client as a tenant.
 - **Rent Arrears Grant:** to help clients retain their rental housing if they are at risk of losing their tenancy due to being behind on their rent.
 - **Tenancy Costs Cover:** a conditional grant to provide landlords with assurance the client will be able to meet any tenancy related costs over and above the rental bond (up to a limit) if owed at the end of the tenancy.
 - **Transition to Alternative Housing Grant:** a conditional, non-recoverable grant to incentivise clients to move from social housing to a tenancy that the RTA applies to (referred to as "alternative housing").

The data we have / do not have

We have good data, that is regularly reported on :	We have some bespoke data analysis about:	We have less good / less information available on:
<p>EH</p> <ul style="list-style-type: none"> • Total granted. • Number of people who receive an EH SNG. • Household composition. • What region people are in. • Duration. • Number of EH suppliers. <p>CEH</p> <ul style="list-style-type: none"> • Total number of people in CEH. • Number of contracted places. • Household composition. • Duration. • Households who start and end spells in CEH. 	<p>EH</p> <ul style="list-style-type: none"> • Cohort characteristics for EH which we can compare to people receiving AS or in SH and to the general population – this is from the IDI. • After housing costs of people in emergency housing longer stays. • Effectiveness of Housing Support Products. • Compared to other housing situations. • The characteristics of people who are in EH for. 	<p>EH</p> <ul style="list-style-type: none"> • Where people go after EH (if they do not receive AS or go into SH). • Whether there is any churn / cycling in and out of EH occurring overtime. <p>CEH</p> <ul style="list-style-type: none"> • Where people go after CEH <p>Homelessness</p> <ul style="list-style-type: none"> • Prevalence of homelessness and changes to this over time.

Social Housing Pipeline as at 31 March 2024

IRRS Social Housing NET Pipeline to (April 2024 - June 2025)²

HUD Region¹	Kāinga Ora	CHP	Total
Northland	228	162	390
Auckland	2,208	184	2,392
Waikato	587	65	652
Taranaki	105	0	105
Bay of Plenty	598	143	741
East Coast	357	9	366
Central	255	41	296
Wellington	556	38	594
West Coast Tasman	282	50	332
Canterbury	743	37	780
Southern	217	59	276
Total	6,253	788	7,041

Notes:

1. There are some differences between HUD and KO regions mainly impacting data for Wellington, Central and Taranaki.
2. The total New Zealand Pipeline will be lower than the sum of the regions due to a small amount of unallocated Kāinga Ora pipeline.
3. For Kāinga Ora, the net pipeline includes a forecast for properties removed through sales, lease expires and demolitions.
4. Pipelines are subject to change.

END.