

**Before Independent Hearings Commissioners  
Rotorua Lakes Council**

**In the matter of      13 applications for resource consent for  
contracted emergency housing by Te Tūāpapa  
Kura Kāinga Ministry of Housing and Urban  
Development**

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**Statement of reply evidence by Nicholas  
McNabb**

**15 November 2022**

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# Statement of evidence by Nicholas McNabb

## 1 Introduction

1.1 This statement provides additional information to my earlier evidence dated 5 October 2022. It responds to questions asked of me by Commissioners during the hearing and also responds to some themes raised by other submitters.

1.2 It covers:

- (a) The demand for Emergency Housing over time;
- (b) Individuals and whānau coming into Emergency Housing from outside the district;
- (c) Information on the length of stay in Contracted Emergency Housing (**CEH**);
- (d) The intention to manage down the number of motels used for Emergency Housing Special Needs Grants (**EHSNG**) over time;
- (e) Te Tūāpapa Kura Kainga – the Ministry of Housing and Urban Development's (**HUD**) work with Te Arawa and Rotorua Lakes Council (**RLC**) to deliver solutions to the housing crisis;
- (f) Commenting on the recommendations from the Rotorua Housing Taskforce (**the Taskforce**) and implications for consultation.

1.3 My additional evidence is factual in nature.

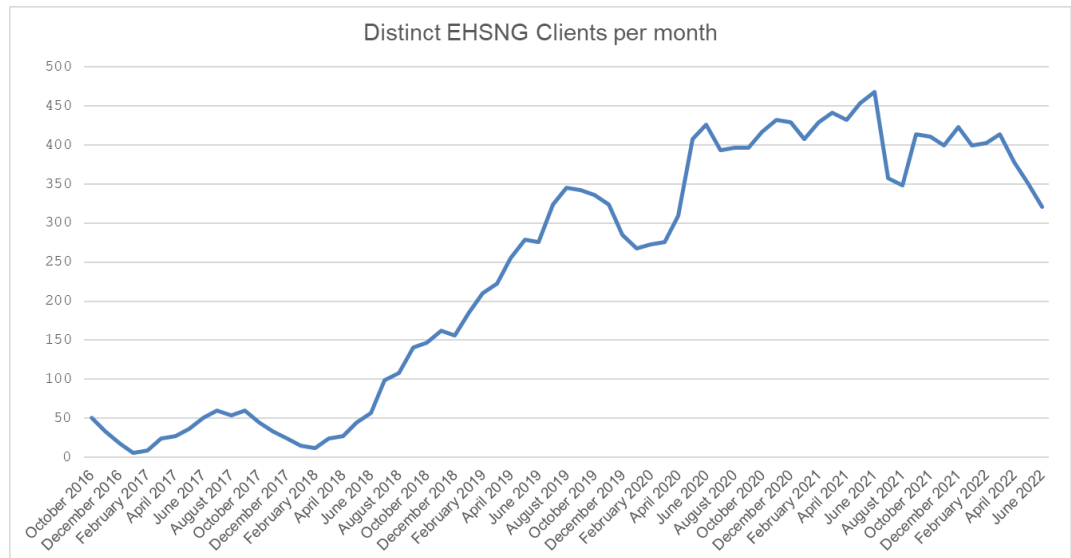
## 2 Demand for emergency housing was already high prior to the onset of COVID-19

2.1 A number of submitters suggested that prior to COVID-19 there was limited homelessness and use of Emergency Housing in Rotorua. This is not the case.

2.2 Emergency Housing demand was already high prior to COVID-19 and reflected the growing pressure in the rental market from a growing shortage of housing over the preceding years. The impact of COVID-19 further increased the demand for Emergency Housing, through rising

unemployment and people finding themselves without safe places to self-isolate during lockdowns

2.3 The chart below shows steady growth from early 2018 in the number of distinct clients per month receiving an EH SNG in Rotorua. The peak prior to the emergence of COVID-19 was in August 2019 where 345 distinct clients received an EH SNG grant<sup>1</sup> during the month. The fall in August 2022 reflected the movement of whānau into CEH.



2.4 In addition to the number of clients receiving an EH SNG, prior to COVID-19 the Night Shelter in Pukuatua Street provided accommodation for around 45 people and there were also a number of people sleeping rough in Kuirau park.

2.5 As noted at para 4.28 of my initial evidence, in March 2020 when New Zealand went into Level 4 Lockdown, 102 motel units were contracted in Rotorua to accommodate up to 100 whānau and individuals, including those sleeping rough, living in the night shelter, and in other unsuitable accommodation. These were in addition to the number of clients already receiving EH SNGs, which rose to 426 distinct clients in the month of June 2020.

2.6 The high level of homelessness pre-Covid was also referenced in contemporaneous documents such as RLC and Te Arawa's He Papakainga He Hapori Raurikura – Homes and Thriving Communities Strategic Framework (**Rotorua Housing Strategy**) adopted in October 2020. The Rotorua Housing Strategy noted at page 22:

<sup>1</sup> Note point this is number of clients across a month, not at the end of the month as shown later.

- (a) a five-fold increase in the number of individuals and whānau located in Rotorua receiving EH SNGs between 2016 and 2019.
- (b) that the Ministry of Social Development (**MSD**) has increasingly utilised motels and backpacker accommodation for Emergency Housing due to a lack of other supply.
- (c) people are staying in these places for much longer than intended as there is a shortage of transitional, social and market housing across Rotorua for people to move on to.

### **3 People coming from out of town**

- 3.1 The MSD report titled *Rotorua Emergency Housing Demand – an analysis*<sup>2</sup> cited by many submitters indicates that in the 2021 year, 31% of people who received an EHSNG in Rotorua had been living in another territorial authority one month prior. The majority were from Rotorua. This covers all clients receiving an EH SNG in that year.
- 3.2 The report is backward looking for the 2021 year. 2021 was highly disrupted for obvious reasons and is not reflective of future trends or the current approach taken by Te Pokapu and MSD to ask for a good reason for people to come to Rotorua for Emergency Housing, as outlined in this section.
- 3.3 The MSD report was a bespoke analysis for Rotorua that responded to concerns raised by RLC and the community. The report focused on clients receiving EH SNGs and not whānau or individuals in Contracted Emergency Housing (though the initial group moved into CEH were moved from EH SHG motels). The report is specific to Rotorua and there is no benchmark to compare the 31% of recipients who had been living in another district with other locations (for example, we do not know how many people were living in Rotorua but moved to Emergency Housing in other centres).
- 3.4 As stated in para 8.38 of my earlier evidence, MSD has revised its approach to take account of the significant demand for Emergency Housing in Rotorua, and seeks to balance the needs of individual clients

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<sup>2</sup>

<https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/rotorua-emergency-housing-analysis-redacted.pdf>

against those of the wider community. When providing options to clients originating from outside Rotorua, MSD will now ask people for a good reason before any Emergency Housing support is provided for people to relocate to Rotorua. However, clients, like other New Zealanders, may have urgent reasons they may need to move towns. For example, this may include whānau leaving family harm situations or those who need to be close to medical facilities (Rotorua having the region's hospital services).

- 3.5 Anyone who arrives in Rotorua seeking Emergency Housing and who does not have an evident connection to the area, is escalated to MSD's Regional Housing Manager, who work with local Case Managers, other Housing Managers and the triage team at Te Pokapū to best support that person or whānau in a place where they have the best opportunity to be safe, strong and independent. A similar approach is taken for CEH.
- 3.6 I understand from MSD that in the twelve months to October 2022 that around 50 households from outside the district have taken up an EH SNG in Rotorua, or around 6% of clients starting an EH SNG spell in Rotorua.<sup>3</sup>
- 3.7 It is also worth noting that the higher number of clients from outside the district in 2021 occurred in the context of COVID lockdowns, which may have contributed to people being away from home when required to isolate.

#### **4 Length of stay in emergency Housing**

- 4.1 Commissioners asked service providers about the typical length of stay for Contracted Emergency Housing. Providers' general response was that "it depends", noting the length of stay was determined by whānau's circumstances and the availability of permanent housing.
- 4.2 HUD has analysed monthly reports from providers to identify more granular information on client length of stay. The table below shows the duration of stay for individuals and whanau residing in CEH at the end of August 2022. The table also shows the length of stay for individuals and whānau who have transitioned from CEH to other accommodation between 1 June 2021 and the end of August 2022.

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<sup>3</sup> These figures are based on administrative reporting and the method is different to the backward looking approach carried out by MSD Insights for all clients starting an EHSNG spell in 2021. The approaches are similar but not identical.

<b>Duration of stay for:</b>	<b>Less than 90 days</b>	<b>Between 90 and 180 days</b>	<b>Between 180 and 365 days</b>	<b>In CEH &gt; 365 days</b>
<b>Clients in CEH as at 31 Aug 2022</b>	40%	25%	23%	12%
<b>Clients that have transitioned from CEH to other accommodation</b>	58%	27%	14%	1%

4.3 The table shows significant variation in the length of stay. Some individuals and whānau have had relatively short stays, while 12% of current residents have been in CEH for over a year. Also individuals and whānau that have transitioned from CEH to other accommodation have shorter durations than those who remain. More than half transition within 90 days. These differences reflect the varied contexts and circumstances that can lead individuals and whānau to require Emergency Housing support.

4.4 For comparison the table below shows the length of stay for clients receiving an EH SNG at the end of September 2022. Compared to CEH, EH SNG clients appear to have a longer duration in Emergency Housing. It is important to note the group receiving EH SNGs is different to CEH, with single adults making up the majority of households receiving an EH SNG (single adults made up 69% EH SNG clients at the end September 2022, compared to whānau with children making up 83% of households in CEH).

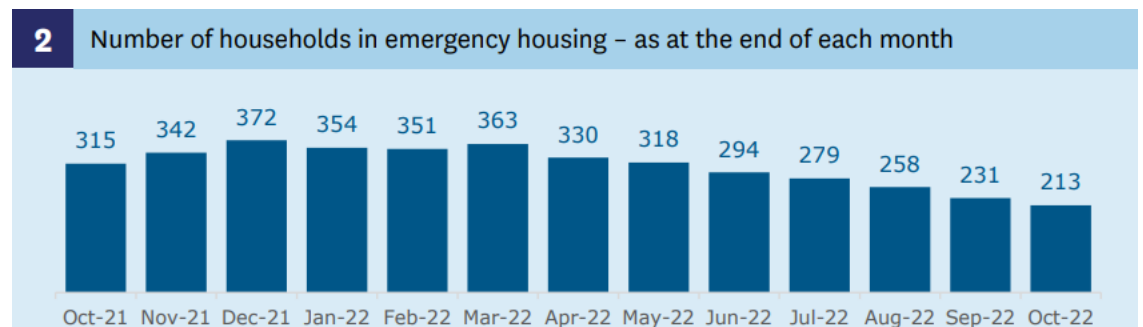
<b>Duration of stay</b>	<b>Less than 90 days</b>	<b>Between 90 and 180 days</b>	<b>Between 180 and 365 days</b>	<b>In CEH &gt; 365 days</b>
<b>Clients receiving EHSNG as at 30 Sept 2022</b>	19%	10%	34%	34%

4.5 The different groups in EH SNG and CEH may also have different needs for permanent housing. Across Rotorua there are few one and two bedroom rentals, limiting the options for single adults to live

independently. At the end of September 2022 there were around 600 active private bonds lodged for one bedroom rentals. This compares with 501 applicants on the housing register requiring a one bedroom home at the end of September 2022. This underlines the importance of having permanent housing options for people to move to.

## 5 The intention to manage down the number of EHSNG motels

5.1 The chart below shows the steady decline in the number of individuals and whanau receiving an EH SNG at the end of each month since December 2021.<sup>4</sup> I understand from MSD that at the end of October 2022 there were 213 households receiving an EH SNG across 29 motels in Rotorua. The number of motels being used for EH SNGs has reduced from 45 as at the end of November 2021.



5.2 The pipeline of new public housing, including 152 units to be delivered in the year to June 2023 will support further reduction in demand for Emergency Housing, reducing the number of individuals and whānau in motels and the number of motels being used for emergency housing.

5.3 Other factors that may support a continued reduction in demand for Emergency Housing over time include:

- (a) Higher levels of consents and building completions easing overall shortfall of housing across the district.
- (b) Delivery of affordable and Māori and iwi housing, such as the Manawa Gardens development supported by government

<sup>4</sup> Note this is count of the households receiving an EH SNG at a point in time and differs from the figures provided in Section 2 which provide a count of the number of distinct clients receiving an EH SNG in a given month. The figures in section 2 will be higher as will count people who received an EH SNG for part of the month.

investment (announced by the Associate Minister of Housing Peeni Henare on 11 November 2022<sup>5</sup>).

(c) Recent changes to the Residential Tenancies Act that strengthen security of tenure and enable tenants to maintain their tenancies.

- 5.4 Assuming demand for emergency housing continues to decline MSD intend to continue to reduce the number of motels being used for EHSNGs. To inform this managed reduction, MSD has discussed aspects of quality assurance with RLC.
- 5.5 Noting the point that the choice of an EH SNG motel is ultimately the client's, Commissioners asked me how MSD could stop using particular motels for Emergency Housing. I understand from MSD that its primary mechanism is through the advice it offers to clients about the suitability and quality of motels. To support this approach by MSD, RLC have indicated that after MSD has stopped, and does not intend to resume, using a motel for EHSNGs, RLC will discuss regulatory compliance with the motel operator/owner indicating that if the motel resumes accepting EH SNG clients then RLC would expect a resource consent to be obtained.
- 5.6 The combined effect of advice by MSD and regulatory enforcement from RLC should reduce opportunities for motel owners to resume providing EH SNGs, including through online advertising as noted by some submitters.
- 5.7 This process between MSD and RLC will be supported by regular reporting from MSD and HUD about the number and composition of households in EHSNG, CEH and COVID motels. MSD, RLC and HUD will have regular conversations around the use of motels and which motels are exited as demand continues to fall.
- 5.8 It is MSD's and HUD's intention to focus first on reducing the number of motels being used for EH SNGs and to consider over time consolidating demand for Emergency Housing into CEH. This reflects a pragmatic approach that ensures the best support for individuals and whānau reliant on Emergency Housing and to mitigate the effects on the surrounding

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<sup>5</sup> <https://www.beehive.govt.nz/release/iwi-and-government-partnership-delivers-homes-ng%C4%81ti-whakaue>



area. To exit CEH motels, which are more suitable for whānau and offer wrap around support, while use of EH SNGs remained high would likely have worse impacts on individuals and whānau in Emergency Housing and on neighbours. The same would be true should some of the CEH consents not be granted.

5.9 As noted in my previous evidence the Emergency Housing System review could also provide mechanisms for MSD to actively manage the quality of EH SNG motels. These proposals are subject to advice to and decisions by Ministers and Cabinet.

5.10 The table below updates my earlier evidence with latest figures for the number of households in CEH, COVID Motels and EH SNGs. At the end of September 2022 there were 461 households accommodated across the three programmes, compared with 677 at the end of December 2021. This is a decline of 32%, or almost a third. Over this same time seventeen fewer motels are being used across the three programmes (16 for EHSNGs and one COVID motel).

Clients at end of month	September 2021	December 2021	March 2022	June 2022	August 2022	September 2021
<b>EH SNG</b>	335	370	365	292	258	231
<b>Contracted Emergency Housing and COVID-19</b>	316	307	306	280	249	230
<b>Total</b>	640	677	671	572	507	461

## 6 Housing plan / exit strategy

6.1 Many submitters indicated that they could not see an overarching plan that would enable exit of motels any time in the future. Commissioners also asked me about where the plan was set out. As I set out in my evidence there is a significant programme of work underway including public housing, investment in infrastructure and plan changes. Residential investment – evidenced by building consents – has also increased significantly.

- 6.2 However, the actions set out in my evidence were drawn from a number of sources and locations and reflected plans developed through the Taskforce and the related build programme. These actions had not been communicated as a single comprehensive documented plan. This may have resulted in these actions not being particularly visible to the community, which may have contributed to some of these submissions.
- 6.3 On 20 October Minister Woods met with Mayor Tapsell and Te Arawa leaders to discuss Rotorua's housing crisis and work underway. Te Arawa leaders have also met separately with Government Ministers to discuss concerns regarding Emergency Housing.
- 6.4 A commitment from these hui is to develop a collective plan and provide for strengthening iwi, local and central government leadership to address the housing crisis in Rotorua. Discussions are currently ongoing, but there has been a publicly expressed commitment to finding solutions and agreeing how Te Arawa, Central and Local government will work together.
- 6.5 The ongoing use of motels, the support for individuals and whanau, and the sequence with which motels are exited as demand falls will be a focus of the collective plan alongside delivering the build programme and continuing to grow the supply of housing. The sufficiency of actions underway to reduce the reliance on motels and enable the exit of CEH at the expiry of consents in five years will be a key focus. However, it is not only MHUD's job and will require input from many parties, including for example further plan changes and consenting from RLC.
- 6.6 The exact form that this collective plan will take, its focus and actions are still under discussion. More details are expected to be made public before the end of the year.

## **7 Consultation and the role of the Housing Taskforce**

- 7.1 The decision for HUD to directly contract Emergency Housing came from the locally led Rotorua Housing Taskforce (**Taskforce**) that included RLC and Te Arawa. The Taskforce also later agreed that HUD would support motel operators by leading their applications for resource consents for CEH.
- 7.2 As noted at para 4.31 of my earlier evidence, in March 2021 the Taskforce was established to develop immediate short-term solutions to improve the

environment for whānau receiving EH SNGs and the wider community while more permanent housing solutions were developed.

- 7.3 The taskforce made up of representatives from RLC, Te Arawa, central government agencies and service providers recommended a set of actions which the Cabinet adopted in May 2021.<sup>6</sup> Te Arawa Iwi representatives were involved in initial Taskforce workshops and kept up to date on progress by RLC and central government agencies. Advice to Ministers based on taskforce recommendations were tested with iwi representatives.
- 7.4 Through the Taskforce, HUD worked closely with RLC and accepted RLC's request that resource consents be obtained for the motels used for CEH – albeit after they had been contracted.
- 7.5 I also note that a list of the initial 12 motels contracted was circulated to the Taskforce, including iwi representatives, for any comments before contracting. No adverse comments about the particular motels were made.
- 7.6 Lyall Wilson set out in his evidence the process to identify suitable motels and noted in his oral submission given motel suitability and willingness of motel owners to contract, the initial target of 12 motels was achieved “just”.
- 7.7 I restate these points in my evidence to emphasise that the decision to contract motels was driven locally to provide a bespoke solution to local issues. The subsequent choice of motels and process to seek resource consents occurred in the context of this clear and earlier direction from the Taskforce.
- 7.8 I would also note that the Rotorua Housing Strategy released by Te Arawa and RLC in October 2020, under the objective of “safe emergency housing options that meet different needs and available for short term use” identified a number of success criteria which have been reflected within the CEH model. While the Rotorua Housing Strategy did not refer specifically to the contracting of motels, in the subsequent context of the Taskforce, CEH was the best way in the immediate term to achieve:

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<sup>6</sup> The Taskforce brought together RLC, MSD, HUD, Kāinga Ora – Homes and Communities and Te Puni Kōkiri alongside Te Arawa partners and social service providers.

- (a) A range of emergency housing options to meet different needs.
- (b) Emergency housing options that are supervised and safe from violence, alcohol and drug abuse.
- (c) Emergency Housing facilities are safe and sanitary.
- (d) Users and their neighbours feel safe.
- (e) Te Arawa organisations participate in the co-design, co-development and co-delivery of emergency housing options to ensure effective delivery to diverse communities.

7.9 A further success criteria identified in the Rotorua Housing Strategy was that Emergency Housing is needed for no more than 7 days. However, in reality the length of stay in emergency housing is generally longer than this due to the individual circumstances, such as whether whānau are ready to move into more permanent housing, and the availability of housing that suits the needs of whānau.

7.10 A draft of the Rotorua Housing Strategy was publicly consulted on and drew on earlier RLC led workshops with the community.

Date: 15 November 2022



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Nick McNabb