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**

Further statement of evidence of Shamubeel Eaqub

15 November 2022

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Further statement of evidence of Shamubeel Eaqub

1 Counterfactual

1.1 Mr Kevin Counsell's assessment of the economic effects is unrealistic, as it does not analyse the potential impact of contracted emergency housing against a credible counterfactual. His evidence does not establish how the housing situation for those currently in emergency housing, nor motel supply, would be improved if these consents are not granted. For example, if the Fenton Street motels are instead used by those with EH-SNG vouchers, except without the wraparound support that a contracted option provides, can it sensibly be suggested that the impact on tourism or crime would be lesser?

1.2 My assessment based on literature is that this is not a credible conclusion. Wraparound supports and physical design mitigate effects of poverty concentration and are critical factors in the success of public housing projects.[1] These are more effective interventions than dispersing policies, which tend to shift and hide the dysfunction of poverty without providing actual remedy.

1.3 As such, it does not follow that having emergency housing tenants housed elsewhere in the Rotorua accommodation sector, without the same degree of support, will lead to lesser economic effects overall. It is also not clear why the use of other types of accommodation, as proposed by Mr Counsell, by those with EH-SNG vouchers, especially types available in lesser quantities than the Fenton St motels, is a more suitable configuration for reviving the tourism sector (e.g., greater use of campgrounds, backpackers, non-Fenton St motels, and bed and breakfasts for EH-SNG throughout the city).

2 Interpretation of tourism demand

2.1 I also question the interpretation of tourism demand in his evidence. I agree that occupancy rates of the wider accommodation system are a useful measure. However, I question how they are interpreted. Mr

[1] CRESA, 2020.

Counsell takes low and stable occupancy rates elsewhere in the Rotorua accommodation system (discussed in paragraph 77 of his evidence) as an indication that rooms of the "desired type and at the desired price point to substitute for the lost capacity from the 13 motels" are not available, and so demand cannot be met. He concludes that potential tourists are being turned away, because of emergency housing use.

2.2 This mischaracterises the situation. We would expect to see *some* substitution if demand had returned strongly, even if the accommodation options are not perfect substitutes for everyone in the displaced motel market. However, considering the continued shutdown of the Chinese market because of a zero covid approach in China, it seems hard to conclude occupancy rates elsewhere in Rotorua have remained low only *because* motel demand cannot be accommodated.

2.3 Instead, it seems far more likely that tourism demand has remained low since the pandemic, owing to the near total outflow of international tourists in this time. Mr Counsell makes comparisons with other cities to try show this is not entirely the case. For instance, he compares Rotorua to Queenstown, and cites the strong tourism season in Queenstown in July 2022 as an indicator that tourism nationwide is in recovery. He also compares domestic spend data with Taupo across 2020-22 to isolate the effects of emergency housing on Rotorua.

2.4 In the first case, I question whether Rotorua has the same pent-up and seasonal demand as for a ski-product like that offered in Queenstown, especially from Australia, which is not a substantial market for Rotorua. I do not accept that for these purposes these two markets are comparable. In the second case, the role that proximity to the Waikato-Auckland border and fear of the delta variant played in the September 2021-January 2022 period seems not to be considered. In any case, the differences in spend data to me read as minor.

2.5 The result is a 'straw on the camel's back' argument which unfairly attributes significant economic costs of covid disruption to the presence of emergency housing tenants, most of whom must live in Rotorua regardless of how they are accommodated (or be pushed out). Given this, a medium-term option with wraparound supports appears eminently sensible.

Benje Patterson Report

2.6 I have been provided with a copy of a report that I understand was tabled in evidence by Rotorua NZ, titled “The Potential Costs to Tourism of Negative Perception of Rotorua”.

2.7 I have not undertaken a full review of the report, but I have a number of reflections based on my first read-through:

(a) The data about tourist spend combines international and domestic Tourism Electronic Card Transactions (TECTs). This overstates the domestic spend because the mix of card spend to other spend is different for international and domestic tourists. MBIE publicly cautions against combining the data in this way.[2]

(b) The author takes data from three winter months at a time when the border was not completely open and extrapolates across a whole year to calculate a potential loss of $92 million in visitor spending (only TECT card spend) over the next 12-month period. This fails to account for the continued absence of the Chines tourist market which will be significant for Rotorua.

(c) The report compares population movements from monthly unique regional population estimates (MURPEs) to accommodation data from the Accommodation Data Programme (ADP) but does not appear to have controlled for people passing through Rotorua, or AirBnB-type accommodation.

Date: 15 November 2022

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Shamubeel Eaqub

[2] https://www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/tourism-electronic-card-transactions/: “We advise users to not add domestic and international market totals together. They should be used separately. This is due to ECTs in each market representing a different proportion of total tourism spend. More information can be found below. While the TECTs show international spend from April 2020 - April 2021, we don't have confidence in these figures as they could be skewed by returning New Zealanders using their overseas credit card.”