



COVERSHEET

Minister	Hon Poto Williams	Portfolio	Housing (Public Housing)
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List of documents that have been proactively released

Date	Title	Author
June 2021	The gifting of Porta-cabins located in the Kaikōura Housing Recovery Temporary Accommodation Village	Office of the Associate Minister of Housing (Public Housing)
2 June 2021	Kaikōura Housing Recovery Temporary Accommodation Village: Gifting of Porta-Cabins DEV-21-MIN-0117	Cabinet Office

Information redacted

NO

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In Confidence

Office of the Associate Minister of Housing (Public Housing)

Cabinet Economic Development Committee

The gifting of porta-cabins located in the Kaikōura Housing Recovery Temporary Accommodation Village

Proposal

- 1 This paper seeks approval for the Ministry of Business, Innovation and Employment (MBIE) to gift ownership of seven porta-cabins located in the Kaikōura Housing Recovery Temporary Accommodation Village to the Kaikōura District Council (KDC) for continued use as community housing.

Relation to government priorities

- 2 This is an operational adjustment that requires Cabinet approval.

Executive Summary

- 3 Seven Temporary Accommodation Service (TAS) porta-cabins located in the Kaikōura Housing Recovery Temporary Accommodation Village (the Village) have been re-purposed to address community housing needs because they are no longer required for TAS purposes.
- 4 The porta-cabins are not suitable for government redeployment due their size, and the difficulty to remove and transport them, but KDC has agreed to the porta-cabins remaining on the KDC-owned land. KDC will continue to facilitate the cabins use as community housing for the Kaikōura.
- 5 The porta-cabins' estimated collective book value (\$120,000) is less than the estimated cost for MBIE to remove them and fully remediate the land (\$170,000).
- 6 TAS has previously transferred surplus housing stock for market value if the transferee is a public or social housing provider. TAS has also previously jointly funded housing for community benefit. Gifting the porta-cabins to KDC will ensure a social return on the Crown's investment in the Kaikōura Housing Recovery Temporary Accommodation Village.
- 7 The estimated \$120,000 value of the cabins can be covered within existing TAS baselines, through a non-departmental capital write-off within TAS' appropriation. There is currently \$3.575 million unspent in TAS' appropriation for the remainder of the 2020/21 financial year.
- 8 Cabinet approval is required for all proposals to dispose of assets held on the Crown Account¹.

¹ Cabinet Office Circular CO (19) 6

Background

- 9 The Ministry of Business, Innovation and Employment (MBIE) has a statutory duty under the National Civil Defence Emergency Management Plan Order 2015 to coordinate the provision of temporary accommodation for displaced people following an emergency.
- 10 MBIE discharges this responsibility through its Temporary Accommodation Service (TAS) business unit, which:
- works with other agencies, organisations and businesses as part of the emergency response
 - identifies and registers displaced individuals and households who are in need of support to find temporary accommodation
 - undertakes assessments to clarify what temporary accommodation options are suitable and affordable
 - coordinates the provision of temporary accommodation placement, including the establishment of porta-cabin villages.
- 11 So far, TAS has established a total of six villages to support people after a disaster has occurred; after the Christchurch and Kaikōura earthquakes, and the Edgcumbe flood.
- 12 When villages are no longer required for TAS purposes, they have previously been re-utilised as public or affordable housing supply options, upon Cabinet approval [CBC-15-MIN-0003 refers].
- 13 The table below gives an overview of TAS village housing supply disposal strategies, noting that the majority of houses listed below were purpose-built and not transportable:

TAS Village	Disposal of TAS housing supply
Linwood (Christchurch)	Houses sold at residual value to Christchurch City Council for social housing
Rawhiti (Christchurch)	Houses sold at residual value to Christchurch City Council for social housing
Rangers Park (Christchurch)	Houses sold to Housing New Zealand for public housing, or to first home buyers
Kaiapoi (Christchurch)	Houses sold at residual value to a public housing provider, and also at market value to commercial buyers
Kokohinau Marae (Edgcumbe)	Five houses jointly funded by MBIE and Te Puni Kōkiri for use by TAS and then as kāumatua housing

Kaikōura Housing Recovery Temporary Accommodation Village

- 14 TAS established the Kaikōura Housing Recovery Temporary Accommodation Village (the Village) in April 2018, to support the region's recovery after the 2016 Kaikōura earthquake.
- 15 The Village was a joint initiative between TAS and the KDC to provide earthquake affected households a temporary place to stay while their home was repaired or rebuilt. KDC provided the land for the Village site (the land is council reserve), and waived fees for the development's consent exemption application. TAS provided seven porta-cabins and funded the Village's establishment costs.
- 16 The porta-cabins were not new or purpose-built for the Kaikōura response, they were a mixture of older style cabins that TAS secured to meet demand. For example, two of the porta-cabins were un-wanted Housing New Zealand stock.
- 17 When the Village was established, MBIE and KDC agreed that the porta-cabins would be re-purposed for social or community housing needs when they were no longer required for temporary accommodation purposes related to the earthquake.
- 18 In early 2019, the occupancy rate of the Village fell to around 20 per cent occupancy. As a result, TAS worked with the Ministry of Social Development (MSD) and the New Zealand Māori Council to identify people with a need, unrelated to the earthquake, for temporary accommodation and/or public housing.
- 19 MSD were unable to utilise the porta-cabins because they did not meet their specification requirements due to their size.
- 20 TAS' work with the New Zealand Māori Council resulted in the unused porta-cabins being re-purposed to support local whanau in need of temporary accommodation.
- 21 A local charitable trust called Te Whare Putea was identified as a housing provider who could effectively manage the use of the porta-cabins. Te Whare Putea has been leasing the porta-cabins for \$1 per year for community housing purposes since February 2019.
- 22 Te Whare Putea is an organisation that provides advice and support on a range of social service issues to the Kaikōura community. While they are not an exclusive or registered housing provider, Te Whare Putea's social services include the provision of transitional, temporary or emergency accommodation for community benefit. The organisation is a known government provider; MSD use Te Whare Putea to provide financial literacy to clients in the area.
- 23 Through its work in Kaikōura, TAS acknowledges that there is a need for increased understanding and recognition of the role culture plays in a community's recovery and resilience.

The Village is no longer needed for TAS purposes

- 24 The last TAS registered household left the Village in February 2020; since then all seven porta-cabins have been used as community housing. All the porta-cabins are currently occupied through Te Whare Putea and, as of early April 2021, there are four households on a waiting-list.
- 25 As with previous TAS responses, when the need for temporary accommodation in response to an emergency subsides, decisions are required to enable TAS to appropriately dispose of its housing supply and ‘close’ its response.
- 26 MBIE identified three possible options for the future of the Village’s seven porta-cabins:
1. Continue leasing the porta-cabins for use as social housing (status quo).
 2. Remove the porta-cabins and remediate the land.
 3. Gift ownership of the porta-cabins to KDC for continued use as social housing.

Gift of ownership of the porta-cabins is the preferred option

- 27 Gifting ownership of the porta-cabins to KDC aligns with previous TAS housing supply disposal strategies of transferring used housing stock for use as public or social housing. This option ensures a social return on the Crown’s investment in the Village.
- 28 The Kaikōura community will continue to benefit from the availability of social housing, while MBIE is able to transfer responsibility for the porta-cabins and ‘close’ the TAS Kaikōura earthquake response after providing support in the region for five years.
- 29 Despite having a collective residual value of around \$120,000, the Village’s seven porta-cabins are unfit for future government redeployment. This is due to their lay-out and the difficulty to transport them.
- 30 The porta-cabins are not easily transportable and would likely need to be disposed-of if removed. However, the porta-cabins are still appropriate for use as short-term, social housing.
- 31 KDC has agreed to the porta-cabins remaining on the council reserve land, and to facilitating their continued use for community benefit.
- 32 When the Village was established, MBIE and KDC agreed that MBIE would cover any costs associated with removing the porta-cabins and foundations, fill any holes, and re-grass the area. As part of the proposed gifting agreement, MBIE has agreed to pay \$3,000 per porta-cabin towards any future remediation of the land. This aligns with TAS’ remediation strategies for other Villages such as Linwood, Christchurch.
- 33 The collective residual value of the seven porta-cabins (around \$120,000), and the proposed costs towards future remediation of the land (\$21,000), is less than the

estimated \$170,000 cost of removing the porta-cabins, disposing of them, and fully remediating the land.

- 34 Cabinet agreement to the gifting is needed because the porta-cabins are Crown assets; Cabinet approval is required for all proposals to dispose of assets held on the Crown Account².

Consideration of other options and risks

- 35 Since the Kaikōura Village was established, TAS has procured 20 new purpose-built porta-cabins that are more suitable for temporary accommodation purposes than the seven porta-cabins in the Kaikōura Village. The new cabins are designed specifically for easy transportation and placement, to meet future temporary accommodation needs.
- 36 If the porta-cabins were to be removed from the Kaikōura Village, storage or sale and purchase agreements, would need to be arranged prior to removal. Neither would be easy to administer due to lack of storage facilities, and the suitability of the cabins.
- 37 Any removal of the porta-cabins would also mean evicting the people currently living in them. All seven porta-cabins are currently occupied with four households on a waiting-list.
- 38 If MBIE were to continue to own the porta-cabins, a new lease agreement would need to be drafted between MBIE, KDC and Te Whare Putea because the current agreement has expired. A key risk is that KDC or Te Whare Putea could then cancel the lease at any time with one month notice, leaving MBIE with the administration and higher cost of removing the porta-cabins and remediating the land.

Financial Implications

- 39 The proposal for MBIE to gift the porta-cabins to KDC for continued use as community housing is in-line with the disestablishment of previous TAS temporary villages, where used TAS housing stock has been disposed of at market value for social good.
- 40 I propose to gift the porta-cabins because the cost of removing the aging housing stock and remediating the land (\$170,000), is higher than the estimated value of the cabins (\$120,000). The cabins are also unsuitable for future government redeployment.
- 41 Gifting the porta-cabins to KDC will ensure a social return on the Crown's investment in the Kaikōura Housing Recovery Temporary Accommodation Village.
- 42 The estimated \$120,000 value of the cabins can be covered within existing TAS baselines, through a non-departmental capital write-off.
- 43 TAS' appropriation has three categories:

² Cabinet Office Circular CO (19) 6

- A. *Readiness, Response and Recovery* - this covers Departmental Output Expenses including service coordination, contingency planning, civil defence sector engagement and event-specific services such as matching and placement, property management, and departmental support;
 - B. *Temporary Accommodation Housing Management* - this covers Non-departmental Output Expenses of establishing, maintaining and decommissioning temporary accommodation support; and
 - C. *Temporary Accommodation Housing Initiatives* - this covers Non-departmental Capital Expenses of procuring future temporary accommodation solutions. This category usually acts as a reserve that enables MBIE to rapidly respond to new emergencies, for example, by making initial payments for short-term temporary accommodation housing stock. When large capital projects are undertaken (e.g. establishing a temporary accommodation village), funding is usually requested specifically for this purpose.
- 44 As at 19 April 2021 there is approximately \$3.575 million in the appropriation, not spent for the 2020/21 financial year. The estimated \$120,000 write-off for the seven aging porta-cabins will occur within the appropriation's *Temporary Accommodation Housing Initiatives* category.
- 45 This write-off will not cause any re-prioritisation of TAS funding and can occur upon Cabinet agreement.
- 46 As part of the proposed gifting agreement, MBIE has agreed to pay \$3,000 per porta-cabin (\$21,000 in total) towards any future remediation of the land, which can also be funded from within existing TAS baselines.

Consultation

- 47 The Treasury, the Ministry of Housing and Urban Development, the National Emergency Management Agency, and the Ministry of Social Development were consulted on the proposals in this paper.

Legislative Implications, Human Rights, Gender Implications and Disability Perspective

- 48 There are no legislative, human rights, gender or disability implications resulting from the proposals set out in this paper.

Publicity

- 49 My Office will consult with the Prime Minister's Office to discuss potential opportunities for a media release to be associated with this Cabinet paper.

Proactive Release

- 50 MBIE will proactively publish this paper. Any redactions made will be consistent with the Official Information Act 1982.

Recommendations

The Associate Minister of Housing (Public Housing) recommends that the Committee:

- 1 note that the Ministry of Business, Innovation and Employment's Temporary Accommodation Service (TAS) established the Kaikōura Housing Recovery Temporary Accommodation Village (the Village) in April 2018 to support the region's recovery after the 2016 Kaikōura earthquake;
- 2 note that, due to lower than expected occupancy, the Village's seven porta-cabins have been used for community housing by the Kaikōura District Council (KDC) and local charitable trust Te Whare Putea since February 2019;
- 3 note that the seven porta-cabins are unfit for government redeployment due to their size, and being unsuitable for transportation. However, they remain appropriate for continued use as short-term housing for the Kaikōura community;
- 4 note that TAS has previously transferred surplus housing stock at market value if the transferee is a public or social housing provider. TAS has also previously jointly funded housing for community benefit;
- 5 note that the estimated cost of removing the seven porta-cabins and remediating the land (\$170,000) is higher than the estimated collective value of the seven porta-cabins (\$120,000);
- 6 note that gifting the porta-cabins to KDC will ensure a social return on the Crown's investment in the Kaikōura Housing Recovery Temporary Accommodation Village, and any associated costs can be covered through existing TAS baselines;
- 7 agree to the Ministry of Business, Innovation and Employment gifting ownership of the seven porta-cabins located in the Kaikōura Housing Recovery Temporary Accommodation Village to the Kaikōura District Council for continued use as community housing, thereby closing the TAS response to the Kaikōura Earthquakes.

Authorised for lodgement

Hon Poto Williams

Associate Minister of Housing (Public Housing)