



## BRIEFING

### Budget 24: Temporary Accommodation Service - continued support for households displaced by the 2023 North Island Weather Events

<b>Date:</b>	17 January 2024	<b>Priority:</b>	High
<b>Security classification:</b>	Budget - Sensitive	<b>Tracking number:</b>	2324-1544

Action sought		
	Action sought	Deadline
Hon Chris Bishop <b>Minister of Housing</b>	<p><b>Agree</b> to the indicative parameters of the invited TAS Budget 24 initiative:</p> <ul style="list-style-type: none"> <li>i. a maximum cost of \$30 million in operating funding</li> <li>ii. through to the end of FY25/26.</li> </ul>	25 January 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Fadia Mudafar	Acting General Manager, Building and Tenancy	Privacy of natural persons	
Privacy of natural persons	Principal Advisor, Accommodation Response		✓

The following departments/agencies have been consulted
The Treasury

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments



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#### Purpose

To provide you with information regarding the Temporary Accommodation Service (TAS) Budget 24 initiative for further time-limited funding for the North Island Weather Event (NIWE) response, and to seek your approval of the budget initiative parameters.

#### Recommended actions

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

a) **Note** that TAS has been invited to submit a Budget 24 initiative for further time-limited funding for the NIWE response. (Noted)

b) **Agree** to the indicative parameters of the invited TAS Budget 24 initiative:

- iii. a maximum cost of \$30 million in operating funding
- iv. through to the end of FY25/26.

(Agree / Disagree)

c) **Note** the implications of further funding not being appropriated for TAS' NIWE response, primarily that all households currently accommodated by TAS in this response would be required to exit TAS accommodation from May 2024. (Noted)

d) **Note** that you are scheduled to meet with TAS officials to discuss the Budget 24 initiative on Thursday, 25 January 2024. (Noted)

e) **Note** that you will receive a copy of the final Budget 24 TAS submission ahead of the initiative being submitted on 16 February 2024. (Noted)

Fadia Mudafar  
**Acting General Manager, Building and Tenancy**

Te Whakatairanga Service Delivery, MBIE

17 / 01 / 2024

Hon Chris Bishop  
**Minister of Housing**

23/01/2024

## Background to TAS

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1. Set-up in the wake of the 2011 Canterbury Earthquakes, TAS provides temporary accommodation to displaced people who cannot return to their homes during the 'recovery' phase that follows an emergency event. This is generally for several weeks or months, but in some cases, years.
2. The support TAS provides is distinct to the shelter and emergency accommodation provided by regional Civil Defence Emergency Management (CDEM) groups for short periods in the immediate aftermath of an emergency (usually 14 days) in facilities such as school halls, community centres and marae.
3. Different emergency events, in different regions, give rise to different temporary accommodation needs. TAS considers multiple supply options during a response, including:
  - a. commercial accommodation, such as motels or holiday homes
  - b. transportable accommodation, such as portacabins and motorhomes
  - c. purpose-built temporary villages, using prefabricated relocatable houses.
4. TAS' role is mandated by the CDEM Plan 2015. TAS shifts through four operating phases: watch, activate, deliver, and exit. The phases and relevant CDEM Plan section are appended for your information.
5. TAS is not a free service, it operates a part-payment model based on 90 per cent of the affected region's lower quartile market rent. Part-payment amounts will vary, depending on individual circumstances, including the region a household lives in, size of the accommodation and their prior housing situation. Previous TAS funding has been appropriated on the assumption that around 50 per cent of displaced households supported by TAS will not be able to make part-payments. Recovered part-payments are returned to the Crown as TAS does not operate a cost-recovery model.
6. TAS has limited baseline funding of \$4.023 million per annum, which is sufficient to support small-scale responses, or the tail end of large responses, of around 20 households for up to six months at a time. Cost pressures are frequent within TAS' appropriation, and historically these pressures have always been managed by apportioning time-limited funding for specific responses.

## The NIWE Response

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7. The January 2023 Auckland floods, and subsequently Cyclone Gabrielle, (collectively the NIWE) resulted in significant displacement of households, primarily in Auckland and the Hawke's Bay.
8. TAS was activated in response to both events, and at its peak accommodated 1,114 displaced households in TAS supplied accommodation. This has now reduced to 263 households, as of 31 December 2023.
9. TAS' NIWE response has been primarily delivered via the use of commercial accommodation, although there are also 30 TAS-owned cabins deployed. This low number is due to difficulties securing appropriate land and Council consents for cabins or temporary villages.

10. The response to NIWE has been funded to date through two tranches of time-limited funding – an initial \$146.830 million for the six months from March 2023, and a further \$102.000 million for an additional four months to December 2023.
11. Both tranches of funding were underspent due to lower than forecast demand, and successful cost efficiency measures including more efficient commercial accommodation bookings.
12. The underspend from the first tranche was transferred in part to MSD (\$10.000 million) to fund the Temporary Accommodation Assistance (TAA) payment, and \$67.400 million was returned to the Crown. The underspend from the second tranche, and a small portion of the first tranche, has enabled TAS to continue the response through to June 2024, without new funding.
13. The previous Cabinet acknowledged that further time-limited funding would be necessary in this response, given demand for TAS is likely to continue through until 2026 at least.

## **Budget 24 initiative parameters**

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14. TAS has been invited to submit a Budget 24 initiative for further time-limited funding to support the ongoing NIWE response, due to the current time-limited funding being exhausted in June 2024.
15. The proposed initiative covers funding for the period July 2024 to June 2026 (two financial years). The indicative total cost for this period is just under \$30.000 million. This comprises:
  - a. \$22.000 million in non-departmental expenses, for the costs associated with commercial accommodation for displaced households, assuming a \$400 per night per household cost<sup>1</sup>, and steady attrition across the forecast period in-line with current trends and experience from previous responses.
  - b. \$7.700 million in departmental expenses, to maintain an appropriate surge TAS workforce, which steadily decreases across the forecast period.
16. The above costs are subject to change as modelling work continues and may decrease where further efficiencies are able to be found.
17. TAS expects to be supporting approximately 200 households by July 2024, with steady attrition from there to the end of the proposed funding period. It is anticipated that households in Auckland will exit TAS more quickly than those in the Hawke's Bay. This is due to the relative impacts of the weather events in those regions, coupled with the pace of recovery due to local construction and housing market capacity.
18. In addition to TAS' core team of 16 FTE who are funded from baseline, the departmental funding would allow for a surge workforce of 24 FTE in June 2024, reducing to 11 FTE by December 2024, and steadily decreasing thereafter to no additional FTE by June 2026. This is a significantly reduced workforce from the height of the NIWE response when TAS' surge workforce was around 160 additional FTE.
19. Securing additional funding would mean displaced households are supported in temporary accommodation, while repairs and rebuilds are undertaken in response to the floods and cyclone.

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<sup>1</sup> This is an average cost. The high cost is driven by the often very limited accommodation options available in affected regions, the need for furnished accommodation for many displaced households, and the varying size and makeup of the households accommodated.

20. There are secondary benefits to the local community from displaced households remaining connected by being accommodated within or close to their original community. These include benefits to the local economy, and the local housing market benefitting from households being able to undertake and complete repairs and rebuilds to damaged properties.
21. Securing funding for an additional two years could result in cost efficiencies due to lower per-household costs resulting from longer-term contracts with commercial accommodation providers. To date, TAS' ability to secure lower accommodation rates has been constrained in this response due to the need to enter shorter-term contracts because of the short periods funding has been apportioned for. TAS would enter into longer-term supplier agreements responsibly, with appropriate mitigations in the event of lower than anticipated demand.
22. TAS is exploring the potential for a scaled funding option and, pending assessment of the operational feasibility of this, will include it in the final initiative template.

## **Implications of no further NIWE funding**

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23. While TAS' annual baseline funding is sufficient to support a small number of households in temporary accommodation (currently six flood-affected households in Westport, and four households in Nelson), forecast demand for NIWE is not anticipated to decline to a low enough level to be met from baseline funding until mid-2026.
24. Without new time-limited funding, TAS would no longer be able to support the NIWE response. Households would be required to exit TAS accommodation from May 2024.
25. TAS would start working with other government agencies to establish if there is alternative support that could be provided to the displaced households. Some households would not be entitled to alternative government housing support and would not have accommodation available to them without the support TAS provides. TAS' existing engagement with Kāinga Ora and the Ministry of Social Development would assist with this transition.
26. Pre-existing housing shortages in affected locations further limit the ability of displaced households to make their own arrangements for temporary accommodation.

## **Broader considerations**

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27. There is a review of temporary accommodation support being led by the Ministry of Housing and Urban Development (HUD) as part of the Housing Recovery Framework work programme. HUD is progressing a system review of temporary accommodation supports available following an emergency. This may result in changes to TAS, including which agency TAS sits within.

## **Next steps**

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28. Subject to your approval of the parameters of this Budget 24 initiative, TAS will continue to refine and progress the bid through to submission to the Treasury on 16 February 2024.
29. Officials are scheduled to meet with you to provide further context and discuss the bid in further detail on Thursday, 25 January.

## **Annexes**

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Annex One: TAS operational phases and CDEM Plan wording

## Annex One: TAS Operational Phases and CDEM Plan wording

### TAS has four operating phases

Phase	Description
<b>Watch</b>	The watch phase is a period where emerging situations are monitored to determine if TAS is likely to be required. TAS enters the watch phase for any notable civil emergency event that might impact housing, such as a red weather warning or when a regional CDEM Group activates. This phase ends with a decision to activate TAS or not.
<b>Activate</b>	The activate phase involves assessing the emergency event to confirm how much TAS support is likely to be needed once the provision of emergency accommodation ends. A response team and IT systems are formally established during this phase. TAS also works with other agencies to gather information and establish transition processes. This phase ends on the day TAS formally activates, which is usually when the 14-day emergency accommodation provision ends.
<b>Deliver</b>	The deliver phase primarily involves delivering temporary accommodation to displaced households and ensuring a suitable supply of housing is in place to meet demand. The welfare of households is supported with needs assessments to clarify what temporary accommodation options are available, suitable, and affordable. Where possible, TAS supports households to remain within their community and close to their homes. TAS also provides households with information about the financial support that may be available to them.
<b>Exit</b>	The exit phase deals with the reduction of demand and housing supply, and ultimately includes the closure of the response. The exit phase is triggered by the availability of permanent long-term accommodation options for households, and the completion of repairs. This phase includes the disposal of any temporary housing assets to ensure the biggest social return on the Crown's investment in terms of providing ongoing support for affected communities.

### CDEM Plan

Under the CDEM Plan, MBIE is responsible for coordinating the provision of temporary accommodation for people displaced by an emergency. Clause 73(4) of the CDEM Plan states that MBIE is the agency responsible for:

- (a) planning in advance for service delivery and technical support systems; and*
- (b) prompting information gathering and analysis to ascertain the likely temporary accommodation demand and the most appropriate supply options for the affected populations; and*
- (c) encouraging operational partnerships at both national and CDEM Group level for successful implementation of temporary accommodation plans.*