



## COVERSHEET

<b>Minister</b>	Hon Poto Williams	<b>Portfolio</b>	Housing (Public Housing)
<b>Title of Cabinet paper</b>	Funding for a temporary accommodation village in response to the West Coast flooding	<b>Date to be published</b>	4 February 2022

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
November 2021	Funding for a temporary accommodation village in response to the West Coast flooding	Office of the Associate Minister of Housing (Public Housing)
24 November 2021	Temporary accommodation village in response to the West Coast flooding: Proposed funding DEV-21-MIN-0238	Cabinet Office

### Information redacted

**NO**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

## In Confidence

Office of the Associate Minister of Housing (Public Housing)

Cabinet Economic Development Committee

## Funding for a temporary accommodation village in response to the West Coast flooding

### Proposal

- 1 This paper seeks approval for funding to enable the Temporary Accommodation Service (TAS) to establish a temporary accommodation village in Westport to support households displaced by the flooding on the West Coast.

### Relation to government priorities

- 2 This proposal supports the Government's response and recovery programme for New Zealand's West Coast region, after the declaration of a State of Emergency on 16 July 2021 following a severe flooding event.

### Executive Summary

- 3 A sustained period of rain on New Zealand's West Coast region on 16 July 2021 caused significant amounts of flooding and slips, damaging around 460 houses in the area. TAS activated a response on 21 July 2021 to provide support to households displaced from their homes.
- 4 Currently, there are 101 households registered with TAS as needing temporary accommodation assistance either immediately or in the future (accurate as at 17 November 2021). Based on previous flood responses (Edgecumbe 2017), and demand modelling conducted in partnership with the Buller District Council (the Council), TAS expects to accommodate households for at least 24 months.
- 5 TAS registered households in Westport are currently accommodated in either motels, motorhomes or porta-cabins. These are effective accommodation solutions in the early stages of a response but are inappropriate for longer-term use.
- 6 A feasibility study showed that the development of a village of 30 mixed-density houses on elevated Council-owned land is the most appropriate temporary accommodation supply option to address the longer-term need in Westport.
- 7 TAS villages help regions recover by enabling households to stay in their communities and allowing an efficient repair programme to proceed. When villages are no longer required for TAS purposes, they continue to support a

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region's recovery by being re-utilised as social or affordable housing supply options.

- 8 TAS will be responsible for the full costs of building the houses, connecting the services, and landscaping.
- 9 The cost of establishing a Westport temporary accommodation village is estimated at \$15.447 million in capital expenses (allowing for a 20 per cent contingency), with a further \$2.040 million in operational expenses over three years.
- 10 Funding for the village has been estimated based on costs provided as part of a recent village feasibility study and experience in previous TAS responses. The village development is expected to take six to nine months.
- 11 TAS will continue to provide other accommodation options to displaced households until the village is established. TAS will then undertake vulnerability assessments of the households in the service at the time to prioritise households to tenant the village.

### Background

- 12 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.
- 13 MBIE discharges this responsibility through its TAS business unit, which:
  - works with other agencies, organisations and businesses as part of an emergency response
  - identifies and registers displaced individuals and households who are in need of support to find temporary accommodation
  - undertakes assessments to identify what temporary accommodation options are suitable and affordable, including the use of TAS' strategic reserve of porta-cabins and the establishment of villages
  - coordinates the provision of, and placement into, temporary accommodation.
- 14 TAS is currently managing six active responses in Napier (November 2020 flooding), Canterbury (May 2021 flooding), Papatōetoe (June 2021 tornado), Tokomaru Bay (June 2021 flooding), the West Coast (July 2021 flooding), and West Auckland (August 2021 flooding).
- 15 Since its establishment in 2011 following the Canterbury Earthquakes, TAS has supported 10,357 households across 13 activations:

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<b>Response</b>	<b>Total number of Households supported</b>	<b>Length of response</b>
Canterbury Earthquakes	6,974	10 years
Kaikōura Earthquake	502	3.5 years
Edgcumbe flooding	150	18 months
Ex-tropical Cyclone Fehi	82	12 months
Rotorua floods	81	12 months
COVID-19 2020 initial response	2,130	3 months
Southland flooding	17	18 months
Napier flooding	106	12 months (Ongoing)
Canterbury flooding	7	6 months (Ongoing)
Papatoetoe Tornado	21	5 months (Ongoing)
Tokomaru Bay flooding	5	5 months (Ongoing)
West Coast flooding	276	4 months (Ongoing)
West Auckland flooding	12	3 months (Ongoing)

- 16 During a response, TAS does not support every household displaced from their home because many households are able to resolve accommodation issues themselves. Demand for TAS is dependent on the type and severity of disaster event and demographics of the affected area.
- 17 TAS uses a number of different accommodation supply options to support households displaced from their homes: TAS owned porta-cabins, commercial accommodation providers i.e. motels and motorhomes, and newly established temporary accommodation villages.
- 18 Some of these supply options are more temporary in nature and better used for shorter time periods due to the size of living spaces and the pressure put on other revenue streams like tourism. Motels and motorhomes are very effective accommodation solutions in the early stages of a response but longer-term use places unnecessary pressure on communities that are already dealing with other significant issues.

**TAS' Temporary Accommodation Villages**

- 19 Since its inception, TAS has established a total of seven villages to support displaced households requiring longer-term accommodation support after a disaster has occurred; after the Christchurch and Kaikōura earthquakes, and the Edgcumbe flood.

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- 20 Establishing villages has previously helped regions recover by enabling households to stay in their communities and allowing a more efficient repair programme to proceed.
- 21 When villages are no longer required for TAS purposes, they have continued to support the recovery of the regions by being re-utilised as social or affordable housing supply options.
- 22 The table below gives an overview of the housing make-up of TAS' previous villages and how they were re-utilised:

<b>TAS Village</b>	<b>Housing details</b>
Linwood (Christchurch)	44 purpose-built relocatable houses that were then sold at residual value to Christchurch City Council for social housing
Rawhiti (Christchurch)	20 purpose-built relocatable houses that were then sold at residual value to purchasers including for use after the Kaikōura earthquake
Rangers Park (Christchurch)	40 purpose-built houses and townhouses that were then sold to Housing New Zealand for social housing, or to first home buyers
Kaiapoi (Christchurch)	22 purpose-built houses that were then sold at residual value to a social housing provider, and also at market value to commercial buyers
Kaikōura Housing Recovery Temporary Accommodation Village	Seven TAS porta-cabins that were then gifted to Kaikōura District Council to be used as community housing
Edgecumbe	10 units placed on a council-owned holiday park, that were then gifted to the holiday park
Kokohinau Marae (Edgecumbe)	Five houses jointly funded by MBIE and Te Puni Kōkiri for use by TAS and then as kāumatua housing

### West Coast flooding event

- 23 A State of Emergency in the West Coast region was declared on Friday, 16 July 2021 following a sustained period of heavy rain that led to flooding, slips, and high river levels. TAS activated its response on Wednesday, 21 July 2021 in response to a significant number of houses being affected.
- 24 Reporting by the local Civil Defence Emergency Management (CDEM) group indicated that 71 homes in Westport were severely damaged and have been deemed unsafe (red stickered); a further 384 homes are uninhabitable and will need significant repairs (yellow stickered). This damage constitutes 23 per cent of Westport's total available housing stock.

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- 25 Currently, 101 households are registered with TAS as needing temporary accommodation assistance either immediately or in the future (accurate as at 17 November 2021). Of these households, 67 are in TAS supplied accommodation, which is currently made up of a mixture of motels, motorhomes, and porta-cabins.
- 26 TAS forecasts that there will be a need for temporary accommodation in the region for at least 24 months.

### **Considerations specific to the West Coast Response**

- 27 In Buller, based on the 2018 census, approximately 68 per cent of the population own their own homes, 56 per cent of the population are employed either part time or full time, and although unemployment is only 3.7 per cent in the district, around 40 per cent of the population are not part of the workforce. These factors have all resulted in a high demand for TAS support.
- 28 There are other factors that have the potential to delay or prolong the need for temporary accommodation; insurance provider's temporary accommodation allowances only cover up to \$20,000 or 12 months, whichever comes first. This means that although some households are able to self-resolve in the short term, once these allowances run out they may not have the means to continue to support their accommodation needs long-term.
- 29 Although there is a high rate of insurance for homes in the region, there is a risk that homeowners may not be adequately insured or have disposable income to put towards repairs. It is estimated that up to 20 per cent of the displaced households may need financial assistance to restore their homes to a liveable standard.
- 30 Most houses can be repaired in-situ but, due to location and topography, are likely to flood again. In order to prevent re-flooding, homes need to be lifted, which many homeowners will have to pay for themselves because insurers do not pay for 'betterment'. Furthermore, raising a house is not always practical because it may impact a neighbour's amenity and require resource consents.
- 31 In other cases, sum insured values may be inadequate to fund required repairs, homeowners and residents may have no insurance or, repairs may not proceed for other reasons. The future insurability of properties may also be in question.
- 32 In addition to the economic factors, consideration must also be given to geographical factors. Westport is located on a flood plain and future flooding resilience needs to be front of mind when developing more permanent accommodation solutions to support displaced households.
- 33 TAS forecast that all these issues could prolong the need for temporary accommodation in the region. They further highlight the need for a longer-term accommodation option.

## Establishment of a Westport Temporary Accommodation Village

- 34 TAS has been working closely with the Council to determine the long-term demand for temporary accommodation in the region. TAS currently forecasts that more than 40 households are likely to require assistance beyond April 2023. Demand forecasting is updated regularly to maintain an understanding of temporary accommodation need as the response progresses.
- 35 Based on these forecasts TAS and the Council undertook a feasibility study into possible locations for a temporary accommodation village in Westport. This study identified three possible sites that could be used for the development of a village to accommodate 20-40 dwellings. Two of the sites are privately owned and are within the boundary of the flood plain, causing them to be less attractive for development. The third site at Alma Road is larger, Council-owned and, while located further out to the west of town, is a site that is not prone to flooding due to its elevated position.
- 36 Development of the Council-owned land would be the most cost-effective per dwelling, as well as ensuring the new houses are out of the flood plain. This approach is in line with a recommendation agreed to by Community Resilience Ministers<sup>1</sup> at their meeting on 27 October 2021. Minister's agreed that options to speed up subdivision for housing and infrastructure in locations near Westport that are less prone to natural hazards should be investigated. It was agreed that this work should consider the use of publicly owned land.
- 37 It is hoped that the development at Alma Road will encourage other residents of Westport to look at housing options further out of the town itself, away from the flood plain. TAS, the Council and the West Coast Regional Council are supportive of this approach.
- 38 The Council-owned land can accommodate approximately 30 homes with two or three bedrooms. Approximately 30 per cent of households currently supported by TAS require two or three bedrooms, with a further 66 per cent needing one bedroom.
- 39 TAS plans to undertake a direct sourcing process for the build of these houses to ensure that the village can be established in a six to nine month timeframe. Government procurement rules will be followed.
- 40 The house builds will be completed using off-site manufacturing and will be completed in tranches. Where possible, TAS will utilise tradespeople close to the region who are not engaged in the repair programme to ensure the development of the village does not prolong the recovery of Westport.

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<sup>1</sup> Hon Nanaia Mahuta, Minister of Local Government; Hon David Parker, Minister for the Environment; Hon Stuart Nash, Minister for Economic and Regional Development; Hon Kiritapu Allan, Minister for Emergency Management; Hon David Clark, Minister Responsible for the Earthquake Commission; Hon Grant Robertson, Minister of Finance; Hon James Shaw, Minister for Climate Change; Hon Priyanca Radhakrishnan, Minister for the Community and Voluntary Sector.

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- 41 TAS is working closely with the council and the owners of neighbouring properties to ensure the consenting processes run smoothly, and as quickly as possible, to avoid any undue delays.
- 42 TAS will be responsible for the full costs of building the houses, connecting the services, and landscaping.
- 43 TAS will continue to provide other accommodation options to displaced households until the village is established. TAS will undertake a vulnerability assessment of the households in the service at the time to prioritise households to tenant the village.

### Managing the Village

- 44 Once the village is established, the day to day management will be handled by a property management company TAS has engaged to manage other supply options in the area.
- 45 As with all TAS accommodation options, some of the costs of managing the new village will be recovered through part-payments from the TAS tenants. These part-payments are set at 90 per cent of the lower quartile market rent for the area.
- 46 TAS will work with Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development, the Ministry of Social Development, Kāinga Ora and the Council to determine future use of the village, once demand for TAS has reduced.

### Financial Implications

- 47 TAS' Multi-Category Appropriation (the Appropriation) has the single overarching purpose to coordinate and provide temporary accommodation to people displaced by a civil emergency. The Appropriation is not limited to a specific event or geographic location, and operates under the expectation that additional funding is sought as an emergency response progresses, if required.
- 48 The Appropriation has three categories:
  - 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 Initiatives Operations –this covers Non-departmental Output Expenses incurred on temporary accommodation supply initiatives; and
  - c. Temporary Accommodation Housing Initiatives Capital – this covers Non-departmental Capital Expenses of procuring and purchasing temporary accommodation solutions.



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### *Funding for TAS' Westport response*

- 49 In September 2021, Cabinet approved \$5.006 million [CBC-21-MIN-0092 refers] to support TAS' West Coast response in the short-term. This funding has allowed TAS to provide the following support:
- the provision of motel accommodation through to February 2022
  - the deployment of 27 porta-cabins to the region
  - the procurement of 15 additional porta-cabins for future deployment
  - the leasing of 15 motorhomes to assist with short-term accommodation need
  - the site works for eight relocated government-owned houses
  - the relocation of three government-owned pre-fabricated houses from Hawkes Bay
  - Healthy Homes upgrades for five other government-owned houses relocated to the region
  - a feasibility study for the development of a village.

### *Capital funding to establish a temporary accommodation village in Westport*

- 50 The Rangers Park development in Christchurch, following the Canterbury Earthquakes is a useful comparison to make in terms of size and the level of demand the village was built to address. Rangers Park took eight months to build at a cost of around \$12.3 million in 2013; this included purchase of the land and the construction of 40 mixed density housing units. In addition, there was an overall operating budget of \$1.7 million for the three years that the village was used by TAS.
- 51 As a result, TAS has estimated site preparation costs for the proposed temporary accommodation village in Westport at \$3.980 million. This will cover the development of the land, connection of services from the boundary to the houses, and landscaping.
- 52 Construction costs for the 30 homes to be placed in the village is estimated at \$7.967 million.
- 53 As the site is not within the Westport township, services will need to be installed up to the boundary of the site. This is estimated to cost \$3.550 million. Investing in land away from the flood plain will help to support Westport's resilience to future flooding.
- 54 The Council has previously received \$0.650 million for the cost of this infrastructure [CAB-21-MIN-0332 refers] and currently has a proposal with the Kāinga Ora lead infrastructure acceleration fund for the outstanding amount. Final decisions are expected in April 2022 and the funding is not guaranteed

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to be granted to the Council. As this may cause delays in developing the village, I am requesting \$2.900 million in funding towards the cost of services to be installed up to the boundary of the village site.

- 55 As these costs are estimates, a contingency of 20 per cent is recommended to ensure that costs can still be met if they increase at any point during the process. This contingency has been factored into the costings.
- 56 I recommend that a total of \$15.447 million of capital expenditure be charged as a pre-commitment against the Budget 2022 capital allowance.

### *Operational funding to establish a temporary accommodation village in Westport*

- 57 The establishment of a village is expected to incur operational expenses for design, planning, project management, and consenting costs. This is estimated at \$0.590 million in financial year 21/22.
- 58 A further \$0.600 million will also be required as an operational funding allocation for depreciation during TAS's ownership of the village in financial years 22/23 and 23/24.
- 59 The day-to-day operation and management of the village is estimated at \$0.850 million for the financial year 22/23 based on the management of previous TAS villages. This will cover general repairs and maintenance, and property management costs.
- 60 I recommend that a total of \$2.040 million of operational expenditure be charged against the Between Budget Contingency established as part of Budget 21.
- 61 Funding for the village has been estimated based on costs provided as part of the village feasibility study and experience from previous TAS responses. MBIE will closely monitor the spending in relation to the development of the village; any unspent funding will be returned to the Crown, or Cabinet approval will be sought for its reprioritisation.

### **Consultation**

- 62 The Treasury, the Department of Prime Minister and Cabinet, the Department of Internal Affairs, the Ministry of Housing and Urban Development, Kāinga Ora – Homes and Communities, and the National Emergency Management Agency were consulted on the proposals in this paper.

### **Legislative Implications, Human Rights, Gender Implications and Disability Perspective**

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

### **Publicity**

- 64 There is a media release associated with this Cabinet paper.

**Proactive Release**

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

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**Recommendations**

I recommend that the Committee:

- 1 **agree** to the development of a temporary accommodation village in Westport to meet the need for temporary accommodation;
- 2 **note** that the site preparation and construction costs for a temporary accommodation village in Westport are expected to total \$15.447 million (while allowing for a 20 per cent contingency);
- 3 **note** that TAS expects to incur costs for the design, planning, project management, and consenting required to establish a village, as well as operating costs. The total cost of this work is estimated at \$2.040 million;
- 4 **approve** the following changes to appropriations to give effect to the policy decision in recommendation 1 above, with a corresponding impact on the operating balance and net core Crown debt:

	<b>\$m – increase/(decrease)</b>				
<b>Vote Building and Construction</b> <b>Minister for Housing</b>	2021/22	2022/23	2023/24	2024/25	2025/26 and outyears
Multi-Category Expenses and Capital Expenditure:					
Temporary Accommodation Services MCA					
Non-Departmental Output Expenses:					
Temporary Accommodation Housing Initiatives – Operations	0.590	0.850	-	-	-
Non-Departmental Other Expenses:					

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Temporary Accommodation Housing Initiatives – Depreciation	-	0.300	0.300	-	-
Non-departmental Capital Expenditure:					
Temporary Accommodation Housing Initiatives - Capital	15.447	-	-	-	-
<b>Total Operating</b>	<b>0.590</b>	<b>1.150</b>	<b>0.300</b>	-	-
<b>Total Capital</b>	<b>15.447</b>	-	-	-	-

- 5 **agree** that the proposed changes to appropriations for 2021/22 be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 6 **agree** that the capital expenditure incurred under recommendation 2 above be charged as a pre-commitment against the Budget 2022 capital allowance;
- 7 **agree** that the operating expenses incurred under recommendation 3 above be charged against the between-Budget contingency established as part of Budget 2021.

Authorised for lodgement

Hon Poto Williams

Associate Minister of Housing (Public Housing)