The Treasury

Budget 2017 Information Release

Release Document July 2017

www.treasury.govt.nz/publications/informationreleases/budget/2017

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
[26]	to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied	9(2)(ba)(i)
[27]	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information - would be likely otherwise to damage the public interest	9(2)(ba)(ii)
[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Track 1 Initiative Submission Template

This template seeks a summary of Track 1 initiatives going through Budget 2017. The template is structured based on the following:

- ***Blue Fields:** This should be completed by agencies and is aligned with the six key elements introduced in Section 1 (type of intervention, case for change, expected returns, confidence in evidence, implementation and scalability, and understanding and demonstrating effectiveness).*

- ***Grey Fields:** This will be filled out by Vote Analysts and aligns with the multi-criteria assessment framework outlined in Section 2.*

Track 1 initiatives are due on 31 January 2017. Contact your Vote Analyst in the first instance with any queries.

Vote	Social Development
Responsible Minister	Minister Adams
Initiative title	Expanding Housing First
Initiative description	This funding will provide social housing places and housing in the private market, to people who are homeless, with a focus on people who are chronically homeless, together with support services, through a Housing First approach.
Responsible Vote Analyst	[Please provide your name and extension number]

Funding Sought ($m)	2017/18	2018/19	2019/20	2020/21	2021/22 & outyears	TOTAL
Operating	1.724	3.248	4.882	6.596	6.596	$16.450
Capital	-	-	-	-	-	-

SUPPORTING INFORMATION AND CONTEXT

A Housing First approach and the definition of homelessness used for the purposes of this initiative

This initiative seeks funding to provide housing (either social through the purchase of additional IRRS places or in the private market through additional AS funding) and support services to people who are homeless by taking a Housing First approach. MSD will focus on people who are chronically homeless (have been sleeping rough for a year or more) as evidence shows that this is the cohort for whom this approach is most effective. This funding will enable MSD to purchase approximately 500 new places, and support services.

For the purposes of this initiative, MSD is using the same definition of homelessness as it uses for the Social Allocation System (SAS) which assesses prioritises people on the social housing register, based on a range of different criteria.[1] 'Homeless' is defined as 'not living in any accommodation' or 'living in emergency housing for the time being'.

A Housing First approach means first providing housing to people who are homeless, without conditions, before seeking to address any of the other issues they may be facing, such as mental health or addiction issues. There is a separation of the housing and support aspects in the approach, and housing is provided regardless of whether and which services the

[1] For example, affordability, accessability.

participant voluntarily elects to partake in. People who are supported through this initiative will undertake a housing needs assessment through MSD, and will be required to be assessed as Priority A on the Social Housing Register, i.e. as having a severe unmet housing need. This will ensure that constrained social housing supply is still being allocated to those with the greatest need and also acts to mitigate any risk of people who do not have acute needs being prioritised over those who do. MSD will work closely with providers in the detailed service design of the initiative, to ensure that providers are able to identify those most in need, across their communities.

Implementation of a Housing First pilot in Auckland is underway (as of January 2017), following Cabinet approval of funding for this pilot in 2015. Implementation is in the very early stages and providers are currently working to identify people to be supported through the Pilot. MSD is interested in implementing this approach in regions outside of Auckland, and will seek to build on the learning from the Auckland pilot, as it becomes available (the first provider report-back is due in March 2017).The funding for the Pilot is for two years, and will expire in 2019. The Auckland Pilot will support approximately 472 people over four years, and is being delivered by four providers, with the support of a newly established backbone organisation. MSD anticipates it will be less challenging to procure places outside of Auckland, than in Auckland.

MSD is unlikely to seek proposals for the delivery of this initiative in Hamilton as the People's Project, which takes a Housing First approach, has been running in Hamilton since 2014. MSD will be providing some funding to the People's Project to support it to continue. Learning and evidence from the project will be applied to the detailed design and development of this initiative. Hamilton has a 'hub' where people can access a range of services (including housing support) all in one place, and the way that the approach is implemented in other regions will differ.

[33]

The initiative will have fidelity to the core Housing First principles, such as immediate access to housing with no housing readiness conditions and provision of individualised supports. MSD will look to work closely with the community housing sector to design and implement this approach in different regions.

[33]

Taking a social investment approach to tackling homelessness, through Housing First

This initiative is well aligned with the social investment approach. It is focused on using evidence of an approach that works and testing its applicability to a New Zealand regional context. MSD will be looking to provide social housing to people who are chronically homeless (have been homeless for more than one year) and housing in the private market to people and families who are assessed as being able to sustain such a tenancy (it is anticipated that this will be applicable to a much smaller number of the homeless population). The criteria for support will be developed in the detailed design phase of the initiative.

Funding this initiative provides an opportunity to support people who are homeless, with a focus on people who are chronically homeless, into stable accommodation, and to provide them with the supports they need to address any other issues such as mental health or addiction issues. There is a range of research available on the homeless population in New Zealand, and MSD's focus will be on working with those who may not be engaging with services and whose circumstances we may not currently be aware of. Research shows that the approach is most effective for those with the most acute unmet housing needs; this is the group that will be prioritised to receive support. The initiative would also provide an opportunity for

MSD to grow its understanding about how the range of housing supports it has available are being used, and the drivers of chronic homelessness.[2]

Alignment with other work and priorities

The recently allocated emergency housing funding will provide 1,400 more emergency housing places to people in need. This initiative is well aligned with the emergency housing programme of work as it seeks to reduce pressure on emergency housing in two ways:

- by identifying people who are sleeping rough and likely not engaged with MSD or other agencies and NGOs providing housing support, who would otherwise likely require support through emergency housing at some point (either provided by MSD or provided by an NGO); and
- by identifying people (including families) who do not have a stable housing solution or plan, and are accessing temporary housing support e.g. through emergency housing. (Further detail to refine the criteria for accessing this support will be undertaken in the detailed design phase).

MSD received responses from around 35 providers to deliver the additional emergency housing places and therefore has confidence in the market's ability to deliver this initiative. Some of the contracts for delivering these additional places include a milestone that people are supported into sustainable (social or private) housing following their period in emergency housing. There may be cohort overlap where some of the people accessing these emergency housing places are homeless. MSD will seek to identify the extent of this overlap and take a Housing First approach to supporting some of the people accessing this emergency housing support into longer term sustainable housing, where possible. Opportunities for alignment will be fully explored in the detailed design and implementation phase.

Addressing Social Investment Panel Feedback

The Social Investment Panel questioned whether this intervention reflects the right support for this cohort. The substantial overseas evidence base and the growing New Zealand evidence base (through the People's Project, Housing First Auckland pilot, and the University of Otago research being funded by MBIE that is currently being undertaken) provides a sound evidence base that supports this investment. What MSD is seeking to understand is the applicability of this approach across regions in New Zealand. The attached evaluation plan also outlines how MSD will be looking to align the evaluation of this initiative work that is already planned or underway.

The panel queried the service aspect of this approach and what specifically that would entail. Evidence shows that the most effective way of delivering this approach is using an intensive case management team that provides integrated support services that are available alongside the housing aspect of the programme.[3]
Evidence shows that housing alone is not sufficient to support a person who is chronically homeless to achieve positive outcomes. A Housing First approach includes unconditional housing placement along with making individualised support services available, should the client elect to take them up. The services that a client is supported to access through Housing First will depend entirely on the needs of the individual, and providers will be expected to develop individual housing and support plans for clients. Providers will also have a role in brokering additional services as required. The service aspect could include, for example, direct provision of support services to address the issues underpinning homelessness, facilitating links to supports e.g. cultural / community support, provision of resources and training opportunities e.g.

[2] For the purposes of this initiative, people who are chronically homeless are those who have been homeless for one year or more.

[3] Perlman, J., & Parvensky, J. (2006). DENVER HOUSING FIRST COLLABORATIVE: COST BENEFIT ANALYSIS AND PROGRAM OUTCOMES REPORT.

motivation, goal setting, and provision of information.

In response to panel feedback, MSD has developed and outlined a clear evaluation plan that will incorporate learning from overseas and existing NZ Housing First projects to build a robust evidence base about the effectiveness of the approach.

The panel also asked MSD to look at opportunities to prevent homelessness and address needs earlier in the pipeline. MSD continues to progress a range of work that seeks to prevent homelessness through a range of emergency housing initiatives. In addition, MSD continues to grow the supply of social housing and has provided clarity of the types of properties and the locations it is seeking to increase supply, through its 2016 Purchasing Strategy. Despite continued efforts, demand for housing continues to exceed supply. Census data and information from emergency housing providers indicates that the homeless population in New Zealand continues to grow and MSD considers it important to expand initiatives that focus on this population, to ensure that responsive support is available right across the housing continuum.

The Panel asked about the impact of this initiative on the IRRS appropriation

The IRRS is paid through the Part Payment of Rent to Social Housing Providers appropriation, which sits under the Social Housing Purchasing Multi-Category Appropriation. Expenditure on Part Payment of Rent to Social Housing Providers is capped at $849.9m for the 2016/17 year. Estimated expenditure for the 2016/17 year is $814.2m giving an estimated underspend of $35.7m for the 2016/17 year.

[33]

VOTE ANALYST OVERVIEW

Please provide a description of how well the initiative aligns with social investment principles (refer to section 1.2 of the guidance for a definition), whether the initiative has significantly changed from the November check-point and an overall view of how well the initiative has reflected feedback from the Social Investment Panel. Does the initiative have all the relevant supporting information?

[Vote Analyst to complete

1. TYPE OF INTERVENTION

Census data provides information about the size of the homeless population.[4] MSD continues to grow its understanding about the characteristics of this population as more people are accessing the range of housing support products available to them. For example, the Emergency Housing Special Needs Grant. MSD has identified an unmet need for provision of stable housing and services for people who are homeless. There is a significant international evidence base that shows the effectiveness of this approach, particularly for people who are chronically homeless. MSD is seeking to expand this approach in regions outside of Auckland to build up a knowledge base about the effectiveness of this approach in regions across New Zealand.[5]

[4] Across census data, the number of people 'sleeping rough' on census night in 2001 was 660, 2006 was 1,464 and 2013 was 1,413 (http://www.healthyhousing.org.nz/wp-content/uploads/2016/08/Severe-housing-deprivation-in-Aotearoa-2001-2013-1.pdf - p.11)

[5] MSD notes that this approach has also been operating in Hamilton since 2014. MSD will build learning from that approach into this trial. MSD does not consider this trial an extension of the Hamilton initiative as the funding mechanisms are different and MSD intends to work with providers on the specific design of the initiative.

2. CASE FOR CHANGE

Target population

The target population is people who are homeless in regions outside of Auckland, with a focus on people who are chronically homeless:

- For the purpose of this initiative, MSD is defining homelessness as it is defined in the Social Allocation System criteria that MSD uses to assess and prioritise housing need. That is, 'not living in any accommodation or living in emergency housing for the time being'.
- Chronically homeless are those who have been homeless for one year or more.

Problem definition

Evidence from various sources, including New Zealand Census data and information from Emergency Housing providers and other service providers, shows that the number of homeless people in New Zealand continues to increase both in size and scale. MSD continues to progress a range of initiatives across the housing continuum that focus on providing people with housing solutions that meet their needs, right across the housing continuum. More is needed to support those people who have the most acute unmet housing needs who may not be accessing the housing support or services that they need to achieve positive outcomes.

Census 2013 identified that there were 40,658 people who were severely housing deprived (this includes all people who are living in severely inadequate housing due to a lack of lack of access to minimally adequate housing. For example, people living in overcrowded dwellings, in mobile dwellings, sleeping rough, in emergency accommodation, in commercial accommodation, in a marae). The 'severely housing deprived' group encompasses a much broader group than those who this initiative will focus on supporting.[6] It is estimated that 69% of that group are living in overcrowded dwellings, and this initiative will not be seeking to work with that cohort. However, there is limited research available that has been aggregated down to the rough sleeper / chronically homeless level and therefore MSD is using the 'severely housing deprived' definition, as a proxy for its assumptions for the purposes of this initiative.

By working with people who are homeless, with a focus on people who are chronically homeless, MSD will continue to grow its understanding of what supports this population requires to sustain housing and achieve other positive outcomes and also about what MSD could do differently in the future to prevent the homelessness from occurring.

Further analysis of the target cohort is outlined in the 'Impact Analysis' section below.

An Intervention Logic Map, which provides further supporting information on the case for change, is attached as Appendix One.

CASE FOR CHANGE ASSESSMENT

Please provide comments on how well the initiative and supporting information addresses the following:

- Definition of the problem or opportunity
- Outline of the existing services provided to the identified target population and what need/gap this initiative helps to address. Have other alternative options been considered?
- Description of the target population.
- Explanation of the outcomes expected as a result of the intervention (intervention logic) and robustness of evidence and assumptions underpinning this.

[6] Ibid at 5.

[Vote Analyst to complete]

3. EXPECTED RETURNS

The CBAx assessment demonstrates a 1.5 return on investment for government and a 1.5 Return on investment on social outcomes, as indicated in the CBAx analysis. There are also a range of non-monestised societal benefits that come from this initiative that have not been included in the CBAx model.

Impact Analysis

An explanation of who is impacted (winners and losers), what the impacts are (costs and benefits), and when the impacts will be realised and for how long. The impacts should be quantified and monetised if possible.

Cost assumptions:

- Funding of $16.45 million over four years is available to support this initiative ($11.899 to fund new IRRS places, $0.801m for additional AS funding, and $3.75m to fund the services associated with implementing a Housing First approach).
- People who are homeless (particularly those who are chronically homeless) voluntarily taking up the support available.[7]
- MSD being able to secure 400 IRRS places (320 1 bedroom and 80 two bedroom) and 100 places in the private market over four years (funded through the Accommodation Supplement).
- MSD appreciates the tight supply market and acknowledges that securing some private market supply would reduce pressure on the social housing market.
- Weekly rents are estimated as upper quartile of current social housing rents for the region and number of bedrooms, spread evenly across New Zealand (further detail on regional breakdown to be developed as part of the contracting phase)
- Income related rent (IRR) is estimated as average IRR for the region and number of bedrooms.
- The income related rent subsidy (IRRS) MSD pays is the difference between rent and IRR.
- Increases in rent over time are based on historical trends in Auckland and the rest of the country.
- Operating supplement cost is estimated based on a percentage of estimated rent and has been set at a maximum of 35 percent of market rent for the purposes of costing this initiative.
- MSD is seeking funding in out-years to ensure that funding is available to continue this initiative, given its strong evidence base.
- No Departmental costs are being sought for this Bid.

Impacts and assumptions used in CBAx:

- It is assumed that 15% of people supported through this initiative are able to enter employment earning minimum wage, within the first year of receiving support through this initiative, and that for 40% of that group, their employment lasts the time they are supported through this initiative[8]

---

7 It is assumed that there will be sufficient demand for this initiative given that 2013 census identified 1,413 rough sleepers (Amore K. (2016). *Severe housing deprivation in Aotearoa/New Zealand: 2001-2013.* He Kainga Oranga/Housing & Health Research Programme, University of Otago, Wellington). In addition, in the People's Project in Hamilton, almost half of the participants self-referred which indicates a willingness to receive this support.

8 Based on Amore research which found that 34 percent of the severely housing deprived population have no qualification and that 51% of that population are working, studying or both. Given that the target population for this initiative is smaller and at the more acute end of the needs spectrum, it is assumed that 15% would be able to obtain employment at minimum wage, and 40 percent sustain that for three years, has been used as a conservative estimate.

- The corresponding tax impact is assumed
- It is assumed that 50% of the target population will be receiving JobSeeker Benefit within 2.4 months of receiving support through this initiative and that they will remain on this benefit for the four year period of this initiative[9]
- It is assumed that 20% of people supported through this initiative will receive the Sole Parent Support Benefit within one month of receiving support through this initiative, and that 85% of them will remain on benefit for the 4 years of this initiative[10]
- It is assumed that 15% percent of the target population will be on the Youth Payment within one month of receiving support through this initiative, and that 85% of them will remain on this benefit for the four year period of this initiative[11]
- Benefit receipt intervention levels have been measured as 0.5 to 1, to allow for the fact that many people who are homeless will have had spells on benefit prior to this initiative.
- It is assumed that 20% of people will receive the Accommodation Supplement as part of being supported through this initiative as MSD anticipates that 80% of people will receive a social housing place and receive IRRS, and 20% will be housed in the private market. It is assumed they receive this support for the length of this initiative.
- It is assumed that there will be a reduction in in-patient hospital visits once someone receives support through this initiative of 2.11 to 1.56 per year[12], and that this will apply to 80% of the population, as the remaining 20% may have a need for hospital care throughout the initiative.
- It is assumed that there will be a reduction in emergency room visits once someone receives support through this initiative of 2.06 to 1.83 per year[13], and that this will apply to 80% of the population, as the remaining 20% may have a need for an emergency room visit throughout the initiative.
- It is assumed there will be a reduction in publically funded GP visits from 12.17 to 10.72. These are somewhat off-set by the increased contact with specialists.
- It is assumed that there will be a reduction in the number of Police contact hours of 1.48 to 0.50 per year[14], and that this will apply to 80% of the population, as the remaining 20% may engage with Police during this initiative.
- It is assumed that there will be a reduction in property damage incidents per year from 0.88 to 0.47. It is assumed that this impact will affect 30% of the target population and have a success rate of 85%.[15]
- It is assumed that this initiative will support a reduction in time spent in prison, for 30% of the target population, with a success rate of 85% for the duration of the initiative[16]
- It is assumed that there will be an increased access to specialist services from 2.04 to 6.57 hours as people supported through this initiative are provided with tailored and targeted support. It is assumed that 80% of the

---

9 Based on 2015 Welfare Valuation data which found that the average time on JS-WR / JS-HCD across both benefits is 10.4 years. A conservative estimate of time on benefit has been used given the intensive nature of the support offered through this initiative

10 Based on the 2015 Welfare Valuation findings that average future years on benefit for sole parent clients is 14.1 years. The Amore research found that 43% of the severely housing population are sole parents, so a conservative estimate of 20 percent has been used for the target population for this initiative

11 Based on Amore research which found that half of the severely housing deprived population is under 25. A conservative estimate is that 15% of the target population are 16 or 17 years of age and would require this benefit for the full four years of this initiative.

12 Zaretzky et al. 2013.

13 Zaretzky et al. 2013.

14 Zaretzky et al. 2013.

15 Zaretzky et al. 2013.

16 Based on research showing that justice costs are 33% higher for people who are homeless, 25% of men who received housing support indicating that they would probably have reverted to crime had they not received housing support. In addition, a study in the UK found that 79% of prisoners who reported being homeless before custody were reconvicted in the first year of release, compared to 47% who were not homeless before custody.

population will access more specialist support and that this results in positive outcomes for 80% of people supported through Housing First.[17]

- It is assumed that there will be a reduced cost in dealing with youth offenders, as a result of the stability and support provided through Housing First. It is conservatively assumed that 15% of the youth population who are homeless may be subject to a diversionary response by Police, and that this intervention will reduce those interactions by 85%, down from 5.23 per person to 0.27.[18]
- It is assumed that there is a reduction in violent offences where someone as people who are homeless are up to 35 times more likely to be the victim of a violent assault. Using evidence, it is assumed that 35% of the homeless population would otherwise be the victim of one violent offence during the period of this initiative, if they were not housed. Uses evidence to assume that 90 percent remain housed over the period of the initiative.[19]
- It is assumed that the 30% of people who are victims of a violent offence, may also experience property damage as a result of their homelessness, and that this initiative reduces that likelihood by 85%.

Non-monetised impacts that are not measured through the CBAX tool are as follows:

Sustained housing for a period of 12 months or more, as evidenced by New Zealand and international evidence, outlined in the *Confidence in Evidence* section below. Sustained housing has the following flow on impacts for an individual and society:

- Improved mental and physical health following support through this initiative – AHURI research reported that 72 percent of people provided with housing and support through that study had a greater overall satisfaction with life, 53 percent felt safer and 53 percent felt a greater sense of community
- Increased access to mental health and addiction supports that are targeted and tailored to specific needs
- Accurate diagnosis of mental health / addiction / other health needs as people are accessing the right supports at the right time
- Increased participation in education or the labour force, over time, as a result of housing stability
- An increased feeling of independence and personal autonomy through the stability this initiative provides
- Increased contact with family, friends, people across the community (social connectedness)
- International evidence shows a reduction in anti-social behaviours and arrests, with 53 percent having been arrested in the year prior to receiving HF, to 36 percent being arrested while receiving HF.
- The People's Project in Hamilton reported that 94% of people had retained their housing since being housed, and crime in the city had reduced by 30%. The Chez Soi At Home project in Canada found that in the last six months of the study, 62% of people remained housed, compared with 31% of those in the study who received treatment as usual.

[17] Zaretzky et al. 2013 found an increase in support services visits for people who are homeless from 2.04 to 3.57. MSD is assuming that as voluntary access to tailored support services is a key component of Housing First, the increase is more accurately reflected by a shift from 2.04 to 6.57.

[18] Zaretzky et al. 2013.

[19] http://www.wellesleyinstitute.com/wp-content/uploads/2011/11/wi-backgrounder-homeless-violence.pdf

Impacts - Identify and list $m present value, for monetised impacts	Option 1	 2	Assumptions and evidence (quantify if possible, and use ranges where appropriate)	Evidence certainty [20]
Estimated impact on key outcomes (10 year NPV)				
People supported through this initiative sustain stable housing for a period of 12 months or more.	85%		The People's Project in Hamilton reported that 94% of people had retained their housing since being housed, and crime in the city had reduced by 30%. The Chez Soi At Home project in Canada found that in the last six months of the study, 62% of people remained housed, compared with 31% of those in the study who received treatment as usual.	High
People supported through this initiative experience greater social cohesion, feel safer, and are supported to address unmet mental health and addiction needs which supports them to achieve positive outcomes over time.	85%		There is a well-established international evidence base. Overseas evidence shows that of people supported through a Housing First approach 36 percent of people receiving treatment as usual described having experienced a negative life course since the start of the study, compared with only 8 percent of those in the HF group. In addition, 63 percent reported better health since using HF and 66 percent reported better mental health.	High High
Cost of the Initiative				
Fiscal cost of the initiative	**$16.45m**	-	For the purchase of up to 500 housing places for people who are homeless in regions outside of Auckland (840 IRRS places and 210 AS places)	High
Government Benefits/(Costs)				
Reduction in Justice sector costs (Corrections and Justice)	**$47m**	-	Provides a proxy for minimum flow-on reduction in justice sector costs: Assumes reductions in Police contact hours from 1.48 to 0.50, prison costs will reduce because 30% of the target population remain out of prison, reduced cost in dealing with youth offenders, for 15% of the population, assumes a 30% reduction in offences (with a 75% success rate) from 5.23 to 0.27 per year and a corresponding assumed reduced costs for keeping someone in prison from 2.0 to 0 (assuming multiple spells in prison for this population).	Medium
Costs to Social Development	**($11m)**		This assumes that a majority of this population will be on some form of benefit during this initiative, and that a majority will have had a spell on benefit prior to this initiative (represented by the 0.5 shift). It also assumes that 20% of people who were not previously accessing the Accommodation Supplement, receive it as part of this initiative. The fiscal impact on the IRRS appropriation is not covered in the CBAx.	Medium
Reduction in health costs	**$6m**		This assumes that there will be a decrease in people accessing general health services such as GPs, and an increase in people accessing targeted specialist services that specifically address their needs such as mental health and addiction needs. It assumes that the majority will access this kind of support.	Medium
Total Quantified Government Impact	**$39m**			Medium

[20] Rate your level of confidence in the assumptions and evidence as high (green) if based on significant research and evaluations that is applicable, medium (amber) if based on reasonable evidence and data, or low (red) if there is little relevant evidence. Colour the rating box for each impact.

Wider Societal Benefits/(Costs)				
Increased income and corresponding tax revenue to government	**$1m**		Assumes that 15% of this population would be able to obtain employment in the first year of receiving support through this initiative, and that 40% sustain it for three years. Research indicates that up to 40% of the severely housing deprived population are working, studying or both. However, this intervention is focused on people who are chronically homeless so it is likely the work-ready population is much smaller.	Low
Reduction in homeless people being the victims of violent offences and having property damaged	**$16m**		It is assumed that people supported through this initiative will experience a 30% reduction in the likelihood of property damage. Even though they may only have a small amount of property, the chance of damage is much higher for people who are homeless, and a 35% reduction in the chance they will be the victim of a violent offence. This is based on international evidence that people who are homeless are three times as likely to experience property damage or be the victim of violent crime, and this happens to 30% of those who are homeless.	Low
Total Quantified Wider Societal Impact	**$17m**			Medium
Net Present Value of Total Quantified Societal Impacts	**$34m**			Medium

Summary of monetised results [only fill this out if you have monetised costs and benefits]

Fill this table out with the NPV, benefit cost ratio and return on investment for your initiative. These can all be calculated with the information you included in the summary table above, and is available in the CBAx Output Summary (NB totals can vary due to rounding). We ask you to present all these measures, because they each provide a different perspective.

Use ranges for values where appropriate	Discount Rate	
	7% real (default)	3% real (sensitivity)
Net Present Value (NPV)[21]	$14m	$32m
Benefit Cost Ratio (BCR)[22]	1.5m	1.6m
Return on Investment (ROI) – Societal Total [23]	1.5m	1.6m
Return on Investment (ROI) – Government[24]	1.5m	1.6m

Supporting Evidence
i.e., the bibliography

Amore K. (2016). *Severe housing deprivation in Aotearoa/New Zealand: 2001-2013*. He Kainga Oranga/Housing & Health Research Programme, University of Otago, Wellington

Breatherton, J., & Pleace, N. (2015). *Housing First in England - an evaluation of nine services*. Retrieved from http://www.homeless.org.uk/facts/our-research/housing-first-in-england-evaluation-of-nine-services

Whittaker, E., Flatau, P. R., Swift, W., Dobbins, T. A., & Burns, L. (2016). Associations of Housing First Configuration and Crime and Social Connectedness Among Persons With Chronic Homelessness Histories. Psychiatric Services (Washington, D.C.), appips201500446. doi:10.1176/appi.ps.201500446

Waegemakers Schiff, J., & Schiff, R. A. L. (2014). Housing first: paradigm or program? Journal of Social Distress and the Homeless, 23(2), 80–104. doi:10.1179/1573658X14Y.0000000007

Tsemberis, S., Gulcur, L., & Nakae, M. (2004). Housing First, Consumer Choice, and Harm Reduction for Homeless Individuals with a Dual Diagnosis. American Journal of Public Health, 94(4), 651–656. doi:10.2105/AJPH.94.4.651

Tinland, A., Fortanier, C., Girard, V., Laval, C., Videau, B., Rhenter, P., Auquier, P. (2013). Evaluation of the Housing First program in patients with severe mental disorders in France: study protocol for a randomized controlled trial. Trials, 14, 309. doi:10.1186/1745-6215-14-309

[21] **Net Present Value (NPV)** - The NPV is the sum of the discounted benefits, less the sum of the discounted costs (relative to the counterfactual). This gives a dollar value representing the marginal impact on the collective living standards of all New Zealanders of the initiative, in today's dollar terms.

[22] **Benefit Cost Ratio (BCR)** - The BCR is the ratio of total discounted benefits to the total discounted costs. A proposal with a BCR greater than 1.0 has a positive impact, because the benefits exceed the costs. The BCR is the same as the Return on Investment Societal Total, unless there are negative impacts in addition to the fiscal cost of the initiative. All negative impacts are included in the denominator for the BCR measure.

[23] **Return on Investment (ROI) - Societal Total** - Calculate the ROI by dividing the discounted net change in wider societal impact, including benefits to government, by the discounted cost of the initiative. This can be interpreted as the impact for New Zealanders per dollar the government spends on the initiative, eg, for every $1 the government spends on this programme, New Zealanders receive benefits of $3.

[24] **Return on Investment (ROI) – Government** – Calculate the ROI by dividing the discounted net change in impact for the government by the discounted cost of the initiative. This measures the discounted net marginal (fiscal) benefits to the government.

Somers, J. M., Rezansoff, S. N., Moniruzzaman, A., Palepu, A., & Patterson, M. (2013). Housing First Reduces Re-offending among Formerly Homeless Adults with Mental Disorders: Results of a Randomized Controlled Trial. PLoS ONE, 8(9). doi:10.1371/journal.pone.0072946

Rezansoff, S. N., Moniruzzaman, A., Palepu, A., & Patterson, M. (2013). Housing first reduces re-offending among formerly homeless adults with mental disorders: results of a randomized controlled trial. PloS one (Vol. 8). Retrieved from http://ovidsp.ovid.com/ovidweb.cgi?T=JS&PAGE=reference&D=medl&NEWS=N&AN=24023796

Perlman, J., & Parvensky, J. (2006). DENVER HOUSING FIRST COLLABORATIVE: COST BENEFIT ANALYSIS AND PROGRAM OUTCOMES REPORT.

Paquette, K., & Pannella Winn, L. A. (2016). The Role of Recovery Housing: Prioritizing Choice in Homeless Services. Journal of Dual Diagnosis, 12(2), 153–162. doi:10.1080/15504263.2016.1175262

O'Hara, A. (2007). Housing for people with mental illness: update of a report to the President's New Freedom Commission. Psychiatric Services (Washington, D.C.), 58(7), 907–913. doi:10.1176/appi.ps.58.7.907

Kresky-Wolff, M., Larson, M. J., O'Brien, R. W., & McGraw, S. A. (2010). Supportive housing approaches in the collaborative initiative to help end chronic homelessness (CICH). Journal of Behavioral Health Services and Research, 37(2), 213–225. doi:10.1007/s11414-009-9206-y

Kozloff, N., Adair, C. E., Lazgare, L. I. P., Poremski, D., Cheung, A. H., Sandu, R., & Stergiopoulos, V. (2016). Housing first for homeless youth with mental illness. Pediatrics, 138(4), 1–10. doi:10.1542/peds.2016-1514

Groton, D. (2013). Are Housing First Programs Effective? A Research Note. Journal of Sociology & Social Welfare, XL(1), 51–64. doi:110.1163/22112596-01702018

Grace, M., Malone, J., & Murphy, A. (2015). Transferability of the youth foyer model for women exiting the criminal justice system. Journal of Social Work, 16(4), 470–488. doi:10.1177/1468017315579306

Goering, P., Veldhuizen, S., Watson, A., Adair, C., Kopp, B., Aubry, T.,Powell, G. (2014). National final report: Cross-Site At Home/Chez Soi Project.

Clifasefi, S. L., Malone, D. K., & Collins, S. E. (2013). Exposure to project-based Housing First is associated with reduced jail time and bookings. International Journal of Drug Policy, 24(4), 291–296. doi:10.1016/j.drugpo.2012.10.002

Brown, M. M., Jason, L. A., Malone, D. K., Srebnik, D., & Sylla, L. (2016). Housing first as an effective model for community stabilization among vulnerable individuals with chronic and nonchronic homelessness histories. Journal of Community Psychology, 44(3), 384–390. doi:10.1002/jcop.21763

Breatherton, J., & Pleace, N. (2015). Housing First in England - an evaluation of nine services. Retrieved from http://www.homeless.org.uk/facts/our-research/housing-first-in-england-evaluation-of-nine-services

Zaretzky, K., Flatau, P., Clear, A., Conroy, E., Burns, L., & Spicer, B. (2013). *The cost of homelessness and the net benefit of homelessness programs: a national study*. AHURI Final Report No. 218. Melbourne: Australian Housing and Urban Research Institute. Retrieved from

http://www.ahuri.edu.au/downloads/publications/EvRevReports/AHURI_Final_Report_No218_The_cost_of_homelessness_and_the_net_benefit_of_homelessness_programs_a_national_study.pdf

4. CONFIDENCE IN EVIDENCE

MSD has a high level of confidence in the evidence that is available to support the expansion of a Housing First approach in regions outside of Auckland and that the outcomes sought through this initiative will be achieved through the taking of the proposed approach.

There is a breadth of reliable evidence – the approach has been tested both nationally and internationally with positive results, particularly for those with the most acute unmet housing need. This approach has been in operation in Hamilton since 2014 and in a range of locations internationally since the 1990s. The approach has been implemented widely across Canada as it is seen as an effective way in reducing homelessness and supporting people to sustain housing and achieve other positive outcomes. MSD is confident that the approach is applicable across New Zealand and that there are providers who would be able to successfully deliver the initiative.

The proposed evaluation approach (outlined below) builds in the opportunity for review and improvements or changes at the six month mark as it is at this time that the success of the implementation approach is reviewed. There will be differences to Hamilton and Auckland that will need to be factored in in implementation and monitored during the implementation of the approach, such as proximity to services and the method of identification or referral of clients to this support.

Evidence on the target cohort for this initiative and effectiveness of existing approaches

In 2013, it was estimated that there were 1,413 people sleeping rough or in an improvised dwelling, 2,784 people in a mobile dwelling, 549 people in emergency accommodation (a night shelter, Women's Refuge, or other accommodation targeted at people without accommodation and 7,851 people living in commercial accommodation (a camping ground, motor camp or in boarding houses, motels, hotels). In 2008, it was estimated that to house every severely housing deprived person, between 12,900 and 21,200 dwellings would be required.[25]

In 2013, of the total number of people in the 'severely housing deprived' population (as defined above):

- 7,763 were an 'adult alone'
- 14,727 were a sole parent with dependent children
- 73 percent (20,913) were not partnered
- In terms of educational achievement, the largest percentages of the severely housing deprived population had no qualifications 9,420 people (34 percent) and 10,554 had high school qualifications (38 percent).

That research also set out the count of people who were severely housing deprived in 2013, by living situation and territorial authority. The number of people without habitable accommodation was 4110 and the number of people who were in non-private accommodation (that is, a night shelter, women's refuge was 8,241.

There is both national and international evidence that supports a Housing First approach. In the New Zealand context, the Housing First approach has been operating in Hamilton since 2014 with the following impacts (measured in October 2016):

- 252 people have been moved from a homeless situation into stable housing over a two year period
- 47 percent of the people housed were considered chronically homeless
- 94 percent of people housed had retained their housing

[25] http://www.healthyhousing.org.nz/wp-content/uploads/2016/08/Severe-housing-deprivation-in-Aotearoa-2001-2013-1.pdf

- Hamilton police reported that inner-city crime reduced by 30 percent
- Between August 2014 and September 2016, 48.9 percent of people who accessed the support, self-referred
- The support services aspect of this funding reflects what we know about the multiple and complex needs of people experiencing homelessness. For example, of a group of 206 people in the People's Project, 43.6 percent were connected with Adult Community Mental Health and 48 percent were connected with Alcohol and Drug Service, and 33 percent were connected with Corrections.

An evaluation of the At Home-Chez Soi study[26] found that:

- The At Home Chez-Soi evaluation in Canada study involved 2,148 people – 1,198 of these were assigned to receive Housing First and 950 were randomised to receive treatment as usual. 82 percent of participants were absolutely homeless, and 18 percent were precariously homeless.
- During the course of the 2 year study, HF participants spent 73 percent of their time in stable housing, compared with 23 percent of treatment as usual participants spending 23 percent in stable housing
- In the last six months of the study, 62 percent of HF participants were housed all of the time, compared with 31 percent of TAU participants.
- In the last six months of the study, 16 percent of HF participants were housed none of the time, compared to 46 percent of treatment as usual participants
- The study found that sex, ethnic origin, disagnosis of depression, substance use, arrests, contact or detention by police or community functioning were not predictive of having poor housing outcomes
- 36 percent of people receiving treatment as usual described having experienced a negative life course since the start of the study, compared with only 8 percent of those in the HF group
- Living in stable housing and having positive social and supportive contacts was found to be key factors behind positive life courses. In contrast, negative social contacts, social isolation and continued substance use were cited as significant contributors to negative life courses.

In the international context, a review of nine services in the United Kingdom in February 2015[27] found that:

- Assuming that someone being supported through Housing First would otherwise be accommodated in high-density housing, potential annual savings ranged between 4,794 and 3,048 in support costs per annum, and potential for reduced use of emergency medical services and lessening contact with the criminal justice system
- Seventy percent of people were housed for between 9 and 29 months across each of the services
- 63 percent reported better health since using HF and 66 percent reported better mental health
- There was a reduction in anti-social behaviours and arrests, with 53 percent having been arrested in the year prior to receiving HF, to 36 percent being arrested while receiving HF
- The New Policy Institute and the New Economics Foundation found that each single homeless person, in financial terms, in 2008 cost society 26,000 pound more than an 'ordinary citizen'
- A Department of Health Study found that people living rough and in homeless hostels are 3.2 times more likely than the general population to require in-patient care and to cost 1.5 times as much as the average patient to treat

---

26 Fleury, M.-J., Grenier, G., & Vallée, C. (2014). Evaluation of the implementation of the Montreal at home/chez soi project. *BMC Health Services Research*, *14*, 557. http://doi.org/10.1186/s12913-014-0557-6

27 Breatherton, J., & Pleace, N. (2015). *Housing First in England - an evaluation of nine services*. Retrieved from http://www.homeless.org.uk/facts/our-research/housing-first-in-england-evaluation-of-nine-services

VALUE-FOR-MONEY ASSESSMENT

Please provide a comment on how well the initiative and supporting information addresses the following:

- What is the RoI and NPV score and are the assumptions and judgements around expected outcomes reasonable/clearly explained in the impact summary tables
- The Societal RoI is a combination of monetised impacts, un-monetised impacts and the assumptions underlying the impacts. Initiatives will need to demonstrate a societal ROI of at least 2.
- The Government RoI calculates how much one dollar of government spending reduces fiscal cost i.e. the fiscal return on investment. . Initiatives will need to demonstrate a Government ROI of at least 1.

[Vote Analyst to complete]

5. IMPLEMENTATION AND SCALABILITY

An indicative implementation Plan is attached as **Appendix Two.**

MSD is well-placed to deliver this initiative. It has long-standing and continuing relationships with service providers and community housing providers. MSD has a sound knowledge of the market and is confident in its capability to deliver this initiative. [33]

Following Panel feedback, MSD has scaled the initiative to ensure the feasibility of delivering the initiative. All of the IRRS places sought are outside of Auckland and MSD plans to make providers aware that it is interested in expanding this approach, prior to going out to RFP so that providers have time to prepare proposals and plan ahead regarding funding, MSD is confident that providers will have the capacity to deliver this initiative.

Exit Strategy / Decision points

[33]

The implementation and evaluation approaches provide a number of opportunities for MSD to refine the initiative and make decisions on its effectiveness and whether to continue it. [33]

MSD has a high level of confidence that it will be able to successfully deliver this initiative. MSD has long-standing relationships contracting for services and good knowledge of the capacity and capability of the CHP market – The RFP for the Auckland Housing First Pilot was over-subscribed.

MSD has sought out-years funding to continue the approach beyond four years. However, should the initiative not prove effective as anticipated, MSD would still require funding for the IRRS aspect of this initiative, so that people would not be displaced and experience a negative progression along the housing continuum i.e. back to homelessness. [33]

Information from the People's Project and the Housing First Auckland pilot will also be used to inform decision making.

6. UNDERSTANDING AND DEMONSTRATING EFFECTIVNESS

[33]

IMPLEMENTATION AND EFFECTIVENESS ASSESSMENT

Please provide a comment on how well the initiative and supporting information addresses the following:

- Fit-for-purpose impact evaluation plan with consideration of how the initiative will be evaluated as it is implemented rather than just ex-post.
- Capability and capacity of the agency to deliver the initiative (implementation, project management and procurement). This should also take into consideration the agency's Four Year Plan and previous track record.
- Does the implementation and evaluation plan allow enough flexibility for scalability?

[Vote Analyst to complete]

Appendix One: Intervention logic template: Housing First

Definitions:

Homeless / homelessness: To assess and prioritise social housing need, MSD uses the Social Allocation System (SAS). For the purposes of this tool, homelessness is defined as 'not living in any accommodation' or 'living in emergency housing for the time being'.

Chronically homeless: people who are sleeping rough who have been homeless for 12 months or more.

Problem statement:

The New Zealand housing market is under increasing pressure – there are both affordability issues and a supply shortage and our most vulnerable people face multiple barriers to accessing stable housing. There is an intense demand for social housing and although MSD has housed many people, it is not keeping up with demand. In addition, MSD considers that there is hidden demand for housing – people who for a number of reasons do not approach MSD for housing support and are suffering from severe housing deprivation, including being chronically homeless. MSD is proposing trialling a Housing First approach to address this issue to ensure that people with the most severe unmet housing need are supported into stable accommodation and provided with the support they need to experience positive outcomes.

A Housing First approach is currrently being piloted in Auckland (implementation is scheduled for January 2017) and MSD is interested in learning about how to effectively implement this approach in regions outside of Auckland, and will design this initiative building on the learnings from the Auckland pilot, as these become available. Funding this initiative would not only provide the opportunity to support people with a severe unmet housing need into stable accommodation, and reduce government spend, but it also provides a research opportunity for MSD grow an understanding about how the range of housing supports it has available are being used and where there are opportunities to better ensure that those who are most vulnerable are able to access these supports.

Many New Zealanders with unmet housing needs have multiple and complex needs that can make it difficult for them to access social housing or housing in the private market. Census 2013 identified that 40,658 people were severely housing deprived, and that there were 1,413 people living rough (e.g. without shelter) in 2013, and 2,784 people living in a mobile dwelling (e.g. caravan). In addition, on census night there were 549 people living in emergency accommodation.

The severely housing deprived or homeless[28] population in New Zealand has grown in size and scale over the last three censuses, at an accelerating rate.[29] In 2013, there were at least 41,000 homeless New Zealanders (around 1 in every 100) people. More than half of those who are homeless adults are working, studying, or both, and more than half of the homeless population are younger than 25.[30] Data on homelessness in New Zealand comes from a range of sources, including Census and the administrative data of emergency housing providers. However, gathering accurate data on the numberof people with a severe unmet housing need remains challenging.

This initiative will focus on supporting people with the most severe unmet housing need – people who are chronically homeless as this is the group that evidence shows a Housing First approach has the greatest impact for. The initiative will initially prioritise those who are not known to MSD. This initiative will not work with people who are living in over-crowded dwellings as these circumstances are outside of the scope of homelessness for the purposes of this initiative and the focus is on people who are not in any accommodation or living in emergency housing.

A Housing First approach means providing people with severe unmet housing needs with stable accommodation before seeking to address any of the other issues they may need support with e.g. addiction, budgeting support. People who are supported through the Housing First approach are required to contribute to rent and expenses, as is required of any other tenant of social or private housing. In this approach, MSD will be looking for providers to provide a mix of social housing and housing in the private market. MSD is looking to trial both approaches to understand the effectiveness of each. MSD is currently piloting the Housing First approach in South and West Auckland. The circumstances in Auckland are markedly different to the rest of New Zealand and MSD is seeking funding to expand the Housing First approach to regions outside of Auckland, to support people who are homeless into other regions into stable housing, and to learn about the effectiveness of the approach in the New Zealand regional context.

Goal: more people and families across New Zealand who are chronically homeless are supported into stable housing, and provided with the broader supports they need to achieve positive outcomes, through the Housing First approach.

---

[28] The official Statistics New Zealand definition of homelessness is living situations where people with no other options to acquire safe and secure housing: are without shelter, in temporary accommodation, sharing accommodation with a household or living in uninhabitable housing

[29] Without shelter: living situations that provide no shelter, or makeshift shelter, are considered as without shelter. These include living situations such as living on the street, and inhabiting improvised dwellings such as living in a shack or a car, Temporary accommodation: Living situations are considered temporary accommodation when they provide shelter overnight, or when 24-hour accommodation is provided in a non-private dwelling, and are not intended to be lived in long-term. This includes hostels for the homeless, transitional supported accommodation for the homeless, and women's refuges. As well as people staying long-term in motor camps and boarding houses, as these are not intended for long-term accommodation, Sharing accommodation Living situations that provide temporary accommodation for people through sharing someone else's private dwelling. The usual residents of the dwelling are not considered homeless. Uninhabitable housing: Living situations where people reside in a dilapidated dwelling are considered uninhabitable housing.

[30] Amore K. (2016). *Severe housing deprivation in Aotearoa/New Zealand: 2001-2013*. He Kainga Oranga/Housing & Health Research Programme, University of Otago, Wellington.

Underpinning theory based on evidence:	Resources/inputs	Activities – what will be done?	Outputs	Longer term impacts (conditions)
• International and local evidence shows that provision of stable housing plays a key role in supporting the achievement of positive outcomes[31] • The Housing First approach has been implemented in a range of jurisdictions with positive results[32] • Evidence shows that the more severe the homelessness, the better the return on investment in the Housing First approach • The At Home - Chez soi Pan Canadian Demonstration Project found that during the course of the two year study, Housing First participants spent 73 percent of their time in stable housing, compared with TAU participants spending 32	• The funding sought is secured • Data and information informs development of the process for how people will be identified and referred for Housing First support • Community Housing providers have capacity and capability to deliver trials • Providers are able to source the supply needed across both the social and private market • Social services providers in the regions have the capacity and capability to support clients • An evaluation approach is designed through which impact of investment on the different cohorts is evident • Service delivery process developed to record client participation in programme (clients placed in social housing will be assessed as eligible prior to their placement) • Procurement process developed and providers submit proposals within the scope of what's requested	• MSD develops an assessment process through which people can be referred to a provider to receive support through Housing First • MSD will undertake a procurement process to identify providers to deliver a Housing First approach in regions outside of Auckland • Providers will work across communities to identify people to be supported through this initiative • Contracts designed to support development of provider capacity	• X number of people identified as homeless are supported into housing in the private market • X number of people and families and supported from chronic homelessness into social housing • Trials are undertaken in X number of regions ***Target group*** People and families who are chronically homeless in New Zealand, in regions outside of Auckland. ***Measures of outputs*** • Measures for Housing First may include: • Number of individuals placed through an HF intervention • Percentage of HF clients who remained housed at six months • Percentage of HF clients who remained housed at twelve months • Percentage of HF clients who are holding their own	• Where appropriate, clients able to transition into private accommodation (rental or ownership) which provides them with greater stability frees up social housing places • Participants are connected to their communities • Improved educational and employment outcomes • Less pressure on the emergency housing market • MSD grows its evidence base about the effectiveness of a Housing First approach in supporting people who are chronically homeless in regions outside of Auckland, to enter and sustain housing, and experience a range of other positive outcomes • People have access to the range of supports that they may wish to engage with to address the range of issues they may be dealing with **Medium term impacts** • people that receive this support are in their tenancies at six and 12 months after commencement of the initiative • provider reporting is showing that clients are accessing both housing and broader social supports • increased participation in education, training

[31] For example the Chez-Soi at Home trial in Canada and the People's Project in Hamilton

[32] See above studies

percent of their time in stable housing.[33] • The People's Project in Hamilton has been running since 2014. 94 percent of those housed have sustained that housing • Housing alone is not sufficient to support people with severe unmet housing needs onto a positive pathway and people who have experienced homeless likely require access to a broader range of services[34] • MSD can refine use of the social investment approach for providing housing to vulnerable people who are chronically (have been homeless for a period of one year or more) or transitionally (for example, experience homelessness from time to time due to an adverse event and for example could be accessing emergency	• People identified to participate in the trial **Assumptions:** • Sufficient funding is available to support the expected number of participants • People who are chronically homeless want to be supported through this initiative • People supported through this initiative may have approached MSD for Emergency Housing support • Approximately half of the people identified for this support will be identified by providers, and may not have approached MSD for support • People who are homeless and also working or studying (52 percent of the total homeless population) will be supported into housing in the private market • People who are chronically homeless will transition into social housing • MSD will have the appropriate resource to implement and evaluate the approach	and capability across the regions to support learning about what works through • Clear expectations and articulation of the initiative, for whom and the outcomes sought • Trialling approaches, in line with embedding an Investment Approach for social housing • Engagement with providers to develop identification and referral processes • Set clear parameters around who the funding is for to support a robust evaluation • Clear outcomes and measures set	tenancy at 12 and 24 months from commencement of the initiative • Percentage of clients who exit tenancy and return to homelessness or appear on the register within 12 months • Percentage of HF clients who return to homeless (not living in any accommodation or living in emergency accommodation for the time being) • Number of people who started part-time or full-time employment at 12 and 24 months • Number of people who started part-time or full-time education at 12 and 24 months • Number of people who started a job training programme at 12 and 24 months.	or employment • a New Zealand Housing First approach gains influence in the sector • increased cost to education / health as access increases • people do not exit and re-enter the social housing register • less strain on the emergency housing sector as people who are homeless are supported into stable accommodation • some of those supported are responsible for their own tenancies **Short-term impact** • Providers have security of funding to support homeless people into housing and clear expectations about the reporting requirements • Providers develop relationships across the community and best-practice is shared across providers and regions • MSD building trusting relationships with new providers • Clients identified for support and know that it is available to them should they wish to take it up • More clients on the social housing register, if previously homeless clients were not on the register previously • New clients receiving AS / IRRS who were not

[33] *Housing First for People with Severe Mental Illness who are Homeless: A Review of the Research and Findings from the At Hone – Chez Soi Demonstration Project*, The Canadian Journal of Psychiatry, Vol 60, No 11, November 2015

[34] Such as support with mental health issues and addiction.

housing) homeless in regions across New Zealand. • In Canada, the Chez Soi trial of Housing First found that between 77 and 89 percent of people who received the Housing First intervention remained housed at 24 months. • In Canada, 98 percent of the costs of the Housing First programme were recouped by government through reduced costs in other areas, such as hospitalisation.	• Providers able to source additional social housing places and properties in the private market to enable delivery of Housing First • Providers able to source additional places in the private market to trial this initiative • The majority of places sourced will be one bedroom and the remainder will be two bedroom, to reflect what we know about the demographics of the homeless population (majority sole parent and adult alone) • A caseload of 10:1 for people who are chronically homeless is appropriate to support people through this initiative	through the contracting process • MSD will work with providers to ensure that the research element of the initiative will be captured through reporting • MSD will build on the learning from the pilot currently being implemented in Auckland		previously • MSD is clear on the level of funding each provider needs to deliver the services, this agreed through the procurement process **External factors that may affect impacts** • Provider capacity / capability to deliver the initiative • Ability of providers to source accommodation of the required configuration in the private market • Ability of providers to source properties to be used for social housing to support the initiative • Availability of appropriate services and supports • Affordability for clients in the private market cannot be addressed • Ability to identify people with greatest unmet need

Appendix Two: Implementation Plan

[33]

Appendix Three: Evaluation Plan

EXPANDING HOUSING FIRST EVALUATION PLAN

How will you evaluate (after the programme has been rolled out) what the effect of the programme was, particularly on the impacts listed in Section B?

[33]

Data collection and impact evaluation method

The evaluation aims to identify whether the Housing First initiative results in better outcomes for participants, compared to clients receiving 'business as usual' (BAU) emergency housing assistance.

Key evaluation questions across the evaluation are:

1. To what extent has the Housing First initiative led to better outcomes for targeted participants?
2. To what extent has the initiative been implemented successfully?
3. What lessons can be learnt for effectively supporting people who are homeless into more stable housing in New Zealand?

A range of outcomes will be measured across different streams of the evaluation. Key outcomes include improved:

- Housing tenure stability in the private market – equal to or better than the average tenure across all New Zealand residential tenancies
- Health and wellbeing
- Pro-social behaviour (including reduced criminal offending)
- Employment and income
- Engagement in education and training
- Full and correct benefit support
- Social connectedness.

To address the key evaluation questions, the evaluation will consist of four interrelated streams of work:

1. Quasi-experimental impact analysis

Quasi-experimental impact analysis will use linked data in the IDI. Different quasi-experimental methods have different strengths and limitations, and a robust quasi-experimental evaluation will often involve application of multiple methods. We anticipate that at least two types of quasi-experimental study will be applied.

The first type of evaluation will compare the service costs and outcomes at the individual level over time (eg housing tenure stability, hospitalisations, ACC claims, prescriptions, mental health and addiction service usage, mortality, criminal offending, court appearances, length of sentences received, time in employment, benefits and income) of the intervention group (those clients receiving the Housing First expansion programme) with those of a matched comparison group of similar individuals drawn from areas where Housing First type initiatives are not available.

The second type of evaluation will compare service costs and outcomes at the area level for population sub-groups at high-risk of homelessness over time in geographic areas that receive Housing First style initiatives at different times.

For both individual and area-level analysis, linked Census data could potentially be used to define sub-populations that are severely housing deprived, and community-based provider data could be explored (eg Auckland City Mission and Downtown Community Mission data and other provider data as it becomes available).

An initial report based on an interim analysis will be prepared two years after commencement of the expansion, and a main report prepared five years after commencement. An update at 10 years will also be prepared. The 10-year update will allow a minimum of a 5-6 year follow-up of all 500 members of the cohort served over the course of the 4 year expansion, and will provide the most robust information on the trajectory of costs and benefits over time and likely break-even points for ROI.

[33]

Limitations: Individual-level analysis has the benefit of allowing estimation of the impact of the "treatment on the treated", but an important limitation is uncertainty about how well "selection effects" have been controlled for in the analysis. Area-level analysis has the benefit of controlling for selection effects and capturing potential "spillover" effects of the intervention (costs and benefits experienced by those not directly served), but if the scale of the programme is small relative to the size of the high-risk population, or other changes affecting that population are occurring in different areas at the same time as the programme, then effects may be difficult to detect.

2. Monitoring and benchmarking

Monitoring and benchmarking will examine provider reporting on tenure-stability and compare with similar NZ (and international) housing initiatives (People's Project and Housing First in Auckland), to assess progress towards outcomes.

3. Process evaluation

A process evaluation will examine the services being delivered six months after the launch of the initiative to identify opportunities for improvement, and to assess whether the initiative is being implemented as intended; and, in a way that will support the achievement of outcomes. Qualitative interviews will be conducted with providers and tenants and some descriptive statistics compiled.

4. Case studies

Case studies will examine the individual experiences of clients in the Housing First programme over three years to understand how outcomes can be successfully achieved, along with any insights into client experiences that can be generalised about the Housing First Approach. An ethnographic approach will be used to explore any influences on outcomes unable to be measured using linked data in the IDI (eg. social connectedness).

Rationale for evaluation approach

While funding for the initiative ($16.45m) and numbers targeted (500) are relatively high, there is a significant international body of evidence, including RCTs, on the effectiveness of the Housing First approach. Given the strength of the international evidence, we do not propose to conduct a RCT of the Housing First expansion as withholding a service known to be effective for the purposes of creating a control group for evaluation cannot be justified on ethical grounds. Additional practical considerations include the difficulty of identifying potential programme participants for the purposes of randomisation (New Zealand has no register of homeless persons) and the absence of a clearly defined, common "treatment as usual" group across different geographic areas.

Instead the proposal to expand Housing First in centres outside Hamilton and Auckland offers an opportunity for quasi-experimental evaluation studies that compare outcomes for members of the target population in geographic areas that receive Housing First style initiatives at different times (the Hamilton People's Project, the current Auckland Housing First pilot, and the Housing First expansion to implement the approach in other centres).

We consider that this, coupled with experience from the work already underway in New Zealand, will provide sufficiently robust evidence on the impact of the Housing First expansion and add significantly to the body of evidence on what works in addressing homelessness in a New Zealand context.

Funding of evaluation

[33]

Method	Year 1	Year 2	Year 3	Year 4	Year 5
[33]					
[33]					

[33]				
Monitoring and benchmarking	Resourced in-house			
Updates to analysis at 10 yrs	Resourced in-house			
[33]				

Completion dates, publication, and dissemination of findings to key stakeholders

Different streams of work for the evaluation will provide findings at various stages, as shown in the table below.

Method	**Completion of substantive work**	**Publication**	**Dissemination to key stakeholders**
Impact analysis	Interim analysis after 1 year, followed by main analysis at 5 years and updated after 10 years	Interim publications after 2 years, main report after 5 years, updated report after 10 years	Internal dissemination throughout. Publicly disseminated via 2, 5 and 10 year reports
Monitoring and benchmarking	On-going	Interim publication after 2 and 5 years, final report after 10 years	
Process evaluation	After 10 -12 months	Publication after 2 years	
Case studies	Initial analysis after 10-12 months, followed by full analysis after 3-5 years	Interim publication after 2 years, final report after 5 years	
Final reporting	At 10 years	At 10 years	