

CHRANZ housing reports 2003 – 2007: A summary of the CHRANZ Reports in relation to the Auckland region

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INTRODUCTION

The Centre for Housing Research, Aotearoa New Zealand – Kainga Tipu (CHRANZ) was established by Housing New Zealand Corporation (HNZC) in 2003 with the primary concern of setting housing research priorities for New Zealand's housing market and investing in independent research. CHRANZ's work is structured around two main research programmes, the New Zealand housing system and linking housing and social, economic and environmental outcomes. More specifically, these research programmes address issues relating to access, housing demand and needs for vulnerable population, changing attitudes to tenure, housing investment, alternative providers and the performance of housing in urban and rural environments.

Since CHRANZ was established a number of publications have been commissioned¹. A significant portion of these publications are directly related to the Auckland region and this paper summarizes some of these key findings for Auckland. There are eight main sections to this report:

Section 1 provides an overview of some of the changes and trends that have occurred in the past 25 years in relation to housing in New Zealand and where possible, the Auckland regional level. The main reports included in this section are:

- *Changes in the Structure of the New Zealand Housing Market* by DTZ New Zealand (2004)
- *Census 2006 and Housing in New Zealand* by DTZ New Zealand (2007b)

Section 2 focuses on regional housing markets and covers a number of topics in relation to Auckland including: house and land price movements and supply patterns, dynamic and long run response of housing value and constraints to the expansion of housing supply in Auckland. The main reports reviewed in this section include:

¹ To access these publications visit CHRANZ's website: <http://www.chranz.co.nz>.

- *Housing and Structural Adjustment* by Motu (2003)
- *Regional Housing Markets in New Zealand: House Price, Sales and Supply Responses* by Motu (2006)
- *Housing Supply in the Auckland Region 2000-2005* by Motu Economic and Public Policy Research (2007)

Section 3 provides an overview of some of the key trends regarding housing tenure, tenure choice, aspirations and constraints, future projections of housing tenure, implications for the private rental market, economic and social implications of falling home ownership rates and future research on housing tenure. The following reports are reviewed in this section:

- *The Impact of Financial Circumstances on Tenure Choices in New Zealand* by Business and Economic Research Limited (BERL) (2004)
- *Housing Tenure Aspirations and Attainment* by DTZ New Zealand (2005)
- *The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region* by DTZ New Zealand (2007)

Section 4 addresses the issue of affordability in Auckland. It provides an overview of future research programmes on affordability as well as a number of recommendations of how to address the issue of affordability. This section primarily focuses on the following reports:

- *Housing Costs and Affordability in New Zealand* by DTZ Research (2004b)
- *Local Government and Affordable Housing* by CRESA and Public Policy and Research (2007)

Section 5 reviews the following scoping report on the inter-relationship between housing and society:

- *Bi-Directional Impacts of Economic, Social and Environmental Changes and the New Zealand Housing Market* by Motu (2004)

Section 6 focuses on the housing needs of particular population groups namely Maori, Pacific people, elderly, children and young people and disabled. The main reports used in this section are:

- *Accommodation Options for Older People in Aotearoa/New Zealand* by New Zealand Institute for Research on Ageing (NZiRA) and BERL (2004)
- *Housing Choices for Disabled New Zealanders* by Miller, M. (2005)
- *Maori Housing Experiences: Emerging Trends and Issues* by The Family Centre Social Policy Research Unit (FCSPRU) and Research Centre for Maori Health and Development (RCMHD) (2006)
- *Pacific Housing Experiences: Developing Trends and Issues* by Koloto and Associates Ltd., et al. (2007)
- *Children's and Young People's Housing Experiences: Issues and Scoping Paper* by Public Policy and Research (2007)

Section 7 covers a scoping report that provide a set of research programmes regarding the transfer of housing and wealth between families and different generations. It looks at the following report:

- *Intergenerational and Interfamilial Transfers of Wealth and Housing* by BERL (2005)

Section 8 is about the future of New Zealand's housing sector. It examines eight possible impacts on the future of New Zealand housing and covers the following report:

- *The Future of Housing in New Zealand* by Scion and BRANZ (2006)

A number of the CHRANZ reports have no specific findings in relation to Auckland and have therefore not been covered comprehensively in this report. However, for reference purposes an annotated bibliography of these reports has been included as an appendix.

There have also been a number of postgraduate research projects and one community research report that have been published by CHRANZ. These reports are also not included in this summary however, they have been included in the bibliography in the appendix.

1. A REVIEW OF HOUSING IN NEW ZEALAND

This section provides an overall context of the changes and trends that have occurred in the last 25 years in regards to housing in New Zealand and where possible, the Auckland regional level. The primary source for this section comes from the report *Changes in the Structure of the New Zealand Housing Market* by DTZ (2004). However, a follow-up report has been released, *Census 2006 and Housing in New Zealand* by DTZ (2007b), which updates certain aspects of the previous report. The information from these reports is vast and only the key trends have been highlighted below².

1.1 Central government housing policy

Since the 1930s the central government has been a key driving force behind the structure of New Zealand's housing market. Some of the changes that have occurred to New Zealand's housing policy since 1930 include:

- From the 1930s to the 1970s the primary goal of New Zealand's housing policy was to improve the supply of housing and supplement the supply of mortgage finance in order to improve the quality of housing. This was done by encouraging home ownership through housing loans for low-income earners and providing state housing at below market rates.
- During the 1970s the government gradually reduced its direct involvement in the market in favour of a more indirect approach that was tied to welfare policy.
- From 1981 to 1989 the main goal of housing policy was to continue to reduce the government's direct involvement (but to continue an indirect approach) and to target housing benefits to people with the greatest need as well as to those unable to provide for themselves via the private sector.
- The 1990s experienced even further reduction of the government's role in the housing market. This reduction was based on the assumption that the

² Unless referenced otherwise the information from this section comes from DTZ (2004).

‘invisible hand’ of the market would ensure that the needs of New Zealanders were met.

- From 1999 to 2004 the government attempted to reverse the solely market driven policy to an indirect approach. A shift also took place from providing a demand-side subsidy (in the form of an accommodation supplement) and market rents for state housing, to supply-side assistance involving income-related rents and housing provision based on housing needs.

1.2 Regulations

Regulations surrounding planning, building and finance have changed considerably in the last 25 years as a result of government restructuring. Some of the more significant changes include the passing of the Resource Management Act (RMA) and Building Act in 1991, as well as the deregulation of the finance and banking sectors since the 1980s which has had a number of implications on residential property.

1.3 Housing market trends

- There was a change in the type and nature of separate houses developed and sold in New Zealand between 1981 and the early 2000s. Most notable was the increase in the size of dwellings and standard of accommodation as well the increase in living area and decrease in section size. However, Auckland and Wellington have experienced a fall in the average size of dwellings due to the increase in the number of apartment type developments.
- Between 1982 and 2002 real residential property values for New Zealand appreciated annually by 2.1%. Auckland experienced the strongest growth of 3.2% followed by other metropolitan centres and sunny coastal areas.
- Over the years there has been a shift away from traditional New Zealand residential property to higher density, urban lifestyles. For example, Auckland’s proportion of New Zealand’s new residential building consent issues increased from 34.2% in the early 1990s to nearly 40% by the late 1990s and early 2000s.

1.4 Housing stock

- New Zealand's housing stock increased from 1.102 to 1.507 million dwellings during 1981 to 2001. The majority of this growth occurred in the northern half of the North Island and the north of the South Island.
- The stock of Housing New Zealand rentals declined during the first half of the 1980s (from 59,500 to 56,700), increased during the second half of the 1980s (from 56,700 to 64,500), was relatively constant during the first half of the 1990s (circa 65,000) but fell again 2000 (to 56,000) (DTZ, 2004). By 2006, the number of housing had increased to 67,397 (DTZ, 2007b).

1.5 Home ownership trends

- From 1981 to 2001 the number of dwellings in New Zealand that were owned with a mortgage declined from 42.4% to 34.6% while the percentage of rented dwellings owned by private landlords increased from 60.6% to 78.4%.
- Home ownership rates within New Zealand declined from 71.4% in 1981 to 68% in 2001 (DTZ, 2004) and to 66.9% in 2006 (DTZ, 2007b)³.
- The spatial pattern of this decline changed between the two periods of 1991 to 2001 and 2001 to 2006. While Auckland had previously experienced one of the greatest falls in ownership rates during the first period, it had one of the smallest declines between 2001 and 2006 (DTZ, 2007b). Similar trends occurred in Nelson, Hawkes Bay, Bay of Plenty and Wellington while the opposite occurred in Taranaki, Northland, West Coast and Waikato (DTZ, 2007b).
- Between 1986 and 2006 Auckland changed ranking from 9th to 15th in terms of regional home ownership rankings (DTZ, 2007b). The only other regions that also experienced significant changes in their rankings were Nelson (from 1st to 8th) and Taranaki (from 10th to 5th) (DTZ, 2007b).
- In 1981 the national home ownership rate of couples with children (79.5%) exceeded the average for all other housing types (71.4%) (DTZ, 2004). Urban areas such as Auckland, Wellington, Canterbury and Otago all had high

³ Care must be taken when interpreting trends in dwelling tenure as the Census question relating to this changed in 2006.

ownership rates above 80% for this category (DTZ, 2004). However, in recent years couples with children have experienced one of the greatest percentage falls in home ownership rates (down to 75.4% in 2006) with Auckland experiencing the highest rate of decline during the 1981 and 2006 period (DTZ, 2007b). This decline in home ownership rates of couples with children has resulted in a narrowing of the gap between ownership rates of this category and other types of households (DTZ, 2007b).

- On the other hand, from 1991 to 2006 the gap between home ownership rates of couple-only households and other types of households increased (DTZ, 2007b).
- There is a disparity of home ownership rates between different ethnic groups across New Zealand. Europeans have the highest home ownership rates which by far exceeds all other ethnic groups. This gap between ownership rates of European and other ethnic groups increased between 1981 and 2001.

1.6 Owner-occupier tenure

- Owner-occupier housing increased from 710,199 in 1981 to 868,656 in 2001 (or by 22.3%) with the majority of this growth occurring in Auckland, minor urban areas, rural areas, and rural and water areas (DTZ, 2004). Between 2001 and 2006 Auckland continued to experience strong growth in this category (DTZ, 2007b).
- Over the 1981 and 2001 period, one-person (72.2%) and couple-only (56.2%) households experienced the greatest increase in the number of owner-occupied housing while couples with children (-16.5%) and unrelated households (-41.4%) experienced the greatest fall in numbers (DTZ, 2004). Between 2001 and 2006 the rate of owner-occupied housing for one-person households declined while the rates for couple-only and couples with children increased (DTZ, 2007b).
- Between 1991 and 2006 the 20-40 year age group experienced a strong decline in their share of owner-occupier tenure. All other age groups (with the exception of 40-44 years) experienced an increase in their share of owner-occupier tenure from 2001 to 2006 (DTZ, 2007b).

1.7 Private-rentals

- The private rental market is characterised by a large number of small investors who own a small number of properties.
- Between 2001 and 2006 the percentage growth in the number of private-renter households was greatest in Wellington (17.3%), Auckland (17.1%), Marlborough (14.0%) and Bay of Plenty (13.0%) (DTZ, 2007b). This growth is perhaps a reflection of both population growth and dwelling value trends (DTZ, 2007b).
- Compared to New Zealand's national figures, Auckland has had a greater percentage increase in private-renter numbers (between 1991 and 2001) for different household types including, couples with children (108.1% for Auckland compared to 82.5% for New Zealand), two-family households (228.2% vs. 217.8%), unrelated households (14.5% vs. 7.1%) and couple-only households (49.1% vs. 43.2%) (DTZ, 2007b).
- This trend continued for the 2001 to 2006 period for the following households types: one-parent-with-child (16.9% vs. 8.7%), couples with children (30.5% vs. 25.2%), one-person households (13.5% vs. 10.1%) and couple-only households (26.2% vs. 24.7%) (DTZ, 2007b).
- Similarly, between 1991 and 2001 Auckland had a greater percentage increase in private-renter numbers in compared to the national figures for a number of age groups including, 30-34 years, 35-39 years, 50-54 years and 55-59 years (DTZ, 2007b). Between 2001 and 2006 this was true for 60-64 years, 40-44 years, 25-29 years and 20-24 years (DTZ, 2007b).
- From 1986 to 2006, all ethnic groups, excluding Europeans, experienced their share of private-renter households increase (DTZ, 2007b). During this period, European's share of private-renter households fell from 82.8% to 60.9% (DTZ, 2007b).

2. REGIONAL HOUSING MARKET

Three reports have been published by CHRANZ in relation to regional housing markets. They are:

Housing and Structural Adjustment by Motu (2003)

Regional Housing Markets in New Zealand: House Price, Sales and Supply Responses by Motu (2006)

Housing Supply in the Auckland Region 2000-2005 by Motu Economic and Public Policy Research (2007)

These reports cover a number of topics including house and price movements and supply patterns in Auckland, the dynamic and long run response of housing value and constraints to the expansion of housing supply in Auckland.

2.1 House and land price movements and supply patterns

The Motu (2006) report investigates regional housing markets in New Zealand from 1981 to 2004. It focuses on house price movements and supply patterns as well as demographic and economic developments. Through this analysis some of the factors affecting housing demand and supply at a local level are identified in order to address the broader issue of sustainable housing supply across New Zealand.

Land and house prices changes in Auckland between 1981 and 2004

The Motu (2006) report argues that land prices are an important element in determining the supply of new housing. For example, factors that increase land prices have a negative effect on the supply of new housing. These factors include geographical or regulatory constraints on new development and restrictions on subdivision for in-fill purposes.

High construction costs can also have an impact on the supply of new housing. However, real construction costs in New Zealand have remained relatively stable over the years and this is particularly true for Auckland where the real cost per square meter has increased by only 0.5% between 1992 and 2004.

Land prices on the other hand have increased significantly in New Zealand with vacant residential sections increasing by an average of 286% between 1981 and 2004. More specifically, Territorial Authorities (TAs) in the Auckland region experienced the following growth in land prices:

- Auckland City – 697% (the highest growth in New Zealand)
- Manukau – 460%
- North Shore – 457%
- Rodney – 438%
- Waitakere – 376%
- Franklin – 367%
- Papakura – 295%

When comparing the increase in land prices to the increase in real house prices, results show that in general land prices have increased faster than house prices. Between 1981 and 2004 real house price growth across New Zealand was 105% (compared to a 286% increase in land price). A breakdown of the growth in house prices between 1981 and 2004 within Auckland regional TAs follows:

- Auckland City – 223% (the second highest growth next to Queenstown-Lakes)
- Rodney – 199%
- Waitakere – 129%
- North Shore – 127%
- Manukau – 122%
- Franklin – 116%
- Papakura – 84%

Housing supply in Auckland between 1991/1992 and 2004

The Motu (2004) report found that between 1991/1992 and 2004, the ratios of new housing supply (as expressed through the number of building consents) relative to population change within Auckland's TAs were:

- Manukau – 0.29 or approximately 3.5 people per consent
- Auckland City – 0.37 or approximately 2.7 people per consent
- Waitakere – 0.37 or approximately 2.7 people per consent
- Rodney – 0.41 or approximately 2.4 people per consent
- Franklin – 0.46 or approximately 2.2 people per consent

Papakura – 0.56 or approximately 1.8 people per consent

During the same time period Papakura had the lowest real house price growth of 48% compared with 79% for Franklin and between 92% and 129% for the remaining TAs. The lower house price growth in Papakura could be attributed to the high supply response.

Policy implications

The Motu (2004) report concludes by suggesting that if high house prices are a concern, it is important that construction costs and land prices are kept to a minimum. This will require both planning and regulatory processes that encourage the development of residential land (or of in-fill sub-division of existing land) and to the construction of new dwellings (both single and multi-unit).

2.2 Dynamic and long run response of housing value

The Motu (2003) report uses Quotable Value New Zealand (QVNZ) data on house sale prices and house sale numbers from 1981 to 2001 to examine the dynamic and long run response of housing value across TAs and regional councils as well as over time.

The report conducted a ‘Granger Causality Test’⁴ to find whether or not one region’s price developments could explain future price developments in another region (over and above the second region’s own history of price outcomes). It concluded that price developments in Auckland are not strongly influenced by other regions and that Auckland region does not have a strong causative influence on price developments in other regions. Regions that do have a strong influence on other areas are those based on agriculture (mainly sheep and beef) and include regions such as Hawkes Bay, Canterbury, Nelson-Marlborough-Tasman and Taranaki.

Long run house price determinants

⁴ A Granger Causality Test is an econometric technique used to determine whether or not one economic variable can help forecast another economic variable.

The Motu (2003) report identified three major determinants of long run real house prices at the regional level:

- (Real) Regional economic activity – This has had a positive effect on real house prices for all 14 regions. On average, a 1% increase in regional economic activity results in a 1.05% increase in long run real house prices in that region.
- The stock of houses – This has a negative effect on house prices. A 1% increase in the supply of houses reduces real house prices in the long run by 0.6%. Thus, it is important for policy to allow the supply of housing to adjust to demand pressures.
- The (real) user cost of capital – A rise in this will have a negative impact on real house prices for each region. It is estimated that a 1% increase in the real cost of capital will reduce long run real house prices by 0.8%.

2.3 Constraints to the expansion of housing supply in Auckland

The 2007 Motu report investigated some of the constraints to the expansion of Auckland's housing supply. It argued that in recent years Auckland's demand for housing has increased at a significantly faster rate than the supply of housing leading to a substantial increase in land and house prices⁵. The increase in demand has been predominantly driven by a net inward migration (from both within New Zealand and overseas) as well as rising employment and incomes. Furthermore, the availability of finance from banks and institutions has facilitated the demand for housing. However, the Auckland housing market's ability to respond to the increase in demand has been constrained by a limited supply of land and difficulties with consent processes. Some of the specific elements involved in this issue are discussed below.

Zoning

Zoning and constraints have been implemented by all seven Auckland TAs as a way of managing land use activities. This has primarily been driven by Auckland's Regional Growth Strategy (RGS) and its adoption of Metropolitan Urban Limits

⁵ For example, from 1995 to 2005, the median price of a vacant residential section more than quadrupled in Rodney District, Auckland City and Franklin District (Motu, 2007). Similarly, the median price of a stand-alone dwelling in Auckland was \$508,436 in 2005 – an increase of 63% from 2000 and 116% from 1995 (Motu, 2007).

(MUL) to contain where residential, business and other activities occur. The Proposed Change 6 (PC6) to the Regional Policy Statement (RPS) will effectively ban urban activities from taking place outside the MUL as well as making extensions of the MUL very difficult.

Through zoning and constraints, urban expansion is limited and the supply of land suitable for large scale development is reduced. Furthermore, zone changes have had little influence on the rate of intensification.

Trends in population and dwelling stock

From 1991 to 2006 Auckland region's growth in the stock of dwellings (36.9%) increased faster than the growth in population (35%). However, from 2001 to 2006, this trend reversed with dwelling stock increasing by 10.9% and population increasing by 11.6%.

Building consents

Between 2000 and 2005, 59,679 building consents for new residential dwellings were issued in the Auckland region with the majority issued in Auckland City (34%) and Manukau (22%). Auckland City was the only TA where apartment consents exceeded house consents.

While there is a continued preference for stand-alone housing over apartments, demand for higher quality apartments is increasing.

Franklin and Rodney have the highest level of dwelling consents relative to the existing stock indicating that development is being pushed to the city outskirts. The remaining five TAs have experienced considerable growth along the MUL boundaries indicating pressure for further expansion of the city.

Intensification has occurred around the CBD with the growth of apartments but also in areas like Albany, New Lynn and Henderson.

Prices and costs

The median house sales price between 2000 and 2005 increased by over 60% in Rodney, North Shore and Auckland City; by over 50% in Waitakere and Franklin; by 48% in Manukau and 39% in Papakura.

Prices of apartments have also increased though not to the same extent as houses.

This might be attributed to the following reasons:

- The supply of apartments has been more responsive to changes in demand;
- The differences in construction costs;
- A temporary oversupply of some apartments;
- Differences in investor versus owner-occupier attitudes towards risk and yield;
- A continued preference by purchasers for stand-alone houses.

The MUL boundary has an impact on land prices. Rural land value within the boundary tends to be higher than the value of land outside the MUL, even though both are being zoned for rural use. Similarly, rural land values just outside the MUL reflect the possibility of the MUL being shifted outwards.

Stakeholder perceptions

Comprehensive interviews were conducted with people involved in property and related sectors regarding Auckland's supply constraints. The main themes discussed include land constraints and council-related issues around consent processes and infrastructure.

Land constraints

The three main land constraint issues include:

- Land availability
- Cost of land
- Land ownership – Particularly greenfields within the MUL where ownership is seen to be concentrated among a few powerful 'land-bankers' but also ownership within the metropolitan area is fragmented making the purchase of a sizable block for medium/high density development difficult.

Most participants from the private sector were of the opinion that an expansion of the MUL would provide an avenue to mitigate land supply issues while those from the public sector disagreed and felt that restricting the MUL would increase intensification.

Council planning procedures and consent processes

Private stakeholders expressed great dissatisfaction with the current planning and consent process and nearly 80% viewed them as constraining development, particularly in terms of the length of time it takes to gain approval. A prolonged consent process can result in delays in development and ultimately reduced profit margins.

Other problems discussed included infrastructure and drainage issues. Public stakeholders expressed concern with the availability of infrastructure and drainage requirements whereas private stakeholders tended to be concerned with infrastructure and development contributions.

A number of other concerns were also mentioned. These include:

- Concerns by developers over their high costs and low profit margins and the lack of labour.
- Concerns by public stakeholders over the lack of innovation by designers and developers.
- Community objections over projects often constrain development.

Modelling house supply

The Motu (2007) report provides results from the development of an econometric model on the reaction of new housing activity to market forces between 1991 and 2005. The model showed that within the Auckland region, supply response has increased since 2000. However, when the apartment market is excluded from this effect, the response of the supply market has actually decreased compared to prior years.

Implications

The 2007 Motu report concludes that if development costs keep rising, housing investment will diminish and housing affordability will worsen. It suggests a number of ways to prevent this:

- Extend (or abolish) the MUL, especially if people continue to prefer stand-alone housing. However, freeing up land supply is itself not adequate. Slowly releasing land into the market in a pre-specified pattern allows for existing landowners to retain monopoly right on high land prices. By allowing a large number of land owners to compete against each other for development rights prices might fall.
- Revise existing zoning and other regulatory processes to enable intensification within built-up areas.
- Revise the RMA so that delays associated with objections are reduced.
- Councils can assist in consolidating sites in pre-specified areas to allow for medium/high density housing.
- Councils will need to make their consent process more efficient.

3. HOUSING TENURE

Three reports have been published by CHRANZ in relation to housing tenure. These are:

- *The Impact of Financial Circumstances on Tenure Choices in New Zealand* by Business and Economic Research Limited (BERL) (2004)
- *Housing Tenure Aspirations and Attainment* by DTZ New Zealand (2005)
- *The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region* by DTZ New Zealand (2007)

BERL (2004) is a scoping report that identifies a number of future research projects regarding housing tenure with a particular focus on understanding the relationship between financial circumstances and tenure choice for those aged between 18 and 40. Since this report, DTZ (2004) and DTZ (2007) have been commissioned by CHRANZ that address some of the identified research gaps. These reports look at issues such as tenure choice, aspirations and constraints, future projections regarding home ownership rates and the implications of this regarding the private rental market and economic and social context.

3.6 Housing tenure: Future research

CHRANZ's first commissioned work on housing tenure was a scoping report by BERL (2004). This report identified a number of future housing-related research projects associated with the relationship between financial circumstances and tenure choice for New Zealanders aged 18-40 years. More specifically, it was aimed at improving understanding of tenure transition and choice and the impact of policy intervention on the traditionally understood linear model⁶. The decision to focus on the tenure choice of those aged 18-40 is because of the very different experiences this group face compared to the same age group in previous decades. It cannot be

⁶ "Under the baseline model of tenure transition people progress from the parental home, via the rental market, to the final stage of home ownership" (BERL, 2004: 8).

assumed that the same tenure path will be taken from generation to generation. For example, some key issues that 18-40 year olds are currently facing include the fact that home ownership appears to be unattainable financially, is becoming less important as family formation is delayed and is a less preferred option to other consumer items that are now on the market.

While there exists extensive knowledge surrounding housing tenure options and relative affordability, less is known about the transition among these options and very little is known about ‘pure preferences’⁷. Thus, five housing research topics were suggested by BERL (2004) to complement the New Zealand Housing Strategy:

- Testing the conventional New Zealand model of tenure choice – to determine if current trends are a result of temporary influences or longer-term structural changes in tenure choice.
- Testing the relative importance of financial circumstances (for example, level of savings and debt), household formation (for example, changing family formation and composition of household) and preferences (for example, changing lifestyles, aspirations and an increase in consumer choice) – to better understand the decision process that households apply.
- Testing when tenure choices are made – to understand how decisions are affected over time as family formations and other changes take place.
- Testing the renting option – to widen our currently limited knowledge of the availability of renting options.
- Modelling (microsimulation techniques) – to explore the implications of housing policy and behavioural changes.

Some of the research gaps identified in the BERL (2004) report have since been investigated to various degrees in the DTZ (2005) and DTZ (2007) reports. The remainder of this section will look at their findings in relation to Auckland.

⁷ A choice that would be made if there were no budget constraints.

3.1 An overview of key trends regarding housing tenure

The total number of houses that are owner-occupied in New Zealand has increased since the 1990s, however, the proportion of home ownership has declined. For example, in 1991 home ownership rates stood at 73.8% compared to 2001 where it had fallen to 68% (DTZ, 2005). This fall in home ownership has had the largest impact on younger, low-income households. It is projected that by 2016 New Zealand's home ownership rates will fall even further to 61.8% with Auckland region likely to have one of the lowest rates in the country.

The traditional transition from renter to owner-occupier is becoming increasingly difficult as the prices of housing increases (DTZ, 2007). As a result, home ownership is likely to be delayed or forfeited and as such, the number of households in rented dwellings (including households with higher incomes) is likely to increase significantly (DTZ, 2007). Research shows that an increasing portion of Auckland home owners are experiencing 'housing stress'⁸ (particularly young home owners) and over the years, house price to income ratios have also increased making home ownership less affordable for all household groups, especially single parent and single person households (DTZ, 2007). There has also been a growing 'intermediate housing market' with working households finding home ownership increasingly difficult (DTZ, 2007). For example, between 1996 and 2006 the number of working households who live in private rentals and cannot afford to purchase a house at a lower deciles sale price increased by 159% (DTZ, 2007).

3.2 Tenure choice, aspirations and constraints

In 2005, DTZ undertook qualitative research in the form of focus group discussions with participants from Auckland, Hawkes Bay and Palmerston North. The primary aim of the study was to gain understanding of housing tenure aspirations of families and households. From this study a number of key advantages and disadvantages of rental tenure were identified with particular results for the Auckland region. For example, some of the key advantages of renting include no responsibility for rates,

⁸ In DTZ (2007) 'housing stress' is defined as households paying more than 30% of their gross household income (including accommodation supplement) on housing costs.

insurance and maintenance as well as flexibility. Responses that were unique to Auckland residents include the ability to live in locations where owner occupation was unaffordable and the lower financial risks and financial stresses associated with renting.

Some of the key disadvantages of renting include a lack of security of tenure, ‘dead money’ associated with rental payments and property restrictions. Aucklanders in particular felt that home ownership was associated with higher levels of self-esteem and pride (this was especially felt amongst public renters and family homeowners) but also, homeowners in Auckland perceived rental properties to be smaller, lower quality and less maintained.

It is clear from the research that Aucklanders (and New Zealanders in general) have a strong preference for home ownership. The majority of participants from Auckland (regardless of housing type – public or private renters, families, singles and couples) aspired to own their own home within the next ten years and a significant number of single and couple home owners in Auckland had aspiration of owning at least one more property as an investment.

While many participants from Auckland aspired to owning their first home within the next ten years, the reality of achieving this was questioned. Only a small portion of participants were actively saving towards their future and nearly 75% of renters indicated that they were not in a position to save either because of debt or because they spend all of their earnings. Thus, these *aspirations* could perhaps better be described as *preferences*.

DTZ found that Aucklanders wishing to make the transition from renting to owning a home experienced many barriers. Affordability was seen as the primary constraint with renting viewed as a cheaper alternative especially in particular areas or school zones where ownership would be unaffordable. The biggest constraint surrounding affordability was the inability to save enough money for a deposit on a house based on current levels of income. Furthermore, even if households were able to save enough for a deposit, many would face difficulties in making mortgage repayments and other associated housing costs. Apart from affordability, other key constraints to

home ownership include high levels of indebtedness and ‘consumerism’ that prevent people from saving for a deposit. As a result of this, it is believed that an increasing number of Aucklanders are borrowing at or close to 100% of their home loan.

3.3 Future projections of housing tenure

The DTZ (2005) report made a projection in relation to future housing demand across New Zealand. It concluded that the total number of households in New Zealand will likely increase by 20,500 per annum between 2006 and 2016. More specifically, the number of owned units is expected to increase by 101,230 between 2001 and 2016, while the number of rented units is expected to increase by 206,490. Just under half (46.4%) of this projected national growth is likely to occur within the Auckland region. The breakdown of Auckland’s housing projections are as follows:

- 2006 - 2011: 43,850 additional dwellings will be required (including 19,730 multi-unit dwellings).
- 2011 - 2016: 48,710 additional dwellings will be required (including 26,760 multi-level dwellings).

However, the report also projects that New Zealand’s home ownership rate will continue to fall to 61.8% by 2016 with the lowest ownership rates found in Gisborne (57.5%) and Auckland (58.3%).

3.4 Implications for the private rental market

The DTZ (2007) report investigated how Auckland’s private rental market might adjust to changes in the housing sector and the implications this might have on policy and social context. From this report four significant issues were highlighted in relation to Auckland’s private rental market:

- Firstly, access to home ownership will remain problematic. The shift from renting to owning a home may be delayed or unachievable for many households. As a result, home ownership is increasingly being restricted to certain economic groups and it is possible that this trend could result in a spatial manifestation of social polarisation.

- Secondly, there is an increase of diversity among renters, especially with the increase of couples with children and older people renting. This may cause greater competition within the market resulting in overcrowding and a greater need for housing assistance by many households.
- Thirdly, the level of investment required within the private rental market is likely to increase as house prices increase. This may adversely affect investors' decision making. However, despite investment slowing down there is no evidence to suggest investors will sell their properties in such a way that it will adversely affect prices and rents.
- Lastly, people are more likely to delay home ownership resulting in higher levels of debt during later stages of their life cycle.

3.5 Economic and social implications of falling home ownership rates

Declining home ownership rates are projected to have a number of economic and social impacts for Aucklanders (DTZ, 2007). For example, some of the economic impacts identified through interviews with key informants include a decline in households who use housing as an asset base, a removal of economic security offered by home ownership and greater housing costs for people during retirement. Examples of social impacts include effects of social equity, community cohesion, pride and stability, household stability and education and health outcomes.

4. AFFORDABILITY

While a number of articles have been published by CHRANZ on the theme of affordability⁹, *Housing Costs and Affordability in New Zealand* by DTZ Research (2004b) and *Local Government and Affordable Housing* by CRESA and Public Policy and Research (2007) are the only reports that have specific findings relevant to Auckland region¹⁰.

4.1 Affordability in Auckland

DTZ (2004b) deals with some of the key issues surrounding housing costs and affordability in New Zealand. It argues that over the last fifteen years, affordability across a range of measures¹¹ has declined in New Zealand and of all the regions, Auckland has experienced the greatest decline in affordability for both owner-occupied housing and rental tenure. Furthermore, Auckland has been seen to have the worst regional affordability since 1989¹². For example, in 2000/2001, 22.8% of households in Auckland spent more than 40% of their net income on housing related costs compared to the national average of only 14.8%. This was among one of the highest proportions in the country.

4.2 Future research

The DTZ (2004b) report identified a number of future research projects that would address issues relating to affordable housing in New Zealand. Through a review of

⁹ DTZ Research (2004b)
Capital Strategy and SGS Economics and Planning (2007)
Capital Strategy and SGS Economics and Planning (2007b)
CRESA and Public Policy and Research (2007b)
Motu Economic and Public Policy Research (2006)
Motu Economic and Public Policy Research (2007)

¹⁰ In 2007 a report was commissioned by Auckland Regional Council that examined housing demand, supply and affordability in the Auckland region. It covered the findings of these CHRANZ reports comprehensively and is available from the Social and Economic Research and Monitoring team.

¹¹ Examples of measures include: the number of years it takes to accumulate a minimum deposit for a house purchase; housing costs as a percentage of income; and rent-to-income ratios.

¹² According to the AMP Affordability Index

the New Zealand context and the literature, four main research gaps were identified. This included gaps in definition, measurement, identifying causes and providing potential solutions. The recommended research programme aims to address these research gaps as well as to assist the New Zealand Housing Strategy by providing relevant information in order to improve the way in which the government (central and local) designs, implements and measures the results of its intervention. Three main areas of research were proposed:

Affordability definition and measurement - This would involve developing measures of affordability that can be used at a local level and fully traversed with key stakeholders to obtain their buy-in. It will also allow for an in-depth analysis of key trends in affordability and local variations in affordability.

Barriers to accessing affordable housing - This would focus on the five main barriers to accessing affordable housing (regulatory, governmental, institutional, land values and other market factors).

Potential solutions - This would investigate the options open to the government (both central and local) to address barriers to affordability.

Some aspects of these research projects, particularly relating to barriers in accessing affordable housing and potential solutions were addressed in the CRESA and Public Policy and Research (2007) report. Their findings are discussed below. However, three regionally focused reports have also been commissioned by CRANZ that investigate the issue of affordability in the Bay of Plenty, the Nelson-Tasman-Marlborough region and the Auckland region¹³. These reports offer a number of recommendations for specific to each local government.

¹³ Capital Strategy and SGS Economics and Planning (2007b)
Motu Economic and Public Policy Research (2006)
Motu Economic and Public Policy Research (2007)

4.3 Local government role

The report undertaken in 2007 by CRESA and Public Policy and Research (2007)¹⁴ was a follow-up on DTZ's (2004b) scoping report. As part of the research process, a survey among all local and regional authorities was conducted. This survey focused on their current and potential role in providing affordable housing and investigated how this can be optimised, as well as the barriers and challenges they face.

The report found that most councils agree that housing affordability is a significant problem in their area however, few were aware of the relationship between their statutory, regulatory and planning responsibilities and impacts on housing affordability. The report concluded that if councils are to take a more active leadership role in addressing affordable housing then a multi-pronged approach is needed. This would involve both local and central governments working together using flexible approaches. Seven recommendations were made:

- The role of local and central government needs to be agreed and clarified with regard to the promotion and provision of affordable housing.
- Central government needs to take into account approaches used overseas and ensure legislation does not hinder councils from implementing effective tools.
- An agreement between local and central government regarding new approaches to fund vulnerable groups such as people with disabilities, young people and working families.
- Local and central government needs to adopt a new housing response by working together with community and private sector agencies and organisations.
- There needs to be commitment by central and local government to capacity and capability building.
- Councils need to develop a housing strategy and relevant policies and actions for population groups who are vulnerable to unaffordable housing, leveraging housing outcomes in the community and linking housing outcomes to transport, sustainability and infrastructure outcomes.

¹⁴ This research was jointly funded by CHRANZ and Auckland Regional Council.

5. INTER-RELATIONSHIP BETWEEN HOUSING AND SOCIETY

Bi-Directional Impacts of Economic, Social and Environmental Changes and the New Zealand Housing Market by Motu (2004) is a scoping report. It suggested two research programmes to gain an understanding of the issues associated with the inter-relationship between the housing sector and the social, economic and environmental elements of society. A number of key policy-relevant issues were identified during discussions with a range of interested parties and in reviews of literature from New Zealand, Australia, United Kingdom and North America. Following an analysis of these key issues, nineteen prioritised research projects were presented and then broken down into two main research programmes:

Understanding housing system development - Affordability has become a key concern in recent years with both house and rental prices increasing substantially. This, together with demographic developments and changing preferences towards home ownership, has contributed towards a decline in home ownership rates across New Zealand. Thus, the aim of this research programme is to understand some of the reasons behind the decline in home ownership and the rise in rents as well as understanding potential policy responses. This can be done by employing qualitative research, descriptive statistical research, urban planning and institutional research and analytical statistical research, to understand:

- the historical and future demographic influences on home ownership rates;
- the changing preferences towards home ownership of different population groups;
- the causes of house price and rental rise across different locations.

Understanding links between housing and economic and social outcomes - This research programme aims to gain understanding of the interactions between housing, work and educational opportunities across different locations. The relatively quick changes in work opportunities in an area and the relatively fixed housing stock can

often lead to a mismatch of housing needs and housing availability. Analysing this mismatch will provide an understanding of:

- The degree of mismatch in different locations in New Zealand
- The causes of this
- The length of mismatched occurrence and the nature of the adjustment process.

Since Motu's (2004) scoping report, a number of follow-up reports have been commissioned by CHRANZ that have addressed certain aspects of the above research programme. Some of these publications have been reviewed in earlier sections of this report, particularly in the *Housing Tenure* sections where findings relating to tenure choice, aspirations and constraints, future projections regarding home ownership rates and the implications of these regarding the private rental market and economic and social context are discussed. The *Regional Housing Market* section also covers some of the research gaps identified in Motu (2004) particularly around the issue of house prices at a regional level.

However, a number of reports have also been commissioned by CHRANZ that investigates the housing needs and preferences of particular population groups and in each case, varying degrees of discrepancies exist between what these population groups demand and what the market has supplied. Section 6 on People and Housing will present the findings of these reports.

6. POPULATION GROUPS AND HOUSING

A number of reports have been published by CHRANZ that focus on particular population groups within New Zealand. They are primarily concerned with the housing aspirations and barriers of these population groups as well as their housing experiences and needs. The reports reviewed in this section are:

- *Accommodation Options for Older People in Aotearoa/New Zealand* by New Zealand Institute for Research on Ageing (NZiRA) and Business and Economic Research Limited (BERL) (2004)
- *Housing Choices for Disabled New Zealanders* by Miller, M. (2005)
- *Maori Housing Experiences: Emerging Trends and Issues* by The Family Centre Social Policy Research Unit (FCSPRU) and Research Centre for Maori Health and Development (RCMHD) (2006)
- *Pacific Housing Experiences: Developing Trends and Issues* by Koloto and Associates Ltd., et al. (2007)
- *Children's and Young People's Housing Experiences: Issues and Scoping Paper* by Public Policy and Research (2007)

5.1 Maori and housing

The FCSPRU and RCMHD (2006) report focused on the housing experiences and emerging trends of Maori households. It also investigated the housing aspirations and barriers that many Maori experience and concludes with a number of policy recommendations.

The report employed a range of methods for the research including a literature review, analysis of census data, analysis of the Te Hoe Nuku Roa longitudinal study of Maori households, as well as interviews and focused group discussions with key informants and community members from six locations across New Zealand, including Manukau.

5.1.1 Key housing trends and characteristics

Home ownership rates among Maori have fallen since the 1950s. This trend corresponds with a shift in the Maori population from rural to urban localities during the 1950s and 1960s but prior to this transition, many rural Maori had owned their own home or land, few retained their ownership status once they settled in urban areas. For example, in 1951, 54% of the Maori population owned their own home but by 1981 only 45% owned their own home. Even today, home ownership rates among rural Maori are higher than that of urban Maori.

In recent years home ownership rates among Maori have declined in line with the decline in total home ownership rates. However, the proportion of Maori who own a home (48.1% in 2001) both with and without a mortgage is lower than that of non-Maori (67.8% in 2001). Similarly, rental rates of Maori (48.5% in 2001) are much higher than the total of New Zealand (28.0% in 2001).

In general, the FCSPRU and RCMHD (2006) report argues that housing conditions of Maori across the country tend to be worse than that of Pakeha with many living in small, crowded houses with inadequate heating. Such poor quality housing conditions have resulted in adverse health outcomes, however, overcrowding is more prevalent in rural areas than in urban areas.

Within the Manukau area, the demand for housing by Maori has changed over the last five years from three bedroom stand-alone houses to either one/two bedroom houses or larger sized houses. The later has been associated with teenagers living with parents for longer as well as elderly parents moving in.

5.1.2 Housing aspirations and barriers

Most Maori aspire to own their own home and they have a particularly strong preference to be located within close proximity to whanau. In general, the living arrangements of Maori are not limited to the nuclear family, as Maori often have a desire for their housing to be able to accommodate a large number of frequent visitors and whanau, including parent(s) or grandparent(s) on a permanent basis. To meet

these needs communal spaces should have an open plan with the flexibility for living areas to be converted to sleeping areas. Also, a clear separation needs to exist between living areas and bathrooms, toilets and laundry.

From the literature reviewed in this report affordability was seen as the main barrier to achieving home ownership. A trade off often exists between living in better accommodation and being able to afford necessities such as food. Other barriers that were mentioned in the report include a lack of knowledge about home ownership, the inability to access services and information, difficulties fulfilling the criteria of lending institutions, low motivation and discrimination.

The report states that the main issues that need to be addressed are the barriers that hinder Maori from achieving home ownership. Encouraging whanau to work collectively to overcome financial barriers and improving the provision and accessibility of appropriate information from both governmental and non-governmental organizations are seen as important ways in which the barriers to home ownership can be reduced. Also, a number of schemes were mentioned to improve the prospect of home ownership. These include:

- capitalisation of Family Support;
- rent to buy schemes;
- suspensor loans;
- low interest loans;
- community housing;
- alternative building methods and materials;
- and mechanisms to enable people to use their interest in multiply owned land as leverage for raising finance.

5.1.3 Housing experiences

Interviews and focused group discussions with key informants and community members took place in six locations across New Zealand. These six locations included the Far North, Manukau, Gisborne, Palmerston North, Lower Hutt and Invercargill. The results from participants living in Manukau showed that renters

were generally happy with their home in terms of size, condition, layout, location and local facilities. While owners from Manukau were also happy with their homes, they tended to be more reserved than renters - due to higher expectations prior to buying and constrained choices in terms of where they could afford to live.

However, from the total sample, the FCSPRU and RCMHD (2006) report found that in general homeowners were positive about their experience of ownership and their level of satisfaction tended to increase when living close to whanau, or on whanau land. Renters also indicated that they were happy with their housing experience. However, particularly in urban areas the prospect of home ownership seemed dim in light of escalating property price. Furthermore, renters in state housing experienced a discrepancy between the types of housing provided and desired including, the number of houses and the size and number of bedrooms required.

From the total sample the primary sources of unhappiness in relation to housing were due to:

- high housing cost;
- unfavourable location;
- unfavourable socioeconomic circumstances; and
- difficulty accessing home loans and meeting lending criteria.

5.1.4 Policy recommendations

The FCSPRU and RCMHD (2006) report makes a number of policy recommendations:

- Home ownership – New initiatives that build on current policies like Welcome Home Loan and Kiwisaver are recommended.
- Affordability – Policies that enhance secure employment, higher levels of educational achievements and higher incomes will improve housing choice. This can also be done by increasing the number of state houses, reviewing the Accommodation Supplement and expanding social housing.
- Location – Providing housing in response to Maori consumer choices including their preference to migrate to their turangawaewae (land of origin) and in urban areas.

- Design – Improving housing design to suit flexible living arrangements.
- Renting – Increasing tenure stability, security and good quality housing.
- Discrimination – More research into housing discrimination needs to be done and where found, peer and legal pressures implemented.
- ‘Maori-friendly’ information – Providing accessible information through Maori organizations and media outlets.

5.1.5 Housing for older Maori

A report on housing for older people by NZiRA and BERL was released in 2004¹⁵. While the focus of the report was on a national scale, a particular focus was placed on the needs of Maori and Pacific people, many of whom live in Auckland¹⁶. In this section, some of the key issues specific to older Maori will be discussed and further into the report the key issues for older Pacific people will be explored.

Interviews and focus group discussions with kaumatua, community leaders and key informants were carried out by Tautari Huirama of Te Mauri Te Kore Ltd. A number of key points were discussed in this research:

- The Maori population is relatively youthful and will likely continue to have a younger age structure than the total population.
- The growth among Maori aged 65 and over is expected to increase from 20,000 in 2001 (or 3% of the Maori population) to 57,000 in by 2021 (or 8% of the Maori population).
- Only 67% of Maori aged 65 and over own their own home compared to the total population in this age group where 81% own their own home.
- Maori have lower rates of life expectancy compared to non-Maori. However, longevity is increasing, leading to an increase in demand for low cost rental housing for kaumatua.

¹⁵ A full summary of the findings from the NZiRA and BERL (2004) publication has not been included in this report. This is because NZiRA and BERL (2004) tends to focus on a national scale whereas this report is primarily concerned with findings that are specific to Auckland.

¹⁶ The 2006 Census results showed that 24.3% and 66.9% of New Zealand’s Maori and Pacific population, respectively, live in Auckland.

- The proportion of older Maori living alone or only with a spouse is increasing while the proportion of older Maori living with extended family is declining.
- Older dependent Maori have a preference for receiving care from their children.
- While many older Maori who migrated from rural to urban areas in their working years have a strong desire to return to their tribal homeland, many will also desire to be in urban areas where they can be close to family and healthcare services. Demand for housing in urban areas by older Maori is likely to be great and suitable kaumatua housing is needed.
- Suitable kaumatua housing will take into account specific cultural, spiritual, physical, mental and emotional needs.

5.2 Pacific people and housing

The Koloto and Associates Ltd., *et al.* (2007) report on Pacific people and housing involved a literature review, interviews, focus group discussions, case studies, statistical analysis and mapping. The main areas covered by the report include key housing trends, housing aspirations, barriers and experiences and policy implications.

5.2.1 Key population and housing trends

In 2006 the total Pacific population in New Zealand was 266,000 comprising approximately 6.6% of New Zealand's total population. While the majority of Pacific people are Samoan the other main cultural groups include Cook Island, Tongan, Niuean, Fijian, Tokelauan and Tuvaluan as well as a number of other smaller island groups. Nearly two thirds of this population live in Auckland – with 32% living in South Auckland, 20% in Central Auckland and 10% in West Auckland. In general Pacific people have a lower than average income and a lower than average median age (21 years old in 2001 compared to 35 years old for the total population). This group also have larger than average households with just under 60% of Pacific households having three or more people in 2006 compared to wider New Zealand where only 30% of households having three or more people.

In 2006 nearly 67% of the Pacific population were renting their homes – 43% from the private sector and 37% from Housing New Zealand. Ownership rates for the Pacific population have declined in recent years from an already low base and the ratio between owning with and without a mortgage has increased between 2001 and 2006. During this same time period there has been a significant increase in the proportion of private renters but also a fall in the proportion of renters from Housing New Zealand.

5.2.2 Housing aspirations and barriers

Like most New Zealanders, Pacific people desire to own their own home. However, they have specific cultural needs that drive these desires. Some of the cultural factors include the fact that Pacific people tend to have larger families, they typically have extended family living with them and frequent visitors staying for both short and long periods of time. Pacific people also tend to have large family gatherings that occur on a frequent basis and a strong desire to live close to family.

Despite these aspirations Pacific people experience a number of barriers to owning a home. The main barriers include financial, cultural and information barriers. Financial barriers exist due to the fact that Pacific people have a lower than average income. Cultural barriers include financial obligations to extended family (which can be seen as both a positive and negative). There is also a lack of accessible information regarding housing.

However, achieving these aspirations is not only subject to personal constraints but also to what the market is supplying. There appears to be matching problems regarding what is affordable and what the market supplies.

5.2.3 Housing experiences

Through examination of existing literature, interviews and focus group discussion the experience of Pacific people with home ownership and renting were ascertained. The benefits of home ownership include aspects such as security, privacy, freedom, being settled and providing a good example for their children. However, to achieve home ownership a number of sacrifices had to be made not only in terms of saving for a deposit but also in meeting weekly mortgage repayments and other associated costs such as insurance and maintenance. Most participants had more than one job and some received help from other family members. It also became evident that many were not aware of the risks involved when buying a house without professional advice. Furthermore, many participants had experienced discrimination from real estate agents.

Most private renters experienced issues with affordability while Housing New Zealand tenants were generally more satisfied with their rent. However, most comments made by participants were in regards to the suitability and quality of their rented dwellings. For example, concerns were raised regarding the slow response of landlords to maintenance issues.

5.2.4 Policy implications

Although participants recognised their own agency, they also felt that the government could help to make their own efforts more effective through, for example, promoting existing initiatives more effectively to the Pacific community or developing “rent to own” schemes. They also felt that the employment of more Pacific people in key housing services would help to deliver more culturally sensitive services.

Housing New Zealand has responded to some of these needs by offering a number of supporting initiatives such as Pacific People’s Home Ownership Programme and Healthy Housing Programme in Auckland. However, the success of these programmes vary. As such, a number of recommendations were offered in this report to improve the delivery and service of Housing New Zealand.

5.2.5 Housing for older Pacific people

Qualitative research in the form of focus group discussions that included participants from a range of island groups took place in Auckland and Wellington. Interviews were also conducted with officials from the Ministry of Pacific Island Affairs. Some of the key points from discussion include:

- Low incomes and poor health mean that many Pacific people are less able to prepare for their retirement compared to other New Zealanders.
- A significant proportion of older Pacific people live either with their children or other relatives. In some cases, this may lead to overcrowding.
- There is a distinction between the living preferences of Pacific people who were born in New Zealand and those born overseas.
- The main issue of concern regarding housing is affordability. Superannuation is the only form of income for many Pacific elders and financial pressures arise as a result of high living costs and cultural financial requirements.
- As a result of financial pressures, many older Pacific people live in sub-standard housing leading to adverse health.
- Specific housing design requirements include:
 - Spacious toilets, bathrooms and hallways for larger-framed people (and their caregivers).
 - Extra living space for visitors.
 - Small flat sections with access to shops, transport, medical centres and community centres.
 - Plugs and space for mobility scooters.
 - Emergency systems.

5.3 Children and young people: Future research

Children's and Young People's Housing Experiences is a scoping paper by Bev James of Public Policy and Research (2007) that identifies a number of research programmes to investigate the link between children and young people's social and economic outcomes with their housing circumstances.

Through consultation with key agencies and a comprehensive literature review, a number of research projects were proposed that fall under two main categories:

Young people: Positive housing for positive outcomes - A correlation exists between suitable accommodation and good outcomes for young people. With this understanding in mind, three research projects have been suggested:

- Housing that supports young people to make a positive transition – Understanding how we can best assist young people to plan for and meet their housing needs, to manage housing costs and to be responsible tenants.
- Housing as a pathway to positive outcomes – Identifying the housing needs of vulnerable and at risk young people and understanding the housing conditions and supports that are needed to maximise positive outcomes for vulnerable and at risk young people.
- Access to safe and secure housing - Identifying the barriers young people experience to accessing affordable, safe and secure housing and identifying the type of housing services that are needed for young people and how they can be achieved.

Improving children’s wellbeing through housing

- Housing determinants of children’s wellbeing – Understanding the housing conditions required for children’s wellbeing and the extent they are being met in New Zealand. Investigating the role of housing in supporting early intervention for the wellbeing of vulnerable children.
- Housing change and crisis – Identifying the role of housing in supporting children through crisis. Understanding what housing conditions are critical for children’s wellbeing during crisis. Examining how New Zealand’s housing acts as a barrier to children experiencing a crisis and how this can be improved.
- Influences of housing and neighbourhood’s on children’s wellbeing – Understanding how dwelling and neighbourhoods work together to contribute to children’s wellbeing and how this can be improved.

- Addressing the circumstances of children with specialised housing needs – Identifying housing needs and solutions for disabled children, migrant and refugee children and children in frequently moving families.

5.4 Housing and disability: Future research

Miller's (2005) report on housing for disabled New Zealanders is a scoping report that identifies a number of key research projects to address issues affecting housing choice for disabled New Zealanders. Through reviewing international policies as well as New Zealand policies from 1935-2004, re-analysing existing statistical data and consulting key informants through interviews and questionnaires, a number of research topics have been identified. These research topics fall under five main themes of measurement, housing options, housing pathways, ethnic research, and discrimination and inequalities:

Measurement

- Upgrading the analysis of households data in the Disability Survey 2001 and census data incorporated in the database.
- Differentiating housing supply of (and segmented demand for) accessible housing by physically disabled people (both present and projected).
- Projecting the need for new housing or modified housing for the future aging population with disability.
- Accounting for the disabled people living in transitory/temporary or inappropriate housing.

Identifying and evaluating housing options

- Research into affordable, accessible housing for people with disability.
- Evaluating an extension of 'Universal Access' for new residences.
- Assessing the implications of the 'smart' home concept.
- Incorporating accessible design into the creative design process.

Housing pathways

- Research into 'life course'.

- A study of accessibility and issues faced by people with moderate or severe physical or sensory disability, who live in private households.

Ethnic research

- Investigating the housing needs of Maori with disabilities, across all age groups and involving their whanau, as well as providing possible solutions.
- Investigating the housing needs of Pacific people with disabilities.

Discrimination and inequities

- Understanding the barriers disabled people face when trying to live in the community.
- Investigating alleged ‘discrimination’ against supported accommodation/group/community housing solutions for disabled people, in particular those with psychological disability and intellectual disability.
- A review of the inequalities in government assistance between those with disability caused by illness who are less able to afford housing modifications or accessible houses compared to those who have a disability caused by an accident.

Since Miller’s (2005) scoping report, CHRANZ has commissioned a report by CRESA *et al.* (2007) which investigates how accessibility to appropriate housing can be optimized for those with moderate and severe physical and sensory disabilities. It focuses on the housing experiences of disabled people, the capacity for responsive housing and the opportunities to establish a housing stock appropriate for disabled people¹⁷.

¹⁷ A full summary of the findings from CRESA *et al.* (2007) has not been included in this report. This is because CRESA *et al.* (2007) focus on a national scale whereas this report is primarily concerned with findings that are specific to Auckland.

7. HOUSING AND WEALTH TRANSFERS

Intergenerational and Interfamilial Transfers of Wealth and Housing by BERL (2005) is a scoping report. While it does not contain information that is specific to Auckland, it does identify a number of future research programmes that could be applied to Auckland. These research programmes focus on the private transfer of wealth and housing among families and generations.

Research shows that intergenerational transfers of wealth have significant implications on the potential for households to purchase a home. With New Zealand's ageing population and longer life expectancies, transfers have been prolonged and in some cases this has influenced the generation to which assets have been given. Also important is the fact that the largest providers of private transfers are those aged between 45-50 and 60-70, despite the fact that these transfers may have adverse affects on the ability of these people to save for their retirement.

From an analysis of the New Zealand context and a review of international literature, four future research agendas have been identified:

- Developing and testing a New Zealand framework - Quantifying both the current and potential future flows, investigating influences from public transfers and identifying the key flows from a policy perspective.
- Priority data - To have a better estimate of transfer flows a combination of an analysis of the longitudinal Survey of Family, Income and Employment data, case study and data on housing and wealth stock will be useful particularly to assist with policy analysis.
- The non-modal household – Investigating the behaviours and impacts of transfers from non-model households such as renters, single persons and different ethnicities.
- Modelling (Microsimulation techniques) – Exploring transfer behaviours in association with tenure decisions, transition status, saving behaviour, demographics and other lifestyle choices and model them.

8. FUTURE HOUSING

The Future of Housing in New Zealand by Scion and BRANZ (2006) aims to further collective understanding of drivers shaping the housing sector in the future and to provide possible scenarios of how New Zealand's housing sector might look in 2030. Through analysing social, technological, environmental, economic and political trends as well as consultations with key stakeholders, eight possible impacts on the future of New Zealand housing are identified. These are:

New technologies/new solutions

Advancements in housing-related technology will have a substantial impact on how people live and work. Typically, households with children adapt to these new technologies the fastest.

Construction industry capabilities

How the construction industry adapts to factors such as skill shortages, attracting new entrants, retraining and planning for the retirement of the more skilled workers will have an effect on future housing options.

More mass-produced/factory housing

As a way of meeting consumers' expectations in terms of quality, value and excellence of design, customized housing with standardised components will likely increase. This will also help to accommodate the declining skill base within the housing sector.

More housing/households relative to the population

While most New Zealanders are living in private separate dwellings (81.3%), apartment-style living is becoming increasingly popular. Similarly, smaller households are becoming more popular (for example, between 1991 and 2001 the occupancy rates fell from 2.8 to 2.7 people per household), particularly with the growth of one-person households (which increased from 20.7% in 1996 to 23.4% in

2001). The number of households is expected to increase by around 20,500 per year between 2006 and 2016.

Ageing

New Zealand's aging population coupled with an increased life expectancy is likely to have significant impacts on housing. Statistics New Zealand projects that more than half of New Zealand's total growth to 2021 will be from those aged 65+. As such, it is possible that the number of elderly in residential care will double by 2021.

Approximately 70% of 2030 housing stock already exists

While most of the houses that will be occupied in 2030 already exist, the cost of deferred maintenance is approximately \$7 billion.

Climate change

Climate change will have both direct impacts (physical building and infrastructural failures) and indirect impacts (changes to society, behaviour and institutions as a result of changes within the built environment).

Regulatory changes in the New Zealand building industry

In the past the government has had little involvement in administering building regulations, however, this has changed, particularly since the "leaking building crisis" in 2001. The Department of Building and Housing (DBH) had indicated that in the future, it intends to align a new Building Code to that of Australia.

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APPENDIX: Bibliography

CHRANZ reports: An annotated bibliography

Business and Economic Research Limited (2003) *Review of Statistical Housing Data*, prepared for CHRANZ, September 2003, available at <http://www.chranz.co.nz>.

In order to improve the research and analysis of housing-related issues, existing data on housing (although sparse) was reviewed. From the review, suggestions were made as to how data uptake and availability could be improved and what role CHRANZ might have in this.

Capital Strategy and SGS Economics and Planning (2007) *Affordable Housing: The Community Housing Sector in New Zealand*, prepared for CHRANZ, September 2007, available at <http://www.chranz.co.nz>.

This report investigates the size, value and impact of the community housing sector in New Zealand, particularly in relation to the sectors involvement in addressing the issue of affordability. It also makes a number of recommendations for the sector. To undergo this research a number of methods have been employed including an examination of existing literature, postal surveys and regional workshops with providers and interviews with officials.

Capital Strategy and SGS Economics and Planning (2007b) *Affordable Housing in the Bay of Plenty Region – A Solutions Study*, prepared for CHRANZ and Department of Labour, August 2007, available at <http://www.chranz.co.nz>.

A study focusing on the Western and Eastern Bay of Plenty that investigates the link between housing, work, infrastructure and regional development as

well as the development and implementation of locally owned solutions. The report consults a large Reference Group of key stakeholders, interviews with key stakeholders, modelling techniques and reviews of council plans, housing stock and Maori housing issues.

CRESA, Public Policy and Research, and Auckland Disability Resource Centre (2007) *Housing and Disability: Future Proofing New Zealand's Housing Stock for an Inclusive Society*, prepared for CHRANZ and The Office for Disability Issues, May 2007, available at <http://www.chranz.co.nz>.

New Zealand's housing stock is currently insufficiently meeting the needs of disabled people. As such, this report focuses on optimizing the access of people with moderate and severe physical and sensory disability to appropriate housing. It focuses on the housing experiences of disabled people, the capacity for responsive housing and the opportunities to establish a housing stock appropriate for disabled people.

Morrison, P. and Murphy, L. (2007) *Housing, Employment and Regional Development. A Issues and Scoping Paper Applied to the Northland and Canterbury Regions*, prepared for CHRANZ, August 2007, available at <http://www.chranz.co.nz>.

This is a scoping report that is primarily concerned with the relationship between housing supply and prices within the Northland and Canterbury region and argues for greater attention to be given to intra-regional demand for housing. The main question proposed by this report is: “what kinds of housing in what kinds of locations are different types of people purchasing and what are the apparent drivers of these decisions?”

Motu Economic and Public Policy Research (2006) *Affordable Housing in the Nelson, Marlborough and Tasman Regions: A Solutions Study*, prepared for CHRANZ, Ministry of Economic Development and Work and Income – Nelson,

Marlborough and West Coast Region, August 2006, available at <http://www.chranz.co.nz>.

This is made up of a series of papers that looks into the causes of and solutions to housing affordability in Nelson, Tasman and Marlborough. It concludes that these areas need improved access to affordable housing, improvements in housing quality and increases in the supply and diversity of accommodation types. 25 potential solutions to these issues are proposed.

Taylor Baines and Associates (2006) *The Impact on Housing Energy Efficiency of Market Prices, Incentives and Regulatory Requirements*, prepared for CHRANZ and Building Research, October 2006, available at <http://www.chranz.co.nz>.

This is a study of the effects of prices, incentives and regulation on energy efficiency within households. It recommends a number of avenues to encourage greater levels of energy efficiency in New Zealand and argues for an *outcome focused* approach to deal with the residential sector of energy activities.

Postgraduate research

‘Alatini, M. (2004) *Housing and Related Social Conditions of the Tongan Community Living in Otara*, Master of Arts in Political Studies, University of Auckland, available at <http://www.chranz.co.nz>.

Cullen, A. (2005) *Urban Intensification and Affordable Housing in Auckland*, Master of Regional and Resource Planning, University of Otago, available at <http://www.chranz.co.nz>.

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Greenbrook, A. (2005) *Village People: The Changing Role of Retirement Villages in New Zealand's Ageing Society*, Master of Arts in Geography, University of Auckland, available at <http://www.chranz.co.nz>.

Lilley, S. (2004) *Vulnerable Migrant Groups: A Housing Perspective*, Bachelor of Arts degree with Honours (Geography), University of Canterbury, available at <http://www.chranz.co.nz>.

Lilley, S. (2006) *Digging the Dirt on Density: A Study of Medium Density Housing in Christchurch's Living Three Zone*, Master of Arts in Geography, University of Canterbury, available at <http://www.chranz.co.nz>.

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Shi, S. (2004) *An Analysis of Leaky Home Stigma Impacts on Residential Property Values*, Master of Business Studies, Massey University, available at <http://www.chranz.co.nz>.

Community based research

Kapiti Choices and Kites Trust (2007) *My Home, My Well-being*, available at <http://www.chranz.co.nz>.