

Affordability of Housing in Auckland – Who Will Teach Our Children? A Discussion Paper

Penelope Tuatagaloa

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Research and Evaluation Unit

Auckland Council
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Executive summary

Housing is critical to social and health outcomes of all Aucklanders, and plays an important role in facilitating the efficient operation of the labour market. The Auckland Mayoral Housing Taskforce report states that 'improving housing affordability and choice would make Auckland more attractive to the workers and businesses needed to make New Zealand's biggest city more productive, vibrant and wealthier in the long run' (Auckland Mayoral Housing Taskforce, 2017). This reinforces the Mayor's vision for Auckland 'to be a world-class city. A place where talent wants to live'. In addition, Auckland's housing issues continue to feature prominently in the media and in research reports. Housing affordability in particular has been a topic of growing concern for government, policy makers, community groups and businesses.

Auckland faces a housing crisis and disparities in housing affordability and housing quality need to be addressed (Auckland Council, 2012a; Auckland Council, 2012b see also Auckland Council, 2017), in order that Auckland remains a world-class and economically productive city. Auckland Council has a role in Auckland's housing system, through its various functions as facilitator, planning authority, service provider, regulator and advocate. Understanding the dynamics of housing in facilitating the efficient operation of the labour market is crucial in order to effectively advocate for positive change and set relevant policy.

This discussion paper examines the issue of affordability (owning and renting) in relation to Auckland's housing market; how this impacts on teachers and other workers in Auckland; and how the housing crisis is moving the debate beyond home ownership.

Teachers and other important workers are leaving Auckland because they cannot afford home ownership nor afford to rent. Teachers are leaving mid-career (in their 30s) to have stability in a home in order to start a family. There is still a desire for many towards home ownership, especially when settling down and starting a family. Most teachers earn above the median income of total people employed in Auckland which also suggests that even for professional workers who earn a good income, buying that first home or renting is increasingly beyond their reach as well.

Increasing house prices (and an associated lack of affordability) means a growing number of Auckland households are renting and for longer periods, and possibly a permanent route for many. However renting is either unaffordable or considered a poor proposition in terms of the quality of the stock or providing stability (weak rental rights). With home ownership beyond the reach of many including professional workers, making renting an affordable, quality, long-term tenure proposition for workers and businesses to make Auckland more productive in the long run is the subject of ongoing discussions.

This report demonstrates how a teacher in Auckland that is paid the same salary as a teacher in Dunedin or elsewhere in New Zealand is disadvantaged because of the cost of housing (ownership and renting). The impact of Auckland's housing crisis however is not unique to the teaching profession. Other service professionals such as nurses and police officers are also finding it extremely hard to make ends meet with the high cost of housing in Auckland. For these workers paid on a national scale, there are perceptions of fewer opportunities for home ownership, wealth creation and a lower quality of life than they would have in other regions. It makes sense therefore that those who are able to and have found jobs in other less expensive regions are moving out of Auckland. The issue of professional workers being paid on a national scale is part of a wider debate to ensure the attraction and retention of a skilled workforce continues.

The exodus of teachers and other workers out of Auckland combined with the difficulty of attracting workers into these professions is of great concern for Auckland. This issue is not just affecting Auckland as a number of cities around the world – including San Francisco, Sydney, London and Hong Kong – are becoming severely unaffordable for workers. For the teaching profession, this together with other inter-linked factors such as an ageing workforce and declining teacher trainee numbers is converging to produce a serious teacher shortage in Auckland. While there have been some initiatives to address this, more are required and a greater urgency in dealing with the problem, especially with a growing and youthful Auckland population. And while these initiatives may provide some relief to the teacher shortage problem in the short-term, what is really needed is a long-term fix for Auckland's housing crisis.

A shortage of teachers and other professional workers will have significant impacts on the Auckland and New Zealand economy. These concerns are noted by those who are affected by them:

“If teachers can't afford to rent a home in Auckland, let alone buy one, what is going to happen to Auckland's schools and the city's children?”

“The quality of education would suffer if schools could not hire enough teachers.”

“If Auckland couldn't attract a lower paid workforce as well as professionals, this could significantly impact services long-term.”

Understanding the extent and impact of this would benefit from further research.

Table of contents

Executive summary	i
1.0 Introduction.....	1
2.0 Affordability of housing in Auckland.....	2
2.1 Home ownership	2
2.2 Rental housing sector	6
2.3 Measures of affordability	10
3.0 Affordability of housing and teachers	17
3.1 Teachers in Auckland	17
3.2 Reports on housing impact on teachers.....	21
3.3 Other factors impacting the teaching profession	25
3.4 Not just teachers affected!	26
4.0 Response from the education sector	30
4.1 An Auckland weighting.....	30
4.2 Schools offering incentives	32
4.3 Government initiatives	33
5.0 Concluding comments	34
6.0 Appendix 1: Breakdown of Auckland area by wards	35
7.0 Appendix 2: What is included in housing costs.....	36
8.0 References	37

1.0 Introduction

Housing is critical to social and health outcomes in Auckland, and plays a central role in facilitating the efficient operation of the labour market. Surveys and supporting research show that both employers and workers recognise the importance of affordable housing in attracting and retaining a skilled workforce (Wardrip, et al., 2011). There is an understanding that continued economic growth and prosperity will be contingent on a labour market that is flexible and is supported by other policy settings that support labour market adjustment, including housing policy (Whelan and Parkinson, 2017).

The Auckland Mayoral Housing Taskforce Report states that improving housing affordability and choice would make Auckland more attractive to workers and businesses.¹ This supports the Mayor's vision for Auckland 'to be a world-class city. A place where talent wants to live'.

Auckland faces a housing crisis and disparities in housing affordability and housing quality need to be addressed (Auckland Council, 2012a; Auckland Council, 2012b see also Auckland Council, 2017), to enable Auckland's growth and development. Auckland Council has a role in Auckland's housing system, through its functions as facilitator, planning authority, service provider, regulator and advocate. Understanding the dynamics of housing in enabling the efficient operation of the labour market is crucial in order to effectively advocate for positive change and set relevant policy.

This discussion paper examines the issue of affordability (ownership and renting) in relation to Auckland's housing market and how this is impacting on teachers in Auckland. Housing affordability however is not just an issue for teachers as will also be discussed in this report. This is part of a set of discussion papers published by Auckland Council to increase awareness of the Auckland housing crisis and how this has now moved beyond the home-ownership debate.

Auckland Council's Research and Evaluation Unit discussion papers are intended to generate and contribute to discussion on topical issues related to Auckland. They represent the views of the author and not necessarily those of Auckland Council.

¹ The taskforce was set up by Mayor Phil Goff in early 2017 with two key objectives; to identify barriers and constraints to building more homes in Auckland at a pace and scale which meets the demand created by population growth and; to identify options and make recommendations to overcome those barriers and constraints.

2.0 Affordability of housing in Auckland

Around the world, a number of cities are becoming more and more unaffordable. This is seen in cities such as San Francisco, New York, Boston, Sydney, London and Hong Kong where housing has become severely unaffordable for most residents. The associated problems with the shortage of affordable housing are having deep economic and social ramifications (Global Cities Business Alliance, 2016; Baranoff, 2016).

Auckland is also in the midst of a housing affordability crisis which is now not just about buying a home. Rents, too, have been rising since the 1990s and have put even rentals out of reach of many workers. This section presents a brief overview of housing affordability in Auckland. It starts by looking at home ownership rates followed by the rental housing sector. Measuring and reporting on housing affordability in Auckland is then discussed.

2.1 Home ownership

New Zealand has historically had a high rate of home ownership relative to other OECD countries (Andrews & Sánchez, 2011; Andrews, et al., 2011 cited in Nunns et al., 2015). The structure of the New Zealand, and Auckland, housing market however has shifted significantly over the last three decades. This is in large part due to increasing house prices and high purchasing costs relative to income (Reid, 2017).

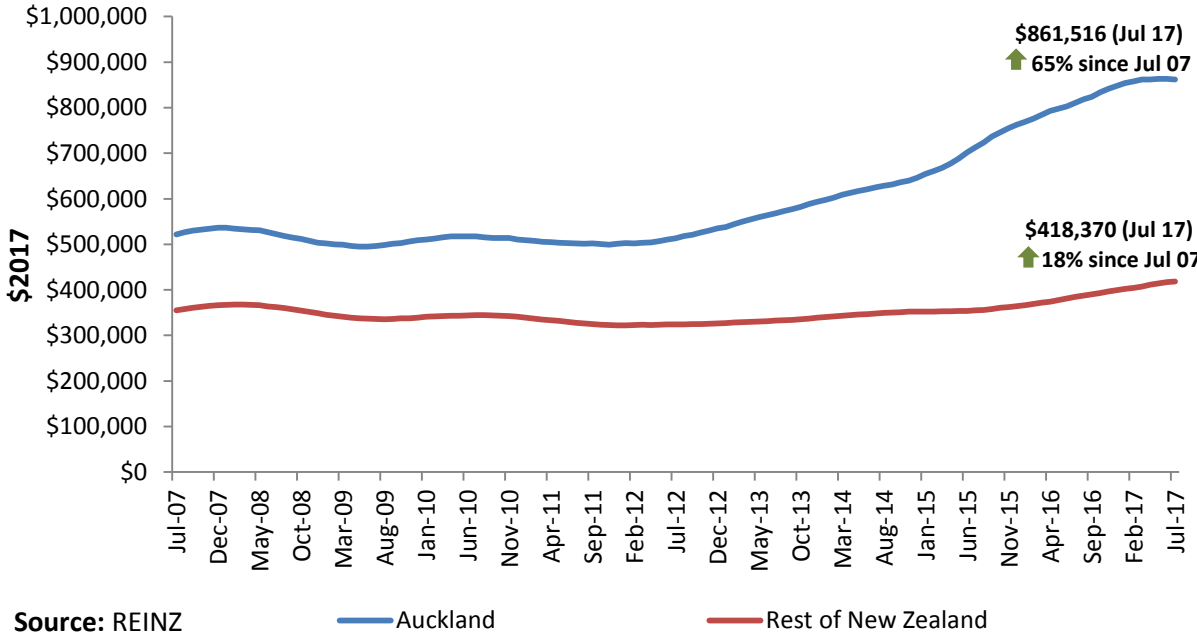
2.1.1 House prices

House prices have risen substantially since the 1980s in New Zealand, particularly in the housing boom of the early to mid-2000s. 'Real house prices increased by close to 80 per cent between March 2002 and March 2007, around the same increase as was recorded across the entire 1962-2002 period' (Department of the Prime Minister and Cabinet 2008 cited in Statistics New Zealand, 2016).

House prices in Auckland have gone up by 65 per cent in real terms compared to an 18 per cent increase for the rest of New Zealand over the last 10 years.

Furthermore, Auckland house prices have traditionally been higher than the rest of New Zealand, at around \$200,000 a year from 2007 to 2012 (Figure 1).² In the last five years however house prices in Auckland rose steeply and by July 2017 the annual median house price was over \$860,000, twice the median house price for the rest of New Zealand.

Figure 1: Annual median house prices in real dollars in Auckland and rest of New Zealand, Jul 2007-Jul 2017



The surge in house prices in Auckland particularly in the last five years was driven by a combination of demand and supply factors, namely:

- strong population growth fuelled by record migration (90,000 people in the last two years);
- record low interest rates making borrowing cheap (lowest since 1950s);
- a stronger economy with lower unemployment;
- investment demand;³ and
- a slow supply response (regulation limiting land supply and making building homes expensive).

² This is the monthly median sale price of all dwellings sold sourced from the Real Estate Institute of New Zealand (REINZ).

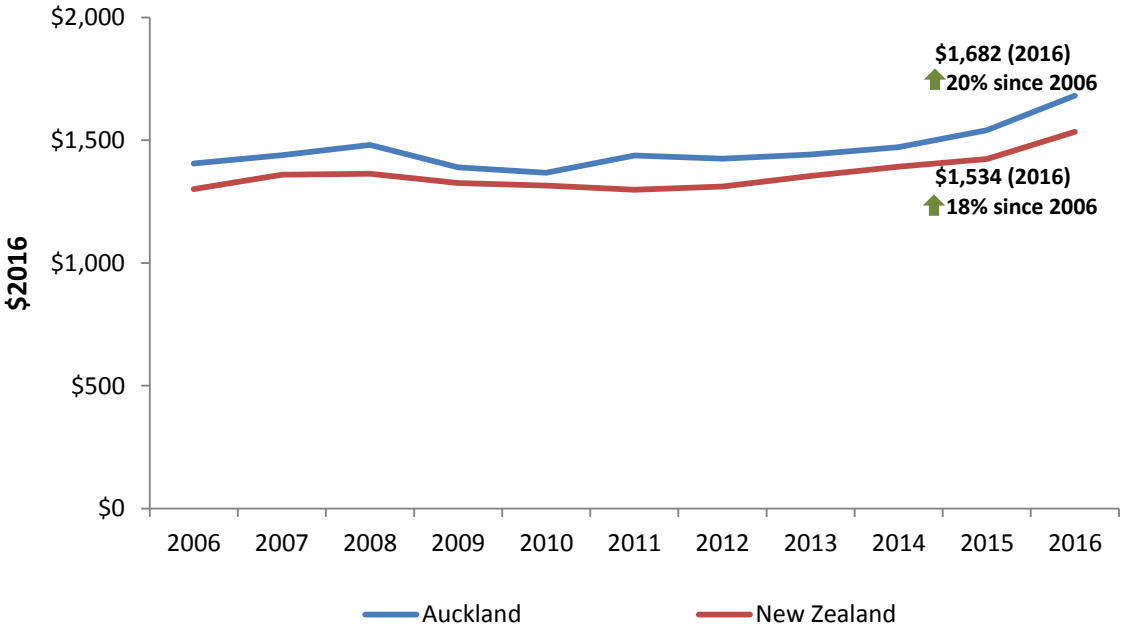
³ Property investors accounted for nearly 46 per cent of all mortgage monies advanced in Auckland. Source: <http://www.interest.co.nz/property/81813/new-official-reserve-bank-figures-definitively-show-investors-accounted-nearly-46-all> Accessed 29/05/2017.

2.1.2 Household incomes

Compared to house prices, increases in household incomes were not as high and varied across different income earners. Between 1982 and 2004, real household incomes in New Zealand increased by close to 25 per cent for the highest 10 per cent of earners, and by around six per cent for those at the median income level. For the lowest 30 per cent of income earners it fell during the 1982 to 1996 period with small increase between 1996 and 2004 (Perry, 2007; quoted in Department of Prime Minister and Cabinet, 2008 cited in Statistics New Zealand, 2016).

Household incomes⁴ are higher in Auckland than New Zealand (Figure 2). In the last 10 years, the median weekly household income in Auckland grew by 20 per cent in real terms compared to 18 per cent in New Zealand, much lower than the increase in house prices as noted earlier.

Figure 2: Median weekly household incomes in real dollars in Auckland and New Zealand, 2006-2016



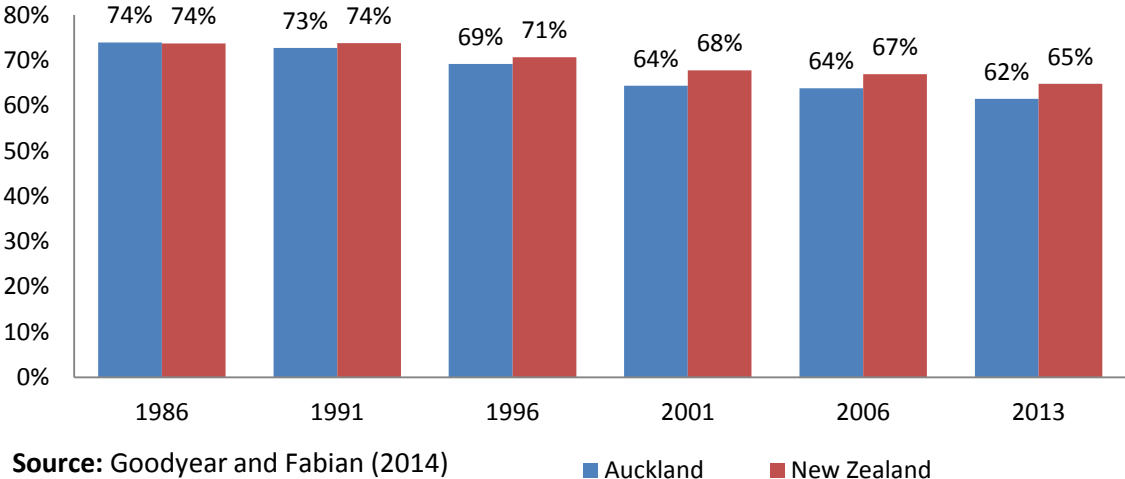
Source: Statistics NZ, Household Labour Force Survey

⁴ This is the weekly median income from all sources collected as part of the Household Labour Force Survey each year during the June quarter. It includes wages and salaries, self-employment, and government transfers and excludes private transfer and investment income.

2.1.3 Home ownership rates

The pace of growth between house prices and incomes is impacting levels of home ownership in Auckland and New Zealand. After rising for nearly a century, home-ownership rates in New Zealand began falling in 1991 and have continued to fall (Goodyear and Fabian, 2014). This is particularly acute in Auckland, as evidenced by the gradual decline in levels of owner-occupation at each census year (Figure 3). In 1986, Auckland’s home ownership rate was similar to New Zealand as a whole, at around 74 per cent. By 2013, 62 per cent of Auckland households owned the dwelling they lived in, compared with 65 per cent of New Zealand households.

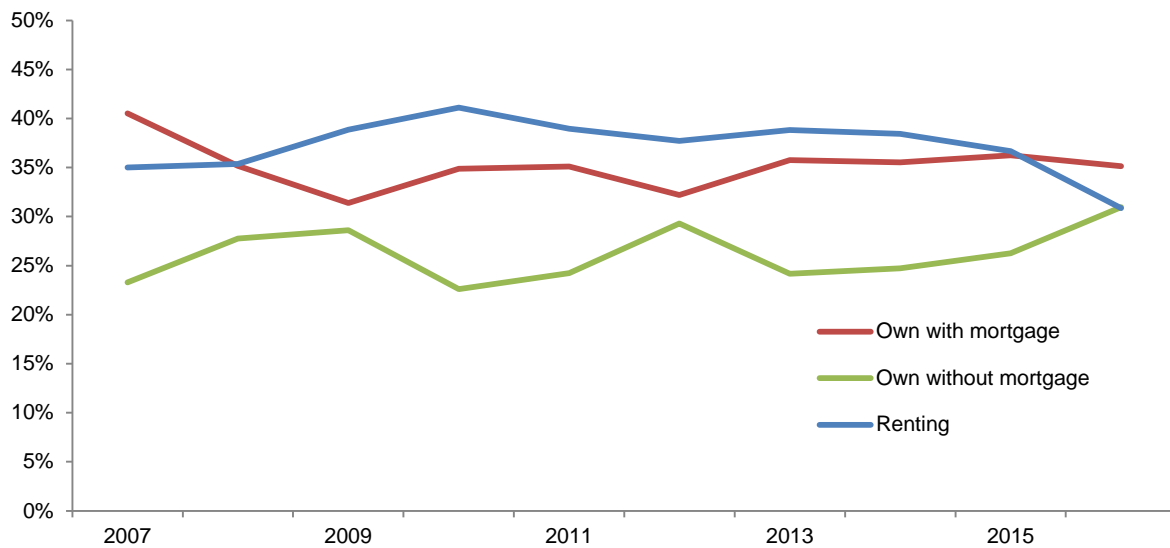
Figure 3: Proportion of households who owned* their home in Auckland and New Zealand, 1986-2013 (census)



*With or without mortgage. Figures for 2006 and 2013 include households whose home was in a family trust.
Note: The period between 2006 and 2013 is 7 years and not the usual 5 year census period.

More recent data from Statistics New Zealand’s Household Economic Survey however show that the home ownership rate for Auckland has bounced back to about 66 per cent in 2016. This was driven in large part by households who owned their own homes without a mortgage, which increased from 23 per cent in 2010 to 31 per cent in 2016 (Figure 4). Possible theories to explain this could be that the net international migration into Auckland led to an increase in the number of cash buyers entering the Auckland market, parents paying for their children’s first home or children inheriting money to buy their first homes and/or owners trading down or subdividing the property and paying off the mortgage.

Figure 4: Proportion of households by tenure for Auckland, 2007-2016



Source: Statistics NZ, Household Economic Survey

2.2 Rental housing sector

Home ownership is beyond the reach of an increasing numbers of Aucklanders. Increasing house prices (and an associated lack of affordability) have progressively elongated a traditional trajectory from renting to homeownership. As such, renting will be a long-term, possibly permanent, proposition for a growing number of Auckland households (Reid, 2017). This trend coupled with the strong population growth fuelled by record migration have increased the demand for rental accommodation and helped to push up rent prices in Auckland.

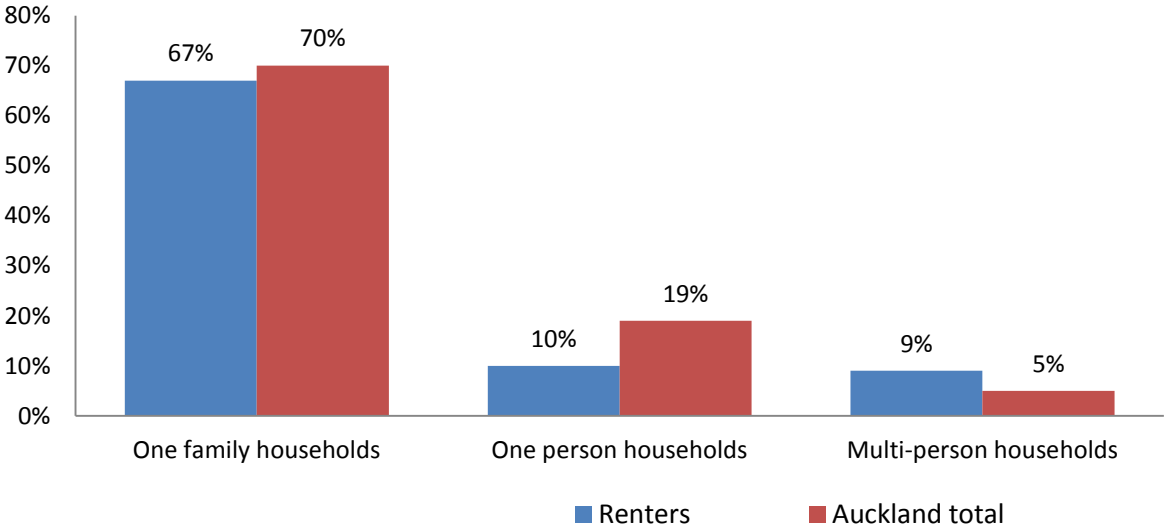
2.2.1 Households who rent

Greater proportions, and numbers, of Auckland households are now renting. In the 2013 census there were 154,347 households in Auckland who rented their homes. This represented over a third (35%) of all households in Auckland, higher than in any other region of New Zealand. The number of households renting had increased by 18.5 per cent since the 2006 census.

Compared with those who owned their homes or had it in a family trust, households who rented generally had lower incomes and were more likely to have moved at least once during the previous year (Goodyear and Fabian, 2014).

At the 2013 census, the profile of households who rented in Auckland was similar to the region as a whole (Figure 5). The majority of renters (67%) are one family households compared to a higher proportion for total Auckland households of 70 per cent. However as may be expected a higher proportion of renters are multi-person households, unrelated people flatting together (9%) compared to five per cent of total Auckland households.

Figure 5: Proportion of households by type for renters and Auckland total, 2013

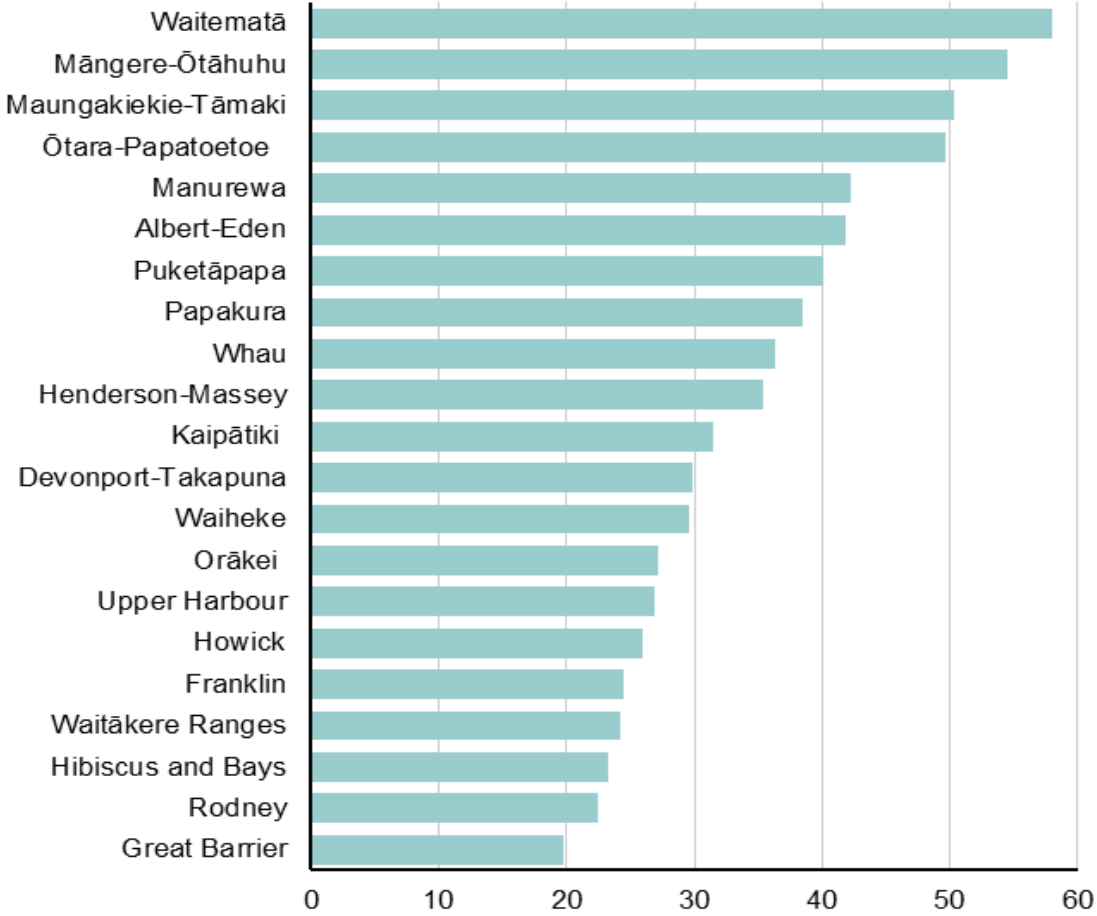


Source: Goodyear and Fabian (2014)

The majority of households rented from private landlords, 81 per cent or 116,600 up from 77 per cent in the 2001 census. Another 17 per cent of all households (23,589) rented from Housing Corporation New Zealand, a decline from 19 per cent in 2001.

In some local board areas the majority of households are renting. Over half of all households in the Waitemātā and Māngere-Ōtāhuhu Local Board areas and half of all households in Maungakiekie-Tāmaki and Ōtara-Papatoetoe rented their homes in 2013 (Figure 6). Waitemātā Local Board area includes the Auckland CBD which is home to many international students and professionals who rent. The other local board areas with high proportions of households renting are in areas with lower rent costs as shown later in the report.

Figure 6: Proportion of households* who rented their home by Auckland local board area, 2013



Source: Goodyear and Fabian (2014)

*Households who did not own their home or have it in a family trust, and who made rent payments.

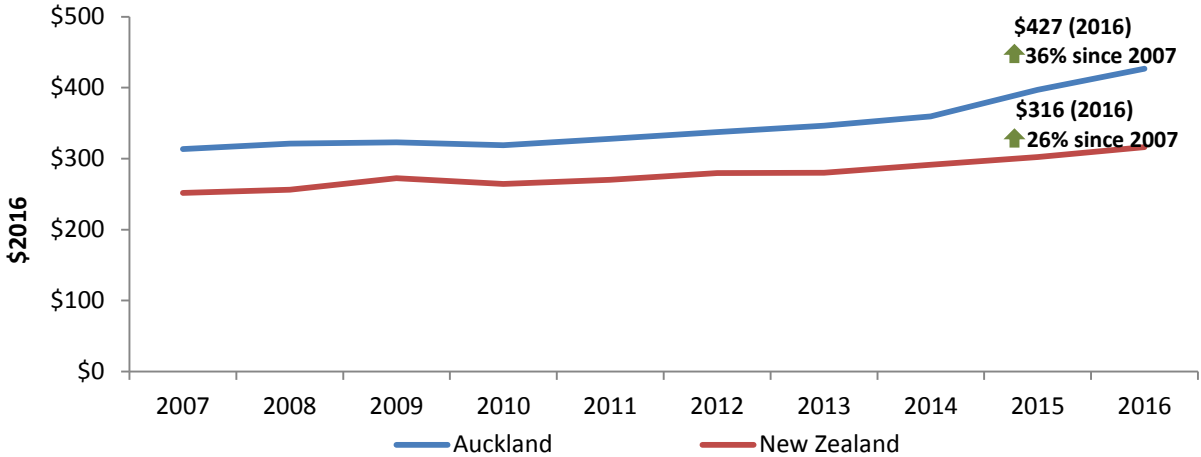
2.2.2 Rent costs

Rent costs are higher in Auckland than New Zealand (Figure 7). The increased demand for rental accommodation in recent years has further pushed rent prices up in Auckland. In the last 10 years, the average total weekly expenditure on rent⁵ by households in Auckland had gone up by 36 per cent in real terms compared to 26 per cent for New Zealand. The increase in rent costs was also higher than the increase in mortgage payments⁶ of 26 per cent.

⁵ This is weekly expenditure on total rent costs (includes property and ground rent and other payments connected with renting) averaged over all households who recorded rent costs in the Household Economic Survey.

⁶ This includes mortgage principal repayments, mortgage interest payments and application and services fees for mortgages.

Figure 7: Average weekly total rent and mortgage costs in real dollars in Auckland and New Zealand, 2007 to 2016



Source: Statistics NZ, Household Economic Survey

The average total rent costs in Auckland were the highest in the Northern wards (\$529 per week) and the lowest in the Southern Initiative (TSI) of \$297 per week and Western wards of \$304 per week (Figure 8).

Figure 8: Average weekly total rent costs by area in Auckland, 2016



Source: Statistics NZ, Household Economic Survey

Note: Refer Appendix 1 for the breakdown of each ward by local board area in Auckland.

The Ministry of Business, Innovation and Employment’s (MBIE) Regional Rental Prices show the average weekly rent⁷ for Auckland reached a record high of \$536 in February 2017. This has come down slightly to \$532 in June 2017 but was still much higher compared to the rest of New Zealand with an average weekly rent of \$366 in the same period.

⁷ This is the monthly average weekly rental prices from new bonds lodged with MBIE.

2.3 Measures of affordability

With Auckland house and rent prices increasing faster than household incomes, housing costs are now a much larger component of a household's budget than in the past. This is having a significant impact on housing affordability in the region.

Housing affordability can be measured in a number of ways. An indicator that is used often is the housing costs to household income ratio. There are limits in measuring housing affordability using income alone as noted in a number of papers including Gan and Hill (2009), Goodyear and Fabian (2014) and Chief Economist Unit (2017).

2.3.1 The official Housing Affordability Measure

A review of the Official Statistics System in August 2012 led to the creation of a Tier 1 official statistic on housing affordability. The Housing Affordability Measure (HAM) is a statistical series that measures household income after paying for housing costs for two subsets of the population: potential first home buyers population and renters. The two measures are developed by MBIE.⁸

Affordability is calculated by using data from Statistics New Zealand's Integrated Data Infrastructure to measure income at the household level. Housing costs – the rent lodged on tenancy bond forms for renters and mortgage payments, rates and insurance for potential first home buyers – are then subtracted. The remaining household income is then adjusted to reflect the fact that larger households generally need larger incomes.

The first release of HAM came out in May 2017. The new measure provided a picture of shifts in affordability, broken down by region and territorial authority (and by ward in Auckland). The HAM results are discussed next alongside other studies on housing and rental affordability in Auckland.

⁸ For more information refer MBIE website: <http://www.mbie.govt.nz/info-services/housing-property/sector-information-and-statistics/housing-affordability-measure>.

2.3.2 Housing affordability

Determining affordability depends on each household's circumstances and expectations of what qualifies as a socially accepted standard of living (MBIE, 2017). A commonly used threshold for households experiencing housing stress is those who spend 30 per cent or more of their household income on housing costs. This is of most concern to lower income households who have little left over to meet other expenses, such as bills and food.

A report prepared for the Ministry of Social Development showed that the outgoings for housing costs⁹ relative to income has increased significantly over the years in New Zealand, especially for low-income households. Around 28 per cent of all households in New Zealand had housing costs of more than 30 per cent of their disposable (after tax) income in 2015, with little change since 2009 (Figure 9). For the bottom two income quintiles (Q1 and Q2)¹⁰ the proportions were 43 per cent and 37 per cent respectively, about 10 per cent higher than a decade earlier of 34 per cent and 27 per cent respectively (Perry, 2016).

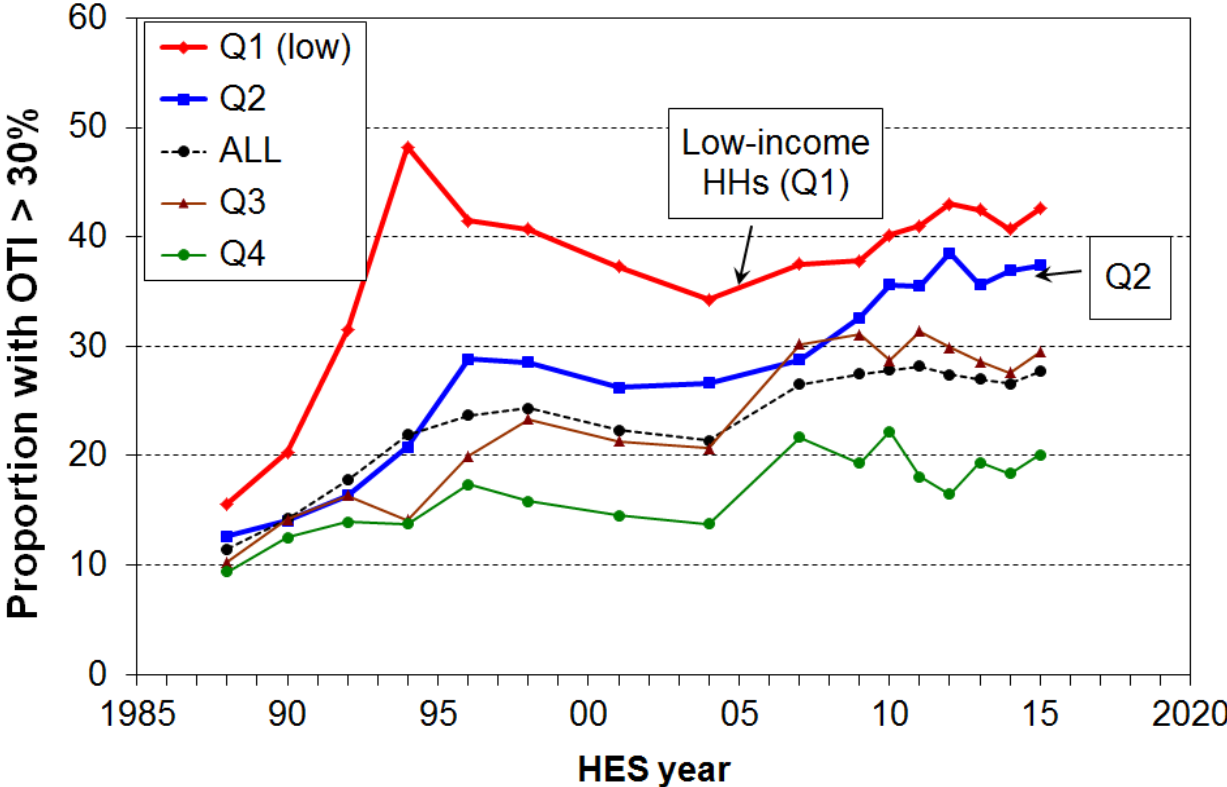
Even more concerning are households who spent 40 per cent or more of their incomes on housing costs which had also increased from 5 per cent of all households in the late 1980s to around 15 per cent in 2015. For those in the bottom income quintile, around one in three households (32%) spent more than 40 per cent of their income on housing.

Given that this is for New Zealand as a whole, these results would be conservative for Auckland where housing costs including rents are much higher than the rest of the country.

⁹ This includes all mortgage outgoings (principal and interest) together with rent and rates for all household members. Repairs and maintenance and dwelling insurance are not included. Any housing-related cash assistance from the state (eg Accommodation Supplement) is included in household income.

¹⁰ Households are ranked by income and divided into 5 equal groups, each group is called a quintile (each group is 20% of the whole). Q1 is the bottom quintile.

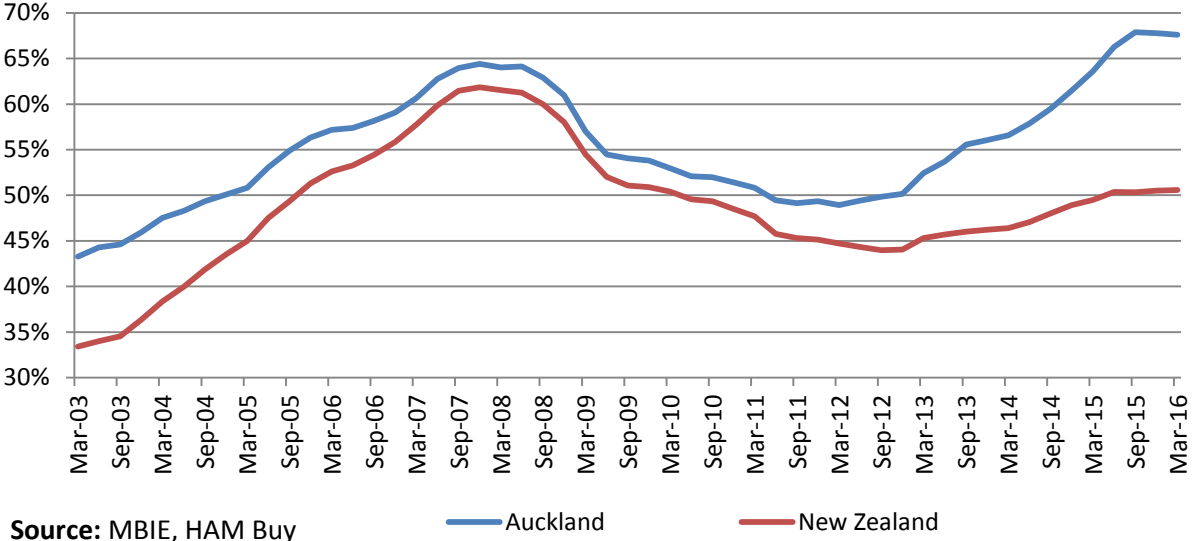
Figure 9: Proportion of households with housing costs of more than 30 per cent of their disposable (after tax) income in New Zealand, 1985 to 2015



Notes: OTI is (housing) outgoing to income ratio, HES is the Household Economic Survey and HHs is households.
Source: Perry (2016)

MBIE’s housing affordability measure show the proportion of potential first home buyer households in Auckland who would spend over 30 per cent of their income on housing costs was 43 per cent in March 2003 (Figure 10). This proportion worsened to 64 per cent in September 2007, before improving again to 49 per cent in June 2011, similar to the national trend. From 2013, Auckland departed from the national trend, and then steadily worsened. As noted earlier, Auckland’s house prices grew at historically high rates in recent years, making it more expensive to buy a first home. As a result the proportion of households in Auckland who would spend over 30 per cent of their income on housing costs increased significantly to reach 68 per cent in March 2016, the worst first home buying affordability ever achieved

Figure 10: Proportion of first home buyer households spending 30% of their income on housing in Auckland and New Zealand, March 2003 to March 2016



Source: MBIE, HAM Buy

— Auckland — New Zealand

Similar results were observed in the June 2017 quarter of the Massey Home Affordability Index,¹¹ which also recorded a decline in affordability driven mainly by the increase in house price levels. House prices to wages remain very high and this factor continues to place considerable strain on first home buyers, especially in the two most expensive regions of Central Otago Lakes and Auckland / Thames / Coromandel.

Other customised data provided by Statistics New Zealand show the proportion of households (not just potential first home buyers) who spend 30 per cent or more of their (gross) income¹² on housing costs¹³ are higher in Auckland than New Zealand (Figure 11). Furthermore, there has been a four per cent increase in the proportion of households experiencing housing stress in Auckland in the last three years to reach 31 per cent in 2016, the highest level in the last 10 years.

¹¹ This index takes into account the cost of borrowing as well as house prices and wage levels.
¹² Note however that this is typically calculated by using disposable household income (gross income minus income tax) instead of before-tax (gross) income. This means that the housing costs to (gross) household income ratios reported in this report may be slightly lower than ratios reported from other data sources.
¹³ See appendix 2 for list of items included in housing costs.

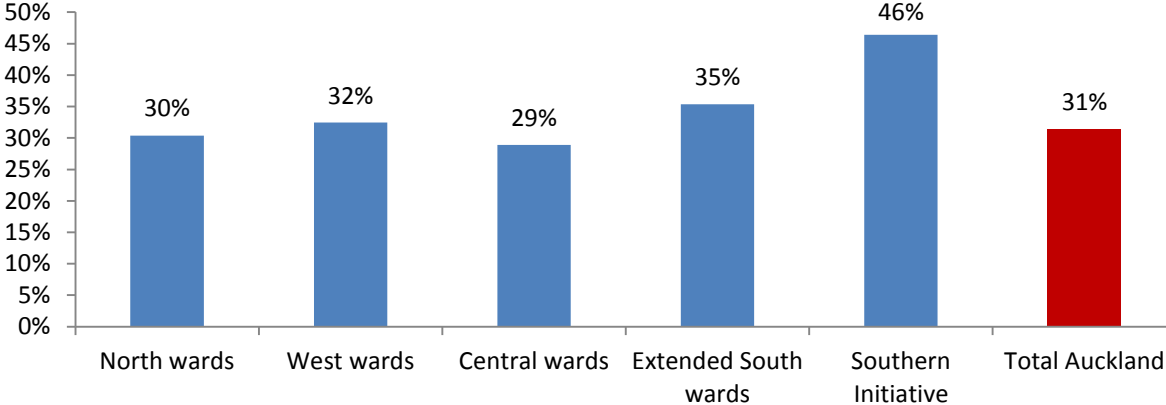
Figure 11: Proportion of households spending 30 per cent or more of their (gross) income on housing costs in Auckland and New Zealand, 2007 to 2016



Source: Statistics NZ, Household Economic Survey

This information is also available by area in Auckland (Figure 12). The Southern Initiative (TSI) area¹⁴ in Auckland had the largest proportion of households (46%) experiencing housing stress in 2016. This may be a reflection of low incomes in the TSI area, given that a higher proportion of households in the TSI area rent and they also have the lowest total average rent costs across Auckland and house prices. On the other hand the high rents and house prices in the North and Central wards may be a factor in 30 per cent of households in these areas experiencing housing stress.

Figure 12: Proportion of households spending 30 per cent or more of their (gross) income on housing costs by area in Auckland, 2016



Source: Statistics NZ, Household Economic Survey

¹⁴ The Southern Initiative includes the four local board areas of Māngere-Ōtāhuhu, Ōtara-Papatoetoe, Manurewa and Papakura. These cover an area of Auckland that has significant economic opportunity yet high social need. The TSI is one of two big place-based initiatives in the Auckland Plan, a 30-year vision for Auckland prepared by Auckland Council in collaboration with Auckland iwi, communities, businesses and central government.

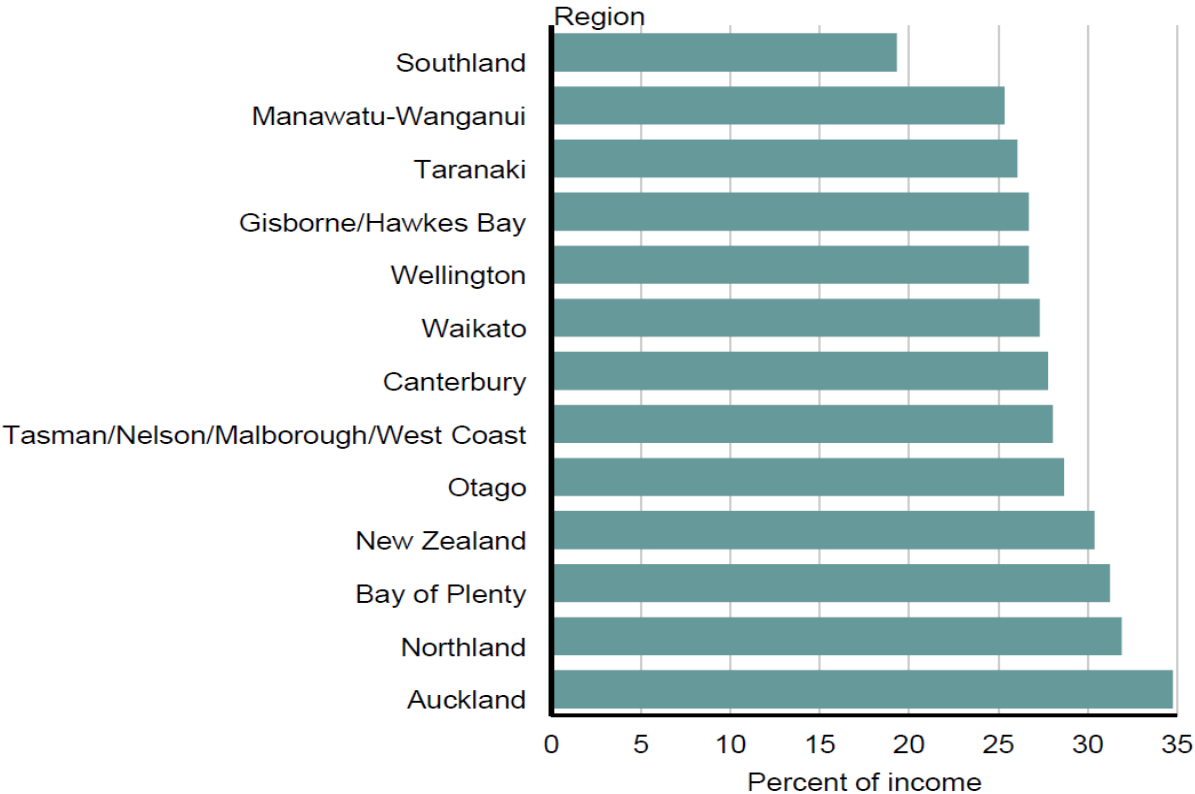
The same dataset also shows that when housing stress in Auckland is analysed by tenure, a much higher proportion of households who rent (49%) spent 30 per cent or more of their (gross) income on housing costs compared with only 24 per cent of owner-occupiers.

2.3.3 Rental affordability

Auckland is regarded as New Zealand’s most unaffordable region in terms of rent costs (Figure 13). Two other regions in New Zealand, Northland and Bay of Plenty, paid more than 30 per cent of median equivalised weekly household income on median weekly rent. The causes varied by region; where Auckland was unaffordable because of high rents, low incomes affected affordability in Northland and Bay of Plenty (Statistics NZ, 2013).

These numbers would be even higher now for Auckland considering the surge in rent prices over the last two years in the region as reported earlier.

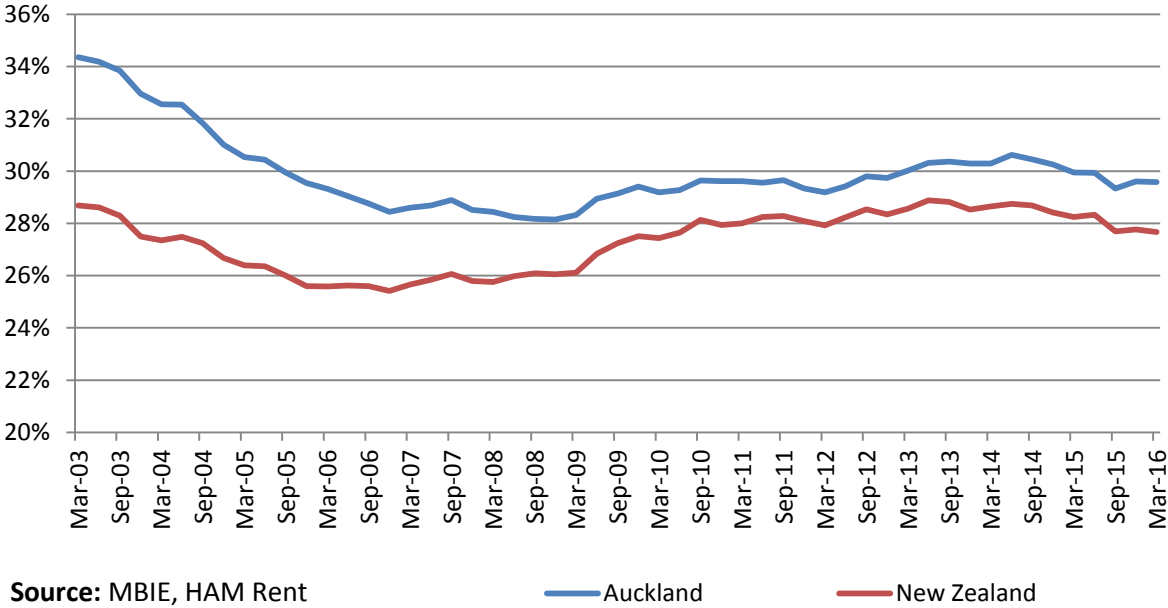
Figure 13: 15-year average of median rent as a proportion of median equivalised household incomes by region



Source: Statistics New Zealand (2013)

MBIE’s housing affordability measure shows the share of renter households who would spend over 30 per cent of their income on housing costs was 34 per cent in 2003. This proportion improved to 28 per cent in 2008 and has remained at around 30 per cent between 2010 and 2016 (Figure 14).

Figure 14: Proportion of renter households spending 30% of their income on housing in Auckland and New Zealand, March 2003 to March 2016



3.0 Affordability of housing and teachers

Growing cities where people want to live and invest in is seen as a good thing in terms of the overall wealth of cities. However, from a social perspective growing cities can become unaffordable pushing many out into the periphery or into other less expensive regions and cities.

This section discusses the impact of Auckland's affordability challenges on teachers in Auckland. This is having a big impact, especially when combined with other interlinking factors affecting the teaching profession. Teachers however are not the only ones affected by Auckland's housing affordability crisis as will also be discussed.

3.1 Teachers in Auckland¹⁵

Information on the age profile and income levels of the different teaching professions in Auckland is taken from the 2013 census.

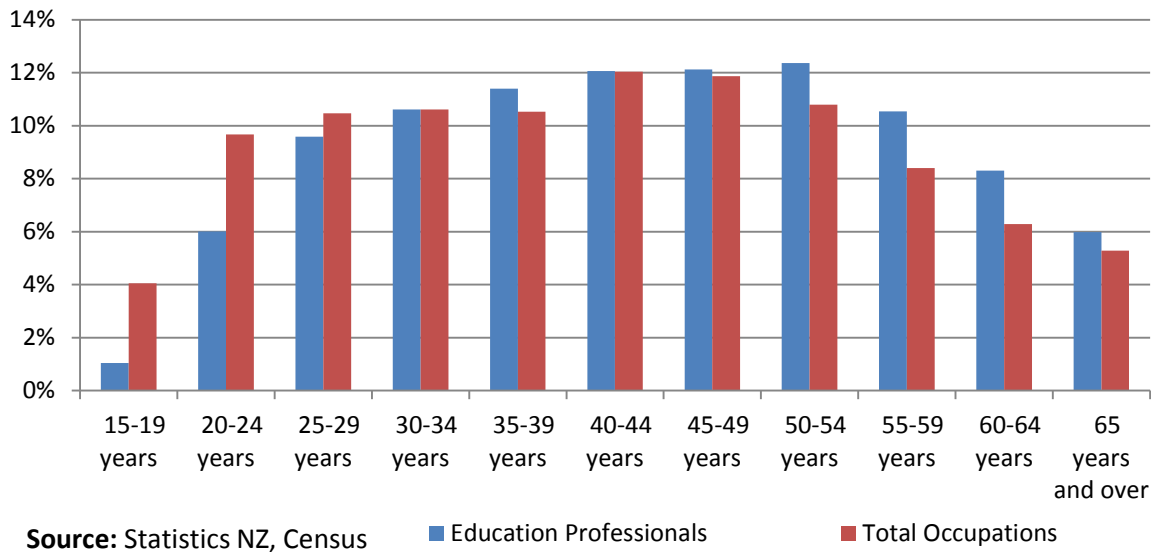
There were 32,715 educational professionals¹⁶ in Auckland in 2013, 90 per cent (or 29,604) identified as teachers (including tertiary education teachers). Education professionals are older, with 37 per cent aged 50 years and over compared to just over 30 per cent of total people in occupations (Figure 15). They also have lower proportions who are in their youth (those aged 15-24 years old) compared to total occupations (7% to 14% respectively). This could be due to education professionals requiring a qualification and therefore entering employment at a later age.

The split of teachers in Auckland showed primary school teachers made up 31 per cent, a quarter were early childhood teachers, 23 per cent secondary school teachers and 17 per cent tertiary education. The rest (4%) are made up of intermediate school and special education teachers.

¹⁵ Note the analysis in this section includes tertiary education teachers to show the contrast in ages and salary levels across the different teaching professions in Auckland.

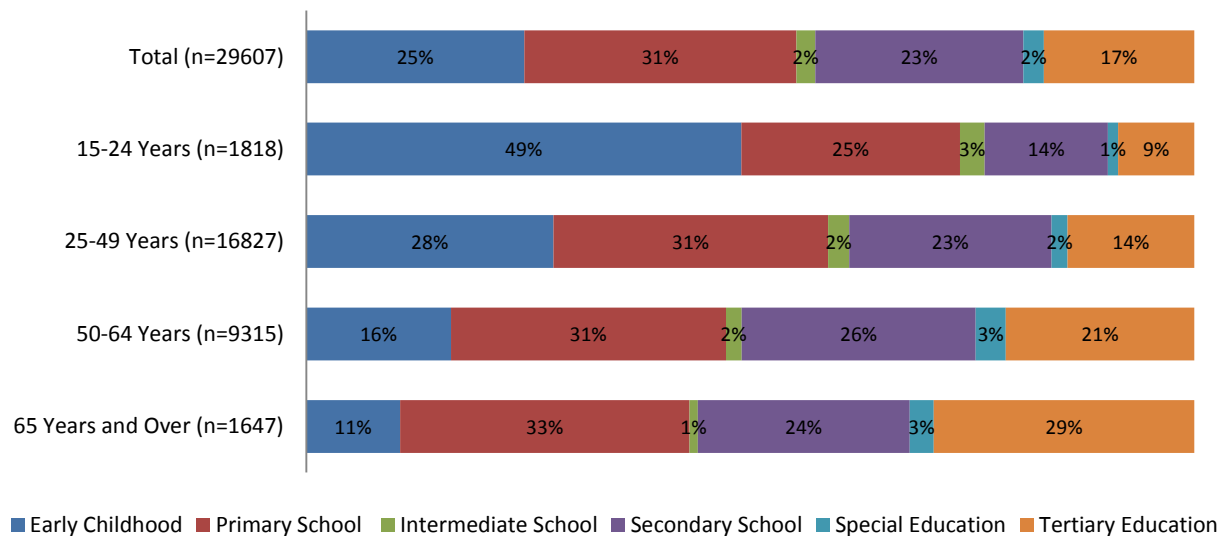
¹⁶ Includes school teachers (early childhood, primary, intermediate, secondary schools and special education), tertiary education teachers (university lecturers and tutors and polytechnic) and miscellaneous education professionals (education advisers and reviewers, private tutors and teachers and teachers of English to speakers of other languages).

Figure 15: Proportion of education professionals and total occupations by age group in Auckland, 2013



Overall, 37 per cent of all teachers in Auckland are aged 50 years and over and the majority (57%) are aged between 25 and 49 years old. Figure 16 show that half of youth teachers (aged 15 to 24 years) in Auckland are in early childhood. For teachers aged 65 years and over, about 30 per cent are tertiary education teachers and one in three a primary school teacher.

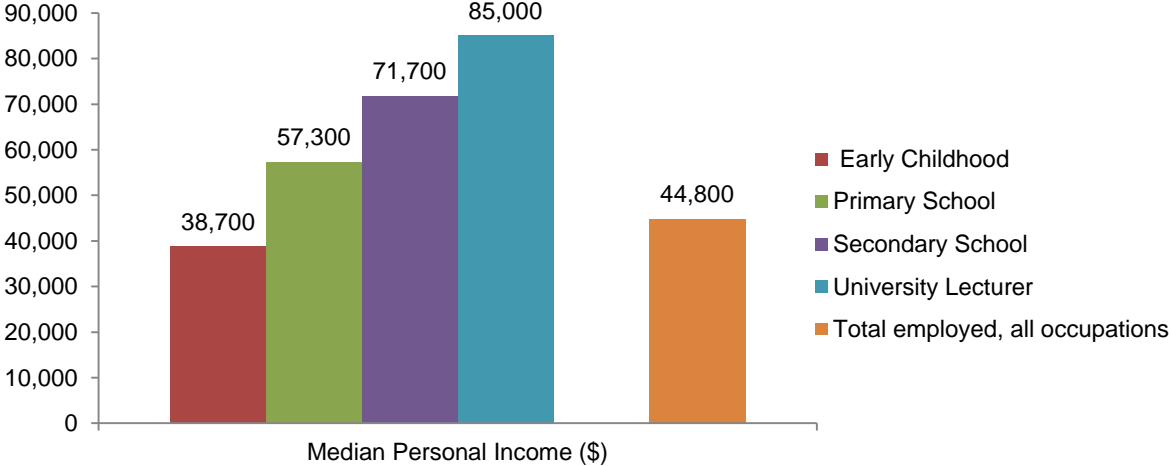
Figure 16: Proportion of teachers by type for each age group in Auckland, 2013



The 2013 census results also showed over half (54%) of teachers in Auckland earned a total personal income of between \$50,001 to \$100,000 per year. Twenty per cent of teachers earned between \$30,001 to \$50,000 and 19 per cent had less than \$30,000 income a year.

Except for early childhood teachers, all other teachers had a higher median personal income than total employed in Auckland of \$44,800 (Figure 17). University lecturers had the highest median personal income as would be expected of \$85,000 and early childhood teachers the lowest of \$38,700. For the latter this may be due to half of all early childhood teachers are aged 15 to 24 years old and therefore may be only doing part-time work or internships.

Figure 17: Median personal income of teachers by type and total employed in Auckland, 2013



Source: Statistics NZ, Census

3.1.1 The Auckland problem

A teacher in New Zealand is paid on a national scale. This means a teacher in Auckland is paid the same salary as a teacher in Dunedin. According to the Teach New Zealand website, the current starting salary for a primary school teacher with a bachelor teaching degree is \$47,039 up to \$70,481 per annum and with a bachelor degree (not a teaching degree) and a recognised teaching qualification, it is \$48,165 up to \$74,460. The current entry salary for a secondary school teacher is \$50,268 and can progress up to \$75,949 per annum. Secondary schools can also allocate ‘units’ to teachers in management positions or to those with extra responsibilities. Each unit is worth \$4,000 and is paid on top of a teacher’s base salary.

For illustrative purposes, a teacher’s gross salary is estimated in this report to start from \$47,000 to \$76,000 per year (Table 1). This equates to roughly a net income of about \$39,000 to \$59,000 using the PAYE calculator. With the median house price in Auckland of \$860,000 as noted earlier, this is equal to between 22 and 15 times the salary of a teacher in Auckland. However, for teachers located elsewhere in New Zealand with the median house price of \$418,000, this equates to between 11 and seven times. In terms of rent, the average weekly rent of \$533 for Auckland also reported earlier equates to between 71 per cent and 47 per cent of the personal income of teachers, well above the over 30 per cent threshold. For a teacher living outside of Auckland, their rent costs equates to between 49 per cent and 32 per cent of their teacher salary.

Table 1: Housing and rental affordability for teachers in Auckland and rest of New Zealand

	Auckland	Rest of New Zealand
Teacher salary (net)	\$39,000 to \$59,000	\$39,000 to \$59,000
Median house price (Jul 2017)	\$860,000	\$418,000
Median house price to teacher salary	Between 22 to 15 times	Between 11 to 7 times
Average weekly rent (Jul 2017)	\$533	\$364
Rent as proportion of teacher salary	Between 71% to 47%	Between 49% to 32%

There are a few things to note from this example however. It includes a teacher’s personal income only whereas affordability measures use household incomes. The results therefore overestimates the impact of house prices and rent costs on a teacher’s salary. Likewise, rent prices should reflect the teacher’s situation as a teacher on his/her own is unlikely to pay rent of \$533 per week. Care must also be taken when using one price (either median or average) as house prices (and rents) in Auckland and elsewhere vary depending on a number of factors including location, and house size (i.e. number of bedrooms).

Nevertheless, this example is illustrative, and it clearly shows, the impact of the high cost of housing on a teacher in Auckland that is paid the same salary as a teacher in Dunedin or elsewhere in New Zealand. One recent estimate of how much a teacher at the top of the scale would need to earn to be as well off as a teacher outside of Auckland, based on relative house prices, found that an Auckland teacher would have to be paid more than double the salary of teachers in the rest of the country.¹⁷

¹⁷ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11867471 Accessed 06/06/2017.

3.2 Reports on housing impact on teachers

There is evidence to suggest that housing unaffordability is impacting on teachers and schools in Auckland. The evidence suggests that mid-career teachers (those aged in their 30s to 40s) are the most affected as they leave to secure home ownership and begin families elsewhere. Additionally, standardised national rates of pay make it hard to attract experienced labour to Auckland and this is apparent right across the spectrum from early childhood to secondary schools.

Summarised below are only a few of the many media articles and reports on the impact of housing on teachers and schools in Auckland.

3.2.1 Early childhood

A Radio New Zealand report noted that the teacher shortage crisis had hit Auckland's Early Childhood Centres.¹⁸

The Early Childhood Council (ECC) president said the number of applicants for jobs in Auckland had dropped in the past couple of years, but especially in the past six months. They have been unable to enrol children as a result of the shortage.

"I personally can account for the fact that I've turned away some enrolments because I haven't been able to find the staff, or the staff that

I want, to fill the positions at my centre, and we're definitely receiving feedback from the wider membership of the ECC about that issue as well."

Best Start Education and Care Centres have 250 centres around the country. The deputy chief executive suggested that Auckland's teacher shortage could get worse without government intervention because the city was growing but it appeared that too few people were training to be teachers.¹⁹

Third-year teaching student at Auckland University Tetoki Tepaki did all his studies in Auckland and said he would probably go anywhere rather than stay in Auckland.

"I'm looking in Hastings, Hamilton and Wellington - anywhere really. My mum is a teacher in Auckland and she's not too happy about it, but a brother's got to do what a brother's got to do,"

Another student has already secured a job at a Timaru high school.

"I actually looked elsewhere because my husband and I want to save up as much money as we can so we can travel in the future... For us moving out of Auckland is the best way we can save."

Source: <http://www.radionz.co.nz/news/national/317343/will-auckland's-soon-to-graduate-teachers-stay> Accessed 24/05/2017.

¹⁸ <http://www.radionz.co.nz/news/national/320742/teacher-shortage-hits-auckland-early-childhood-centres> - Dec 2016 Accessed 22/05/2017.

¹⁹ Ibid.

"A lot of that is we think to do with the cost of living in Auckland...We're experiencing many teachers who are actually seeking transfers to other parts of the country because they can afford a home there."

3.2.2 Primary schools

Stories of the difficulties in recruiting teachers in schools prompted the Auckland Primary Principals Association (APPA) to conduct a survey in June 2016.²⁰ A total 168 of the 240 Auckland schools responded to the survey. The results showed there were:

- 220 current vacancies
- 418 expected vacancies to be filled before the end of 2016, due to expanding class sizes or for temporary cover, such as parental leave
- Low or no applicants (of the 168 schools who advertised for staff for Term 3 in 2016, 65% received five or fewer applicants and at least eight schools received no applicants for vacancies).

Russell Anderson first year PE teacher at a high school in Auckland loves his job and city life, but knows he will have to leave both in the next few years if he is to ever going to get ahead.

"Here, I'm paying for a fortnight for rent about \$600 which is half my pay...Then, on top of that is water, which you don't have to pay for anywhere else in New Zealand apart from Auckland, and then there's power on top of that, internet, food and living. Basically at the end of my fortnight's pay I maybe have \$5 left, whereas if I was working in the country where I'm from - and I've got a friend who's working in the country who I was talking to the other day - she saves roughly about \$600 a pay which is about what I pay for rent."

Source:

<http://www.radionz.co.nz/national/programmes/insight/audio/201783089/insight-for-20-december-2015-more-pay-for-living-in-auckland> Accessed 29/05/2017.

The APPA president said the data illustrated the serious problem facing primary schools in Auckland.²¹

"It painted a picture of severe teacher shortages across the city and at every school decile level."

The struggle to recruit teachers is also being described as "a nightmare" by principals who blame it largely on the high cost of housing in the city.

The housing crisis was affecting mid-career teachers the most.²²

"Once they hit the five- to eight-year band, decide to start a family and look to purchase a house we are losing them to either to the outer peripherals of the city or to other parts of the country."

²⁰ <http://www.radionz.co.nz/news/national/308945/recruiting-akl-teachers-'a-nightmare'-due-to-housing-costs> Accessed 26/05/2017.

²¹ Ibid.

²² http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11677339 Accessed 25/05/2017.

It was also hard to persuade others to move to Auckland and middle-management positions were especially hard to fill.²³

"We can attract, to some degree, very young teachers who are quite mobile and they'll look at going into a flat for a period of time, but it is extremely difficult to recruit into middle management because it means people coming in here potentially in their thirties to forties,"

Joe Carey previously taught at Kohia Terrace School, Epsom now teaches at Highlands Intermediate School, New Plymouth.

"There's a lot of great things about Auckland - it's a wonderful place, it's buzzing ... but they're paying out of their necks for it."

Source:

<http://www.radionz.co.nz/news/national/308968/primary-school-teacher-priced-out-of-auckland> Accessed 23/05/2017

According to the APPA president the staffing situation had been getting progressively worse in Auckland and was now "quite severe". Schools are being forced to have larger classes, use senior managers as teachers, create job-share positions and persuade older teachers not to retire.²⁴ She hoped the APPA survey data would lead the Ministry of Education to acknowledge the problem, but was not confident any solutions will be in place for students this year or next.

"There's no way currently to incentivise to bring people into the Auckland market. So to bring experienced teachers from anywhere else in New Zealand with the cost of housing, the potential of having to travel across Auckland to get to where the work might be from where the affordable housing or semi-affordable housing might be, there's nothing we can offer at the moment."

3.2.3 Secondary schools

Auckland secondary schools are also feeling the pressure. Auckland Secondary School Principal's president said a lot of vacancies in Auckland were caused by teachers leaving to work in areas with cheaper houses. Whangaparaoa College, the president's school, had lost two or three teachers in the last couple of years because of house prices.²⁵

Jenny Bates, ex-MAGS teacher moved to Hamilton so she could afford to buy a house.

"There needs to be an incentive to keep teachers in Auckland, or to attract teachers to Auckland, whether that incentive is an accommodation subsidy or a slightly-higher pay, it needs to happen. There needs to be something that keeps people here, because they are going to keep losing them."

Source:

http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11734859 Accessed 23/05/2017.

²³ <http://www.radionz.co.nz/news/national/320543/housing-costs-traffic-blamed-for-worsening-akl-teacher-shortage> Accessed 29/05/2017.

²⁴ <http://www.radionz.co.nz/national/programmes/ninetonoon/audio/201819794/nz-faces-major-primary-teacher-shortage> Accessed 29/05/2017.

²⁵ <http://www.radionz.co.nz/news/national/316590/house-prices-creating-a-big-hole-in-auckland-schools> Accessed 24/05/2017.

"You've got about 85 secondary schools in Auckland and if every one of them is losing two or three teachers, the cumulative effect of that is huge and there's a big hole there."

Mt Albert Grammar School (MAGS) also lost three teachers, who are all moving to jobs which pay the same but are in centres where they say they can afford to buy a house and possibly have a family. MAGS Headmaster said two of the teachers explicitly pointed the finger at house prices, while the third teacher said it was one factor in the decision to leave.²⁶ The sector was starting to see a trend – young teachers a few years into the profession, who want to settle down, are choosing to leave Auckland as the city has become "out of the question" for them. Such migration out of Auckland was "shrinking the pool" of quality teachers, especially in high-demand science, technology, engineering and maths (STEM) subjects.

PPTA annual survey of principals 2016 results:

- ❖ More teaching jobs were being advertised compared to the previous year
- ❖ Increase in number of unfilled permanent positions
- ❖ Application numbers dropped for the fourth year running
- ❖ Greatest recruitment concerns were the Auckland housing costs and retiring staff
- ❖ Of principals surveyed, 37 per cent expected to find it harder to recruit Kiwi teachers in 2016
- ❖ Principals also reported being less optimistic about retaining and recruiting teachers
- ❖ Maths, chemistry, physics, science, Te Reo and technology were the hardest jobs to fill
- ❖ A third of management positions had no suitable applicants
- ❖ Relief teaching pool lowest level since 2003, which is often a warning sign of teachers shortage
- ❖ One in three schools were using teachers outside their speciality

Source:

<http://www.stuff.co.nz/national/education/80493595/Schools-luring-teachers-to-Auckland-with-help-of-accommodation> Accessed 29/05/2017.

Post Primary Teacher Association (PPTA) president said,²⁷

"What we're seeing over time is roughly 50 percent of the teachers who are leaving schools are also leaving Auckland,"

A joint working group of the Ministry of Education, PPTA and other agencies has found there is now a net outflow of secondary teachers from Auckland to other regions – "a significant change from the historical trend" of teachers who used to move into the growing metropolis for work.²⁸

²⁶ http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11734859 Accessed 23/05/2017.

²⁷ <http://www.radionz.co.nz/national/programmes/insight/audio/201783089/insight-for-20-december-2015-more-pay-for-living-in-auckland> Accessed 29/05/2017.

²⁸ <http://www.nzherald.co.nz/index.cfm?objectid=11867471&ref=twitter> Accessed 06/06/2017.

West Auckland PPTA chairperson said Auckland schools would find it increasingly difficult to hire teachers.²⁹

"The impact, if nothing is done about this, will be a teacher shortage in Auckland. If you get paid the same amount of money to teach in Auckland as you do elsewhere, people will go elsewhere. We'll also have an issue with people not staying in teaching. We need to start looking at Auckland supplements for some key professions."

Auckland will keep losing teachers due to the overheated housing market, until there is a financial incentive to stay, says a science teacher joining the exodus out of the city.³⁰

The extent of this problem however is debated by the Ministry of Education. Data from the Ministry showed teaching vacancies advertised in Auckland last year, although up from the recession years of 2010-14, are still well below peaks in the late 2000s when student-to-staff ratios were being reduced.³¹

3.3 Other factors impacting the teaching profession

Auckland's teacher shortages are impacted by the affordability of housing and wider inter-related factors in the profession. These other factors are:

Decline in teacher trainee numbers – Teacher trainee numbers in New Zealand have dropped by more than a third from 17,065 in 2010 to 10,965 in 2015. Poor pay, high stress, and better career options are being blamed for fewer people completing teacher training.³² Furthermore, there is a surplus of teachers in popular subjects such as physical education, and persistent shortages in maths, science, technology and te reo Māori.

Trainee numbers overall are cyclical, with more people training to be teachers in bad economic times when it's harder to get other jobs, and fewer choosing teaching in good times. Trainees jumped in the global financial crisis from 14,680 in 2008 to 17,065 in 2010, and the stronger economy since then has played a big part in the recent decline.³³

²⁹ <http://www.radionz.co.nz/news/regional/285610/auckland-housing-crisis-hitting-teachers> Accessed 22/05/2017.

³⁰ <http://www.radionz.co.nz/national/programmes/checkpoint/audio/201821244/auckland-housing-market-pushes-teachers-to-move-cities> Accessed 22/05/2017.

³¹ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11867471 Accessed 06/06/17.

³² <http://www.stuff.co.nz/national/education/92365202/trainee-teacher-numbers-in-decline-leaving-schools-struggling-to-fill-roles> Accessed 22/05/2017.

³³ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11867471 Accessed 06/06/2017.

Low retention of new teachers – Another problem is that almost half of teachers who do get through to work in state and integrated secondary schools leave teaching within five years. This is reported to be partly due to the lack of job security and support. Only 22 per cent of newly trained secondary teachers went straight into permanent fulltime jobs in 2015, down from 36 per cent a decade earlier.³⁴

Ageing teaching workforce – The ageing teacher population is affecting all levels of education in New Zealand. Teachers in their fifties or older have increased from 35 per cent in 2005 to 41 per cent a decade later. Within those numbers, the high-school workforce has aged even faster and is now among the oldest in the world. Those aged 50 plus have risen from 38 per cent to 45 per cent of secondary teachers, including 21 per cent in their sixties and seventies.³⁵

Massey University carried out a survey of primary school teachers which found schools will struggle to replace older teachers as they leave, with New Zealand facing a 3000-teacher shortfall within 15 years. The survey found more than 12,500 primary school teachers were aged 55-64 years, while fewer than 9500 were aged 25-34. As a result there were not enough young teachers to replace older teachers as they retired and the problem would be worst in Auckland, because house prices were making it harder for schools to attract teachers.³⁶

3.4 Not just teachers affected!

Teachers are not the only ones impacted by Auckland's housing affordability crisis. Auckland could also face a shortage of paramedics, nurses and other essential staff if the city's house prices and rentals continue to rise beyond their means.³⁷ Teachers and service professionals who are on national pay scales are increasingly frustrated and angry because they cannot achieve their home ownership goals if they remain in Auckland. There are perceptions of fewer opportunities for wealth generation or getting ahead and a lower quality of life than they would have in other regions. With schools already struggling to fill staffing gaps, other services expect the same staffing issues will occur if nothing changes with Auckland's housing situation.

³⁴ Ibid.

³⁵ Ibid.

³⁶ <http://www.radionz.co.nz/national/programmes/ninetoon/audio/201819794/nz-faces-major-primary-teacher-shortage> Accessed 29/05/2017.

³⁷ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11677339 Accessed 25/05/2017.

3.4.1 Other workers in service sectors

The New Zealand Nurses Organisation said that when the national pay meter was organised it was based on the fact that a nurse should be paid for the job rather than location or other factors.³⁸

"But we are hearing anecdotally that people are leaving Auckland because [of housing and other pressures] and not just young people but older people looking to retire and move to the regions."

New Zealand Ambulance Association chairman however observed there wasn't a shortage of paramedics in Auckland yet, but believed this could change.³⁹

"Whether you live in Auckland or Invercargill the salary of a paramedic is the same, so obviously with the cost of living, cost of a mortgage, one would be better off in Invercargill or similar on the same sort of wage."

A police officer of six years had recently quit his job because he couldn't afford to live in Auckland on a police pay cheque. He revealed he was not alone in making this decision, and that he had colleagues also leave Auckland, because they can no longer afford to stay in the region.⁴⁰

"I don't plan, or want, to end up in a clifftop mansion somewhere; I just want to some day own my own home and support my family, without having to live pay cheque to pay cheque. Renting is hard enough on our salary and the ability to buy a first home on your own, in an area close enough to call a reasonable distance from work, is impossible. Take a look at the number of staff taking up roles in rural towns or other cities. The majority are from Auckland. That's not by chance; that's being forced out of the city we love, where we have our friends and family."

An industrial advocate said there was "widespread awareness of the squeeze being put on association members in Auckland."⁴¹

"There are no easy solutions, and we have been meeting with other public sector unions to explore broader actions and solutions, as their members face the same challenges."

The Police Association president however suggested that more work was needed to determine whether this issue was an emerging trend.

³⁸ http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11735315 Accessed 25/05/2017.

³⁹ http://m.nzherald.co.nz/politics/news/article.cfm?c_id=280&objectid=11677339 Accessed 25/05/2017.

⁴⁰ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11877760 Accessed 20/06/2017

⁴¹ Ibid.

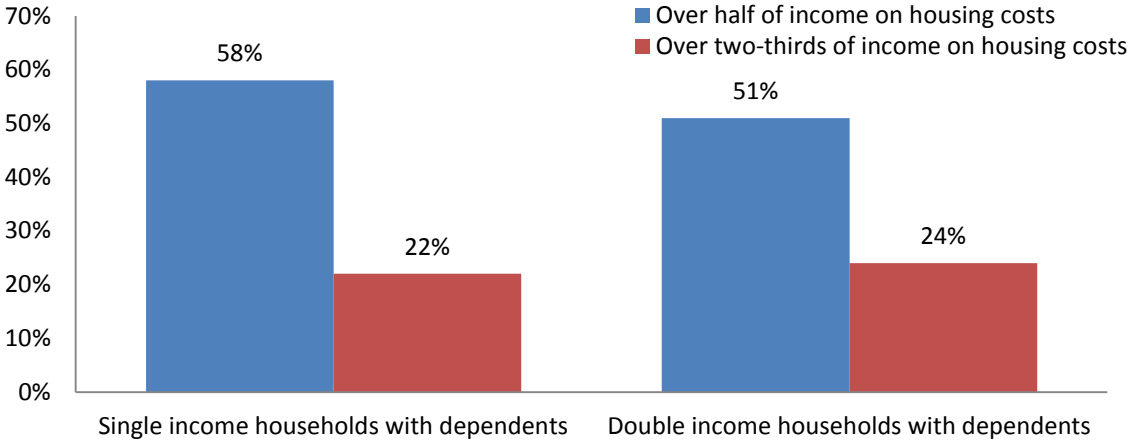
3.4.2 Public Service Association in Auckland

The Public Service Association (PSA)⁴² asked its Auckland members in March 2017 to complete a survey examining the impact of the housing crisis on their lives. The survey was undertaken to inform the association’s submission to the Auckland Mayoral Taskforce on Housing.

A total of 2,512 responses were received from the survey which represents 14 per cent of the Auckland membership. The responses revealed housing affordability to be a big problem for the survey respondents, especially those with dependents. Over half (58%) of respondents in single income households with dependents pay at least half their income on housing costs, with 22 per cent of respondents paying two-thirds or more of their income on housing costs (Figure 18). Similarly just over half (51%) of double income households with dependents spend more than half their pay on housing costs, while 24 per cent spend two-thirds or more.⁴³

The survey also recorded a worrying 57 per cent of respondents who said that they had considered leaving Auckland for reasons related to the cost of housing.

Figure 18: Proportion of household income spent on housing costs for PSA respondents, 2017



Source: PSA (Auckland) Survey.

⁴² The PSA is New Zealand's largest union, representing over 63,000 workers in central government, state-owned enterprises, local councils, health boards and community groups.

⁴³ <http://www.interest.co.nz/property/86814/psa-weighs-auckland-housing-crisis-raises-woe-and-suggested-solutions-its-members> Accessed 29/05/2017.

3.4.3 Businesses

MYOB's business monitor survey⁴⁴ for March quarter 2017 also found issues in retaining staff for Auckland businesses. One third of businesses who responded, reported they have lost staff, or struggled to recruit due to Auckland's housing market. MYOB New Zealand general manager said current housing could have dire longer-term effects on the wider economy.⁴⁵

"We are now seeing the Auckland housing crisis moving from what has been widely considered a residential issue into a business issue. If the housing market continues to run unchecked local businesses looking to recruit staff are going to find it increasingly harder. Without skilled staff businesses will be unable to grow and may even take steps to move out of Auckland or New Zealand altogether if they are not able to meet their staffing needs. Either way it is bad news for the New Zealand economy - as we have seen through the years of conducting the MYOB Business Monitor - the state of the Auckland economy has a swift flow-on effect to the rest of the country."

Business New Zealand chief executive agreed that Auckland's housing issues were having an impact on small businesses.

"Small business is definitely feeling Auckland's growing pains. Businesses in Auckland already have a hard time finding sufficiently skilled staff, and housing costs make it harder."

Another survey, the Frog Recruitment Housing Survey of senior managers of nearly 40,000 employees across 25 Auckland-based businesses from multiple sectors including finance, media, property and food showed similar results. The majority of respondents had serious concerns about the impact of Auckland's high cost of living on their ability to attract and retain staff and also on some employees' performance. Respondents revealed that the high cost of housing made it difficult to attract workers from other areas and is even pushing talented employees out of Auckland.⁴⁶

⁴⁴ MYOB surveys a result of 1015 small businesses surveyed across New Zealand, 335 from Auckland.

⁴⁵ http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11842390 Accessed 29/05/2017.

⁴⁶ <http://www.hrmonline.co.nz/news/auckland-employers-hit-hard-by-housing-crisis-219046.aspx> Accessed 29/05/2017.

4.0 Response from the education sector

As noted previously, a number of factors are converging to produce a serious teacher shortage in Auckland. The sector in response is progressing a number of initiatives by the Ministry and by the schools and teachers themselves. These initiatives are a good start but, a lot more may be needed and a greater urgency in dealing with the problem, especially with a growing and youthful Auckland population that will mean more children needing more teachers.

4.1 An Auckland weighting

With the high cost of housing for rent or purchase in Auckland, teachers and principals are beginning to campaign for an Auckland weighting similar to the London scheme introduced by the British government in 1974.⁴⁷ This is an extra allowance paid to public sector workers like nurses, university staff, police and teachers to offset the high costs of living in the country's capital and to help with recruitment and retention.

Some academics and economists have also commented that the public sector is locating more people in Auckland and believes it's inevitable that pressure will fall on the government and employers to find ways of incentivising people to move to Auckland. One predicts the demand for an Auckland weighting or a targeted regional payment will gather pace. A business-oriented think tank also said principals should have the flexibility to pay teachers more in the cities, and in the subjects, where they are most needed.⁴⁸

The unions however do not back an Auckland weighting. The PSA National Secretary said,

"More money across the board is what is needed. We're worried that New Zealand has a low wage economy and we think everyone needs a pay rise, actually, not just Aucklanders."

Both the PPTA and the primary teachers' NZ Educational Institute oppose an "Auckland loading" or higher pay for teachers of maths and other hard-to-staff subjects.

⁴⁷ <http://www.radionz.co.nz/national/programmes/insight/audio/201783089/insight-for-20-december-2015-more-pay-for-living-in-auckland> Accessed 29/05/2017.

⁴⁸ Ibid.

The Nurse Organisation union is also reluctant to push for an Auckland loading for its members, saying nurses have the same terms and conditions across all District Health Boards and they would not want to see that change. Council of Trade Unions also warns that,⁴⁹

“putting more money in the pockets of Aucklanders is not the way to address the city's overheated housing market, and workers outside of Auckland could end up paying the price.”

Similarly in the private sector in the UK, employers pay a London premium to attract and retain staff. Auckland's wage and salary growth doesn't suggest this is happening. However, Auckland Chamber of Commerce chief executive suggested that a lot of businesses in Auckland were paying more for staff than in other regions.⁵⁰

“There is an Auckland component to salary for most businesses. If you're going to get good people and they're going to work in the Auckland environment then you're going to have to pay for them - and it's probably going to be more than what you pay when you employ someone further south. Most businesses understand and accept that.”

According to the Chamber, the trade-off for business comes from being based in a city that allowed for scale as well as access to some of the biggest markets, which compensated for the extra staffing costs.

Head of the Employers and Manufacturers Association also suggested that some employers may well be offering higher salary packages in Auckland even if most would resist moves towards paying premium Auckland rates.

One company that is definitely paying an 'Auckland premium' is the Advanced Security Group. They recently announced that they are paying Auckland staff an extra \$2 an hour as a "way to recognise the pain".⁵¹

⁴⁹ Ibid.

⁵⁰ http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11735315 Accessed 25/05/2017

⁵¹ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11877760 Accessed 20/06/17.

4.2 Schools offering incentives

Alongside calls from teachers for a blanket Auckland allowance, schools and principals are exploring other options to support teachers to stay in Auckland and/or attract new teachers.

Rangitoto College and Macleans College are considering using incomes from international students to build or lease subsidised rental housing for teachers.⁵²

Macleans College is already subsidising rents for nine teachers who have come to the college this year from overseas or other areas outside Auckland and was likely to extend it out to longer-serving staff as well.

"It's not a salary. Maybe a perk. It's not very much, but it's some contribution. Why are we doing it? We are doing it to get good teachers into our classrooms, and that is becoming very, very problematic. Just because we are offering subsidies doesn't mean we are going to get anybody."

Rangitoto College is undertaking a feasibility study into building housing for teachers on the school grounds in a desperate move to stop teachers leaving the city because of sky-high house prices.

"We are looking to see if it's economically feasible to offset rent against other rentals, but there are all sorts of legislative barriers about what schools can do with land and what schools can do in terms of rewarding teachers because there is not a lot of flexibility."

In addition, the college was refitting its fitness centre with new equipment so it would be as competitive as a local commercial gym which could be attractive for teachers.

Other schools are also planning to give teachers free childcare and gym facilities to reduce their living costs. Western Springs College principal said they planned to open a childcare centre, partly as a training facility for students studying childcare, but with five free places for staff to help them afford to stay in Auckland.

⁵² http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11868150 Accessed 12/06/2017.

4.3 Government initiatives

The Ministry of Education has a number of strategies to address the shortage. These include expanding the Teach First NZ⁵³ programme with more places in Auckland, bringing overseas-based New Zealand teachers home to teach, recruiting overseas teachers when a New Zealand candidate cannot be found and making it easier for Auckland schools to employ beginning teachers.

Other initiatives include a new project to support 38 new teachers in Auckland schools and 100 scholarships to encourage science, technology and maths graduates to train as teachers.⁵⁴

The Government is also funding another small-scale pilot run by the Auckland Primary Principals' Association to provide guaranteed jobs with mentoring for two years for up to 40 beginning teachers, with a \$24,000 bonus to each of the 37 participating schools.⁵⁵

⁵³ For further information see <https://thosewhocan.teachfirstnz.org/>.

⁵⁴ <http://www.radionz.co.nz/news/national/320543/housing-costs,-traffic-blamed-for-worsening-akl-teacher-shortage>
Accessed 25/05/2017.

⁵⁵ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11867471 Accessed 06/06/2017.

5.0 Concluding comments

The Auckland housing affordability crisis is impacting on teachers and other professional workers. Those who are paid on a national scale such as teachers, nurses and police officers are particularly disadvantaged. Teachers and other professional workers who are able to, are moving into other regions or even overseas because they cannot afford a home to buy or rent in the current Auckland housing market. Combined with other interlinking factors affecting the teaching profession, this is converging into a potentially serious teacher shortage problem in Auckland. Initiatives to address this may provide some relief in the short-term but what is really needed is a long-term fix for Auckland's housing crisis. If little changes in the short to medium term with Auckland's housing situation, the impact of a teacher shortage and other professional workers on the Auckland and New Zealand economy could be significant. For example, if teachers cannot afford to rent a home in Auckland, let alone buy one, then who will teach our children?

6.0 Appendix 1: Breakdown of Auckland area by wards

North wards

Albany

North Shore

Rodney

West wards

Waitākere

Whau

Central wards

Albert-Eden-Roskill

Maungakiekie-Tāmaki

Ōrākei

Waitematā and Gulf

Extended south wards

Franklin

Howick

Manukau

Manurewa-Papakura

Southern Initiative

Manukau

Manurewa-Papakura

7.0 Appendix 2: What is included in housing costs

Housing cost items (details change slightly from year to year)
Ground rent, easements
Rent paid for primary property
Rent paid for other properties
Bond payments to landlords and other bodies
Administration fees and charges connected with renting
Payments connected with renting nec
Mortgage principal repayment on 1st mortgage for primary property
Mortgage principal repayment on other mortgages for primary property
Mortgage principal repayments on 1st mortgage for other properties
Mortgage principal repayment on other mortgages for other properties
Water rates and charges
Local authority property rates for primary property
Regional authority property rates for primary property
Local authority property rates for other properties
Regional authority property rates for other properties
Combined local and regional authority property rates for primary property
Combined local and regional authority property rates for other properties
Other payments to local authorities nec
Body corporate payments
Combinations of rates, mortgage, insurance and maintenance payments
Other housing expenses nec
Insurance on buildings
Insurance on buildings and house contents
Combined insurance on buildings, house contents and vehicles
Other combinations of insurance nec
Application fees for mortgages
Service fees for mortgages
Interest payments on 1st mortgage (excluding revolving credit) for primary property
Interest payments on other mortgages (excluding revolving credit) for primary property
Interest payments on 1st mortgage (excluding revolving credit) for other properties
Interest payments on other mortgages (excluding revolving credit) for other properties
Interest payments on 1st revolving credit mortgage for primary property
Interest payments on other revolving credit mortgages for primary property
Interest payments on 1st revolving credit mortgage for other properties

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