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ASB Community Trust

Te Kaitiaki Putea o Tamaki o Tai Tokerau

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A Review of the NZ Housing Sector

This is a summary of research undertaken to provide ASB Community Trust, an Auckland and Northland grant maker, with greater understanding of the New Zealand housing sector and, in particular, the issues of homelessness, housing affordability, housing habitability and emergency housing. It is intended as a broad overview of housing and the need existing in this sector.

Housing in Context

Housing is widely acknowledged as a fundamental component of quality of life. It is a core factor in the health and wellbeing of families and the development of strong communities in New Zealand. It is widely documented that sub-standard housing and instability of tenure impact negatively on the mental and physical health of individuals and ultimately undermine healthy communities.

While the government, through Housing New Zealand Corporation (HNZC) endeavours to prevent such negative outcomes through provision of state or public housing and funding of housing programmes, there remain gaps and shortfalls which leave New Zealanders living in inadequate or inappropriate housing, seeking temporary shelter in boarding houses, hostels and emergency accommodation and, at the extreme, sleeping rough on the streets.

The complexity of developing and implementing housing solutions in New Zealand derives from the diversity of housing need and the dynamic nature of the housing market. The susceptibility of certain demographics to housing difficulties (including low-income earners, Māori and Pacific peoples, young people and those with mental health issues) means solutions must be tailored to meet varied and specific needs beyond simple shelter, and often require implementation at a localised level.

NZ Housing Sector

The Private Housing Sector

Private housing makes up just over 90% of the entire New Zealand housing sector, with 66.9% of houses being owner-occupied homes (2006 census); though this shows a decline from 72.4% in 2001.

Declining home ownership rates have been offset by an increase in the private rental market. Private rentals account for a quarter of all dwellings nationally (just over 350,000 dwellings). Private rental stock is described by key informants in this research as variable,



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with the cheaper rental end often described as of a poor standard in terms of maintenance, ease and cost effectiveness of heating and dampness.

The Social Housing Sector

Social housing makes up 5% of the total New Zealand housing market and is provided through three main bodies – central government, local government and community based organisations. Its purpose is to meet the housing requirements of those who cannot participate in the private housing market, due to both lack of means and unaffordability.

The major provider in the social housing sector is HNZC, a crown agent. In its traditional capacity as a provider of affordable rental accommodation to low-income groups, HNZC manages more than 66,000 rental properties nationwide. However, with a waiting list peaking at 10,109 in November 2008, including 4,230 applicants currently considered to have 'significant' to 'severe' housing need, it is apparent the state housing stock cannot meet the needs of an expanding population.

HNZC also offers assistance through the Housing Innovation Fund (HIF). Since its launch in 2003, up until June 2007, HIF had directly contributed \$49.7 m to various projects.

Local government directly provide less than 1% of the national housing stock (approximately 20% of the total social housing stock). The majority (95%) of council-provided housing is dedicated to the elderly.

Neither Auckland City nor Rodney councils currently provide any local government owned housing. However, a recent agreement between Auckland City Council and the New Zealand Housing Foundation will see ACC contribute \$3.8m towards the construction of 30 new homes across the region over the next three years.

Key Housing Issues

The key housing issues are affordability, habitability, overcrowding, homelessness and emergency housing.

Affordable Housing

Housing is generally accepted to be affordable if "households can access suitable and adequate housing by spending a maximum of 30% of their gross income". Housing affordability has decreased steadily over the last five years across the nation, due to house prices rising faster than incomes. Although the recent economic downturn has resulted in a decrease in house prices, there has been a corresponding tightening in access to credit which has made it increasingly difficult to obtain a mortgage and raised minimum deposit levels significantly.

■ **Overcrowding is often detrimental to the health and well being of the occupants. Those living in overcrowded rental accommodation also risk eviction for breaches of their tenancy agreement.**

Habitability

New Zealand has an aging housing stock, with many existing homes built pre-1978. These houses predominantly have poor insulation and can be draughty and damp with consequent adverse health impacts. A pressing need is the retrofitting and modernisation of such homes, especially those owned and/or occupied by low-income families. HNZC, in collaboration with various partners, has several current intervention initiatives which focus on this issue.

Overcrowding

Overcrowding is an issue especially relevant to the South Auckland region. Of a reported nationwide 2,500 dwelling deficit, half relates to the Manukau City area. Overcrowding is often detrimental to the health and well being of the occupants. Those living in overcrowded rental accommodation also risk eviction for breaches of their tenancy agreement, which in turn puts pressure on the emergency housing system.

Homelessness

Those categorised as 'primary homeless' have limited or no access to permanent shelter and live in public places. Otherwise known as rough sleepers, at last count there were 91 individuals sleeping rough in the central Auckland area (within a 3km radius of the Sky Tower). Notably, on the night this count was conducted, there were a reported 267 bed vacancies in boarding houses across the area. This apparent incongruity is widely attributed to the complex needs characterising homeless individuals, who are often experiencing mental health issues and/or drug and alcohol addictions. Individuals facing such complex issues often find it difficult to settle into the boarding house environment and require expert and long-term treatments that go beyond the provision of shelter and basic services boarding houses can supply.

Currently, there appears to be no organisation that offers women-only accommodation for the homeless in Auckland and Northland. The male-dominated environment of boarding houses and hostels can be intimidating for women, many of whom have become homeless due to domestic violence or child abuse.

While the scale of this issue is unclear, key informants suggest that it is a significant problem. These environments are also said to be unsuitable for homeless youth. International research indicates that those who experience homelessness in their youth have a high

likelihood of being homeless in later life and that homelessness can create new problems for youth, such as substance abuse.

Emergency Housing

Those in or seeking emergency housing are categorised as 'secondary homeless' - that is, having access to temporary shelter only. The extent to which emergency accommodation is required is difficult to quantify. However, key informants have suggested that existing emergency accommodation lacks the capacity to meet current demand. Supporting this suggestion, a feasibility study on emergency housing conducted in Whangarei in 2005 predicted a shortfall of 55 beds per night by 2008.

Māori and Pacific Issues

The Māori and Pacific Island populations of New Zealand face specific issues in the sphere of housing and are over-represented in many key areas of concern.

The 2006 census showed that 43% of Pacific and 23% of Māori households lived in overcrowded conditions. While the influence of cultural norms is a factor behind these figures, informal immigration, housing affordability and low incomes compound and exacerbate problems. Furthermore, it is children and young people who are most affected by overcrowding, with more than half of Pacific people and over one quarter of Māori children living in such homes. These living conditions have adverse health effects (including reported high incidences of meningococcal disease and respiratory illness) and are shown to be detrimental to children's social and educational advancement. Consequently, there is also evidence that Pasifika are over-represented among those families consistently seeking emergency housing support. The mandatory stand-down period for new immigrants to become eligible for state housing support is two years, during which time many newly migrated families seek shelter in the homes of friends and extended family, with the overflow forced to seek temporary shelter in emergency housing. There is a mis-match between housing and immigration policy in this respect.

Māori are HNZC's second-largest occupant group, with 73,757 Māori HNZC occupants. Together, Māori and Pacific peoples account for over one third of HNZC customers. With these ethnic groups making up 21% of the national population and population numbers growing at a rate faster than that of the New Zealand

population as a whole, developing and tailoring housing solutions for Māori and Pacific Island communities is a key area of need.

Northland

As one of the most rural and poorest areas in the country, Northland faces unique and significant housing issues. Rural isolation and sub-standard housing are major concerns in an area in which 50% of the population live outside urban centres and a high proportion of inhabitants are low income earners and beneficiaries. The region is identified as being in critical need of improved housing standards, predominantly due to the aging housing stock, the high incidence of social deprivation (especially among the large Māori population), and the lack of access to basic services experienced by many living in isolated areas.

The HNZN waiting list for Northland stands at close to 500 homes. Coupled with the shortfall in emergency housing and accommodation in the region, and despite the efforts of various trusts and community groups, Northland does not appear to have the capacity to meet high and persistent housing demand.

■ Perspectives from Key Informants ■

During interviews with key informants, a number of key themes were identified on how best to meet housing need.

- The lack of safe, secure and affordable housing underpins the other issues facing the housing sector
- The dynamic nature of the housing sector means that demand is constantly changing, therefore solutions must be flexible in order to adapt to changes
- There is a need to address the most critical housing issues in the short-term. However, there is a call for more research to identify priorities and as a foundation for longer term planning and identification of sustainable solutions
- Projects that engage with the community in order to provide local housing solutions are most likely to succeed in the long term
- Pilot programmes are seen as an effective means of achieving wider support and funding and to identify successful projects and organisations
- Fostering partnerships with public and private sector organisations was seen as an effective measure to develop funding opportunities
- There is a need for those most vulnerably-housed to have access to wrap-around support services in order to improve and sustain their housing situation – i.e. support services beyond the provision of suitable shelter.

■ Challenges and Needs ■

Throughout this research, key informants indicated that the challenges presented by the housing sector are best met through the unification of government, community, private and philanthropic development programmes and funding structures.

Key informants noted that there exists an opportunity within the community housing sector to support the group described as the 'housed but vulnerable'. This group is best served by housing projects that focus on community empowerment, working with communities to provide skills and knowledge that will be useful beyond the life of a project. Such projects would provide affordable housing and home ownership opportunities, which encourage sustainability and security of tenure.

Several areas of need have been identified by key informants, including increased housing stock and more emergency accommodation for the secondary 'homeless'. More extensive research into the range and scale of issues affecting the housing sector is also suggested. Such research should aim to identify the various housing solutions and financial programmes that will meet the diverse needs of those most in need.

Housing sector issues can be summarised as:

- An aged housing stock in need of upgrading
- A growing and ageing population
- Increasing affordability problems and a growing intermediate market
- Private rental stock of mixed quality and with poor security of tenure
- Substantial waiting lists for public housing
- Likely increasing demand for rental accommodation
- Insufficient, or unsuitable emergency and temporary housing
- Over-representation of Māori and Pasifika populations in inadequate housing and in housing need.

These issues are compounded by:

- The scale of investment and lead times necessary for housing development
- An under-developed third sector in New Zealand
- An uncertain economic environment
- Lack-of research and statistics demonstrating the extent of certain needs.

This think piece is a summary of a review of the New Zealand housing sector, commissioned by ASB Community Trust and undertaken by Gravitas Research and Strategy Ltd. The research report was presented to the Trust in April 2009.

For more information about the Trust's work in this area, contact ASB Community Trust Grants Advisor Kim Collins on (09) 360 0291 or email kim@ASBCommunityTrust.org.nz