

Home Ownership

What this is about...

Home ownership is traditionally seen as the most secure form of tenure in New Zealand. Levels of home ownership are used as a guide to population stability, community participation, the relative wealth of the community and changes in lifestyles and household patterns. Home ownership has been assessed using the proportion of private dwellings that were owned, with and without mortgages, in the previous three Censuses.²³

What did we find ?

- Home ownership remains the dominant form of tenure in the six largest cities, as it does in the rest of New Zealand. In 1996, Manukau (67.5%), Christchurch (69.8%), Waitakere (71.9%) and North Shore (72.7%) Cities all had home ownership rates that were similar to the national rate of ownership (67.7%).
- The proportion of the population who own their own home (with or without a mortgage) has declined in all six cities and in the rest of New Zealand over the last three Censuses.
- However, home ownership is steadily declining in New Zealand as rising home mortgage interest rates are reducing affordability and consumer confidence in the housing market. The changing nature of household formation (especially trends toward later forming couple households and smaller families), the formation of private family trusts, unemployment, and lower incomes relative to house prices are also impacting on tenure patterns. There has also been a lack of specific government policies over the last decade aimed at assisting low income households into home ownership.
- In 1996, ownership was lower in Auckland (56.2%) and Wellington (62.5%) Cities, because home ownership is a less affordable option in cities where median dwelling prices are high. Both of these cities have large student populations in their inner cities that are more likely to rent their accommodation due to lower incomes and the short term nature of their accommodation requirements. Wellington's public service and diplomatic populations also contribute to patterns of lower home ownership.

PROPORTION OF POPULATION WHO OWN A PRIVATE DWELLING AND WHO RENTED, BY CITY (1986, 1991 AND 1996)

	1986		1991		1996	
	Own (%)	Rent (%)	Own (%)	Rent (%)	Own (%)	Rent (%)
Auckland	62.1	35.1	60.9	35.4	56.2	32.3
Manukau	77.5	20.4	74.1	22.5	67.5	22.4
North Shore	81.0	17.3	78.7	18.4	72.7	20.4
Waitakere	82.2	16.0	79.9	17.2	71.9	19.9
Wellington	66.1	30.6	65.4	30.8	62.5	29.8
Christchurch	75.5	22.5	74.0	22.7	69.8	23.9
Rest of NZ	72.8	22.1	73.4	20.8	68.9	21.2

Data Source: Statistics New Zealand

NB: Figures do not add up to 100 as other types of private dwelling are not included.

23 Statistics New Zealand defines a private dwelling as any building or structure that is used (or intended to be used) for the purpose of human habitation, but is not available to the public. This definition includes dwellings such as houses, flats, residences attached to businesses and holiday homes, but does not include hotels, hospitals or hostels.

In all six cities and in the rest of New Zealand rates of home ownership tend to be lower among Maori and Pacific Islands populations than other ethnic groupings, particularly the latter. For example, in 1996, 32.9% of Maori and 27% of Pacific Islands people within Auckland City owned their home (with or without a mortgage) compared with 64.7% of the European population. These groups are more likely to have younger population age structures, have larger and younger families and are more likely to be on lower incomes.

PROPORTION OF PRIVATE DWELLINGS OWNED, BY ETHNICITY (1996)²⁴

	European (%)	Maori (%)	Pacific Islands (%)	Asian (%)	Other (%)
Auckland	64.7	32.9	27.0	50.7	27.0
Manukau	78.7	46.2	42.2	70.7	36.9
North Shore	75.7	49.0	44.3	67.3	32.8
Waitakere	77.9	51.5	50.5	69.8	48.1
Wellington	67.4	35.5	30.6	60.3	29.0
Christchurch	72.1	42.1	34.3	59.4	32.2
Rest of NZ	73.2	47.3	40.0	56.4	50.7
Total NZ	72.7	46.0	37.8	59.2	38.0

Data Source: Statistics New Zealand

People on lower incomes and/or on welfare benefits tend to live in rented accommodation rather than in owner-occupied dwellings. Employment (especially sustained full time employment) increases the likelihood of home ownership. High median dwelling sale prices and high home mortgage interest rates lower the affordability of housing and lower the rate of home ownership.

Trends toward the later formation of couple households and smaller families, separation and divorce, the ageing of the population (and older people living alone) are resulting in lower rates of home ownership.

Housing Costs and Affordability

What this is about...

Housing is the largest component of many households' expenditure and is central to the ability to meet basic needs. The costs of housing are particularly significant for those on lower incomes. When housing costs are too high relative to income, people have less residual income to spend on other essential household costs such as food and power. People facing substantial housing cost burdens may be forced to live in unsafe, unhealthy or inappropriate accommodation to mitigate those costs. Access to affordable housing of a reasonable quality is important because of the impact of housing on other areas - notably health, education, employment and community cohesion.

Housing cost and affordability indicators presented here outline the relative costs of obtaining housing and indicate how affordable accommodation is for people in New Zealand's six largest cities.

24 This analysis looks at the proportion of private dwellings that are owned by each ethnic group, as a proportion of the total number of private dwellings for that ethnic group. While ethnicity is an individual characteristic, this analysis assigns the ethnicity of the 'occupier' (who filled in the Dwelling form on Census night) to the household.

What did we find ?

MEDIAN RESIDENTIAL DWELLING SALES

This indicator looks at monthly median residential dwelling sales figures for each of the six cities and by region.²⁵

- Median residential dwelling sale prices in all cities in the Auckland Region are generally higher than in other regions.²⁶ Strong economic growth has resulted in migration into the Region and has created a greater demand for housing. In particular, it costs more to buy a house in Auckland City than anywhere else in New Zealand. In May 2000, Auckland City's median dwelling sale price was \$270,000 while the New Zealand median sale price was \$172,000.
- There are, however, large suburban variations in median dwelling sale prices within cities in the Auckland Region. For example, in Auckland City, Onehunga / Penrose had a median of \$195,000 whereas Mount Eden / Epsom's was \$355,000.
- Median house sale prices are also high in Central Wellington and approximate Auckland City sale prices. In May 2000, at \$266,000, the median was well above the national median sale price. Wellington's economy has been performing above the national average and consumer confidence in the housing market has remained higher than in other areas.²⁷
- In May 2000, Christchurch City's median dwelling sale price was below the national median at \$154,000.

MONTHLY MEDIAN RESIDENTIAL DWELLING SALE PRICE, BY REGION (YEAR TO MAY 2000)

	January (\$)	February (\$)	March (\$)	April (\$)	May (\$)
Auckland	262,000	274,000	271,000	280,000	270,000
Manukau	225,000	236,000	232,500	222,500	235,500
North Shore	240,000	260,000	257,500	262,000	262,000
Waitakere	190,000	205,000	199,000	210,000	190,000
Auckland Region	230,000	240,000	240,000	242,000	236,000
Central Wellington	275,000	245,000	272,500	290,000	266,000
Wellington Region	184,000	184,000	179,000	190,000	184,000
Christchurch	157,000	154,500	160,000	154,000	154,000
Canterbury/ Westland Region	147,000	141,250	150,000	140,000	146,000
Total NZ	169,250	171,000	175,000	177,000	172,000

Data Source: Real Estate Institute of New Zealand

(REINZ city and regional groupings approximate territorial local authority and regional boundaries)

HOME MORTGAGE AFFORDABILITY

The Home Mortgage Affordability Index assesses the relative affordability of home buying at a point in time. The Index incorporates national and regional average weekly earnings, regional median dwelling price and average mortgage interest rates for new borrowers. Regional sub-indices compare affordability by region and with the national average.²⁸ The higher the percentage, the less affordable is that region's housing compared to the national average - which is represented by 100%.

- In line with findings on median house sale prices, the Index indicates that home mortgage affordability is lower in the Auckland Region (at 131.8% of the national average in the June 2000 quarter) than in any other region. Auckland is the only region to have exceeded the 100% national average consistently over the last few years.²⁹
- There are significant variations in house prices within cities in the Auckland Region and it is likely that these will be reflected in variations in mortgage affordability in different locations. Similar patterns will be found in the Wellington and Canterbury/Westland Regions.

25 Compiled by the Real Estate Institute of New Zealand (REINZ).

26 One reason for the increase in house prices in the Auckland Region in the last decade has been high levels of Asian immigration. However, there has been a downturn in the number of Asian business migrants coming to New Zealand in the last couple of years, as well as departure by many Asian immigrants which has had the effect of reducing demand for higher priced housing and thus the prices of these properties.

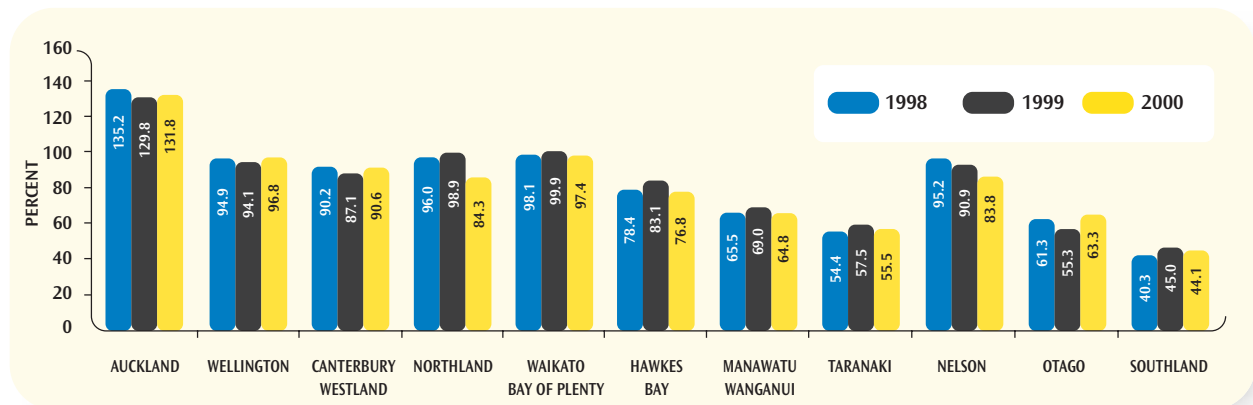
27 ASB Quarterly Housing Report May 2000.

28 The index is created by the Massey University Real Estate Analysis Unit. Data are not available to city level. Massey University Real Estate Analysis Unit's regional boundaries approximate regional council boundaries.

29 Statistics New Zealand. 1998. New Zealand Now: Housing.

- Home mortgages were more affordable in the Canterbury/Westland Region (at 90.6% of the national average in the June 2000 quarter) than in either the Wellington (96.8%) or Auckland Regions.³⁰ However, annual mortgage affordability declined in all regions in New Zealand in the June 2000 quarter.

HOME MORTGAGE AFFORDABILITY AS A PERCENTAGE OF THE NATIONAL AVERAGE, BY REGION (JUNE QUARTER 1998 TO 2000)



Data Source: Massey University Real Estate Analysis Unit

Housing affordability is influenced by home ownership trends and conditions, the rate of population growth in a city and its absolute size, and economic conditions (such as changes in median dwelling sale prices, housing market and business confidence, housing demand and supply, inflation, mortgage interest rates, currency fluctuations, government economic and housing policies and adjustments in the rate of economic growth). Home ownership trends and conditions are themselves affected by the affordability of housing.

AFFORDABILITY OF RENTING

Rental affordability is a significant issue in our larger cities, particularly for low income earners. This indicator shows the median weekly rent level for each city, for all landlord types, as produced by the Ministry of Housing through its Tenancy Bond Data Base.³¹

- Median rent prices vary between our larger cities, from \$257 per week in North Shore City for the year to June 2000 to \$173 per week in Christchurch City.
- As with house prices, there are large variations in median rents in different locations in the cities. Rents tend to be higher where the demand for housing is high. Median rent variations may also be due to physical differences in the housing stock between cities (for example, quality and age of house and number of bedrooms) or to housing demand caused by demographic and socio-demographic factors, such as migration. Research indicates that 80% to 95% of variations in median rents within a city can be explained by the number of bedrooms.³²
- Housing costs for renters have risen more sharply than for all households combined, fuelled by the move to market rents for state sector rentals. Housing costs for New Zealanders renting rose by 62% between 1988 and 1997 compared to 48% for all households. Census figures show that median weekly rents increased by 135% between 1986 and 1996. In areas such as southern Auckland, where over 40% of the rental stock is owned by the state sector, median rent increases of over 200% were recorded over this ten year period.³³

30 The Auckland and Wellington Regions are largely built up urban areas where house prices tend to be higher, whereas Canterbury/Westland includes a large rural base where house prices tend to be lower. This will affect the Mortgage Affordability Index ratings. Further, mortgage affordability in Wellington City will be lower than in the rest of the Wellington Region.

31 The Tenancy Bond Data Base covers only rental properties that have changed hands in that year and where a bond has been lodged with the Ministry of Housing. The same property may have changed hands a number of times and will therefore have been recorded more than once.

32 Massey University Real Estate Analysis Unit. 2000. NZ Residential Rental Market – March 2000 Quarterly Survey. 3(1).

33 Statistics New Zealand. 1998. New Zealand Now: Housing.

- Overall, median rents have not fluctuated greatly in New Zealand over the last three years, but have fallen slightly in most of our major cities between 1998 and 2000. Migration patterns have influenced this trend. In times of migration outflow and population loss, demand for housing is lower so median rents, house sale prices and building consent levels do not rise. It is predicted that weekly rents in the main urban areas are unlikely to increase in the short term due to the exodus of New Zealanders overseas.³⁴ Announcements of government intervention in state housing rents may put downward pressure on private sector rents at the bottom end of the market.

MEDIAN WEEKLY RENTS, BY CITY (YEARS ENDED JUNE 1998, 1999, 2000)

	1998 (\$)	1999 (\$)	2000 (\$)
Auckland	261	250	247
Manukau	251	240	228
North Shore	271	254	257
Waitakere	251	240	228
Wellington	230	240	242
Christchurch	180	175	173
Total NZ	185	185	178

Data Source: Ministry of Housing

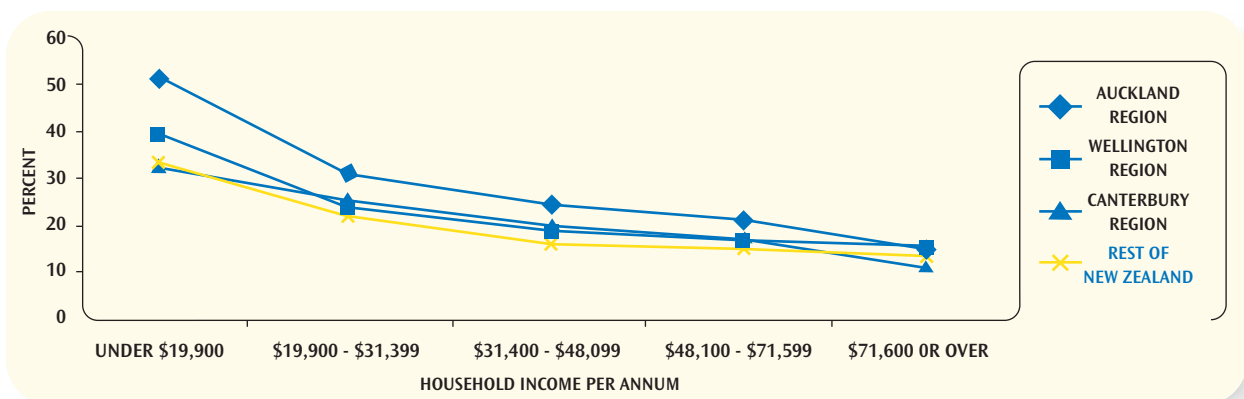
These figures have been adjusted using annual average Consumer Price Index figures

PROPORTION OF AVERAGE WEEKLY HOUSEHOLD INCOME SPENT ON HOUSING COSTS

Housing costs are one of the largest expenditure items in New Zealanders' budgets and are considered to be one of the greatest contributors to deprivation and hardship in this country for people on low incomes. This indicator looks at findings from the Household Economic Survey, which has been undertaken by Statistics New Zealand.³⁵ It shows the proportion of income that households spend on housing costs, once net capital expenditure is excluded.³⁶

There is a relationship between income and housing costs. In 1998 in all regions, the higher the household income, the lower the proportion of income spent on housing costs.

PROPORTION OF AVERAGE WEEKLY HOUSEHOLD INCOME SPENT ON HOUSING COSTS, BY INCOME BRACKET (YEAR ENDED MARCH 1998)



Data Source: Household Economic Survey

34 Massey University Real Estate Analysis Unit. 2000. NZ Residential Rental Market –June 2000 Quarterly Survey. 3(2).

35 The Household Economic Survey was last undertaken in 1998. It has a national sample of 3000 respondents. However, when data are broken down to a regional level and then into income quintiles, the actual numbers of respondents in each category can be relatively low. Historically, people on higher and lower incomes tend to have lower levels of participation in the survey. Therefore, figures presented in this section need to be read with caution as they may be subject to relatively high levels of sampling error.

36 Net capital expenditure is defined as the difference between receipts from housing sales and outlays for housing purchases.

Between 1996 and 1997 in the Auckland Region there was a large increase in the proportion of income spent on housing for those in the lowest income quintile from 39.2% in 1996 to 54.8% in 1997.³⁷ This reflects factors such as:

- Private landlord rental increases following rises in Accommodation Supplement levels and maximas in the Auckland Region and other high cost areas during 1996 and 1997.
- Reductions in the income levels of those on very low incomes. Any reductions will have a big impact on the proportion of that income spent on housing.
- The fallout from the last round of Housing New Zealand rent rises in 1996 that mainly affected low income earners.³⁸ The increase in proportion of income spent by low income households on housing costs is particularly noticeable in the Auckland Region because it contains cities such as Manukau where there is a high proportion of state houses to total rental stock.³⁹
- The high level of sampling error associated with the Household Economic Survey, which may be skewing this result.

In 1998, low income households in the rest of New Zealand spent a similar proportion of their income (32.6%) on housing as low income Canterbury households (32.2%).

PERCENTAGE OF AVERAGE WEEKLY HOUSEHOLD SPENDING ON HOUSING, BY INCOME (YEARS ENDED MARCH 1996, 1997, 1998)

	1996 (% under \$18,800 p.a.)	1997 (% under \$18,500 p.a.)	1998 (% under \$19,900 p.a.)
Auckland Region	39.2	54.8	51.3
Wellington Region	36.8	35.2	39.3
Canterbury Region	36.1	34.3	32.2
Rest of NZ	35.3	37.4	32.6
Total NZ	36.4	41.1	37.8

Data Source: Statistics New Zealand

The affordability of accommodation must be seen in the context of changes in household income levels. The real incomes of low income households have decreased in recent years while housing costs have increased, resulting in affordability problems. For example, between 1982 and 1996, the median household disposable income of the poorest 20% of households in New Zealand fell from \$15,600 to \$14,800 due to welfare benefit cuts, continuing high unemployment rates and a trend toward part time labour.⁴⁰

In line with this, ethnic groups with patterns of lower household income are more likely to be facing housing affordability difficulties. Affordability is particularly an issue in cities with high proportions of people of Maori and Pacific Islands ethnicity. One study found that in 1996, Maori formed 13% of New Zealand's population yet comprised 39.3% of those in poverty once housing costs are included. Similarly, Pacific Islands people formed 5% of the national population, but comprised 51.5% of those in poverty once housing costs were taken into account.⁴¹

37 For the purpose of analysis, household income has been distributed into five equally sized groups or 'quintiles'. The bottom quintile contains the 20% of the population with the lowest 20% of household incomes. The top or fifth quintile contains households with the highest 20% of household incomes. This indicator does not specify a point at which the proportion of income spent on housing costs becomes unaffordable as the households included in the analysis face different circumstances.

38 However, rent increases in the last round of rent rises were reasonably minimal for most Housing New Zealand tenants.

39 Census figures show that median weekly rents increased by almost 200% in south Auckland between 1986 and 1996 (Statistics New Zealand 1998 New Zealand Now: Housing). If state house rent rises had been the main contributor to the dramatic increase in the proportion of income spent on housing costs in the Auckland Region between 1996 and 1997, we would have expected to see a similar pattern in the Wellington Region where over 40% of the rental housing stock is owned by Housing New Zealand. However, while median weekly rents also increased by around 200% in Porirua City between 1986 and 1996, the income proportional to housing cost pattern for 1996 / 1997 was not repeated in the Wellington Region data.

40 Statistics New Zealand. 1999. New Zealand Now: Income.

41 Waldegrave C, Stephens R and Frater P. 1996. 'Most Recent Findings in the New Zealand Poverty Measurement Project'. Social Work Review 8 (3).

Accommodation Supplement Receipt

What this is about...

The Accommodation Supplement is a weekly benefit paid to welfare beneficiaries and low income earners who are spending over 25% of their income on rent or 30% of their income on mortgage payments. The amount of supplement received is determined using a formula that takes into account the individual's income and assets, household size and the level of regional maxima payments available to the person depending on the geographical region in which they live.

The number of Accommodation Supplement recipients provides an indication of housing affordability by looking at the number of low income people reliant on government assistance to meet one of their most basic of needs. It is also an indicator of levels of hardship and low income.

This indicator looks at the number of people who are receiving the Accommodation Supplement as a percentage of the population in each city.⁴²

What did we find ?

Similar proportions of people in Auckland (10%), Christchurch (10.6%) and Waitakere (11%) Cities received the Accommodation Supplement in 1999, while Wellington's rate was slightly lower at 8.3%. The rest of New Zealand had similar rates of people receiving the Accommodation Supplement to most of the large cities.

ACCOMMODATION SUPPLEMENT RECIPIENTS (YEARS ENDED MAY)
AS A PROPORTION OF CITY POPULATION (AT JUNE 1998, 1999)⁴³

	1998		1999		2000
	Number	%	Number	%	Number
Auckland	37,728	10.0	38,245	10.0	38,258
Manukau	32,644	11.8	34,297	12.2	36,190
North Shore	9,412	5.1	10,199	5.4	12,398
Waitakere	17,616	10.5	18,853	11.0	18,201
Wellington	13,815	8.3	13,833	8.3	12,249
Christchurch	33,397	10.4	34,238	10.6	34,400
Rest of NZ	221,306	9.6	226,577	9.9	226,729

Data Source: Department of Work and Income

The level of people receiving the Accommodation Supplement tends to be closely associated with other indicators of hardship.⁴⁴ In areas where the proportion of people on lower incomes is high, where the proportion of state housing to rental dwellings is high and where there are high rates of Maori and Pacific Islands people, the number of Accommodation Supplement recipients also tends to be high. As such, Manukau City, at 12.2% had the highest proportion of residents receiving the Accommodation Supplement in the year to May 1999 of any of New Zealand's six largest cities. It also had the highest proportion in 1998 (11.8%).

42 Statistics New Zealand does not provide annual estimates of the number of households at a city level. Nor does it provide age specific estimated population breakdowns. Breakdowns such as these might give a more accurate reflection of Accommodation Supplement receipt as children are not eligible to receive the Supplement.

43 Statistics New Zealand population estimates for 30 June 2000 were not available until approximately November 2000, so rates were not calculated for 2000 figures. Readers should note that population changes or changes in housing costs between 1999 and 2000 may account for changes in the numbers of Accommodation Supplement recipients.

44 The rate of Accommodation Supplement recipients reflects overall welfare benefit uptake rather than just uptake of the Supplement.

North Shore had the lowest proportion of residents receiving the Accommodation Supplement in 1999 of any of the six cities (5.4%). It also had the lowest proportion in 1998. No allowance is made within Supplement maxima for rental variations within regions and cities. Thus, in cities such as North Shore where housing costs are higher relative to other areas, residents potentially face greater affordability pressures. The result is that low income tenants are priced out of high cost suburbs.⁴⁵

The number of Accommodation Supplement recipients as a proportion of the population did not change between 1998 and 1999 in Auckland and Wellington Cities and rose slightly in the other four largest cities. There was also a slight increase in the rest of New Zealand. However, uptake of the Accommodation Supplement in New Zealand has slowed from 1994 onwards with the completion of rent reviews for Housing New Zealand tenants who had become eligible to receive assistance.

In all cities, people of European ethnicity were under-represented, while people of Maori, Pacific Islands and Other ethnicities were all over-represented amongst Accommodation Supplement recipients, as they are amongst welfare recipients in general. The over-represented groups are generally more likely than other ethnic groups to be either beneficiaries and/or low income earners and therefore eligible for the Supplement.

Accommodation Supplement recipients are more likely to live in rented accommodation than in their own homes. The higher the median weekly rent, the less affordable the housing (particularly for low income earners) and therefore the greater the likelihood that people will need financial assistance (such as the Accommodation Supplement) to meet these costs.

People Living in Crowded Households

What this is about...

Crowding is an indicator of housing need as well as affordability. It provides information on the suitability of a dwelling to the household occupying it.

Crowding is usually associated with low incomes as those with higher incomes can usually afford suitable housing. People living in crowded households often have lower personal incomes, higher unemployment and greater reliance on income support.

Crowding is connected with other issues such as poor health status, particularly respiratory diseases, the communication of infectious diseases and psychological stress. As such, it brings with it significant social and health costs to the individuals directly affected and to society. The potential future effects for society include lowered academic achievement, high rates of ill health and community breakdown. Crowding often results in insufficient privacy and personal space and is connected with low educational attainment. Ill health and sleeplessness associated with crowding make it hard for children to study at school and make homework completion difficult.

This indicator measures the proportion of people in private dwellings who are living in crowded households. Crowding refers to situations in which the number of people residing in a household exceeds the capacity of the household to provide adequate shelter and services to its members.⁴⁶ There is no official crowding statistic or index to measure crowding in New Zealand. This indicator uses the Australian Bureau of Statistics Index⁴⁷, which is sensitive to household size and composition, in establishing a household's bedroom requirements. Initially developed by the Canada Mortgage and Housing Corporation in the 1980s, the Index allocates a separate bedroom to:

- each couple
- each pair of adolescents of the same sex aged 10 to 18 years
- each pair of children under 5 years
- any other person aged 18 years or older.

For our analysis, crowded households are those requiring two or more additional bedrooms.⁴⁸

45 New Zealand Council of Christian Social Services. October 1999. Taking Stock! A Report on the Problems and Possibilities for Housing Policy in New Zealand.

46 Statistics New Zealand. 1998. New Zealand Now: Housing.

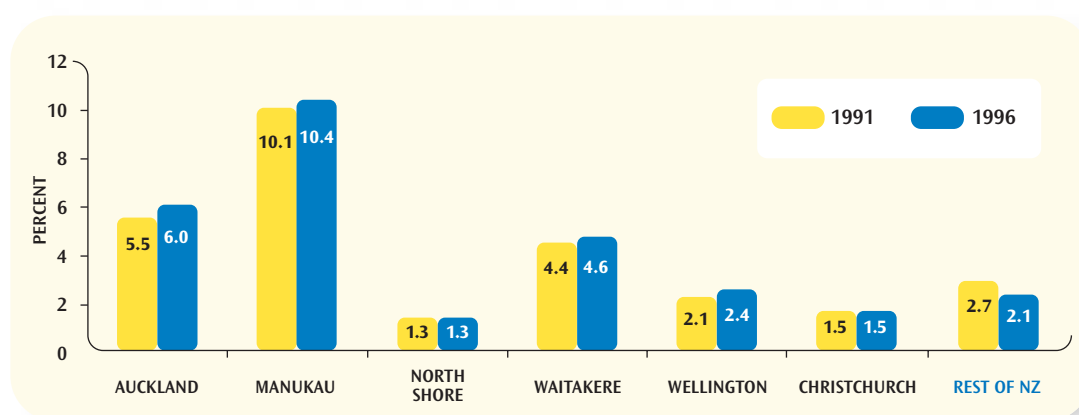
47 The definition of crowding used for this analysis is not an official definition for New Zealand in that it covers reported overcrowding only. In addition, this indicator provides a static picture of crowding, whereas in reality the issue is actually more dynamic. Measures based on bedroom occupancy (such as the Australian Bureau of Statistics Index) are limited. First, bedroom size is not accounted for and second, actual bedroom or room usage cannot be ascertained. Further, households vary in their need for space and in their perception of crowding.

48 It is difficult to gauge the true extent of crowding as those living in these conditions are often unwilling to admit it for a variety of reasons. These include fear of eviction and fear that overstayers will be discovered. This is particularly the case for Pacific Islands households.

What did we find ?

- Crowding is particularly an issue in urban areas in New Zealand where 1.4% of households fall within our crowding criteria, compared to 0.9% of rural households.⁴⁹
- Crowding is an important issue in the Auckland Region because of its unique population structure and housing affordability problems for some sectors of the population and because of high rates of migration into the Region. However, there are large variations in crowding rates within the Region.
- Manukau City has the highest level of crowding of the six largest cities, with 10.4% of all residents living in crowded households.
- Crowding in the six largest cities did not change significantly between 1991 and 1996, with only small increases in Auckland, Manukau, Waitakere and Wellington. Crowding decreased slightly in the rest of New Zealand and remained static in Christchurch and North Shore Cities. While proportionally the level of crowding has not increased, the numbers living in crowded households have, in fact, increased and this trend was expected to continue following the 1996 Census due to housing affordability issues for low income people.

PERCENTAGE OF PEOPLE IN PRIVATE DWELLINGS
LIVING IN CROWDED HOUSEHOLDS, BY CITY (1991 AND 1996)



Data Source: Statistics New Zealand

Crowding is especially an issue for people of Pacific Islands and Maori ethnicity. These ethnic groups tend to have large households, younger age structures, higher proportions of children in families, prevalence of extended family living arrangements (which most New Zealand homes do not cater for), lower personal incomes, higher unemployment and consequent welfare dependency.⁵⁰ Where there are higher concentrations of Pacific Islands people and Maori (such as in Otago and Mangere), crowding is higher. Pacific Islands people tend to live in urban areas and have higher concentrations in the Auckland Region. The rate of crowding amongst Pacific Islands people is 28.5% (14,379) in Manukau and 25.5% (10,140) in Auckland City.⁵¹ Waitakere City also has a reasonably high level of Pacific Island crowding. While not as exaggerated as the Manukau and Auckland experiences, similar patterns emerge in our other large cities when looking at the ethnic composition of crowded households.

Crowding among people in the 'Other' ethnic category is high in some areas, particularly in Wellington and in the Hagley Ward in Christchurch. This category may include refugees and recent immigrants who tend to gravitate to larger cities in search of employment and support services. Doubling up of families is seen as a way to reduce overall housing costs for some people on low incomes who are establishing themselves in New Zealand.

Differing cultural attitudes to the number of people living in a house and differing cultural propensities for the pooling of resources can also help account for higher numbers of people in some households among some non European population groups. Extended family groupings are common, as are larger nuclear families with more children than the New Zealand average.

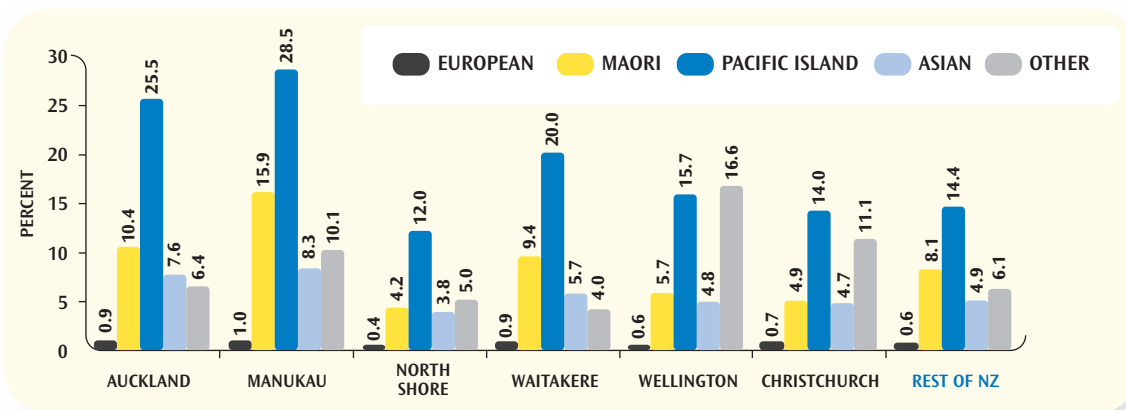
49 Statistics New Zealand. 1998. New Zealand Now: Housing. Please note that this analysis looks at the number of people in private dwellings or households, whereas Statistics New Zealand's analysis looks at the number of households. It should be noted that high housing costs in urban areas have driven some low income people and marginalised groups to rural areas.

50 For example, Housing New Zealand stock continues to be dominated by low density suburban single unit dwellings, yet, particularly in the Auckland Region, the need is for larger dwellings. The tension is that high land prices make such dwellings more expensive to build.

51 In fact, 55% of all Manukau residents living in crowded households were Pacific Islands people.

Crowding is not a significant problem for Europeans in our large cities, nor is it in the rest of New Zealand. Europeans do not feature prominently in indicators of deprivation and have lower unemployment rates, higher educational attainment and feature in higher income brackets than other ethnic groups. Further, Europeans with families tend to live in nuclear family arrangements, rather than in extended family situations.

PERCENTAGE OF PEOPLE IN PRIVATE DWELLINGS LIVING IN CROWDED HOUSEHOLDS, BY ETHNICITY (1996)⁵²



Data Source: Statistics New Zealand

Central and Local Government Housing Provision

What this is about...

The level of central and local government owned housing in a city gives an indication of the city's ability to provide housing for people on low incomes who might not otherwise be able to afford their accommodation.⁵³ The percentage change in the number of Housing New Zealand units by city indicates whether the level of government housing is increasing or decreasing in each city (and thus the government's policy commitment to the provision of housing).

This indicator outlines the proportion of all rented private dwellings in each city that were Housing New Zealand units, for the years ended May 1998, 1999, and 2000 and the proportion that were owned by local authorities.⁵⁴

What did we find ?

CENTRAL GOVERNMENT OWNED HOUSING

- Housing New Zealand properties make up the largest proportion of state sector rentals in New Zealand. However, the majority of the country's rented dwellings are leased from an individual or private trust.
- Higher state housing densities are usually found in areas where indicators of deprivation are strongest and in turn, low income households have traditionally been given priority for state housing in New Zealand. Low income households have tended to move to areas where there are high concentrations of Housing New Zealand homes. Manukau City is strongly reflected in indicators of deprivation and serious housing need and had a higher number of Housing New Zealand units as a proportion of all rented private dwellings than any of our other large cities and proportionally more than the rest of New Zealand, at 51.5% in the year to May 2000. State housing tends to be located in areas of housing need.

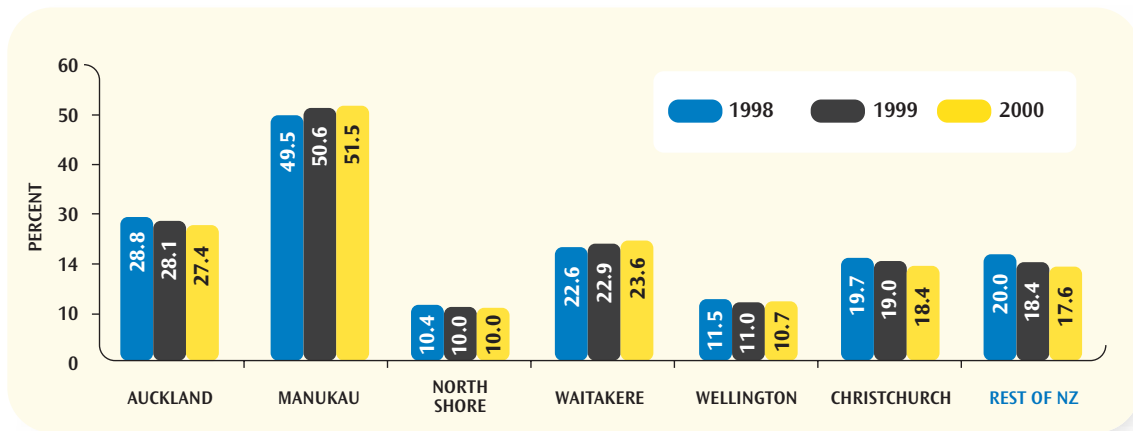
52 Proportions of each ethnic group in crowded conditions were calculated as a proportion of that ethnic group's population in the city.

53 It should be noted that when Housing New Zealand implemented income related rents in December 2000, not all tenants received a rent rebate. Some tenants were ineligible (some are paying over 25% of their income on rent and some are paying full market rents). It must also be noted that private sector low income households are eligible for the Accommodation Supplement which, in some cases may provide a subsidy that is very near to what they would receive if in Housing New Zealand accommodation.

54 Total number of private dwellings by city from the 1996 Census was used as a base for calculating the number of Housing New Zealand units and Council houses as a proportion of all rented private dwellings in each city. We do not have estimates of the number of rented private dwellings between Census periods. The provision of housing stock data by the Councils was inconsistent and varied greatly in its comprehensiveness. This prevented a more detailed analysis of the data. Rented private dwelling figures include private sector rental dwellings (ie. those leased from a person, private trust, business or other private organisation).

- High median house prices in Auckland City have resulted in affordability problems for those on low incomes. The city has a reasonably high number of Housing New Zealand houses proportional to total rented dwellings at 27.4% as does Waitakere on 23.6%, compared to our other larger cities such as Wellington (10.7%), North Shore (10%) and Christchurch (18.4%).

HOUSING NEW ZEALAND UNITS AS A PROPORTION OF RENTED PRIVATE DWELLINGS IN EACH CITY (YEARS ENDED MAY 1998, 1999, 2000)



Data Source: Housing New Zealand

The need for government housing is high in the Auckland Region as low income people face affordability problems due to high housing costs. However, most of the growth in the number of Housing New Zealand homes in the Region has occurred in two cities - Manukau and Waitakere. Lower land values in these two cities has encouraged growth - land and dwelling prices influence the level of state housing provision. In areas where prices are high, it is less economically viable to build state housing and usually the provision is lower in these areas. In turn, the need for such dwellings is often lower in these areas as low income earners have been excluded from living there due to high housing costs.

High population growth in cities such as Manukau, particularly among low income groups, has necessitated more subsidised housing.

All the other large cities have shown a decline in the number of Housing New Zealand units as a proportion of rented dwellings. This reflected the decline that occurred nationally.

Central government provision of housing in New Zealand has changed over the past decade. The focus of housing policy for much of the last decade was on income support for those with housing affordability difficulties rather than on housing stock development.

PERCENTAGE CHANGE IN THE NUMBER OF HOUSING NEW ZEALAND UNITS, BY CITY (YEARS ENDED MAY 1999, 2000)

	1999 (%)	2000 (%)
Auckland	-2.5	-2.4
Manukau	2.1	1.8
North Shore	-4.2	0.1
Waitakere	1.5	2.8
Wellington	-3.7	-3.0
Christchurch	-3.4	-2.9
Total NZ	-4.9	-2.6

Data Source: Housing New Zealand

LOCAL AUTHORITY OWNED HOUSING

All of our large cities provide some form of local authority owned housing for residents, mainly for older people.⁵⁵ Proportional to all rented dwellings, Wellington City (at 13.6%), provides around three times as much housing as any other large city, with the exception of Christchurch City. Proportionally, Christchurch (at 9.3%), provides around twice as much as the other cities.

The nature of the political environment and council housing policies reflect the commitment of local authorities to the provision of subsidised housing stock. For example, Christchurch City has embarked recently on partnerships with central government and the community sector to increase housing stock.

The appropriateness and location of central and local government housing stock for meeting the diverse needs of potential tenants is an issue. An identified area of need in relation to both central and local government stock, particularly in the Auckland Region, is for three to four bedroom dwellings for larger (and often extended) families.

NUMBER OF LOCAL AUTHORITY OWNED HOUSES AS A PROPORTION OF RENTED PRIVATE DWELLINGS IN EACH CITY (2000)

	Number	% of Rented Private Dwellings	Status
Auckland	1,802	4.6	Older person's housing (1,672); General residential (130)
Manukau	518	3.1	Older person's housing (518). Sometimes made available to special needs groups
North Shore	495	4.0	Older person's housing (458); Owner occupied dwellings that must be sold back to the Council when the owner ceases living at the address (37)
Waitakere	335	3.4	Older person's housing (335)
Wellington	2,359	13.6	Wellington's housing policy targets low income older people, people with mental health issues, etc. 70% of the stock is one bedroom units or bedsits
Christchurch	2,557	9.3	Older person's housing (2,119); Public rental units (407); General housing (7); Roading houses (24). Housing is available to older people and special needs groups with limited assets

Data Source: Data supplied by each Council

55 During the 1990s, Auckland City sold off housing stock. However, with a change in the political environment and recognition of increasing housing affordability problems in the City, this trend has been halted.

Urban Housing Intensification

What this is about...

High density living can put pressure on services and amenities and on the social and physical resources of a city. Housing intensification can indicate that gentrification⁵⁶ is occurring, particularly in inner city areas. Low income households are often forced out of gentrified areas because of housing affordability problems as house prices rise and because of the decline in the number of lower priced houses available in the area.

This indicator examines the number of new units as a proportion of all new private dwellings in the six largest cities over the previous three years. Units include apartment blocks, terraced housing developments, townhouses, units, flats, studio units, unattached granny flats, dwellings added to other buildings, communal accommodation and other residential accommodation.⁵⁷ This provides contextual information about changing housing patterns in our large urban areas.

What did we find ?

The six largest cities have seen an emergence of higher density housing developments such as apartment and terraced housing developments and townhouses over the last decade in response to a number of trends, including:

- Population growth, which has resulted in land use competition, particularly in inner city areas.
- Changing household formation and composition patterns due to an increase in couple only and single person households, smaller household sizes and later family formation which has resulted in increased demand for smaller dwellings.
- Changing lifestyle and leisure needs and demands, including the desire to live in inner cities.
- Local authority planning changes in an attempt to curb urban sprawl by limiting green space housing development.⁵⁸

Auckland and Wellington Cities have seen higher levels of higher density housing development than the other large cities. In Auckland this is due to higher rates of population growth and competing land use demands. In the year to June 2000, 65.3% of all new dwellings in Auckland City and 56.1% in Wellington City were new units, compared to 12.7% in Manukau City. From the start of 1995 to mid 1999, the inner city apartment market in Auckland City grew at a rate of 98.5% per annum.⁵⁹ By the end of 2001, it is projected that Auckland City will have over 6000 apartments in the inner city, up 69% on the 1996 figure of 3807.⁶⁰

Growth in apartment and terraced housing developments has been slower in Wellington City than Auckland City due to barriers to expansion including a lack of available office space and geographical constraints.

Manukau City has a lower rate of new unit development because of the availability of cheaper land, which has encouraged single unit greenfields development rather than higher density units. Much of the initial higher density development in Auckland and Wellington Cities was concentrated in the commercial hearts of the cities, but development is now occurring on the city fringes and in cities with lower land values, such as in Manukau and Waitakere.

56 Gentrification is where older areas are renovated and upgraded, usually by more affluent households moving into the area.

57 Apartment blocks refer to high density, high rise developments.

Terraced housing refers to low rise apartments of up to four or five levels.

Townhouses are medium density and tend to be built on cross-leased or subdivided sections, either on the same property as already existing older houses or in blocks where older dwellings have been demolished.

This definition does not include houses not attached to others, sleep-outs, garages and other outbuildings of residential buildings.

58 This process is not simply demand driven. The development of different types of housing in new locations (such as multi-density units) have encouraged people to explore new patterns of living and to think in new ways with regard to their living arrangements. On an international scale, much of this development is of medium density rather than high density. However, from a New Zealand perspective, it is of a higher density than has traditionally been seen before.

59 Bayleys Residential Research. June 1999. Auckland Inner City Apartment 1999 Annual Review www.bayleys.co.nz/publications.

60 Bayleys Residential Research. June 2000. Apartments and Terraced Housing June 2000. www.bayleys.co.nz/publications.

Christchurch City has not experienced the population pressures of Wellington City or of the cities in the Auckland Region. As such, the rate of new unit development to new developments overall has not been as high in Christchurch (at 36.8%). Planning amendments have resulted in the release of vacant land on the city fringe. This has encouraged low density new house development. Much of Christchurch's new unit development has been medium density townhouse developments on cross-leased or subdivided sections throughout the city rather than in the inner city, although some inner city apartment development is occurring.

In the last few years, rates of growth of new higher density housing developments have begun to decline relative to all new dwellings in Auckland, Wellington and Christchurch Cities. Economic conditions, government policy, land and building availability and market demand have resulted in fluctuations in growth rates. However, a continued market for higher density developments will be buoyed by cities wanting to encourage inner city revitalisation (such as in Christchurch) and in regions keen to limit urban sprawl (such as in the Auckland Region).⁶¹

NUMBER OF NEW HOUSES AND UNITS AS A PROPORTION OF ALL NEW DWELLINGS (1998 TO 2000)

	1998				1999				2000			
	Houses		Units		Houses		Units		Houses		Units	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Auckland	1,082	40.1	1,618	59.9	903	33.5	1,793	66.5	1,021	34.7	1,918	65.3
Manukau	1,815	87.3	263	12.7	2,078	92.1	179	7.9	2,149	87.3	312	12.7
North Shore	883	57.8	644	42.2	757	61.9	465	38.1	822	61.3	520	38.7
Waitakere	1,090	78.3	302	21.7	1,124	68.5	516	31.5	1,104	62.4	664	37.6
Wellington	396	28.8	979	71.2	368	33.0	748	67.0	519	43.9	662	56.1
Christchurch	1,120	52.9	997	47.1	1,177	61.8	729	38.2	1,102	63.2	642	36.8

Data Source: Statistics New Zealand

Population growth puts pressure on already existing land uses, leading to the need for intensified infill housing. New developments are usually located around existing transport nodes. Population growth also puts pressure on transport systems. People often make a trade off between living closer to the inner city in higher density developments (with lower transport costs) and living further from the inner city in lower density developments but with higher transport costs.

Local and central government policies and zoning restrictions will also affect urban housing intensification.

Changing lifestyles and attitudes have led to a desire by many to live near services and near work locations (eg. in the inner cities or in suburbs with office growth). New unit development also reflects levels of economic vitality in cities.

61 However, recent research evidence suggests that increasing the number of dwellings per hectare does not always lead to an increase in the number of people per hectare. In Wellington the reverse pattern has been happening in a significant number of cases where dwelling density of area units has been increasing but the corresponding population density of these area units has actually fallen across Census periods (Email correspondence 18 September 2000 with Philip Morrison, a demographer at Victoria University, Wellington). Further, consolidation does not always act as an antidote to urban sprawl. The relationship is complex and indirect. Recent New Zealand research has found, as has overseas research, that the primary purchasers of inner city apartments tend to be long term residents of the inner city rather than suburb dwellers. However, there are indirect effects linking city and suburban housing markets (Morrison P and McMurray S. 1999. "The Inner City Apartment Versus the Suburb: Housing Sub-Markets in a New Zealand City" Urban Studies 36 (2).)