

Chapter Five Housing

What's in this chapter?

- Housing tenure
- Housing costs and affordability
- Household crowding
- Urban housing intensification
- Government housing provision
- Housing accessibility



Introduction

This chapter presents a range of indicators that focus on housing. Housing is a basic need and has one of the biggest impacts on people's wellbeing and quality of life. Home ownership is an aspiration for many New Zealanders and the single biggest investment that most will make.

Why this is important

Housing is a fundamental component of quality of life. Without appropriate shelter, people cannot meet their basic needs and participate adequately in society. Housing issues can have flow-on effects for health, education and community wellbeing. The changing demand for housing and supply constraints can put pressure on an urban area's natural and social environment and affect a city's ability to provide suitable infrastructure and services.

Key points

Home ownership rates are decreasing. This decline may be attributed to a number of factors, including higher costs of home ownership and changing population demographics. Also, changes in the number of homes owned through family trusts may have distorted the home ownership statistics.¹

The cost of home ownership has increased, throughout New Zealand and in all of the 12 cities. Cost increases can be attributed to a combination of factors at international, national and local level.

Housing has become more affordable, on average, for people who rent as household incomes have increased at a faster rate than rents.

There are a substantial number of people suffering forms of housing stress,² such as living in crowded housing or paying a disproportionate part of their income on housing costs, although this has decreased in recent years.

Links to other indicators

Changes in the population such as immigration, ageing population and the composition and formation of family units all affect household size, the overall demand for housing and the type of accommodation people seek.

Access to employment increases the likelihood that people can obtain accommodation that is appropriate to their family size and lifestyle. Buying a house is the biggest single investment that most New Zealanders will make.

Changes in the political environment impact on government provision of housing. The government's economic policies, including those that affect interest rates, savings and taxation can all influence the supply of and demand for housing and the affordability of home ownership.

People on lower household incomes are more likely to face housing difficulties such as household crowding and affordability. Poor quality and inappropriate housing can expose people to health problems.

The pattern of housing development, whether intensification in urban areas or extended suburban development, will change the look and feel of a city and impact on the provision of infrastructure, libraries and other amenities, parks and access to green spaces.



¹ The 2006 Census was the first time in which a question about family trusts was explicitly asked, so there is no robust trend comparison with previous census periods to allow us to determine if the rates of home ownership through private trusts has been increasing.

² The term is used in DTZ Research. (March 2007). *The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region*. Centre for Housing Research Aotearoa New Zealand and Auckland Regional Council. This report defines households experiencing stress as those paying more than 30.0% of net income on housing.



Housing tenure

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- Levels of home ownership continue to decline, after reaching a post-war peak in 1991.
- Home ownership tends to be lower among Maori and Pacific Islands people, who tend to have larger and younger families as well as lower incomes.

What this is about

Levels of household tenure (ownership or renting) are a guide to population stability, the relative wealth of the community and changes in lifestyle and household composition. Many people consider home ownership to be a goal, providing personal independence as well as stability and security for their families and a form of savings for retirement. While renting is often seen as less attractive, it may also be associated with a more mobile lifestyle and less traditional approaches to saving and investment. Measures for this indicator are:

- Percentage of private dwellings owned and rented
- Percentage of population within each ethnic group who own their own home
- Number of people living in temporary private dwellings.

What did we find?

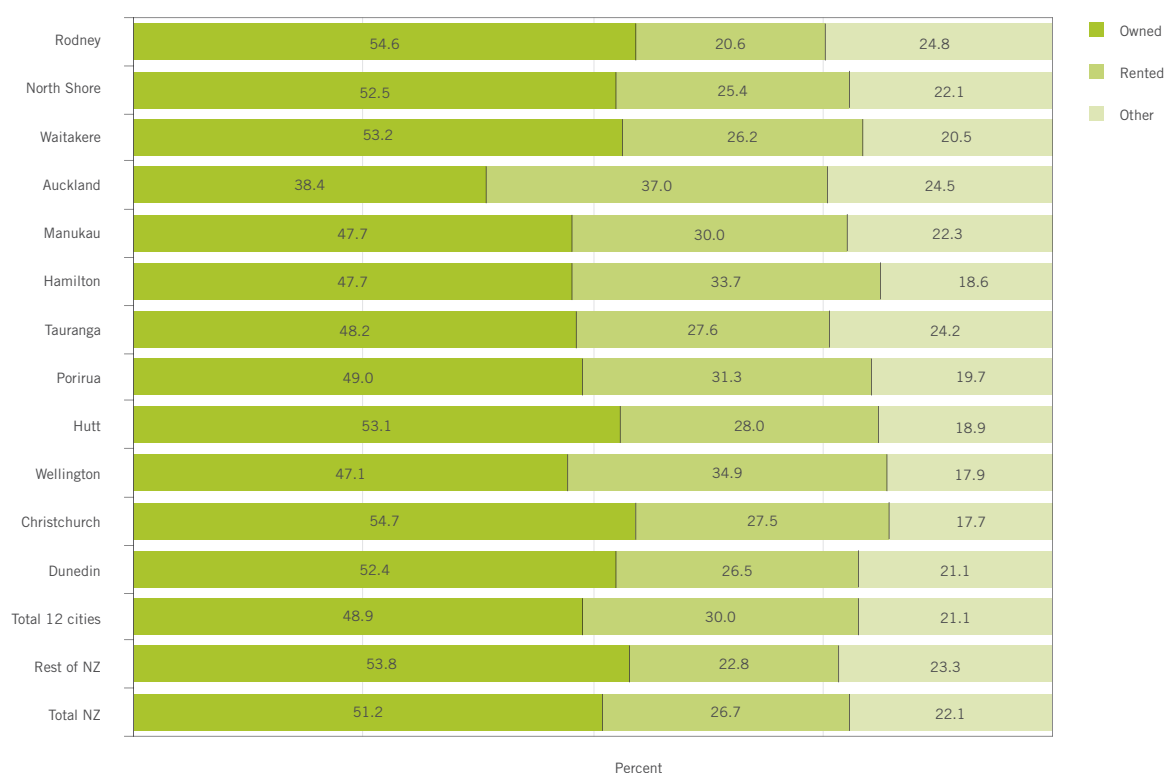
Percentage of private dwellings owned and rented

This measure uses data from the 2006 Census, which has four categories for housing tenure.³ The 'other' category in the census includes homes that are owned by a private trust, where the residents are effectively the owners. This means that the home ownership rate may be understated.⁴ At time of writing a detailed analysis of ownership data from the 2006 Census was not available.

Excluding trusts, personal home ownership is still the dominant form of tenure in our 12 cities. Across New Zealand, 51.2% of homes are owned by their occupants, compared with 48.9% in the 12 cities.

The cities with the highest rates of home ownership were Christchurch (54.7%) and Rodney (54.6%). These were also the only cities to have higher levels of home ownership than the rest of New Zealand (53.8%). The cities with the lowest rates of home ownership were Auckland (38.4%), Wellington (47.1%), Manukau and Hamilton (both 47.7%).

Percentage of private dwellings owned and rented (2006)⁵



Data source: Statistics New Zealand, Census 2006

3 The categories are: (1) Dwellings owned or partly owned by usual resident(s), (2) dwellings that are not owned by usual resident(s), who make rent payments, (3) other (the residents may be living rent-free) and (4) not elsewhere included (the response was unidentifiable or not stated). In this measure the two categories 'other' and 'not elsewhere stated' have been combined into the 'other' category.

4 Briggs, P. (July 2006). *Family trusts: ownership, size, and their impact on measures of wealth and home ownership*. Reserve Bank of New Zealand Discussion Paper 2006/06.

5 The 'other' category includes private dwellings owned by a family trust.

Housing tenure continued

Patterns of household tenure were fairly stable over the decade 1986 to 1996.⁶ Rates of home ownership have declined markedly since 1991, even when the effects of trusts on home ownership are taken into account.⁷ The cause of decreasing rates of home ownership is the increasing cost.

Corresponding to declining rates of home ownership, there has been an increase in the proportion of rented dwellings.

The decline in home ownership has also been attributed to a number of other factors such as a more flexible and therefore less stable labour market, as well as demographic shifts and changes in patterns of household formation (e.g. a decline in the marriage rate, increases in solo parenthood, increases in the divorce rate and delayed childbearing).⁸

Percentage of private dwellings owned (1991, 2006)

	1991 %	1996 %	2001 %	2006 %
Rodney	79.9	74.8	70.2	54.6
North Shore	78.9	72.8	66.6	52.5
Waitakere	80.0	72.0	65.1	53.2
Auckland	61.2	56.4	52.5	38.4
Manukau	74.4	67.6	61.2	47.7
Hamilton	69.9	63.4	58.9	47.7
Tauranga	78.2	70.6	64.5	48.2
Porirua	65.3	61.8	60.0	49.0
Hutt	71.7	67.5	64.6	53.1
Wellington	65.7	62.7	58.9	47.1
Christchurch	74.2	69.9	65.7	54.7
Dunedin	73.4	69.0	65.8	52.4
Total 12 cities	71.7	66.5	61.9	48.9
Rest of NZ	73.9	69.4	67.7	53.8
Total NZ	72.8	67.9	64.6	51.2

Data Source: Statistics New Zealand, Census 1991, 1996, 2001, 2006

The percentage change in the number of dwellings owned and rented shows changes in both types of tenure without adjusting for growth in the total housing stock (i.e. the change over time includes the net increase in both homes and rental properties during the period).

The number of rented homes grew by 21,108 in the 12 cities, an increase of 9.8%. The largest increases were in Manukau, which grew by 4,173 (17.3%) and in Auckland, which grew by 3,918 (8.0%).

The greatest proportional increase was in Rodney (24.3%), although this represented only 1,326 homes. The number of rented homes declined by 36 in Porirua (-0.7%) and by 42 in Dunedin (-0.4%).

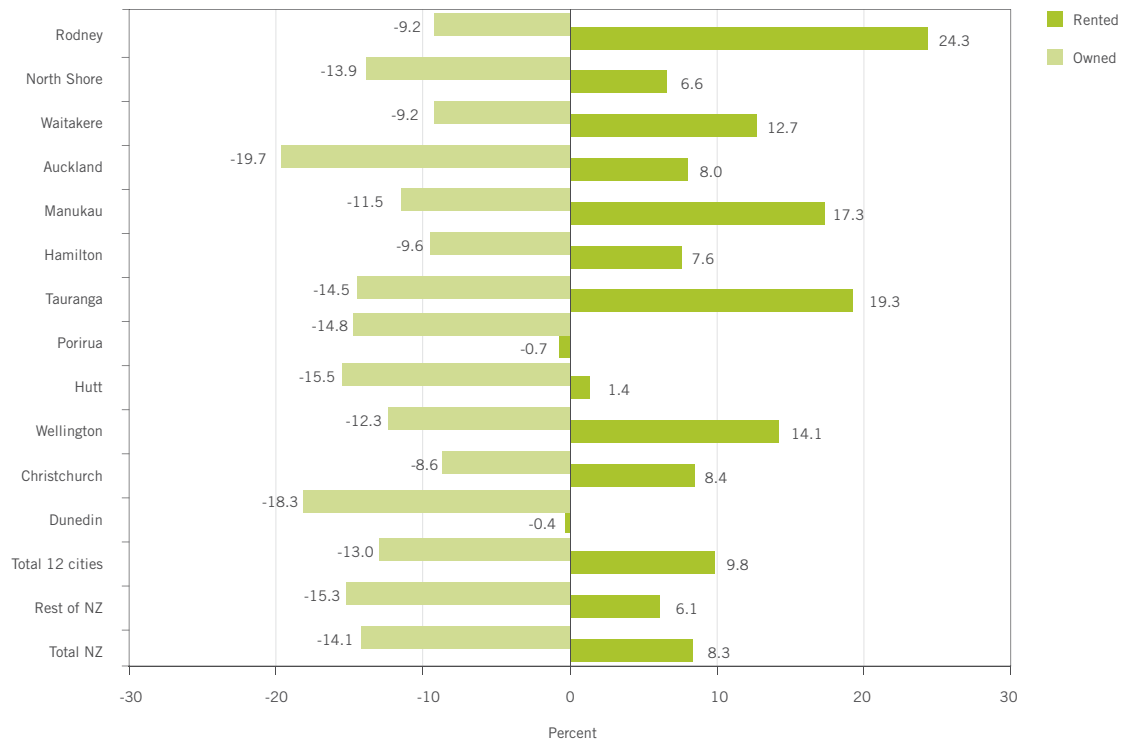
6 Cook, L. (2000). *Looking Past the 20th Century*. Statistics New Zealand. www.stats.govt.nz. Retrieved 24 June 2007.

7 Briggs, P. (July 2006). *Family trusts: ownership, size, and their impact on measures of wealth and home ownership*. Reserve Bank of New Zealand Discussion Paper 2006/06. Pg 24.

8 DTZ Research. (March 2007). *The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region*. Centre for Housing Research. Aotearoa New Zealand and Auckland Regional Council. Pg 10-13.

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Percentage change in number of private dwellings owned and rented (2001 to 2006)



Data source: Statistics New Zealand, Census 2006



Housing tenure continued

Percentage of population within each ethnic group who own their own home

The decline in home ownership is partly a reflection of changing population demographics. This measure shows the change in proportions of each ethnic group that owned their homes between 2001 and 2006.⁹

In the 12 cities more than half of New Zealand Europeans (60.8%) lived in a home that was owned or partly owned by the residents. This was considerably higher than the home ownership rate among Maori (31.1%) and Pacific Islands people (25.0%). The rate of home ownership increased slightly among all ethnic groups in the 12 cities, with the exception of Pacific Islands people, for whom the rate of home ownership declined by -0.4% between 2001 and 2006.

Rates of home ownership declined markedly for all ethnic groups in the rest of New Zealand. The reason why home ownership is reducing in the population as a whole, but not a lot in any of the ethnic groups is because ethnic groups with typically lower rates of home ownership are becoming a greater proportion of the population in the 12 cities, leading to a lower rate of home ownership on average over across all groups.

Percentage of population aged 15 years and over within each ethnic group who own their own home (2001, 2006)

	NZ European		Maori		Pacific Islands		Asian		Other	
	2001 %	2006 %	2001 %	2006 %	2001 %	2006 %	2001 %	2006 %	2001 %	2006 %
Rodney	65.3	62.9	36.5	30.4	41.0	29.2	44.3	39.5	42.6	38.3
North Shore	58.5	63.7	29.8	36.4	26.5	23.9	38.7	38.9	23.2	50.0
Waitakere	59.9	64.1	31.0	36.4	30.1	33.1	44.5	44.5	28.2	40.3
Auckland	49.9	58.7	21.7	30.7	19.8	24.5	31.7	36.8	19.1	30.1
Manukau	60.5	58.6	27.6	28.8	28.1	26.1	44.0	43.7	20.7	25.6
Hamilton	53.7	60.1	21.9	30.7	20.3	26.6	35.5	48.8	16.0	41.4
Tauranga	61.6	58.9	31.8	31.8	26.8	22.4	38.8	35.5	40.9	29.4
Porirua	60.1	64.8	29.4	37.1	25.1	21.1	44.4	55.1	38.9	43.8
Hutt	60.8	58.9	28.8	27.4	26.3	21.3	48.6	41.0	32.8	33.3
Wellington	51.6	62.9	25.0	31.6	23.6	28.0	43.2	45.5	21.7	37.0
Christchurch	58.1	65.3	28.9	37.4	24.3	22.2	38.2	27.8	23.3	42.9
Dunedin	55.9	66.1	30.4	36.0	24.4	29.4	26.2	40.0	25.6	7.1
Total 12 cities	56.9	60.8	27.3	31.1	25.4	25.0	38.6	40.2	22.3	29.9
Rest of NZ	62.8	58.9	34.9	29.9	29.2	21.0	42.4	35.5	35.4	22.6
Total NZ	59.7	59.2	31.7	30.1	26.0	21.8	38.8	36.5	24.2	24.2

Data source: Statistics New Zealand, Census 2001, 2006

⁹ Again, this data does not include homes that may be owned by a family trust.

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Number of people living in temporary private dwellings

This measure illustrates the number of people who live in private temporary dwellings. Temporary dwellings include tents, caravans, yachts and barges, mobile homes and rented campervans. Typically, temporary dwellings are less habitable than permanent dwellings and may not adequately meet the basic housing needs of the inhabitants. Occupation of temporary or improvised dwellings attached to permanent housing is associated with health and safety risks such as respiratory problems, infectious diseases, infestations of pests and physical hazards.¹⁰

The cities with the highest number of people living in temporary dwellings were Christchurch (501), Rodney (492) and Tauranga (345). Rodney and Tauranga also had very high proportions of people in temporary dwellings on a per capita basis. In Rodney they represented 54.9 people per 10,000 of the city's population and in Tauranga 33.3 people per 10,000.

The measure includes some people who may have adopted a mobile lifestyle by choice and therefore are not necessarily impoverished (i.e. those living in a campervan or yacht on census night). Their ability to relocate means that they might not be usually resident in one of the 12 cities. Excluding this category shows that, on a per capita basis, the greatest proportion of people living in a motor camp or improvised dwelling resided in Rodney (40.5 per 10,000 population), Tauranga (28.9 per 10,000), Christchurch (11.0 per 10,000) and Porirua (9.9 per 10,000).

Number of people living in temporary private dwellings (2006)

	Motor camp	Mobile dwelling	Improvised shelter	Total	Per 10,000 population	Per 10,000 (excluding mobile)
Rodney	108	255	129	492	54.9	40.5
North Shore	18	36	21	75	3.6	2.6
Waitakere	21	108	63	192	10.3	6.9
Auckland	45	138	114	297	7.3	4.5
Manukau	24	159	105	288	8.8	5.6
Hamilton	12	42	30	84	6.5	4.2
Tauranga	27	273	45	345	33.3	28.9
Porirua	3	45	15	63	13.0	9.9
Hutt	12	36	21	69	7.1	4.9
Wellington	18	54	18	90	5.0	4.0
Christchurch	108	276	117	501	14.4	11.0
Dunedin	15	69	30	114	9.6	7.1
Total 12 cities	411	1,491	708	2,610	11.6	8.5
Rest of NZ	804	4,974	1,689	7,470	41.8	32.3
Total NZ	1,215	6,465	2,397	10,080	25.0	19.1

Data Source: Statistics New Zealand, Census 2006

¹⁰ National Health Committee. (1998). *The Social, Cultural and Economic Determinants of Health in New Zealand: Action to Improve Health*. National Advisory Committee on Health and Disability, National Health Committee. Wellington. Pg 30-32; Public Health Commission. (1993). *Our Health Our Future Hauora Pakari, Koiora Ora*. Public Health Commission. Wellington. Pg 44-47.

Housing costs and affordability

- The cost of purchasing a home is increasing as house prices and mortgage costs have increased relative to incomes.
- Rental accommodation is becoming more affordable due to household incomes increasing at a higher rate, on average, than increases in rental costs.
- Despite higher house prices, those who own a home pay a lower proportion of income than those who rent, on average.

What this is about

Housing is the largest single component of many households' expenditure and is central to the ability to meet basic needs. When housing costs are too high relative to income, people have less to spend on other essentials such as food, power, healthcare and education. People facing substantial housing cost burdens may be forced to live in unsafe, unhealthy or inappropriate accommodation. The housing cost and affordability measures presented here outline the relative costs of buying and renting a home and indicate how affordable accommodation is for people living in the 12 cities. They are presented in three groups:

The first group of measures covers the cost of buying and owning a house:

- Median residential dwelling sale price
- Home mortgage affordability as a percentage of the national average
- Percentage of households that are couple only or single persons aged 65 years and over who own their home with a mortgage.

The second group of measures covers the cost and affordability of renting:

- Median weekly rents
- Rent to income ratio.

The third group of measures covers housing costs as a proportion of household income and expenditure:

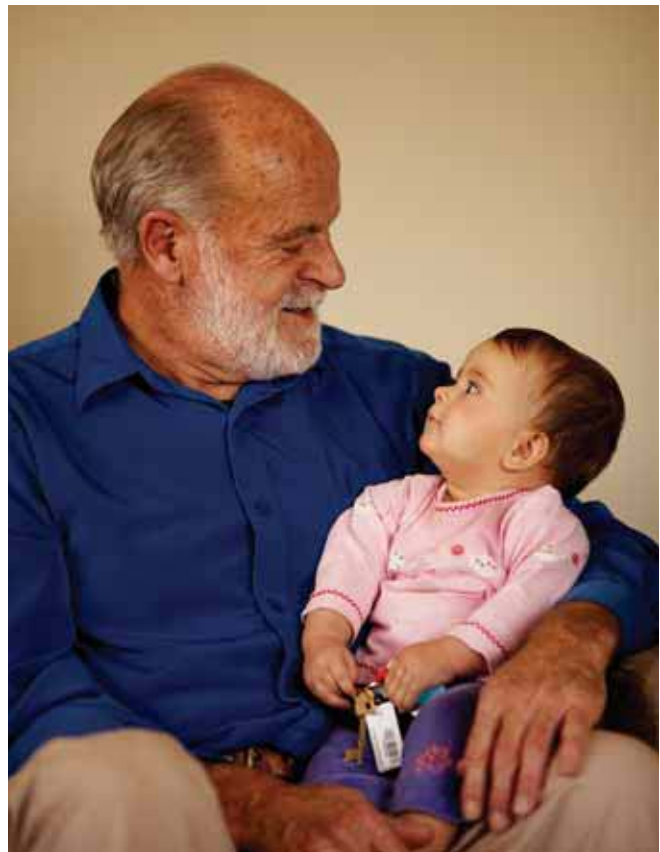
- Percentage of households owning their dwelling by income bracket
- Percentage of net household income spent on housing costs
- Proportion of population receiving an Accommodation Supplement.

What did we find?

Median residential dwelling sale price

Quarterly and annual data has been supplied by Quotable Value Ltd (QV Ltd), in place of data provided in previous reports by the Real Estate Institute of New Zealand (REINZ).¹¹

For New Zealand as a whole the median residential dwelling sale price increased by 72.3% over the five years 2001 to 2006, from \$177,000 to \$305,000. The average increase for house prices in the 12 cities (67.4%) was less than that for the rest of New Zealand (88.5%).



¹¹ The data supplied by QV Ltd is more complete because it includes all property sales, required to be reported to each local authority under the Local Government (Rating) Act (2002). The data provided by REINZ includes only sales conducted by real estate agents, excluding private or direct sales by developers.

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Median sale price, flats and houses combined (2001 to 2006)

	2001 \$	2002 \$	2003 \$	2004 \$	2005 \$	2006 \$	Percentage change 2001-2006
Rodney	232,000	255,000	296,000	357,000	395,000	425,000	83.2
North Shore	261,750	283,000	330,000	379,000	420,000	460,000	75.7
Waitakere	195,000	211,000	240,000	274,000	318,000	340,500	74.6
Auckland	270,000	293,000	330,000	370,000	390,000	420,000	55.6
Manukau	234,000	255,000	275,000	293,250	329,000	360,000	53.8
Hamilton	165,000	170,500	185,000	222,000	267,000	304,500	84.5
Tauranga	198,000	208,000	242,000	299,000	340,000	362,750	83.2
Porirua	192,000	195,000	220,000	250,000	270,000	316,000	64.6
Hutt	170,000	170,000	192,000	220,000	247,500	285,000	67.6
Wellington	250,000	260,000	299,000	330,000	365,000	410,001	64.0
Christchurch	157,000	161,000	187,000	230,000	267,000	292,500	86.3
Dunedin	101,500	104,000	127,000	182,000	215,000	231,600	128.2
Total 12 cities	212,000	225,000	250,000	286,000	324,000	354,917	67.4
Rest of NZ	130,000	137,000	150,000	175,000	217,750	245,000	88.5
Total NZ	177,000	186,000	210,000	240,000	276,000	305,000	72.3

Data source: Quotable Value Ltd

The highest percentage increase for the five year period was Dunedin (128.2%), although the median sale price is still the lowest among the 12 cities. This was followed by Christchurch (86.3%), Hamilton (84.5%), then Rodney and Tauranga (both 83.2%). The lowest increases among the 12 cities were in Manukau (53.8%) and Auckland (55.6%).

The trend in increasing house prices in all 12 cities and for New Zealand as a whole can be attributed to international and national factors, while housing prices within each city have been influenced differently by regional and local issues. New Zealand is not unique in experiencing a trend of increasing house prices accompanied by lower rates of home ownership.

Demand for housing has been stimulated by factors such as income and population growth, greater access to mortgages, lower relative returns of alternative assets and the perception of high returns by international housing investors.

Supply constraints have also influenced housing market prices through, for example, increased demand for land, growth in the cost of labour and construction materials and the relatively slow improvement in transportation infrastructure.

Housing costs and affordability continued

Ratio of annual median rent to median dwelling sale price (2002 to 2006)

	2002 %	2003 %	2004 %	2005 %	2006 %
Rodney	5.1	4.7	4.3	3.9	3.9
North Shore	5.4	5.2	4.7	4.2	4.0
Waitakere	6.2	6.1	5.6	4.8	4.6
Auckland	5.3	5.0	4.5	4.3	4.0
Manukau	5.3	5.3	5.1	4.7	4.5
Hamilton	5.9	6.0	5.4	4.9	4.4
Tauranga	5.0	4.7	4.3	4.0	3.9
Porirua	5.6	5.2	4.6	4.4	4.1
Hutt	6.1	5.7	5.2	4.8	4.6
Wellington	5.4	4.9	4.6	4.3	4.0
Christchurch	6.3	6.1	5.4	4.9	4.6
Dunedin	8.3	7.4	6.0	5.3	4.9
Total NZ	5.6	5.6	5.2	4.7	4.5

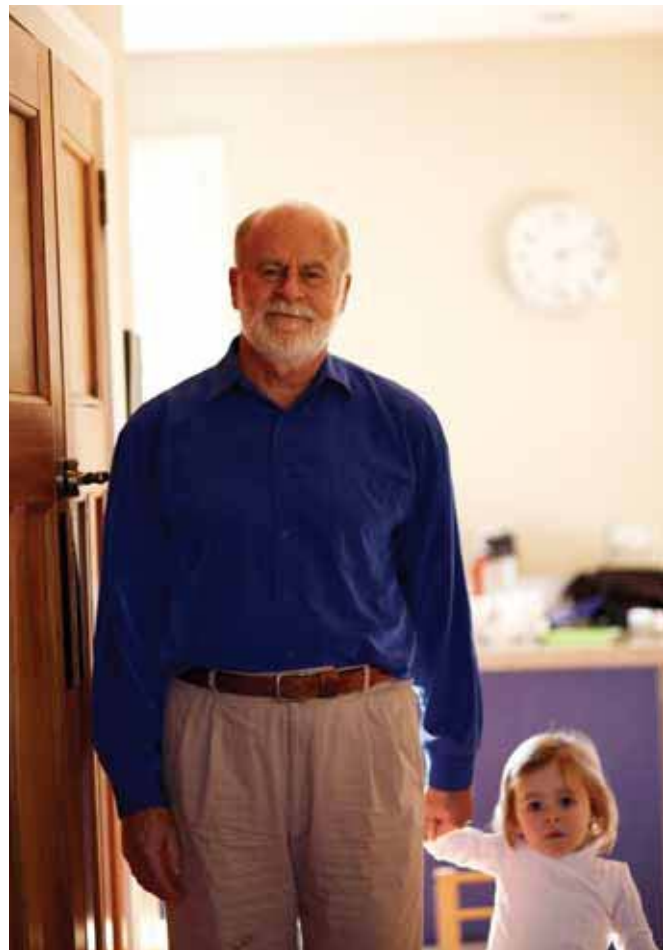
Data sources: Tenancy Services and Quotable Value Ltd

This ratio shows that the gross yield on new property sales for the whole of New Zealand declined, on average, from 5.6% to 4.5% over the years 2002 to 2006. Among the 12 cities the greatest declines were in Dunedin (-3.3%), Christchurch (-1.7%), Waitakere and Hutt (both -1.6%). The smallest decline was in Manukau (-0.8%).

Home mortgage affordability as a percentage of the national average

This measure is an index comprised of the median house sale price, multiplied by the mortgage interest rate, divided by the average ordinary time wage. The index number increases when interest rates and/or house prices go up, relative to wages and salaries.¹²

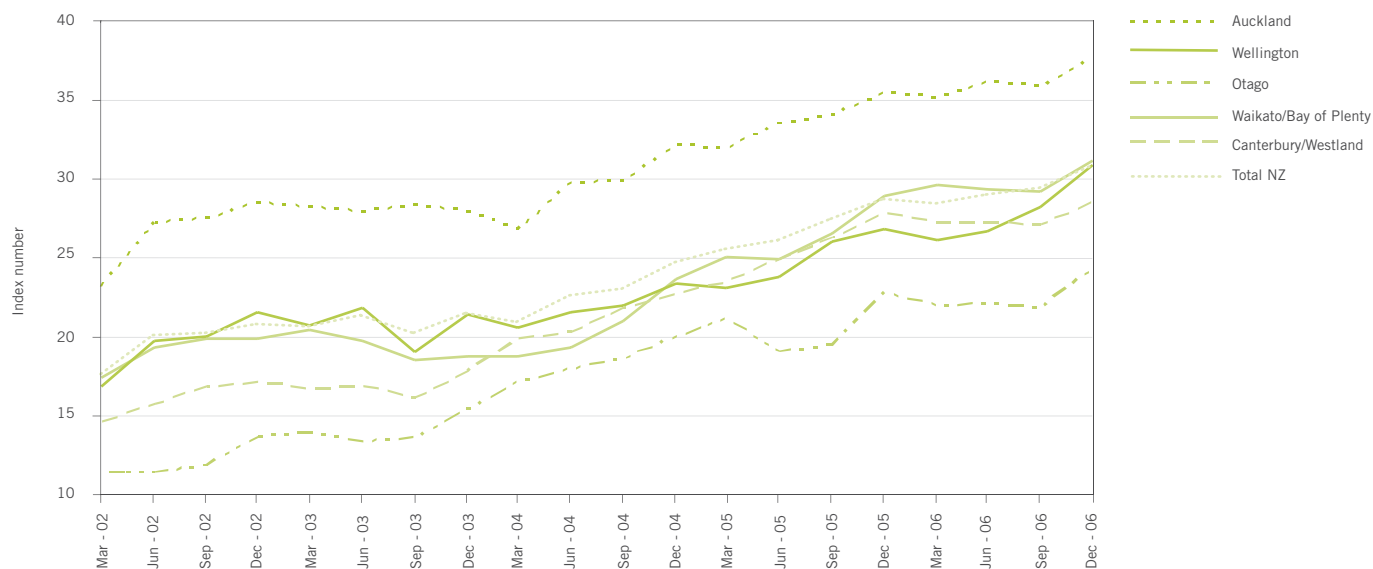
The index shows that mortgages became less affordable between March 2002 and December 2006. During this time, the median house sale price increased in all regions and for New Zealand as a whole. However the trend in decreasing affordability might not have been as strong as the index appears to show. Median personal incomes rose at a higher rate than the average weekly wage and if personal income was used the index would not have risen quite so much.



¹² The median house price data is supplied by the REINZ; the interest rate is the weighted average of fixed and floating mortgage interest rates at the end of each month, supplied by the Reserve Bank of New Zealand; the average weekly earnings data is supplied by Statistics New Zealand.

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Home mortgage affordability index (March 2002 to December 2006)



Data source: Massey University, Home Affordability Report

Median weekly rents

Rental affordability is a significant issue in cities, particularly for low income earners. This measure shows the median weekly rent level for each city for private landlords only (i.e. omitting Housing New Zealand and local authorities), as produced by the Department of Building and Housing's Tenancy Bond Database.¹³ Median rents increased by 12.5% for New Zealand as a whole in 2002 to 2003, then grew at a lower rate through to 2006, amounting to an increase over five years of 32.5%.

Between 2002 and 2006 median rents increased in all 12 cities. However by the end of this period they remained in the same groups as at the beginning. The highest group ranged between \$300 and \$350, the lower group between \$250 and \$270. Dunedin continued to stand alone with the lowest median rents at \$220.

The cities with the highest median rent increases over 2002 to 2006 were Tauranga (35.0%), then Hamilton, Christchurch and Dunedin (all 33.3%). Auckland experienced the lowest rental increases overall, growing by 6.7% between 2002 and 2003 then having zero growth in the following two years and a slight uplift (1.6%) between 2005 and 2006.

Rent to income ratio

This measure shows the median rent paid per year as a percentage of median household income, for each of the past four censuses.

For New Zealand as a whole, the rent to income ratio rose from 22.4% in 1991 to 28.4% in 1996, remained at approximately the same level in 2001 and then dropped to pre-1991 levels (20.2%) in 2006.

This pattern was repeated with some variation in all 12 cities except Auckland and Wellington, where the rent to income ratio rose only slightly from 1991 to 1996 (from 30.5% to 30.9% in Auckland and from 22.6% to 22.9% in Wellington), dropped in 2001 (in Auckland to 29.0% and in Wellington to 24.8%), then dropped again in 2006 (in Auckland to 22.0% and in Wellington to 18.9%).

¹³ The data used in this report only included private landlords from 2002 to 2005, providing a more accurate picture of market rents than if central and local government rental properties had been included. Note that the data only includes properties for which a rental bond has been lodged with the Tenancy Services division of the Department of Building and Housing.

Housing costs and affordability continued

Rent to income ratio (1991, 1996, 2001, 2006)

	1991 %	1996 %	2001 %	2006 %
Rodney	28.5	30.6	33.1	24.7
North Shore	27.8	29.9	30.5	23.3
Waitakere	31.1	32.4	34.2	24.0
Auckland	30.5	30.9	29.0	22.0
Manukau	25.8	32.7	31.8	21.7
Hamilton	24.7	30.2	33.0	21.7
Tauranga	28.6	31.1	32.7	26.5
Porirua	19.6	30.8	24.4	14.2
Hutt	22.1	30.0	28.3	17.4
Wellington	22.6	22.9	24.8	18.9
Christchurch	25.7	30.4	30.7	23.2
Dunedin	25.6	31.2	30.9	22.8
Total NZ	22.4	28.4	28.1	20.2

Data source: Statistics New Zealand, Census 1991, 1996, 2001, 2006

In March 2006 the cities with the highest rent to income ratios were Tauranga (26.5%), Rodney (24.7%) and Waitakere (24.0%). The cities with the lowest rent to income ratios were Porirua (14.2%), Hutt (17.4%) and Wellington (18.9%). These were also the only cities with lower ratios than the average for the whole of New Zealand (20.2%).

Percentage of households owning their dwelling by income bracket

This measure uses household tenure data from the 2006 Census, to show the proportions of households, within three household income brackets, that own or partly own the house in which they live.¹⁴

The low income bracket includes households with incomes of less than \$30,000 per year.¹⁵ For New Zealand as a whole the rate of home ownership for these households was 24.5%. The rate was higher than the national average in Tauranga (31.3%), Dunedin (26.6%) and Christchurch (25.4%). The cities with the lowest rates of home ownership in this bracket were Manukau (17.4%), Porirua (14.0%) and Wellington (13.5%).

In the middle income bracket (i.e. households with incomes from \$30,001 to \$70,000 per year), the rate of home ownership in the 12 cities was 32.9%. The cities with the highest ownership rates in this bracket were Dunedin (40.4%), Tauranga (38.4%) and Christchurch (37.9%).

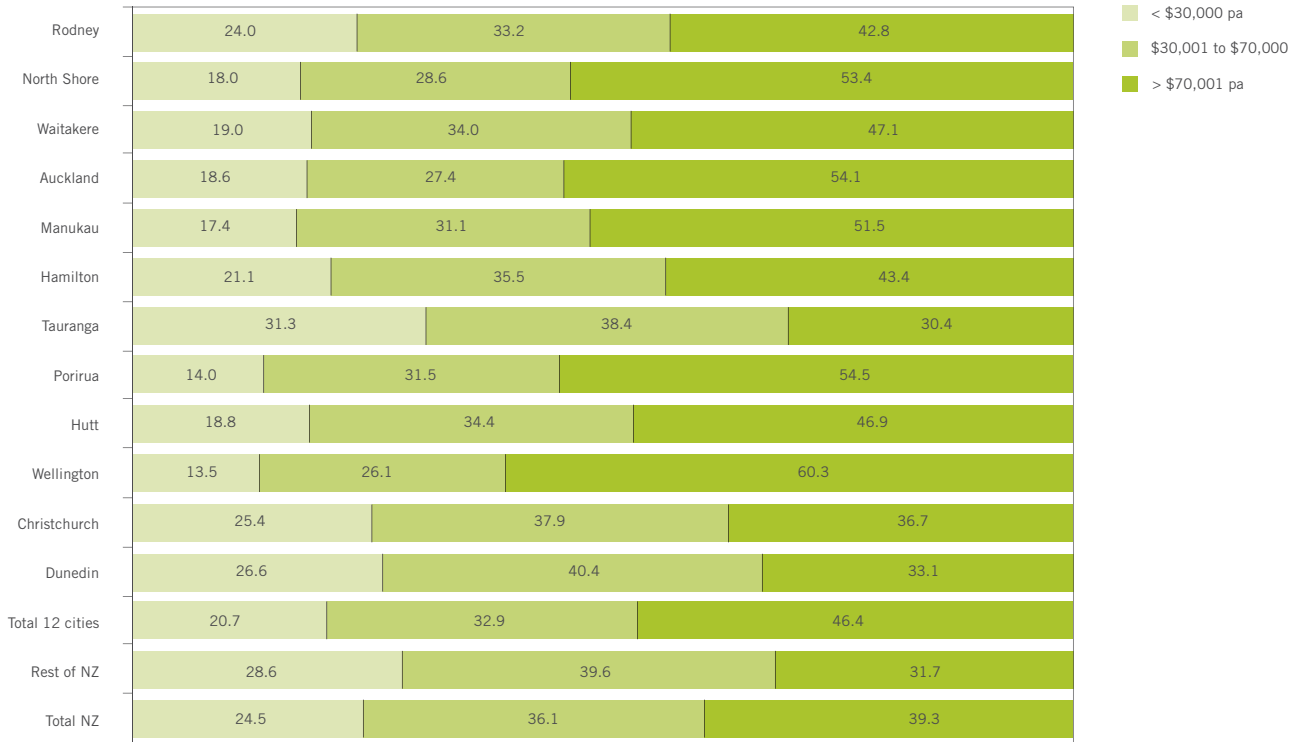
In the highest income bracket, the cities with the lowest rates of home ownership were Tauranga (30.4%), Dunedin (33.1%) and Christchurch (36.7%).

¹⁴ This measure omits households where income was not stated in the census responses. The percentage of households omitted ranges between 8.2% of households (Wellington) to 14.1% (Manukau). The data also only includes households where the "Dwelling Owned or Partly Owned by Usual Resident(s)". Therefore omitting residences that might be owned through a trust.

¹⁵ The reason for choosing this income level as the "low" bracket is explained in the Economic Standard of Living chapter.

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Percentage of households owning their dwelling by income bracket (2006)



Data source: Statistics New Zealand, Census 2006

Percentage of net household income spent on housing costs
 The percentage of household income spent on housing costs indicates the degree of 'housing stress' that people experience.

Net household income is gross income less tax (such as PAYE). Housing costs include all rent and mortgage expenses, rates and other mandatory expenses, but exclude other costs of ownership (e.g. insurance, utilities and maintenance).¹⁶



16 Statistics New Zealand notes that these regional estimates are below the design level of the survey and should be treated with some caution.

Housing costs and affordability continued

Percentage of net household income spent on housing, by region (years ending June 2001, 2004)

Proportion of household net income	2001				2004			
	0-25%	26-29%	30-39%	40%+	0-25%	26-29%	30-39%	40%+
Percentage of households	%	%	%	%	%	%	%	%
Auckland	5.6	40.9	31.3	22.2	13.7	38.9	29.1	18.3
Waikato	36.7	31.3	21.8	10.3	40.1	28.7	20.4	10.8
Bay of Plenty	48.3	23.7	18.8	9.2	43.5	26.8	18.9	10.8
Wellington	33.2	30.8	23.5	12.6	38.4	29.7	19.0	12.8
Canterbury	32.0	31.5	23.7	12.8	49.7	24.9	16.3	9.0
Otago	44.2	25.2	20.9	9.8	38.1	28.2	23.0	10.8
Rest of NZ	45.7	26.6	19.2	8.6	47.4	24.6	18.4	9.6
Total NZ	30.0	32.1	24.1	13.8	35.7	30.0	21.7	12.6

Data source: Statistics New Zealand, Household Economic Survey

Between 2001 and 2004 there was a decrease in the percentage of households spending more than 40.0% of income on housing, for New Zealand as a whole. However there were distinct differences regionally. The percentage of households spending 40.0% or more of net income on housing increased in the Waikato, Bay of Plenty, Wellington and Otago regions, while it decreased in Auckland and Canterbury. The proportion of households paying less than 25.0% of income on housing increased for the whole of New Zealand, from 30.0% to 35.7%. The biggest regional increases in this category were seen in Auckland, Canterbury and Wellington.

These trends can also be examined in terms of the differing proportions of household income spent by people who own or rent their accommodation. For New Zealand as a whole, the proportion of household income spent on housing was 14.7% in 2001, falling slightly to 14.4% by 2004.

The proportion spent by owners was 13.1% in 2001, falling to 11.7% in 2004. The average cost of ownership increased in the Auckland, Waikato, Wellington and Otago regions, while it declined in other regions as well as the rest of New Zealand.

Average proportion of net household income spent on housing, by type of tenure, by region (years ending June 2001, 2004)

	Owned		Rented		All tenures	
	2001 %	2004 %	2001 %	2004 %	2001 %	2004 %
Auckland	18.1	19.6	30.9	26.4	21.1	21.0
Waikato	15.0	16.3	22.0	24.3	16.1	18.1
Bay of Plenty	13.8	8.3	28.8	22.9	15.5	12.3
Wellington	14.4	17.2	26.0	26.4	16.9	19.4
Canterbury	14.1	13.7	27.5	26.8	16.4	16.3
Otago	13.1	15.4	20.9	22.3	14.4	16.8
Rest of NZ	13.1	11.7	21.0	25.7	14.7	14.4
Total NZ	15.4	15.6	26.1	25.7	17.5	17.8

Data source: Statistics New Zealand, Household Economic Survey

5. Housing

The average proportion of income spent on housing by renters was 21.0% in 2001, rising to 25.7% in 2004. The proportion of household income spent by renters decreased in Auckland, Bay of Plenty and Canterbury while it increased in other regions and in the rest of New Zealand.

Despite the increasing cost of buying a home, those who own a home tend to spend a lower percentage of their income on housing. In New Zealand as a whole renting is becoming more affordable, although this trend is not consistent at the regional level.

Proportion of population receiving an accommodation supplement

The accommodation supplement is a means-tested benefit, paid by the Ministry of Social Development to welfare beneficiaries and low income earners who are spending a high percentage of their income on rent or mortgage payments. The amount of supplement received is determined by factors such as the individual's income and assets. Recipients can use it to offset the cost of their board, rent or mortgage payments. This measure looks at the number of people who are receiving the accommodation supplement as a percentage of the total population in each city.

Accommodation supplement recipients as a proportion of city population (years ended March 2003 to 2007)

	2003		2004		2005		2006		2007	
	Number	%	Number	%	Number	%	Number	%	Number	%
Rodney	4,069	5.0	3,925	4.7	4,067	4.7	4,366	4.9	4,590	5.0
North Shore	8,205	4.2	7,621	3.9	7,884	3.9	8,527	4.1	8,768	4.2
Waitakere	16,295	9.3	15,237	8.5	15,286	8.4	16,004	8.6	16,527	8.7
Auckland	23,401	6.1	21,127	5.4	20,131	5.1	21,268	5.3	21,247	5.2
Manukau	25,196	8.4	24,074	7.7	23,399	7.3	24,464	7.4	24,287	7.2
Hamilton	10,817	8.9	10,078	8.1	10,152	8.0	10,423	8.1	10,456	7.9
Tauranga	8,168	8.5	7,536	7.6	7,306	7.2	7,994	7.7	8,313	7.8
Porirua	4,009	8.4	3,891	8.1	3,674	7.6	3,743	7.7	3,617	7.4
Hutt	6,406	6.6	5,985	6.2	5,635	5.8	5,649	5.8	5,485	5.6
Wellington	8,630	5.1	8,279	4.8	7,937	4.5	7,936	4.4	7,608	4.2
Christchurch	22,282	6.7	20,665	6.1	21,325	6.2	22,183	6.4	22,121	6.3
Dunedin	6,135	5.3	5,582	4.8	5,906	5.0	6,065	5.1	6,109	5.1
Total 12 cities	143,613	6.8	134,000	6.2	132,702	6.0	138,622	6.2	139,128	6.1
Rest of NZ	107,498	6.2	103,693	5.9	103,769	5.9	106,951	6.0	106,243	5.9
Total NZ	251,111	6.5	237,693	6.1	236,471	6.0	245,573	6.1	245,371	6.0

Data sources: Ministry of Social Development

Housing costs and affordability continued

For the period 2003 to 2007, the proportion of the population receiving the accommodation supplement decreased for New Zealand as a whole, falling from approximately 6.5% of the population to 6.1% from 2003 to 2004 then stabilising at around 6.0% to 6.1% from 2005 to 2007. The 12 cities followed a similar pattern, initially falling from 6.8% to 6.2% then stabilising between 6.0% and 6.2%.

At the end of the March 2007 year the proportion of the New Zealand population receiving the accommodation supplement was 6.0%. The cities with the lowest proportion of population receiving the supplement were Dunedin (5.1%), Auckland (5.2%) and Hutt (5.6%). The cities with the highest proportions were Waitakere (8.7%), Hamilton (7.9%) and Tauranga (7.8%).

Percentage of households that are couple only or single persons aged 65 years and over who own their home with a mortgage

As house prices and interest rates increase, home ownership is becoming less affordable for those on lower incomes, which may include some older people. While people over 65 years old are likely to have lower cash incomes, they are also more likely to possess accumulated wealth, usually in the form of equity in a home.¹⁷ Some people over the age of 65 may have taken on a mortgage to release equity for reasons of necessity (e.g. to cover living expenses or to fund an operation) or choice (e.g. for a holiday or to transfer wealth to family members).

In 2006 there were 16,194 households comprising either an individual or a couple over the age of 65 with a mortgage. Less than half of the total (7,089 households or 43.8%) lived in the 12 cities. The largest number lived in Christchurch (1,584), which also had the largest proportion (9.8%). Other cities with a high share of such households were Auckland (5.1%) and Manukau (4.2%). The cities with the lowest shares of the national total were Porirua (0.7%), Hutt (1.8%) and Wellington (2.6%).

Number and percentage of households where houses are owned with a mortgage, couple or single persons aged 65 years and over (2006)

	Couple only Number	Single person Number	Total Number	Share of NZ %
Rodney	447	102	549	3.4
North Shore	492	174	666	4.1
Waitakere	387	168	555	3.4
Auckland	537	282	819	5.1
Manukau	519	165	684	4.2
Hamilton	291	108	399	2.5
Tauranga	390	135	525	3.2
Porirua	78	39	117	0.7
Hutt	216	81	297	1.8
Wellington	294	126	420	2.6
Christchurch	1,122	462	1,584	9.8
Dunedin	321	153	474	2.9
Total 12 cities	5,094	1,995	7,089	43.8
Rest of NZ	6,960	2,145	9,105	56.2
Total NZ	12,054	4,140	16,194	100.0

Data source: Statistics New Zealand, Census 2006

17 Bollard, A., Hodgetts, B., Briggs, P. & Smith, M. (2006). *Household savings and wealth in New Zealand*. Reserve Bank of New Zealand. Wellington.



Household crowding

5. Housing

- The housing market has been able to accommodate considerable growth over the period 2001 to 2006, with a relatively small increase in household crowding.

What this is about

Crowding is an indicator of housing affordability, because people on lower incomes may share their living environments with others as a way to reduce overall housing costs. It is also an indicator of housing need, providing information on the suitability of a dwelling for the people occupying it. Living in crowded situations is associated with poor health outcomes such as respiratory and infectious diseases (particularly meningococcal disease).¹⁸

This indicator measures the proportion of the population in private dwellings that are living in crowded households. In this analysis, crowded households are defined as those in which two or more additional bedrooms are required. This indicator uses the Canadian National Occupancy Standard. Initially developed by the Canada Mortgage and Housing Corporation in the 1980s, the standard allocates one bedroom to each couple, each pair of children under five years, each pair of adolescents of the same sex aged ten to 18 years and to any person aged 18 years and over.

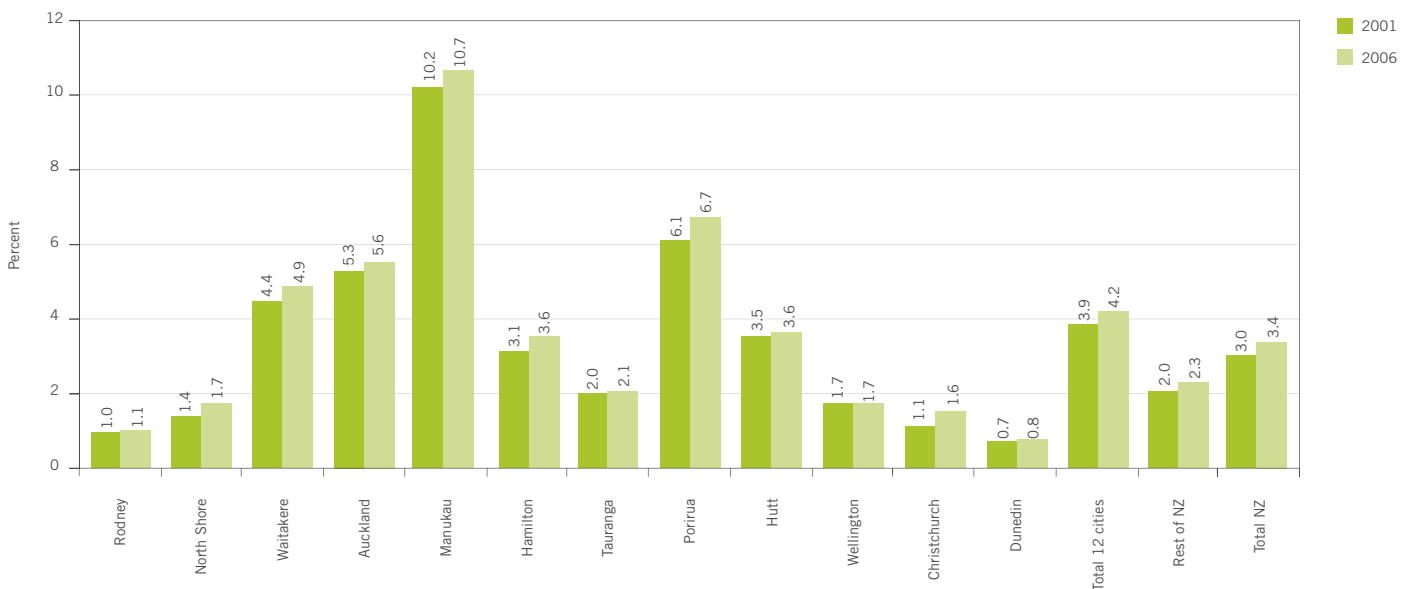
The measure in this report differs from the Statistics New Zealand website, because it reports on the percentage of people living in crowded households rather than the percentage of households where people live in crowded conditions.

What did we find?

The proportion of people living in crowded households increased across the whole of New Zealand and in the 12 cities. In 2006 the incidence of crowding was highest in Manukau (10.7%), Porirua (6.7%) and Auckland (5.6%). The lowest incidences of crowding were in Dunedin (0.8%), Rodney (1.1%) and Christchurch (1.6%).

The greatest increases between the 2001 and 2006 censuses were in Porirua (0.6%) and Manukau (0.5%).

Percentage of people in private dwellings living in crowded households (2001 to 2006)



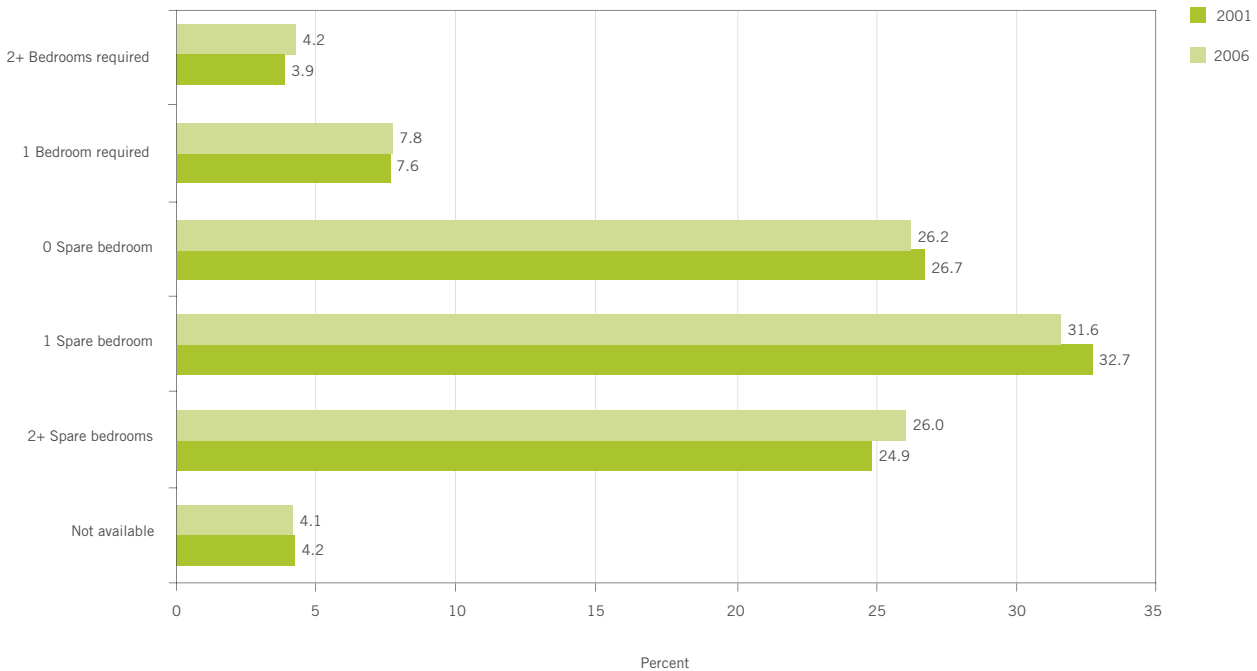
It is useful to compare the crowded households to the other categories in the household crowding data. This comparison shows that fewer households in the 12 cities had one spare bedroom: falling from 32.7% to 31.6% between 2001 to 2006,

while a greater percentage of households had two or more surplus bedrooms: increasing from 24.9% to 26.0% over the same period.

18 Baker, M., McNicholas, A., Garrett N., et al. (2000). Household crowding a major risk factor for meningococcal disease in Auckland children. *Paediatric Infectious Diseases Journal*. 19, Pg 83–90.

Household crowding continued

Comparative change in household crowding, all categories, by total 12 cities (2001 to 2006)



Data source: Statistics New Zealand, Census 2001, 2006

The three categories that make up the uncrowded households (those with either no spare bedrooms or one or more spare bedrooms) account for the living conditions of 83.8% of the

12 cities population, so small changes in the proportions among these categories can mask large changes in actual numbers, when the total population changes.

Changes in household crowding by number of households in each category, by total 12 cities (2001, 2006)

	2+ spare bedrooms	1 spare bedroom	0 spare bedrooms	1 bedroom required	2+ bedrooms required
2001	486,873	639,924	523,037	149,384	75,693
2006	566,571	689,160	571,143	168,849	91,863
Difference	79,698	49,236	48,106	19,465	16,170

Data source: Statistics New Zealand, Census 2001, 2006

When looking at the data in terms of numbers, rather than percentages, the total number of people living in uncrowded households increased by 177,040 between 2001 and 2006, whereas the total number of people living in households with

one or more extra bedrooms required increased by 35,635. This may show that the housing market has been able to accommodate considerable growth over the period, with a relatively small increase in household crowding.



Urban housing intensification

5. Housing

- Rapid urban intensification has occurred in some cities over the four years from 2002 to 2006, peaking in 2004 then slowing in 2005 and 2006.
- The greatest increases in apartments as a proportion of residential building consents were in Auckland and Wellington, followed by North Shore and Manukau.
- The construction of new apartments appears to be closely related to changes in household tenure, with a substantial increase in the proportion of tenancy bonds lodged for apartments as a proportion of all tenancy bonds over the same period.

What this is about

Urban housing intensification is about the changing patterns of land use in our cities. Intensification can be a consequence of population growth within a city. It is also seen as a policy objective, linked to the development of compact cities that make more efficient use of transport systems and other infrastructure, compared to extensive suburban development. Urban intensification may be seen as a more sustainable form of development.

Intensification is an important issue for cities because it requires new investment in appropriate infrastructure (e.g. transport, water, sewerage and communications) and amenities (e.g. parks,

libraries, schools and shopping facilities), designed to serve the needs of urban residents. This indicator examines the number of new apartments (i.e. units, flats and apartments) as a proportion of all new private dwellings.

What did we find?

In 2003 the 12 cities accounted for over 91.6% of the total number of consents for new apartments issued in New Zealand. This proportion decreased to 75.8% by 2006, the main reason for this being a steep decline in new apartment consents in Auckland between 2004 and 2005, falling from 4,529 to 1,417.

Number of new apartments and apartments as a percentage of all new residential buildings (2003 to 2006)

	2003		2004		2005		2006	
	Number	%	Number	%	Number	%	Number	%
Rodney	186	13.3	42	3.6	44	4.5	141	17.2
North Shore	259	19.7	247	18.9	246	24.2	356	28.6
Waitakere	224	14.5	51	5.0	58	7.5	171	20.3
Auckland	2,383	67.4	4,529	80.6	1,417	62.1	949	53.9
Manukau	125	4.6	348	16.2	359	20.4	220	13.0
Hamilton	83	6.5	94	8.0	125	11.8	135	13.2
Tauranga	17	1.2	31	2.1	174	13.9	85	7.7
Porirua	0	0	0	0	0	0	0	0
Hutt	0	0	21	11.7	37	24.7	34	17.3
Wellington	623	47.1	428	40.9	430	48.0	95	15.4
Christchurch	113	4.4	211	8.5	102	4.9	220	10.0
Dunedin	23	6.1	22	5.8	0	0	42	9.2
Total 12 cities	4,036	22.7	6,024	33.2	2,992	23.3	2,448	20.0
Rest of NZ	372	3.1	562	4.2	810	6.2	782	5.7
Total NZ	4,408	61.0	6,586	79.5	3,802	46.9	3,230	39.9
12 city share NZ (%)	91.6		91.5		78.7		75.8	

Data source: Statistics New Zealand, Building Consent Information

Urban housing intensification continued

Apart from Auckland, the pattern of development for new apartments varied, with strong growth evident in North Shore, Manukau, Wellington and Christchurch.

The actual number of apartments constructed in each city might vary considerably, depending on how many apartments are included per consent on average. Also the pattern of development has not been uniform within each city.

In Auckland, for instance, the main growth in apartments has occurred largely within a few relatively small zones adjacent to the central business district.¹⁹

The trend toward greater intensification appears to be closely related to the trend in tenure away from ownership and toward rental, so the number of rental bonds gives another indication of how much intensification is occurring.

Data from the Department of Building and Housing shows that for New Zealand as a whole, the number of tenancy bonds lodged for apartments each year increased from 1,212 or 1.3% of all rental bonds lodged in 2002, to 15,249 or 15.3% of all rental bonds lodged in 2006.

Despite the fact that these data may reflect the rate of turnover in the apartment market as well as the number of rental dwellings, they are consistent with the increase in apartments built over the same period, in that sharp growth was experienced between 2002 and 2003 and growth has occurred primarily in Auckland and Wellington, with Christchurch, North Shore and Hamilton also growing strongly.

Number of apartment bonds lodged and proportion of all tenancy bonds lodged per year (2002 to 2006)

	2002		2003		2004		2005		2006	
	Number	%	Number	%	Number	%	Number	%	Number	%
Rodney	25	1.0	109	3.8	124	4.2	166	5.4	200	6.6
North Shore	71	1.0	369	4.5	565	6.9	725	8.6	786	10.0
Waitakere	44	0.8	143	2.5	229	3.8	310	5.1	292	5.1
Auckland	669	3.3	3,174	14.5	5,430	24.3	6,883	28.9	8,690	35.9
Manukau	53	0.7	371	4.1	419	4.5	634	6.7	732	8.1
Hamilton	50	0.7	214	2.7	350	4.4	447	5.6	515	6.5
Tauranga	16	0.4	169	3.2	212	4.2	213	4.3	263	5.5
Porirua	0	0	10	0.7	9	0.7	16	1.4	19	1.8
Hutt	8	0.2	42	1.2	46	1.5	56	1.9	75	2.7
Wellington	200	2.0	1,041	9.1	1,713	14.8	2,055	17.9	2,505	22.2
Christchurch	68	0.4	511	3.0	691	4.3	859	5.2	964	6.0
Dunedin	8	0.2	91	1.6	178	3.1	166	3.0	208	3.5
Total 12 cities	1,212	1.3	6,244	6.2	9,966	10.0	12,530	12.3	15,249	15.3
Rest of NZ	75	0.2	511	0.9	836	1.5	1,104	2.0	1,429	2.7
Total NZ	1,287	0.9	6,755	4.3	10,802	7.0	13,634	8.7	16,678	10.9

Data source: Department of Building and Housing, Tenancy Services Market Rent Reports

19 Grimes, A., Aitken, A., Mitchell, I., & Smith, V. (2006). *Housing Supply in the Auckland Region 2000-2005*. Motu Economic and Policy Research Trust. Wellington.



Government housing provision

5. Housing

- Central government continues to be the dominant provider of subsidised rental housing.
- The cities with the highest proportion of social housing provided by local authorities were Wellington, Dunedin and Christchurch.
- Rodney and Auckland provide no local authority owned social housing.

What this is about

The level of government owned housing indicates the ability of the central and local government to provide for people who might not otherwise be able to afford adequate and appropriate accommodation. The measure for this indicator is the percentage of local and central government provided housing as a proportion of all rented private dwellings.

What did we find?

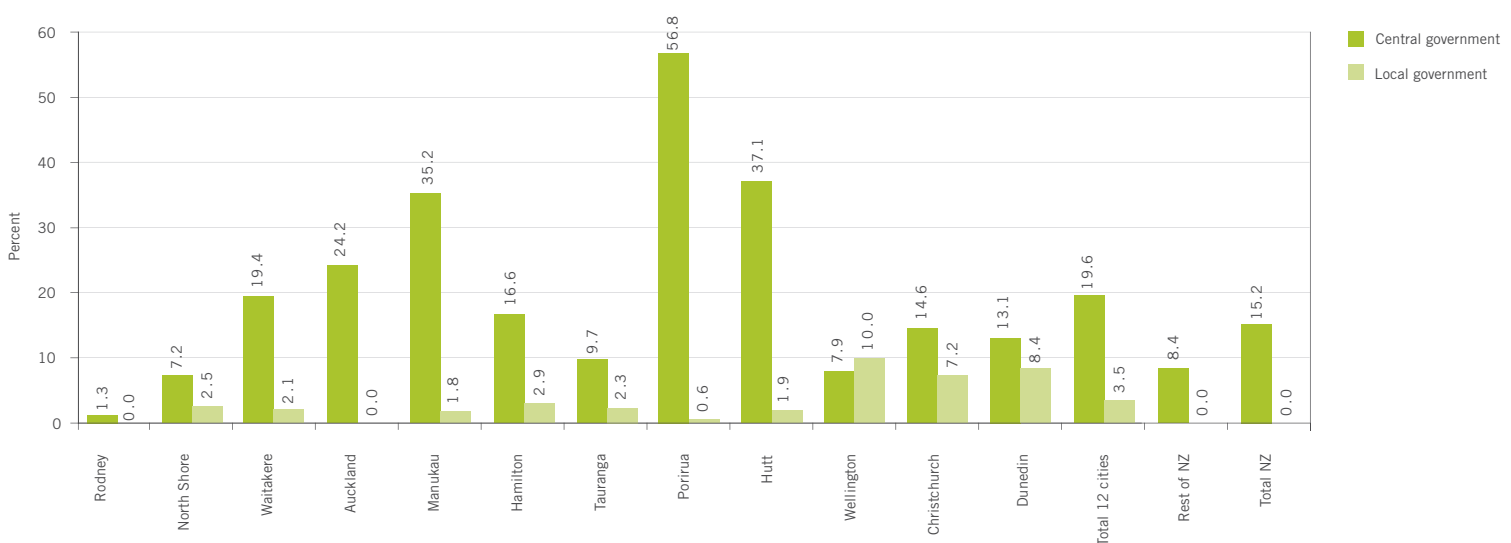
The government assists low income families with affordable housing through two mechanisms, the Accommodation Supplement and Income-Related Rents.

Housing New Zealand Corporation uses the Income-Related Rent subsidy to subsidise the rent of tenants on low incomes. A tenant in a Housing New Zealand home should pay no more than 25% of their income in rent. The Housing New Zealand Corporation owns a stock of housing and also rents properties from private landlords. In either case the subsidy reflects the difference between market rents and what the tenant can afford. As of March 2007, there were 58,989 properties managed by the Housing New Zealand Corporation.

Each local authority provides housing support according to its own policy. Of the 12 cities, only Rodney and Auckland do not provide any local authority owned social housing. Rodney sold its stock of pensioner units in 1993 and now 1.3% of the rental housing stock in Rodney is under Housing New Zealand Corporation management. In 2003 Auckland sold its entire social housing stock to the Housing New Zealand Corporation, which now manages 24.2% of the rental properties in that city.

The number of social housing units owned by the other cities varies. Porirua owns 26 pensioner units and one four-bedroom unit, but also has 2,736 properties under Housing New Zealand Corporation management, representing 56.8% of its rental properties. Christchurch has the most council owned properties (2,655) followed by Wellington (2,354). Dunedin owns 991, which represents a large share of the rental properties (8.4%), compared to the other cities (3.5% on average).

Percentage of local and central government provided social housing as a proportion of all rented private dwellings (2006)



Data source: Housing New Zealand Corporation, Participating councils

Housing accessibility

- The waiting lists for Housing New Zealand accommodation have decreased by nearly 10.0% from 2002 to 2006.

What this is about

If housing costs increase and affordability declines, the need for emergency housing and provision of housing for people with special needs will tend to increase. This indicator is about the need for emergency housing and the ability to provide for that need. The measure looks at the annual average size of the waiting list for Housing New Zealand Corporation housing.

What did we find?

The Housing New Zealand Corporation is a Crown agency that provides affordable rental homes for people on low incomes or with special housing needs.

Number of households waiting for a Housing New Zealand house (annual average) (2002 to 2006)²⁰

	2002	2003	2004	2005	2006	Percentage change 2002-2006
Rodney	0	0	0	0	0	0
North Shore	330	330	326	269	219	-33.6
Waitakere	1,554	1,681	1,537	1,583	1,401	-9.9
Auckland	2,630	2,800	2,738	2,523	2,404	-8.6
Manukau	1,918	2,019	1,939	1,713	1,520	-20.7
Hamilton	688	597	495	495	552	-19.7
Tauranga	150	162	191	187	232	55.0
Porirua/Hutt	118	63	196	251	265	123.9
Wellington	611	722	667	399	364	-40.4
Christchurch	422	463	503	611	614	45.5
Dunedin	155	197	261	215	194	24.8
Total 12 cities	8,576	9,032	8,852	8,244	7,765	-9.5

Data source: Housing New Zealand Corporation, quarterly waiting list by neighbourhood unit

Auckland, Waitakere and Manukau make up approximately 70.0% of the Housing New Zealand Corporation waiting list each year. From 2002 to 2003 the combined waiting list for these three cities grew by 397 applicants or 6.5% on average for the year. Waiting lists increased again in 2004, compared to 2002, by a further 112 applicants or 1.8%. In the subsequent two years the waiting lists fell sharply. The number of applicants reduced by 283 (4.6%) in 2005, compared to 2002 and reduced by a further 776 (12.7%) in 2006.

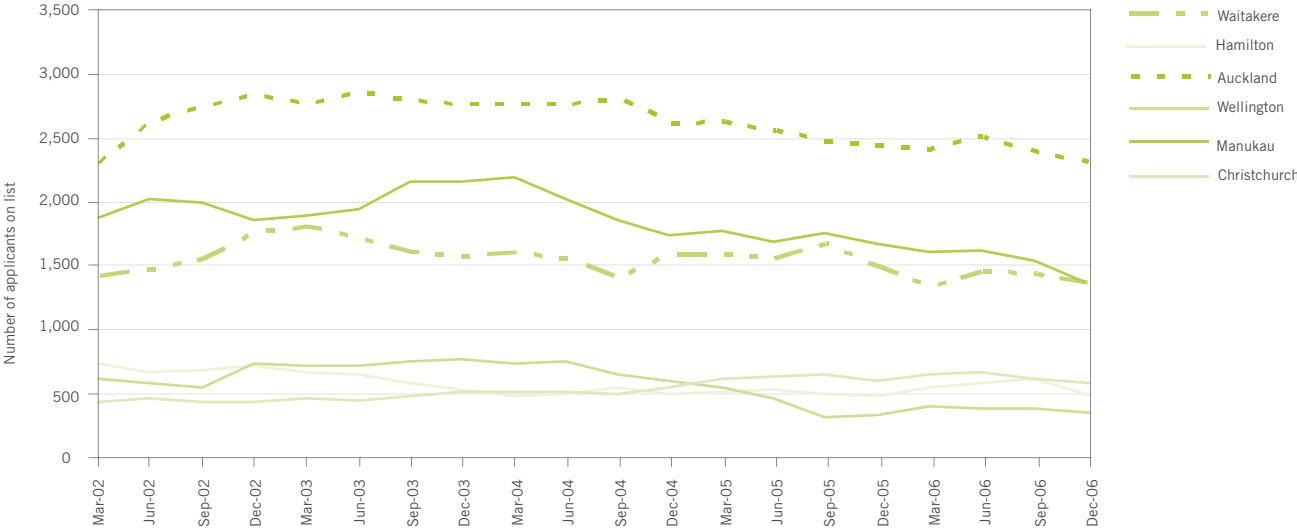
Among the other 12 cities, there was a considerable reduction in the size of the waiting lists in Wellington (247 units, -40.4%) and Hamilton (136 units, -19.7%). The biggest increases in waiting lists occurred in Christchurch (192 units, 45.5%), followed by Porirua and Hutt (147 units, 123.9%).

²⁰ The Porirua and Hutt neighbourhood unit boundaries were combined in 2004, which required these figures to be added together.

5. Housing



Housing New Zealand Corporation waiting list size, cities with more than 500 on list (March 2002 to December 2006)



Data source: Housing New Zealand Corporation, quarterly waiting list

The overall reduction in the size of waiting lists is possibly due in part to rental accommodation becoming more affordable since 2003. Real (inflation-adjusted) wages and incomes have increased, on average, largely because unemployment has

reduced while rental accommodation costs, on the other hand, have increased more slowly over the same period.

