

Affordability – Executive Summary

Guiding Principles

Housing affordability is not simply a matter of housing costs and household income levels. An appropriate social housing strategy needs to address the following key points

- Households may have insufficient household incomes to maintain an adequate standard of living.
- Households may have inadequate residual incomes (incomes remaining after necessary housing expenditures have been made) to maintain an adequate standard of living.
- Individual households, when faced with insufficient incomes or insufficient residual incomes, are likely to “trade-off” housing costs against one or more dimension of housing adequacy, for example, by moving into inadequate housing that is overcrowded, or substandard, or in a remote location etc.
- There is a clear pattern of association between poor quality living conditions and an increased incidence of poor health, physical and mental, and with under-achievement in education and lack of skills affecting ability to gain employment. In addition, there are social and economic costs to the nation of inaction, including costs to health services, education, the police and emergency services.
- The working party strongly felt that these linkages need to be acknowledged and that a more holistic government response is needed.

Key Outcomes

Increased provision of affordable housing of appropriate quality, size, design and tenure to meet community needs.

More sustainable use of public sector resources to enable individual households to attain an adequate standard of living.

Key Issues

Affordability

- For many households there is insufficient income after housing costs have been paid to maintain an adequate standard of living and quality of life. Of particular concern is the very high proportion of sole-parent families that fall into this category.
- The Accommodation Supplement has a wide range of operational problems. The system needs reforming. Affordability should be considered in terms of sufficient residual incomes not in terms of housing costs to income ratios.
- Given the fiscal costs of the Accommodation Supplement, public resources need to be redirected into increasing the supply of good quality affordable housing.

Suitability of dwelling

- The existing affordable housing stock provides limited choices, has limited adaptability and is mismatched with changing household demographics and preferences.

- People experiencing threats to personal safety have limited personal choices to achieve freedom from abuse, accident or injury. This problem is likely to be more severe for women.

Suitability of location

- Some affordable housing is located in areas which lack reasonable quality physical and social infrastructure, have poor access to transport and employment opportunities, and have high levels of crime or fear of crime.
- When these characteristics combine, social polarisation is increased.
- In rural areas these problems are compounded.

Habitability

- The poor physical condition of some housing is of great concern, including structural and maintenance problems and inadequate provision of facilities and services.
- This raises health and safety issues (increased risk of accidents and injury) and public health issues (mould, dust mite allergens, low indoor temperatures etc).
- Poor quality dwellings with marginal amenities place significant costs on their inhabitants, particularly on women.

Crowding

- Whilst crowding is stressful for children and adults, it has a negative effect on the mental health problems of women, in particular.
- The health impacts on children of crowding include the worsening incidence of poverty-related diseases such as meningococcal disease, cellulitis and bronchiectasis.
- Significantly higher levels of crowding are experienced by Māori and Pacific Island households.

Discrimination

- Discrimination denies access to housing to people and families on the basis of race, ethnicity, family structure (including female-headed households with dependent children), source of income, (dis)ability etc.

Tenure Security

- Insecurity of tenure can be financially costly for tenants, and negatively impacts on household stress, personal and household safety, and community stability.

Goals

Affordability

- Adequate incomes for all as a prerequisite for housing affordability.
- Adequate standard of living for all in the longer term, with priority given to families with dependent children more immediately.

Suitability of dwelling

- Sufficient supply of reasonable quality and increased diversity of affordable housing stock, in response to changing household needs and preferences.
- Increased diversity of tenure options for households.

Suitability of location

- Social housing available across all urban areas, with increased supply in areas with positive locational characteristics.
- Reduced locational poverty.

Habitability

- Increased supply of good quality affordable housing of an acceptable standard in communities to meet identified need.
- All social housing to be above a minimum standard, in a reasonable state of repair and maintenance, facilities and services, thermal comfort and resource-operating efficient, and in a healthy local environment.

Crowding

- Reduced under-crowding and over crowding across the social housing sector.
- No involuntary over crowding in HNZA or Council housing.
- Households have the ability to provide adequate shelter (thereby ensuring positive health and educational outcomes) and services to their members.

Discrimination

- Reduced discrimination, with a long-term goal of elimination.

Tenure Security

- Households with a choice of tenure options, providing short and long term tenure security.

Action Plans

Reform the Accommodation Supplement regime

- Address current problems relating to residual income sufficiency, flexibility, household complexity, cap-setting, abatement regimes etc.
- Improve the clarity of advice and publicity about accommodation support services.
- Develop community education on housing rights and responsibilities, household budgeting advice etc, targeting more vulnerable households initially.

Increase the supply of affordable housing

- By HNZA (alone or in partnership), Councils and third-sector providers, in areas where the supply of affordable housing is insufficient.
- The most efficient use of public sector resources should be adopted (such as joint ventures), linked to mechanisms to ensure retention as affordable housing into the future.
- Adopt a locality-based annual housing needs assessment (developed in partnership with Councils) of the level of demand for additional housing, the condition of the existing stock and the sufficiency of supply of affordable housing.
- Work with Councils and developers to lower housing costs along the supply chain for the development of new social housing.

Increase the diversity of social housing stock

- Work with Councils to encourage district plans which support more diverse dwelling designs.
- Establish funding and subsidy mechanisms to encourage more diverse social housing, by conversion of existing stock or construction of new dwellings.
- Educate providers, politicians and councilors about changing demographics and preferences.
- Develop pilot projects. Monitor and evaluate. Publicise and promote lessons learnt.

Improve locational suitability of social housing stock

- Work with City Councils to support the development of social housing in intensifying areas, central areas and areas with good access and infrastructure.
- Adopt a holistic government approach (including local government) to address locational economic deprivation, to improve physical and social infrastructure and locational accessibility, for existing social housing.

Improve the quality of existing social housing

- Determine appropriate minimum standards for social housing in New Zealand.
- Undertake community education about minimum standards, requirements and enforcement.
- Develop mechanisms and incentives to encourage necessary repairs and increased maintenance.
- Expand EECA energy-efficiency projects (in partnership with local communities) to retrofit all social housing. Develop similar water-efficiency projects, in areas with high water charges.

Reduce crowding in social housing

- Agree on a New Zealand occupancy (or crowding) standard.
- Increase the supply of suitably sized housing provided by HNZA, Council and third-sector providers, by conversion or new construction.

Reduce discrimination

- Implement a national education campaign on tenants and landlords rights and obligations;
- Develop an advocacy or ombudsman service, for vulnerable households.
- Encourage social housing providers to give higher priority to households at risk of discrimination, with possible funding to recognize greater risks.
- Investigate government support for private landlords, who rent to high-risk tenants.

Increase tenure security

- Develop alternative tenure options that recognize the need for short and long term security of tenure, and the potential roles for private sector investors, long term professional landlords, and third-sector providers.
- Develop mechanisms to overcome the deposit barrier for potential owner occupiers.