Māori Housing Trends Report - September 2008

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The housing analysis shows that the proportion of the Māori population living in crowded households is declining. Different indicators show a recent improvement in regard to housing assistance and affordability. However, Māori home ownership is declining and the proportion of Māori households who rent is increasing. The Corporation can anticipate that its Māori customer base will show ongoing demand for larger houses, and increase the demand for housing appropriate for single parent families, housing for Kaumata, and housing in rural areas.

Overview


Research purpose and approach

The purpose of this research is to provide an evidence base to inform the development of Māori housing policy. The Māori Housing Trends report provides an overview of Māori population dynamics, examines current housing trends and outcomes for Māori, and considers the impact of future population change on Māori housing trends. This report draws on existing data sets and research results. Primary data collection was not part of this exercise.

Recently, the way in which government agencies are required to collate, and report on, ethnicity data has changed. In the past, individuals who identified with more than one ethnic group had one response prioritised and reported. This is referred to as the New Zealand Standard Classification of Ethnicity. As a result of the Statistics New Zealand 2005 Ethnicity Standard, ethnicity data now reports multiple responses, referred to as 'total response data'. This means that individuals who have reported more than one ethnic group will be counted once in each ethnic group they identify. Therefore, the total number of responses for all ethnic groups may be greater than the total number of people who stated their ethnicities (and may add to more than 100 percent). Because this is a recent development, total response data is not readily available for all data sets used in this report. Where possible, the new 2005 Ethnicity Standard was applied.

Key Points

- In 2004, 20 percent of Māori households had housing costs in excess of 30 percent of their income. This is a drop from just over 30 percent in 2001. For the first time since the mid 1980s, this housing affordability figure for Māori was comparable to that for European.
In June 2007, Māori are the Corporation’s largest applicant group (8,981 total applicants) and the second largest occupant group (73,757 total occupants).

Between 1991 and 2006, the Māori home ownership rate fell disproportionately compared to that of European households. The Māori home ownership rate fell approximately 16 percent, the European home ownership rate approximately 11 percent.

The number of Māori recipients of the Accommodation Supplement was 67,000 in 2007. The proportions of Māori recipients who were boarding (30 percent) was twice that of European recipients (15 percent).

Between 2001 and 2021, the Māori population is expected to grow by 29 percent. The greatest numerical increase in the Māori population will be in the Auckland region, followed by the Bay of Plenty and Waikato regions.

The number of Māori aged 65+ years is projected to increase three-fold from 20,000 in 2001 to 57,000 in 2021. It is estimated that in 2021, one third of Māori aged 65+ years will require rental housing (of which nine percent is expected to be from the Corporation).

Māori are likely to make up a growing proportion of the Corporation's customer base.

The Corporation can anticipate that its Māori customer base will show ongoing demand for larger houses, and increase the demand for housing appropriate for single parent families, housing for Kaumātua, and housing in rural areas.

Findings

Key features of the Māori population

Māori currently make up 15 percent of the total population. Most Māori live in one family households with children. However, Māori are more likely than other ethnic groups to live in households that include more than one nuclear family. The majority of Māori live in urban areas, with almost one quarter of the Māori population living in Auckland.

Māori have relatively high rates of mobility, and rates have been increasing over time. Māori most commonly identify social reasons (mainly to be closer to family) as the main motivation for moving. Economic and housing reasons were the next most common motivations for Māori migration. For European, economic considerations, followed by environmental and social reasons, were the most common motivations for moving.

Between 2001 and 2006, the socioeconomic status of Māori improved. Increasing proportions of Māori obtained higher educational qualifications, the proportion of Māori with an income of more than $30,000 increased, as did the median income ($20,900 in 2006 up from $14,800 in 2001), and Māori unemployment steadily fell (to 7.7 percent in 2007). Notwithstanding these improvements, some 40 percent of the Māori population still do not hold a formal qualification, and the Māori unemployment rate is three times the European rate.

Housing supply
Crowding is a key indicator of housing supply. The proportion of the Māori population living in crowded housing declined from 35 percent in 1986 to 23 percent in 2006.

**Housing assistance and affordability**

Housing is fundamental to the health and wellbeing of families and communities. In line with trends for the total New Zealand population, housing is less affordable for Māori than it was 20 years ago. In 1988, only eight percent of Māori households were paying more than 30 percent of their income in housing costs. By 1997, this figure had increased to 32 percent. Since then, this figure has declined. For the first time since the mid 1980s, in 2004 housing affordability for Māori households was comparable to that for European households. However, housing affordability remains an issue, with one in five Māori households recording housing costs in excess of 30 percent of income in 2004.

In 2007, some 67,000 Māori were receiving housing support through the Accommodation Supplement, accounting for 27 percent of all Accommodation Supplement recipients. The proportion of Māori Accommodation Supplement recipients who were boarding (30 percent) was twice that of European recipients (15 percent). Compared with European and Pacific recipients, the proportion of Māori recipients who own their own home is relatively small. This may signal low levels of awareness among Māori home owners about their potential eligibility for the Accommodation Supplement. Between 2003 and 2007, there has been an 11.6 percent decline in the number of Māori Accommodation Supplement recipients. This decline aligns with increased strength of the labour market and improvements in Māori employment status.

Māori make up a significant portion of the Corporation’s customer base. Figure 1 shows that in June 2007, 73,757 Māori occupied Corporation houses. This was the second largest group of occupants. Māori were the largest applicant group, with 8,981 total applicants.

**Figure 1. Number of occupants identifying with each ethnicity, 2007**
This figure is based on Total Response Data. Therefore, occupants who identify with more than one ethnicity are counted once in each ethnic group they identify with. The total number of responses of 215,871 presented in this figure was based on 197,687 occupants.

Source: Housing New Zealand Corporation, Administrative Data, June 2007

**Home ownership**

Over the past 15 years, the most striking trend in Māori housing has been the on-going decline of home ownership rates. Since 1991 the proportion of Māori who own their home has fallen from 61.4 percent to 45.2 percent in 2006 (Figure 2). Between 1991 and 2006, the Māori home ownership rate fell disproportionately faster than that of European households. The Māori home ownership rate fell approximately 16 percent, and the European home ownership rate fell approximately 11 percent.

**Figure 2. Proportion of people who owned their own home by selected ethnicity 1991, 2001 and 2006**


**Rental tenure**

Between 1991 and 2006, there has been a significant increase in the proportion of Māori in rental tenure (from 38.6 percent to 54.8 percent), which corresponds to the decline in home ownership rates. Māori are more likely than European not to own their own home, regardless of income and age.

**Housing quality**

Currently there is no quantitative information on the quality of housing occupied by Māori. However, the issue of substandard or poor quality housing for Māori in rural and urban areas has been recognised for some time. Recent qualitative research on Māori housing experiences (Waldegrave et al., 2006) found that rural renters were more exposed to poor property conditions, lower levels of maintenance, and less choice. Furthermore, proximity to wha-nau was a crucial determinant of where people preferred to live, in both rural and urban areas. In the cities, Māori
often accepted lower grade housing to be close to their families, rather than better housing in a suburb further away.

**Future population scenarios**

The Māori population is expected to grow by 29 percent between 2001 and 2021. By comparison, a 19 percent increase is projected for the non-Māori population over the same period of time. The younger age structure of the Māori population means that there is a built-in momentum for further growth. There will be a significant growth in the working age population. The greatest numerical increase in the Māori population will be in the Auckland region, followed by the Bay of Plenty and Waikato regions.

The Māori population will age in the coming decades, with the median age projected to increase by five years between 2001 and 2021. The number of Māori aged 65+ years is projected to increase threefold from 20,000 in 2001 to 57,000 in 2021. As a proportion of the total Māori population, this age group is projected to grow from three to eight percent. It is estimated that in 2021, one third of Māori aged 65+ years will require rental housing, of which nine percent is expected to be from the Corporation. In comparison, only 19 percent of European aged 65+ years are expected to require rental housing, of which approximately three percent is expected to be from the Corporation.

**Implications for policy development**

Over the next 10 years, Māori housing needs will differ from the needs of the European population. The key demographic drivers of Māori housing need will be: projected growth in the size of the Māori population, the expected continuation of larger Māori family sizes, potential growth in the number of single parent families, growth in the number of Kaumātua, and internal migration.

**Housing supply**

Demand from Māori for housing can be expected to increase as the Māori population expands. Growth in the number of Māori will accentuate pressure on housing supply, especially in Auckland where one quarter of the Māori population is expected to continue to reside. Housing supply stress is also likely to increase in regions such as the Bay of Plenty and Waikato, where the projected numerical increase in the Māori population is the second and third highest.

Māori household crowding is likely to remain relatively high as a result of larger size households, on lower incomes, paying higher rents. This will be exacerbated by high house prices and housing affordability pressure, particularly in urban areas.

**Assistance and affordability**

Over the next 10 years, Māori are likely to make up a growing proportion of the Corporation's customer base, and this will be more pronounced in some regions. This trend has implications for the Corporation's capability, staffing and approaches to service delivery. The findings of this research suggest that the Corporation can expect an ongoing demand for larger houses, and an increase in demand for housing appropriate for single parent families, housing for Kaumātua (either as primary tenants or as part of extended family households), and housing in rural areas.

**Home ownership and rental tenure**
The increase in the proportion of Māori in rental tenure from 38.6 percent in 1991 to 54.8 percent in 2006 has been striking. Consultation and research has found that while many Māori still strongly aspire to own their home, this aspiration is difficult to realise because a high proportion of Māori live in urban areas where housing pressure is most intense or in coastal areas where land and real estate prices are premium. Consequently, in the short term at least, home ownership will continue to be beyond the reach of many Māori.

Trends in fertility suggest that Māori will continue to start families earlier than European and have larger families. This means that in the earlier stages of family formation, Māori will be less likely to be able to accumulate sufficient resources to buy a house, and in the later stages, the cost associated with larger families means they will have less disposable income to save for home ownership.

While there have been gradual improvements in the educational, employment and income status of Māori over the past 10 years, the level of improvement is unlikely to offset the challenges presented by the current housing market.

The design of future policies regarding Māori home ownership needs to address:

- financial barriers
- aspirations, knowledge and information/support
- impediments to Māori utilising multiply owned land for housing.

**Further Information**

This summary is based on the report: *Māori Housing Trends 2008*. Housing New Zealand Corporation (May 2008).

Other related reports include: