

Affordable Housing in the Nelson, Tasman and Marlborough Regions: A Solutions Study

Availability of affordable housing is important in Nelson, Tasman and Marlborough (NTM) for both economic and social reasons. It is vital for stability and productivity in the workforce, especially in emerging and critical industries, and for a population with an increasing number of retired people, young people and those needing special consideration. This research shows NTM requires improved access to affordable housing, improvements in housing quality and increases in the supply and diversity of accommodation types.

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House prices in NTM rose 70% between 2002 and 2004. The surge in population comes from increased employment and internal migration (retirees and purchasers of vacation homes) and has put pressure on the housing market. Housing supply (both for owner-occupied and rental properties) has not matched demand. Home ownership rates and housing affordability have declined. Housing development has been restricted by land availability, zoning, infill and density regulations, and lack of infrastructure, natural hazards, the desire for green space and questions over the use of productive farmland for housing.

The NTM public thinks that problems with housing affordability pose a significant restraint on economic development and productivity in their regions.

The population aged over 65 is expected to increase markedly in NTM between 2001 and 2026 (89% in Nelson, 144% in Tasman and 111% in Marlborough). Projected growth will not be for current types of existing housing stock, which is mostly three-bedroomed properties on large sections.

Research shows that where population and housing demand rise strongly, as in NTM, new houses are needed quickly to mitigate price impacts from the influx of new residents.

An action plan proposes 25 practical solutions. Key local agencies, including local government, employer and community groups, and central government agencies are invited to examine and potentially adopt the identified solutions.

Key Points

The Issues

- House prices and rents rose sharply across NTM.
- Population has risen from increased employment (which doubled between 1986 and 2001), internal migration from retirees and purchasers of vacation homes.
- Housing supply for both owner-occupied and rentals has not met demand.
- Zoning and regulations impact on supply responsiveness.
- Infrastructure limits available residential land.
- Affordability affects both the rental and owner-occupier homes.
- Housing problems create difficulties in attracting, retaining and stabilising workforces in key industries.
- The NTM public see housing issues as being very important.
- Industry reputation is at risk from poor worker housing (especially for viticulture).
- Pressure on housing for workers affects housing availability for all.
- Poor housing imposes external costs on the community.
- Projected increases in the population aged over 65 will significantly change the age structure and the type of houses required.
- Councils are major players in housing markets, controlling all regulatory processes regarding subdivisions, environmental effects and impacts on the community.
- The NTM public thinks councils have not responded fast enough to demand pressures to prevent house prices rising and harming society and the economy.
- For Nelson and Tasman, the major issues are soaring house prices, council resource consent processes and planning regulations, and land speculation.

- For Marlborough, the major concerns are accommodation for viticulture workers, overcrowding and poor quality accommodation, use of private dwellings as hostels and a need to increase and regenerate Housing New Zealand Corporation stock.
- Other major concerns of residents are the quality of housing, lack of emergency, interim and supported housing, and infrastructure development.

The Solutions

- All proposed solutions are based on research evidence and community consultation, are not a quick fix and require trade-offs between competing community goals.
- Solutions are aimed at improving access to affordable housing, improving the quality of existing housing stock, and increasing and diversifying the supply of affordable housing.
- Solutions require local support and action – most are supply-side and coordination initiatives involving changes to planning, infrastructure/transport, leasehold and other tenure options, and infill and density regulations.
- Appointment of a local coordinator to work with the three councils would sustain the momentum of the project and ensure action.

Findings

Housing Affordability

House prices in NTM rose by approximately 70% between 2002 and 2004. Rents also rose sharply, particularly in Marlborough.

By 2004, housing in NTM was more expensive relative to incomes than across New Zealand as a whole, rising from seven to eight times median (individual) income in the early 1990s to Marlborough (12 times), Nelson (14 times) and Tasman (16 times). For the rest of New Zealand, a house cost 11 times the median income in 2004.

Population Growth

The NTM population has risen because of increases in employment (both permanent and seasonal), which doubled between 1986 and 2001, and internal migration.

Continuing population increases are projected to bring further housing market pressures. Statistics New Zealand (medium) population projections estimate population increases between 2001 and 2026 of 5,500 in Marlborough, 9,500 in Nelson and 12,700 in Tasman. These constitute percentage increases of 13%, 22% and 30% respectively.

The population aged over 65 is expected to increase markedly in each region (111% in Marlborough, 89% in Nelson and 144% in Tasman). By 2026, the projected median age in Marlborough is 51 years, for Tasman 47 years, and for Nelson 45 years. Currently, median ages are in the high 30s.

Land Supply: Zoning and Building

The regions favour large section zoning rules on new residential land in the face of local constraints on infrastructure, natural hazards and the desire for green space. Local urban design regulations constrain urban density. They also minimise incursions onto productive farmland. This has constrained the supply of land for new housing at a time of considerable demand pressures.

Despite recent increases to land supply, Nelson's residential land supply may be exhausted within six to

seven years at current rates of building. Richmond's remaining available supply will depend crucially on the assumed average lot size of developments, in turn affected by planning restrictions.

For both Tasman and Marlborough, there is concern over potential encroachment of dwellings onto highly productive land surrounding major towns. The resulting zoning restrictions limit land supply, creating barriers to the expansion of affordable housing adjacent to towns.

Home Ownership Rates

Between 1986 and 2001, the absolute number of households owning their own homes increased in all three NTM regions. However, the proportion of households that own their own home has declined by 13 percentage points in Nelson (from 57% to 44%), with smaller declines in Tasman (6%) and Marlborough (7%).

New Houses: Number and Type Required

The study indicates that Tasman requires 6,300 extra dwellings in 2016 relative to 2001 (40% increase), Nelson requires 5,000 extra dwellings (31% increase) and Marlborough requires 4,000 extra dwellings (26% increase). Further increases will be required by 2026, particularly in Tasman and Nelson. A large proportion of these extra dwellings will have to be suitable for retired households (i.e. one or two person households). Much of the new housing in NTM is increasingly large residences that appeal to higher income/wealth individuals rather than median or below-median wage and salary earners. Based on demographic and industry projections, the study found that most growth in housing requirements will occur for types of housing currently not part of existing stock that is concentrated in three-bedroomed properties with large sections.

Impact on Industry: Viticulture

NTM resource-based seasonal primary industries, especially viticulture, are vulnerable. This industry requires not only a large number of workers at peak times of harvest and pruning, but it is also a year-round

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industry, employing an increasing number of workers. In 2006, for instance, the industry will need around 3,000 workers from May to September. More workers, both permanent and temporary, will be needed in future, as a 30% growth rate in viticulture is expected within the next ten years.

Stakeholder and Public Views

The community is clearly not happy with the current distribution of house and rental prices. Five times as many respondents see housing as a big problem as those who see crime as a big problem. Most respondents (61%) believe that the cost of housing is hurting the local economy, and 80% say that housing is unaffordable for needed workers.

Solutions

The authors put forward 25 possible solutions. There is no magic bullet or quick fix. Solutions will take time and require trade-offs, which can be controlled by

limiting the scale of allowed developments (like infill) to a specific number of units.

Most solutions involve changes to planning, infrastructure/transport, leasehold and other tenure options, and regulations on infill/density. Others address the needs of migrant workers, support from employers, overcrowding, poor quality rental properties and compliance with codes and consent processes.

They involve practical direct action by key local players. All possibilities were discussed at local reference group meetings where local involvement and ownership of solutions was encouraged. Other central government agencies, especially Housing New Zealand Corporation, Department of Building and Housing, Ministry of Social Development, Ministry for the Environment and Department of Internal Affairs, also have roles.

Agencies are identified with each solution proposed.

A one-year appointment of a local coordinator would sustain the momentum of this project.

Further Information

This bulletin is based on the report *Affordable Housing in Nelson, Tasman and Marlborough: Taking Action*. A free copy of the report and this bulletin can be found on the CHRANZ website under "Our Publications".

Other useful reports include:

- *Nelson, Tasman and Marlborough Housing: Regional Context and Characteristics* Motu Economic and Public Policy Research (October 2005)
- *Nelson, Tasman and Marlborough Housing: Urban Residential Land Use and Land Supply 1990-2005* DTZ New Zealand (March 2006)
- *How Does Nelson, Tasman and Marlborough Housing Adjust?* Motu Economic and Public Policy Research (April 2006)
- *Stakeholder Perspectives and Experiences of Housing and Affordability in Nelson, Tasman and Marlborough* Public Policy and Research / CRESA (April 2006)
- *Public Perspectives on Housing and Affordability in Nelson, Tasman and Marlborough* CRESA / Public Policy and Research (April 2006)
- *Regional Housing Markets in New Zealand: House Prices, Sales and Supply Responses* Motu (February 2006)

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