



Alternative housing tenures – the opportunity for New Zealand

Research Update 3: Renter housing need and unmet need

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1. Context

“Housing is fundamental to our economic and social wellbeing and plays a central role in individual and community health outcomes, family stability, and social cohesion. A responsive housing market facilitates labour market mobility, allowing people to move to take up job opportunities and enhancing the productivity of the economy.”¹ Unfortunately, housing markets around the world, including in New Zealand, have struggled to provide adequate, good quality affordable housing with long term security of tenure to meet their populations’ needs. Some housing markets have responded to pressures within their housing systems to provide a range of alternative tenure structures and these responses have varied between countries. New Zealand is also a signatory to a number of United Nations conventions that state households’ ability to access good quality housing at an affordable price is considered a human right.

This research update is the third in a series which presents the results of our research project “Alternative housing tenures – the opportunity for New Zealand” and focuses on recent housing market outcomes and demonstrates the potential need for alternative tenure solutions in New Zealand. The research updates will summarise the results from our analysis of:

- Housing market outcomes (intermediate housing market, renter housing stress, and renter housing need and unmet need);
- Rapid review of overseas literature on alternative affordable housing tenure system base;
- Industry interviews investigating enablers and barriers to alternative tenure housing in New Zealand; and
- System based analysis of the enablers and barriers to the growth of the alternative tenure housing market.

2. Housing market outcomes

Affordable housing is an important factor for economic inclusion of households in the wider economy. Housing generally is a household’s largest single spending item, encompassing mortgage payments for owner occupiers and rents for renter households. Rising housing costs have contributed to growing social and economic disparities with lower income households (those earning less than 80% of their region’s median household income) experiencing the most adverse outcomes. OECD (2018)² analysis demonstrates increased income inequality (measured by the Gini index) based on disposable income after deducting for housing costs. Renters, in particular, have needed to spend an increasing proportion of their income on housing, leaving less residual income to cover other expenditure.

New Zealand has not been immune from the decline in housing affordability. This is the third of three research updates providing an overview of recent housing market outcomes. These updates will discuss trends in the intermediate housing market, renter housing stress, and renter housing need and unmet need. This update focuses on renter housing need and unmet need.

¹ New Zealand Productivity Commission (2015) Using land for housing. Page 1.

² OECD (2018), “Opportunities for all: framework for policy action on inclusive growth”. OECD publishing..



3. Renter housing need and unmet need

This section focuses on the renter households within that cannot meet their housing needs in the housing market with any Accommodation Supplement they may access. The discussion provides an analysis of housing need among renters ('renter housing need') and identifies the prevalence of renters whose needs are not only unmet by current market settings but who are also unable to access housing by providers who provide affordable housing. That set of households fall into the 'unmet housing need' category. Total '**renter housing need**' is constituted by the following sets of households:

- Financially stressed private renter households;
- Those households whose housing requirements are met by public housing, community housing providers, and council housing. These are referred to as social housing tenants for the purpose of this analysis; and
- People who are homeless or living in crowded dwellings and includes transitional or emergency housing.

Table 1 presents renter housing need in June 2018 and June 2022 by region.

Table 1: Renter housing need

Region	Housing need – number of households				Housing need as a % of all households		
	2018	2022	Chge No of hhlds	% change	2018	2022	% pt chge 18-22
Northland	14,990	17,730	2,740	18.3%	21.2%	23.4%	2.2%
Auckland	147,130	169,280	22,150	15.1%	26.8%	28.8%	2.0%
Waikato	34,430	40,920	6,490	18.8%	21.2%	23.6%	2.4%
Bay of Plenty	23,990	28,770	4,780	19.9%	19.9%	22.3%	2.4%
Gisborne / Hawkes Bay	17,870	21,520	3,650	20.4%	22.0%	25.0%	3.0%
Taranaki	8,220	9,640	1,420	17.3%	17.2%	19.4%	2.2%
Manawatu / Whanganui	18,550	23,000	4,450	24.0%	19.7%	23.4%	3.7%
Wellington	39,730	47,250	7,520	18.9%	20.6%	23.1%	2.4%
Nelson/Tasman/Marlborough	10,390	12,330	1,940	18.7%	17.1%	19.0%	2.0%
West Coast	2,330	2,900	570	24.5%	16.7%	20.7%	4.0%
Canterbury	41,140	50,090	8,950	21.8%	18.4%	21.4%	2.9%
Otago	16,600	20,070	3,470	20.9%	18.8%	21.6%	2.7%
Southland	5,220	6,520	1,300	24.9%	13.8%	16.6%	2.8%
Total	380,590	450,020	69,430	18.2%	21.2%	23.6%	2.4%

Source: Modelled based on census 2018 customised outputs, Statistics New Zealand medium housing projections, Tenancy bond, Kāinga Ora and Ministry of Housing and Urban Development data

Southland experienced the strongest growth in renter housing need between 2018 and 2022 with a 24.9% increase. Other regions experiencing strong growth in housing need included West Coast (up 24.5%), Manawatu/Whanganui (up 24.0%), Canterbury (up 21.8%) and Otago (up 20.9%). The region with the highest housing need as a proportion of all households is Auckland (28.8%) while West Coast experienced the highest percentage point increase in the proportion of needy renter households (up 4.0%).

A proportion of renter housing need is met with the provision of social housing including Kāinga Ora, council housing and units provided by community housing providers. Renter housing need not met by social housing providers is defined as "**unmet renter housing need**".



Table 2 presents unmet renter housing need in June 2018 and June 2022 by region.

Table 2: Unmet renter housing need

Region	Unmet renter housing need – number of households				Unmet renter housing need as a % of all households		
	2018	2022	Chge No of hhlds	% change	2018	2022	% pt chge 18-22
Northland	12,080	13,850	1,770	14.7%	17.1%	18.2%	1.2%
Auckland	115,000	129,690	14,690	12.8%	20.9%	22.0%	1.1%
Waikato	28,200	32,160	3,960	14.0%	17.0%	18.3%	1.3%
Bay of Plenty	20,970	23,850	2,880	13.7%	17.3%	18.4%	1.1%
Gisborne / Hawkes Bay	12,610	14,780	2,170	17.2%	15.4%	17.0%	1.7%
Taranaki	6,660	7,600	940	14.1%	13.9%	15.3%	1.4%
Manawatu / Whanganui	14,140	16,390	2,250	15.9%	14.9%	16.5%	1.6%
Wellington	28,720	33,070	4,350	15.1%	14.7%	16.1%	1.4%
Nelson/Tasman/Marlb	8,530	9,540	1,010	11.8%	14.0%	14.7%	0.7%
West Coast	1,740	2,010	270	15.5%	12.6%	14.6%	2.0%
Canterbury	31,180	35,560	4,380	14.0%	13.7%	14.9%	1.2%
Otago	13,460	15,350	1,890	14.0%	15.2%	16.3%	1.1%
Southland	4,310	5,080	770	17.9%	11.3%	12.9%	1.6%
Total	297,600	338,930	41,330	13.9%	16.6%	17.8%	1.2%

Source: Modelled based on census 2018 customised outputs, Statistics New Zealand medium housing projections, Tenancy bond, Kainga Ora and Ministry of Housing and Urban Development data

Between 2018 and 2022, Southland and Gisborne/Hawkes Bay had the strongest growth in unmet renter housing need, up 17.9% and 17.2% respectively. Manawatu/Whanganui (up 15.9%), Wellington (up 15.1%) and West Coast (up 15.5%) also experienced strong growth in unmet renter housing need.

Auckland had the highest proportion of unmet renter housing need followed by the other regions located in the top half of the North Island. The regions experiencing the strongest percentage point increase in unmet renter housing need between 2018 and 2022 included West Coast (up 2 percentage points), Gisborne/Hawkes Bay (up 1.7 percentage points), Manawatu Whanganui (up 1.6 percentage points), Southland (up 1.6 percentage points), Taranaki (up 1.4 percentage points) and Wellington (up 1.4 percentage points).



Table 3 presents the modelled housing need and unmet housing need for Māori and Pasifika households in 2018.

Table 3: Māori and Pasifika household housing need and unmet housing need

Region	Māori households				Pasifika households			
	Total housing need		Unmet housing need		Total housing need		Unmet housing need	
	Hhlds	% of total ³	Hhlds	% of total	Hhlds	% of total	Hhlds	% of total
Northland	5,630	38%	4,120	34%	110	1%	80	1%
Auckland	25,280	17%	16,660	14%	24,820	17%	14,120	12%
Waikato	10,440	30%	8,040	29%	780	2%	620	2%
Bay of Plenty	7,480	31%	6,030	29%	270	1%	180	1%
Gisborne / Hawkes Bay	6,940	39%	4,410	35%	470	3%	300	2%
Taranaki	2,140	26%	1,590	24%	70	1%	40	1%
Manawatu/Whanganui	4,580	25%	3,550	25%	260	1%	170	1%
Wellington	8,830	22%	5,750	20%	3,690	9%	2,070	7%
Nelson/Tasman/Marl	1,630	16%	1,220	14%	130	1%	100	1%
West Coast	250	11%	190	11%	0	0%	0	0%
Canterbury	5,970	15%	4,060	13%	1,330	3%	840	3%
Otago	1,880	11%	1,590	12%	330	2%	270	2%
Southland	930	18%	780	18%	90	2%	80	2%
Total	81,980	22%	57,990	19%	32,350	8%	18,870	6%

Source: Modelled based on census 2018 customised outputs

Māori households account for 16% of all households in New Zealand while Pasifika households account for 4%. Nationally, both Māori and Pasifika households are over represented in both housing need and unmet housing need outcomes in 2018. Māori households account for over 30% of households in need in Northland, Waikato, Bay of Plenty, and Gisborne/Hawkes Bay. Pasifika households account for 17% of total housing need in Auckland and 12% of unmet need. Wellington has the second highest proportion of needy Pasifika households after Auckland.

³ % of total equates to Māori households with housing need as a percentage of all households with housing need.



4. Summary

In summary, the analysis presented in this section of the report has identified a number of trends which include:

- Housing need as a proportion of all households is increasing and unmet has also increased; and
- Household income relative to housing costs is the key issue with an over representation of Māori and Pasifika households in the need statistics.

These trends set the framework for why we need to consider how different alternative tenure models can improve affordability outcomes. There is a growing need for alternative tenure models that provide affordable rental products for households earning less than 80% of RMHI (unlikely to be able to buy a house in the short to medium term).

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