

Dunedin's Social Housing Future



An Assessment of Future Social Housing Need in Dunedin City 2011-31



The Property Group Limited's Report to Dunedin City Council - January 2012



Table of Contents

Section	Title	Page
1.	Executive Summary	1
1.1	Introduction	1
1.2	Forces Shaping Dunedin's Social Housing Future	2
1.3	The Rental Housing Market	3
1.4	Affordability and Housing Stress	4
1.5	The Social Housing Sector	4
1.6	Forecasting Future Demand	5
1.7	Future Social Housing - Supply and Location Issues	6
1.8	Conclusion - Future Directions for the Social Housing Sector	7
2.	Introduction	8
2.1	The Dunedin Social Housing Strategy - Starting Point	8
2.2	The Social Housing Needs Assessment	8
3.	Forces Shaping Dunedin's Housing Future	13
3.1	Population and Household Base	13
3.2	Population Trends	13
3.3	Household Trends	17
3.4	Economic Drivers	19
4.	The Dunedin Housing Market	21
4.1	Housing Stock	21
4.2	New Dwelling Construction	22
4.3	Residential Values	23
4.4	Housing Turnover	25
4.5	Tenure Trends	25
4.6	Owner Occupiers	28
5.	The Rental Housing Market	30
5.1	Rental Market Sectors	31
5.2	Rental Market Activity	34
5.3	Rental Investments	35
5.4	Market Rent Levels	37
6.	Affordability and Housing Stress	39
6.1	What is Housing Stress?	39
6.2	Determinants of Housing Stress	39
6.3	High Risk Renting Households	41
6.4	Rental Affordability Today	43
6.5	Rental Housing Stress in Dunedin - Some Observations	46
7.	The Social Housing Sector	47
7.1	Social Housing Supply	47
7.2	Distribution of Social Housing by Area of Need	47
7.3	Location	48
7.4	Housing New Zealand Corporation	49
7.5	Dunedin City Council Housing	50
7.6	Third Sector Providers	52
7.7	Summary Observations on the Social Housing Sector	57
8.	Forecasting Future Demand	58
8.1	Older People Housing Demand	59
8.2	Working Age Households	60
8.3	Health and Disability	61
8.4	Emergency/Transitional Housing	62

Section	Title	Page
9.	Future Social Housing - Supply and Location Issues	63
9.1	Older People's Housing	63
9.2	Generic Affordable Housing	64
9.3	Health and Disability Housing	64
9.4	Location of New Social Housing	64
9.5	District Plan Considerations	
10.	Conclusion - Future Directions for Social Housing in Dunedin	68
10.1	Scenario One - Business as Usual	68
10.2	Scenario Two - Consolidation	69
10.3	Scenario Three - Paradigm Shift	70
10.4	Concluding Comments	71
	Bibliography	72
	Appendix	
One	Dunedin City Community Maps - Location of Social Housing	
Two	Community Consultation - Stakeholders and Assessment Questionnaire	
Three	Dunedin City - Projected Population Growth 2006 - 2031 - By Age and Area	
Four	Dunedin City - Dwellings by Number of Bedrooms and Location 1996 - 2006 - Changes In Supply in One and Two Bedroom Units	
Five	Dunedin City 2006 - Renting Households by Percent of Income Spent on Rent - by Area and Household Type	
Six	High Level Financial Model for a "Dunedin Housing Trust" - Assumptions and 10 Year Cash Flow	

Disclaimer

The findings of this assessment are based on information available at the time of writing, and the assumptions stated in the body of the report. Information furnished by others, upon which much of this report is based, is believed to be reliable but has not been verified in all cases. No warranty is given to the accuracy of such information.

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1 Executive Summary

In March 2010, the Dunedin City Council ("DCC") adopted the Dunedin City Social Housing Strategy, a ten year plan for improving the range and performance of housing assistance in the city. The Strategy included a requirement for Council to commission a Social Housing Needs Assessment to guide future planning by Council and other social housing providers.

1.1 Introduction

The Property Group Limited ("TPG") began work on the Dunedin Assessment in mid-2011. In accordance with the Council's brief, our primary task has been to "...undertake a needs analysis for social housing for the period 2011-2031 in order to determine what the gaps are and the scale of need, and how to meet the needs over that period, both in terms of type of accommodation and geographical location."

TPG's approach is based on a mix of quantitative analysis and feedback from key stakeholders:

- We have made extensive use of previously published data, plus newly-commissioned statistics provided by Dunedin City Council, the Department of Building and Housing, and Statistics New Zealand. The result is a robust analysis of population and housing trends that will shape future demand for social housing in Dunedin.
- Forty individuals and organisations were identified as playing a role in the Dunedin social housing sector. Twenty of these were interviewed and others asked to complete a questionnaire. The result is a comprehensive picture of the sector, and its capacity to respond to future housing need.

The Assessment begins with a discussion on what we mean by social housing, and who needs such housing. Our own definitions largely follow those used in the Dunedin Strategy, which defines social housing as:

"...the provision of accommodation assistance for individuals and families whose housing needs or circumstances are not adequately provided for by the private sector."

In line with the Council's brief for this assessment, we take accommodation assistance to mean direct provision of state houses, council housing, and other specialist accommodation managed by government or third sector agencies. This is in contradistinction to income support mechanisms like the Accommodation Supplement ("AS"), which is designed to make private sector (market) housing, more affordable.

The target population (social housing consumers) for direct social housing assistance is defined as:

Individuals and households who cannot access appropriate, secure and affordable housing through the private sector (with or without financial assistance from the AS) because of one or more of the following issues:

- *Extreme affordability issues that cannot be fixed by minor AS tweaks.*
- *High and complex needs.*
- *Health and disability issues.*
- *Age-related housing issues.*
- *Emergency or transitional housing needs.*

As a general rule, social housing consumers will be found amongst Dunedin's lowest income households and (unless they are already in subsidised housing) will struggle to meet their rental and other housing outgoings.

Together, social housing consumers and providers make up the social housing sector. TPG has developed the "social housing matrix", which brings the forces of social housing demand and supply together into a single conceptual form. Each cell in the matrix describes the relationship between a particular market segment (for instance affordability or disability) and the main providers of social housing for that segment. We have used the matrix to organise much of this Assessment.

The Social Housing Sector Matrix

		The Social Housing Sector			
Layer: Role:		Central Government Direct provision and funding	Local Government Direct provision and other support	3 rd sector Direct provision, advocacy and other support	Informal Family, indirect 3 rd sector support, churches etc
Housing Need – type of need	Housing affordability				
	Housing Quality				
	High and complex needs				
	Health and disability				
	Older people				
	Maori				
	Emergency/transitional housing need				
	Other population-based - Refugee & migrant - Pasifika				

Source: TPG 2010

1.2 Forces Shaping Dunedin's Social Housing Future

Sections 2-4 of the Assessment consider the demographic and other trends shaping Dunedin's housing future. The aim is to create a robust evidence base to support later discussions on social housing demand and supply. The key points are as follows:

Population and Household Trends

In 2011, Dunedin City's resident population totalled about 124,000, living in 47,700 household units. There are about 22,000 tertiary students living in Dunedin, almost 20% of the City's resident population, and about 70% of all people aged 18-25.

Between 2011 and 2031 Dunedin's population will grow by about 5,000 (4%). By contrast, New Zealand as a whole will grow by 16% over the same period, which means that Dunedin will continue to decline as a proportion of the New Zealand's population – from around 3% at the time of the last census, to 2.5% in 2031.

These movements will be accompanied by major changes to Dunedin's household composition. Between 2006 and 2031, for instance, there will be a real reduction in the number of family households (net -1,600) and substantial growth in non-family households (+8,900). About 80% of new non-family households will be headed by people aged over 65.

Housing Market Trends

Dunedin's housing stock is on average older than most New Zealand cities, reflecting slow population growth in the last 50 years. Net growth in housing numbers has averaged less than 0.5% per annum in the past 20-30 years, mostly restricted to larger suburban dwellings and hostel-type accommodation. By contrast, the number of one and two-bedroom housing units has declined by almost 650.

Value-wise, Dunedin has its share of high priced housing, generally located in select suburban areas like North Dunedin, Maori Hill, or lifestyle areas such as Taieri and the peninsula. In most other suburbs, an average house can still be purchased for under \$250,000.00 (June 2011). In areas with a strong rental presence, average sale prices are below \$200,000.00.

As a result, Dunedin ranks as one of New Zealand's most affordable cities for aspiring home owners. Correspondingly low household income levels, however, meant that Dunedin experienced a net drop in owner-occupied housing of 729 units in the City between 1996 and 2006, and indications are that the home ownership rate has continued to decline.

By contrast, the number of rented dwellings increased by 1,446 units between 1996 and 2006. The result is that, in "cash flow positive" suburbs close to the university, and in low-priced suburbs like South Dunedin, rental investors now dominate the property market.

In line with national trends, we expect that the slide in home ownership rates will continue, with the following result:

- As the population ages, non-family households will make up a greater proportion of owner-occupied housing.
- By contrast, family households will make up an increasing number of households in rented accommodation.
- Our estimate is that about half of Dunedin's resident population already lives in rented accommodation, and this is likely to climb to over 60% during the assessment period.

1.3 The Rental Housing Market

In 2006, Dunedin's rental housing market comprised approximately 13,500 dwellings. The highest concentration of rental housing is found close to the city centre, especially around Otago University, where almost 90% of all housing is rented or leased.

Dunedin's lower-income inner suburbs (Caversham, St Kilda and South Dunedin) have all experienced a rapid increase in rental housing numbers in recent years. In the case of South Dunedin, rental housing has overtaken owner-occupied housing as the predominant tenure. Mosgiel has emerged as Dunedin's largest rental centre outside of the inner city.

Demand for rental housing in Dunedin comes from four main areas, or market sectors:

Discretionary and life-style renters (about 15% of all renting households) are generally described as those who can afford to own a dwelling, but choose not to for a number of reasons, for instance households on temporary transfer to Dunedin, or families that can afford to own a lower-priced suburban home, but prefer to live in higher-priced areas like the CBD.

Other life-cycle renters are at a stage in life where home ownership is not seen as a priority. Most recognisable within this sub-group are young people living in multi-person households, and young singles/ couples.

The intermediate rental housing market (upwards of 40% of all renting households) is defined as those households currently renting in the private market that have at least one member of the household in paid employment but who cannot afford to buy a low-cost house under standard housing criteria.

Recent research suggests that this group is the fastest growing of all housing market sub-groups. The thesis is that, as house price rises have outstripped incomes, other spending pressures have reduced the ability (or inclination) of New Zealand Households to save a deposit for their first home.

As a result, many households who traditionally moved from renting to home ownership at the family formation stage of their life cycle now face the prospect of being lifetime renters. We estimate that about 4,000 Dunedin renters could fall within this market segment, up from only a few hundred in the 1980's when Homestart and other government home ownership incentives were last available.

The student housing market consumes about 20% of all Dunedin rental housing, and is regarded by landlords as the most profitable market sector. Although students are generally on low incomes, they are willing to pay a higher proportion of their income in rent to live close to university. They also prefer to live in multi-person households, thus increasing rental "buying power".

As a result, many landlords have reconfigured their properties in recent years, adding bedrooms and improving quality (especially insulation and heating) to attract the high per-bedroom rates students are able to pay. Students are highly mobile, and accounted for more than 60% of all new letting activity in 2010.

The Social Housing Sector is made up of the lowest-income (mainly beneficiary) households in the private rental market (excluding students), plus those already resident in Housing New Zealand Corporation ("HNZC"), Council or third-sector-owned housing.

Rental affordability and other issues faced by this market segment are discussed in more detail later in the paper. As a starting point, however, we estimate there are about 3,500 renting households either facing serious housing stress in the private market or already housed by the social housing sector.

Market rent levels in Dunedin are still low by main centre standards, but have moved up over the past decade to a point where the City is no longer the "low rent capital" of New Zealand. The largest rental price increases have occurred in traditional low-cost rental areas where the emerging intermediate housing market is competing with traditional low-income renters for available stock.

This is particularly the case for smaller one and two-bedroom rental stock, for which weekly rentals have increased by more than 100% in some areas over the past five years.

1.4 Affordability and Housing Stress

As a result of increasing rents, more and more private renters are experiencing “housing stress” which is generally measured by the number of households in the lowest 40% income bracket that pay more than 30% of their income in housing outgoings. Rental subsidies like the AS are generally triggered around this level.

More than a third of all renting households (excluding students) suffered housing stress in 2006, of which more than 70% were paying 40% or more of their household incomes in rent. Single person households, sole parents and (to a lesser degree) couple-based households were “most likely” to experience serious housing stress.

To better understand housing stress in today’s rental marketplace, the Assessment includes affordability calculations for a range of different households using contemporary income and rent data (current at mid-2011). The main findings are:

- The affordability threshold for market rental housing is around \$30,000 for households with children, and about \$20,000 for single people. Above these levels, most households can afford a lower quartile rental unit sourced from the private sector with the aid of Working for Families and the AS.
- Family households earning over \$40,000 annually usually have a choice of housing type (apartment or house, three or four bedroom) and location.
- Single people who rely on a benefit and cannot easily share housing are most at risk, along with single parent family households.
- For such households, there are few affordable options in the current market – at least not at current market rents.

Our summary analysis is that sole parent households, older single and couple renters without savings, and people on invalids benefits are particularly exposed in the private rental market, and are most likely to turn to subsidised housing if market rent rises outstrip rises in benefit levels and the AS.

1.5 The Social Housing Sector

In Section Seven, we take a closer look at the social housing sector, its current form, and its capacity to absorb any increase in social housing demand. The findings are largely based on sector interviews and data collected in mid-2011.

In summary, Dunedin’s Social Housing asset pool currently comprises almost 2,800 housing units owned by 26 housing providers. The sector currently houses about 80% of those broadly identified as being social housing consumers - the balance being housed in private sector housing either at market rates or via informal subsidy arrangements.

The social housing portfolio is heavily geared towards smaller units, with over 70% of all units being two bedrooms or less. Only 6% of all units contain four bedrooms or more.

- HNZA (1483 units) is Dunedin’s largest provider of generic social housing, although its influence has been on the wane since the early 1990’s as a result of successive housing reforms.
- Dunedin City Council has one of the largest pensioner portfolios (on a per capita basis) in New Zealand (954 units). The City has reaffirmed its commitment to retaining an older persons housing portfolio, and growing numbers over time.
- The current plan is for Council to focus on a five year comprehensive refurbishment programme, after which the depreciation reserve will be applied to increase stock numbers by about 5 units per year.
- Third Sector Providers: During consultation we identified a further 24 separate organisations that own and/or manage a total of 345 social housing units comprising more than 800 bed spaces - heavily weighted towards intellectual disability and mental health-related housing need.

Although details of total social housing demand is sketchy, our analysis suggests that social housing providers have managed to absorb most cases of serious housing need in the city. As a broad estimate of unmet demand, there are up to 200 individuals and households on various wait lists who could be construed as having serious and immediate housing need. Low income single people and sole parent families are most at risk, in particular those with support housing needs or at the severe housing stress end of the affordability spectrum.

Our summary assessment of the social housing sector is that it is performing well (at least by national standards), but faces some significant challenges in the years ahead:

- The sector's largest provider (HNZC) is in decline, shedding units and staff.
- Dunedin City Council has made a commitment to increase older person's numbers, but its ability to do so is likely to be dwarfed by increasing demand from Dunedin's aging population.
- The number of third sector housing providers has grown significantly since 1990, but many are at a watershed. In particular the relevance of group housing is being questioned, and few third sector providers have capital to fund an expanded housing programme.

Our overall impression is that the Dunedin social housing sector lacks role clarity. HNZC and City Council, for instance, are both significant providers of housing for older people, but have yet to coordinate their waiting lists.

The human capital of the sector is fragmented across multiple agencies, as are rental cash flows. This we believe will be the sector's greatest challenge, to reconfigure itself in a way that will attract new capital, and build future capacity.

1.6 Forecasting Future Demand

The table below summarises our view of new demand for social housing over the 2011-31 assessment period (Section 8). Our overall assessment is that demographic forces will play a large part in shaping demand growth:

- About 1,000 new "social housing solutions" will be required to meet the needs of older social housing consumers, including a significant increase in independent living units, and supported housing for 80+ households.
- The overall quantum of working age households needing social housing assistance is likely to decline, although there will be an increase in sole parent households (2-300) and single people (500+) seeking assistance. This supports a case for reconfiguring the existing portfolio.
- Population and benefit trends suggest that Dunedin is unlikely to face a significant surge in demand for health and disability-related housing. Third sector providers have, however, identified a number areas of unmet demand, and some provision should be made for population-based growth.
- Emergency/transitional housing in Dunedin is currently restricted to ex-offender housing, refugees and the night shelter. Sector respondents believe that additional provision is immediately required for young people at risk, young women and children with addiction and other complex needs and homeless women. Longer term, more transitional housing will be required to cater for New Zealand's growing prison population.

Table 1.1: Forecasting Future Demand - Summary Assessment

Market Segment	Demand Drivers	Current Provision (approx. units)	Current Unmet Demand	Net New Demand 2011-2031
Affordability	Working age households 15-65 years	1,400 in HNZC	A's B's & C's	Any future rise in demand offset by reduction in overall no. of working age households? Key issue is stock reconfiguration
	- Lowest income couple family households	200 in DCC		
	- Sole parent family households	32 units		
	- Growing number of singles and couples with serious affordability issues			
Older People	65+ Renters	200 in HNZC	Approx 100	800
	- Existing HNZC tenants getting older	500 in DCC		
	- Existing DCC tenants getting older			
	- Other low income non-family households unable to sustain market rents			
	80+ renters capable of living in a non-rest home environment	70 in HNZC	0-10	200
	- Existing HNZC tenants	150 in DCC		
	- Existing DCC tenants			
	- Low income single and couple renters			
	Aging older people with Intellectual disabilities	Unknown	20	Unknown

Market Segment	Demand Drivers	Current Provision (approx. units)	Current Unmet Demand	Net New Demand 2011-2031
Mental Health & Addiction	Current provision just underdone?	102 units	Varies	10 new individual housing solutions
	No population-based rationale for increasing numbers?	220 beds		
Intellectual disability	No population-based rationale for increasing numbers?	114 units	About 20	20-40 new individual housing solutions
	Market gap - Supported living for people never before institutionalised	375 beds		
	Key issue - quality of private sector housing			
Physical Disability	Key issue – shortage of modified housing	9 units	DHB not sure	5-10 new individual housing solutions
	Market gap – young people in rest homes	54 beds		
	Not a Social housing supply issue?			
Emergency and Transitional Housing	Market gap Young people on youth benefit	9 units	7 units	3-4 units?
	Young women and children	38 beds		
	Homeless women – emerging/identifiable			
	Increasing prison population			

1.7 Future Social Housing - Supply and Location Issues

Section 8 considers future trends in social housing supply. For older persons housing, there is a need to move toward a “multiple solutions” environment which enables older people to move from family housing, into independent older persons housing and then into supported care within the same community. In particular, workable options are needed for the “oldest old” (80+ households), because rest homes are unlikely to be freely available.

Our view is that social housing providers can learn a lot from the private sector, which has led the way in creating housing products that enable older people to age in place beyond their capacity for independent living. Retirement villages are amongst New Zealand’s fastest growing forms of new housing, and are widely utilised by people that can afford them. They provide a range of on-site services as well as different types of accommodation, along with a managed environment that addresses core concerns of older people such as social isolation and safety.

The challenge for the social housing sector is to make similar levels of support available to older renting households, especially those moving into advanced age. At best, this could be delivered in partnership with private sector or not-for-profit retirement village operators, so that affordable rentals would be largely indistinguishable from owner-occupied units.

An alternative approach would be to create a “virtual” village, which augments existing independent living units with supported living options and integrated services based within the same community.

Whatever option(s) are selected, the sector will have to “think smart” and explore a wide range of housing options - from low/no cost options like encouraging older people to share housing through to affordable supported housing /environments like Abbeyfield. We doubt whether the current policy environment will support an estimated 1,000 independent living units - likely to cost upwards of \$175 million¹ over the 20 year assessment period.

For health and disability housing, we see the move towards individualised housing solutions as a major challenge. For instance, for every 100 group home residents, the sector would need about \$15 million to transfer them to single or two-person supported housing units.

¹ Based on 60m² and an inclusive modal construction cost of \$2,000.00m², plus provision for land development and project costs

The brief calls for consideration of where new social housing should be located. In our view, location should be based on four core considerations:

- **Follow demand:** in particular look at the largest and fastest-growing rental areas. How much social housing provision has already been made? What proportion of the community is made up of low-income tenants?
- **Financial considerations:** Where can the sector best leverage off the existing social housing investment? What are the dangers of doing this, for instance, increasing the concentration of social housing within an already depressed area?
- **Segment-related considerations:** Are there any special features of a community that make it more or less suitable for housing a particular social housing market segment? For instance, flat access, employment, proximity to health and other services?
- **Wider principles** like enabling people to age in place

Ultimately, a degree of pragmatism is required in deciding where to locate new social housing. We would urge future housing planners to “think with a broad brush”, and engage with future housing consumers. Do not, for instance, assume that people will always want to age in place - some may be glad to move out of rapidly transitioning central suburbs to an integrated older persons “community”.

1.8 Conclusion - Future Directions for the Social Housing Sector

The Assessment concludes with a discussion of three scenarios, each of which offers an alternative view of how the social housing sector will develop over the 2011-31 assessment period:

- The **business as usual scenario** is based on the sector’s current structure, and minimal changes to existing health and policy settings. Under this scenario, the Dunedin sector is likely to decline in size and relevance.
- A **consolidation scenario**, built around the Government’s recently-announced Housing Reform package. This includes reducing HNZA’s role, and transferring surplus stock to other social housing providers. New capital funding is also available, but only to providers offering scale and innovation.
- Scenario Three - **paradigm shift** - is based on all of Dunedin’s social housing providers (including HNZA and Council) agreeing to become shareholders in a single “Dunedin Social Housing Trust”.

Our assessment is that a single social housing agency vehicle would deliver management efficiencies, better coordination and operating surpluses large enough to fund expansion of housing.

In conclusion, Dunedin City’s social housing sector is at the beginning of a new chapter. Provision of affordable housing for families in the 1960’s and 70’s was well-funded, and occurred alongside a discrete pensioner housing programme. De-institutionalisation in the 1980’s and 1990’s was equally well funded, and resulted in a well prepared and committed third sector that would be the envy of most other New Zealand cities.

Over the next 20 years, however, Dunedin faces an uncertain future. The city is unlikely to be a priority for Crown funding, there are too many overlaps (at least in our view) and the sector’s capacity to expand is in doubt.

The scenarios suggest that these problems can be overcome, and that the best results will come from the City itself taking full responsibility for its social housing sector, resolving differences and encouraging synergies at a local level in preference to being subject to central government policy imperatives.

2 Introduction

In this section, we summarise the brief for this assessment and outline our approach to measuring social housing need.

2.1 The Dunedin Social Housing Strategy - Starting Point

In March 2010, the Dunedin City Council ("DCC") adopted the Dunedin City Social Housing Strategy, a 10 year plan for improving the range and performance of housing assistance in the city. To paraphrase the Strategy's vision:

- All residents should have access to "suitable, adequate and affordable housing".
- Housing assistance should be available to all those who need it.

The Strategy's 10-year objectives are concerned with increasing the quality, quantity and focus of social housing activity, and call for:

- Improvements to existing social housing - including DCC's own housing portfolio.
- Adequate emergency housing provision.
- Increasing the supply of social housing over time in line with future demand.
- Building sector capacity to ensure that there are adequate levels of support for those in need.

The strategy's implementation plan is largely focused on the first five years, and includes the following actions:

- Formation of a Dunedin Social Housing Providers Network to jointly plan and deliver Dunedin's future social housing response.
- A five-year, \$5 million programme to upgrade DCC's existing units, followed by a limited new construction programme (5-7 units per annum).
- Scope and commission a Housing Needs Assessment for Dunedin, to provide a robust evidence base for future planning by Council and the Network.

What happens after 2015 will largely depend on these actions. Will the Network, for instance, develop to a point where it can take over council's social housing leadership role? Will new capital (including human capital) be available to grow the quantum of social housing? Will the assessment identify enough future demand to justify new investment?

2.2 The Social Housing Needs Assessment

In accordance with the Council's brief for this assessment, our primary task is to "...undertake a needs analysis for social housing for the period 2011-2031 in order to determine what the gaps are and the scale of need, and how to meet the needs over that period, both in terms of type of accommodation and geographical location."²

The brief requires TPG to take a structured approach to understanding the key drivers of housing need, and ensuring that any findings are supported by a robust evidence base. Contextual information generated during the research phase should also be captured in a form that can be used for other Council strategies and plans.

2.2.1 Methodology

As dictated by the brief, our approach is based on a mix of primary and secondary research, and stakeholder consultation.

As a starting point, TPG has developed the "social housing matrix", which brings the forces of social housing demand and supply together into a single conceptual form. Each cell in the matrix describes the relationship between a particular demand driver (for instance affordability or disability) and the main providers of social housing. Together, the suppliers and consumers of social housing make up the Social Housing Sector.

² Ref. Dunedin City Council Community and Recreation Services Tender: 3041, page 4.

The Social Housing Sector Matrix

		The Social Housing Sector			
Layer: Role:		Central Government Direct provision and funding	Local Government Direct provision and other support	3 rd sector Direct provision, advocacy and other support	Informal Family, indirect 3 rd sector support, churches etc
Housing Need – type of need	Housing affordability				
	Housing Quality				
	High and complex needs				
	Health and disability				
	Older people				
	Maori				
	Emergency/transitional housing need				
	Other population-based – Refugee & migrant – Pasifika				

Source: TPG 2010

Quantitative Analysis

Our analysis makes extensive use of previously published data, plus one-off data provided by Dunedin City Council, the Department of Building and Housing, and Statistics New Zealand.

In the first sections of the Assessment, the analysis focuses on context. The intention is to show how key drivers of housing demand and supply (demographic, economic, political etc.) have determined the shape and quantum of social housing currently available in Dunedin. Emerging demand trends are then used to inform a discussion on Dunedin's social housing future.

Units of Analysis

At the request of Council, our analysis of Dunedin City is built around 32 separate "communities" (ref summary map overleaf), each characterised by a discrete socioeconomic profile and community history that distinguishes it from adjoining areas. **Appendix One** contains maps that show the community boundaries, and distribution of existing social housing.

In some cases (for instance for population and household projections), it has not been possible to redistribute census data to match the new community boundaries. In such cases, we have attempted an approximation based on current statistical area unit boundaries used for the last Census.

In cases where further disaggregation has been inconclusive or created data privacy issues, we have used Dunedin City as a whole as our unit of analysis (using New Zealand and/or comparable TLA areas as comparators). Rental data is based on the Department of Building and Housing's split of Dunedin City into 14 discrete rental areas.

Stakeholder Consultation

Over 40 individuals and organisations were identified as playing a role in the Dunedin social housing sector, 20 of which were selected for face to face interview because they:

- Are significant owners/managers of social housing; and/or
- Are regarded as key players in the sector; and/or
- Represent a significant area of need or influence.

Those not interviewed were asked to respond to a written questionnaire (also sent to agencies selected for interview), the objective being to build up a comprehensive housing database for all demand segments serviced by local government and the third sector, and sector viewpoints about social housing.

Appendix Two contains a list of individuals and organisations approached during the research period, along with a copy of the questionnaire.

2.2.2 Definitions

The assessment is also guided by our understanding of what “social housing” and “social housing need” actually mean in the Dunedin context.

What is “Social Housing”?

Social Housing is defined in the Dunedin City Social Housing Strategy 2010-21 as:

“...the provision of accommodation assistance for individuals and families whose housing needs or circumstances are not adequately provided for by the private sector.”

An alternative definition is to be found in the New Zealand Housing Strategy (HNZC 2005), which describes social housing as “Not-for-profit housing programmes that are supported but not necessarily delivered by [central or local] government to help low and modest income households and other disadvantaged groups to access appropriate, secure and affordable housing” [i.e. within their means]

Accommodation assistance can take a number of forms, including:

- Direct provision of rental housing by HNZC, local government housing agencies, and not for profit organisation.
- Assistance to modify existing owned or rented housing to meet the needs of targeted individuals and families (wheelchair access etc).
- Rental subsidies to bridge the gap between market rates and what is affordable to low income households.

In line with the brief, this assessment will focus on direct provision (i.e. houses not housing support). Our reasoning is that other interventions (like the AS) are based on enabling lower income or special needs households to participate in the wider housing market. Social housing customers, however, are unlikely to be able to sustain themselves in market housing even with income support or disability modifications.

What is “Social Housing Need?”

Social Housing Need is a collective term that encompasses a range of more specific factors that prevent people from accessing and maintaining themselves in private sector accommodation. These include affordability, housing quality, market discrimination, social dependency, health and disability issues. Social housing need can be long or short term, for instance:

- People with intellectual disabilities may require lifetime housing assistance.
- Households in emergency crisis situations, or facing short term unemployment, may require housing assistance for a few weeks/months only.

Some commentators make a distinction (refer DTZ/Darroch reports 2005-10) between “Social” housing need and “Special” housing need. In their eyes, social housing need is primarily an affordability issue, which can be mostly alleviated by income support (i.e. the AS). “Special” housing need tends to focus on individuals and households whose needs are unlikely to be met by the market under normal subsidy rules, so require a physical housing solution.

For the purposes of this paper, we have dispensed with this distinction although (as noted above) there is a considerable overlap between our interpretation of the Dunedin Strategy’s view of social housing, and “Special” housing needs definitions used by DTZ and others. For the purpose of this assessment, social housing need refers to:

Individuals and households who cannot access appropriate, secure and affordable housing through the private sector (with or without financial assistance from the AS) because of one or more of the following issues:

- Extreme affordability issues - cannot be fixed by minor AS tweaks.
- Housing choices limited to very poor quality.
- High and complex needs.
- Health and disability issues.
- Age-related housing issues.
- Emergency or transitional housing needs.
- Population-based housing need (generally caused by market discrimination), in identifiable ethnic or other culturally-defined communities.

We have not included students as a “social housing need” target group but they do have a significant impact on Dunedin’s rental market, especially in inner city areas where student demand has effectively displaced other social housing consumers.

Social Housing Market Segments

Each of the issues contained in our social housing need definition above requires its own definition, as each represents a “market segment” with unique housing requirements.

Affordability

Treasury Working Paper 06/03 Affordability of Housing: Concepts, Measurement and Evidence (2006) canvases a number of definitions of housing affordability and housing stress:

“Affordability typically becomes a concern where the housing costs of households in the lower 40% of the income distribution exceed 25% to 30% of their income.” (HNZC 2005)

“A household is below its affordability standard if it spends more than 30% of its income on housing costs.” (Canada Mortgage and Housing Corporation; cited in (DTZ New Zealand 2004)

“Households in the lower 40% income bracket who pay more than 30% of their gross income on housing costs, whether renting or buying, are said to be in “housing stress”.” (Affordable Housing National Research Consortium 2001)

“Housing is considered affordable if households can access suitable and adequate housing by spending a maximum of 30% of their gross income.” This source then notes that this is consistent with a number of other countries, and that the strategy focuses on the bottom four deciles (40%) of household income (Auckland Regional Growth Forum 2003)

For this assessment, we have adopted a definition based on the common elements of the above definitions Housing Stress is measured by the number of households in the bottom four household income deciles that pay 30% or more in rent/other housing outgoings. We have adopted 40% as the threshold for “serious housing stress”.

These levels should not, however, be taken as a proxy for social housing demand, as they often overstate the affordability problem. Household incomes are often under-reported in Census data, and rules around benefit entitlement often discount things like boarder income. Also, there are many low income people in private housing who pay less than market rents, either because they rent from family or have other informal arrangements,

From a social housing supply perspective, there is also a question of whether households paying 30-40% of their income in rent are really at a point where they cannot secure adequate private sector housing. This is explored further in Sections Six and Seven.

High and Complex Needs

In addition to affordability problems, many low income households must deal with other factors that constrain their ability to house themselves without assistance. This cluster of “high and complex needs” takes in things like temporary mental health conditions, addictions, developmental issues, involvement in the Justice System, or longstanding welfare dependence.

On the housing front, such households often face discrimination when looking for housing, and can find it difficult to maintain their housing situation without external support - generally from government housing agencies or issue-based community organisations.

Health and Disability

This needs segment generally refers to individuals with identifiable long-term physical, intellectual, sensory, or age-related disability or mental illness (or combination of these) who “... face barriers in the social and physical environment that prevent them from fully participating in and contributing to community life” (*New Zealand Disability Strategy*). On the housing front, housing need is often combined with health and living assistance supplied by a specialist third sector provider agency.

Older People's housing need

While aging does not automatically equate to housing need, we have included older people as a discrete social housing market segment because low income older people appear to have common drivers in housing need.

The United Nations has developed a two-tier taxonomy to define "old age". Those aged 60-79 years are defined as "seniors", while people aged 80 years or more are described (rather clumsily) as the "oldest old". By way of contrast, the European Commission considers only those people aged 65 years or more as falling within the category of older people. This is in alignment with New Zealand definitions of "old age" which tend to be tied to eligibility for New Zealand Superannuation.

In line with future movements in National Superannuation, and increasing workforce participation levels amongst seniors, we expect that future definitions of old age will shift to (say) 67 or even 70 by 2031.

Emergency / Transitional Housing

Like most other social housing definitions, we also make a distinction between emergency and other short-stay housing:

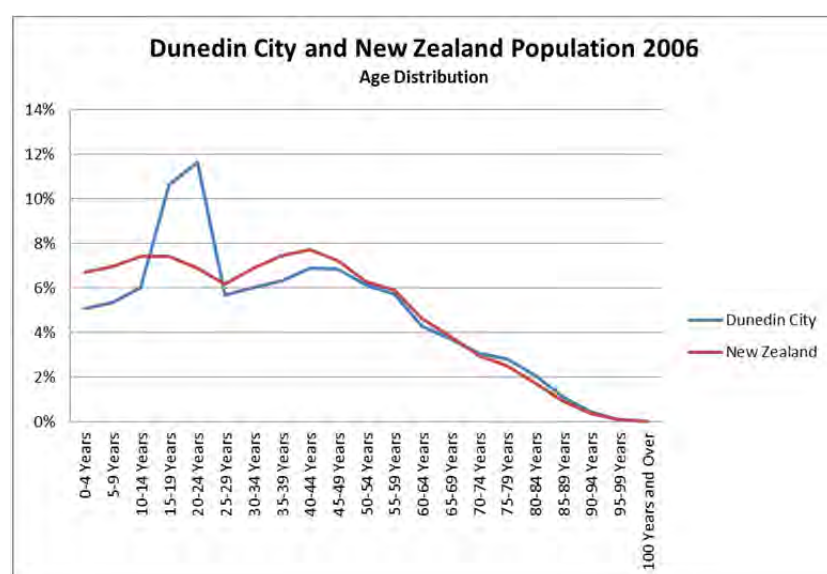
- Emergency housing generally refers to housing for individuals and households with an immediate need for shelter as a consequence of short-term, crisis situations.
- Transitional housing is temporary housing for families or individuals who have not yet found permanent housing but require more stability than an emergency shelter. Residents may stay for several months.

3 Forces Shaping Dunedin's Housing Future

In this section, we look more closely at the demographic and other trends shaping Dunedin's housing future. The aim is to create a robust evidence base to support later discussions on social housing demand and supply.

3.1 Population and Household Base

In 2011, Dunedin City's resident population totalled about 124,000, living in 47,700 household units. The City's most distinguishing demographic feature derives from its status as New Zealand's most famous university town. About 22,000 students are enrolled at Otago University, of which as many as two thirds come from other districts. As a result, tertiary students comprise almost 20% of Dunedin's resident population, and about 70% of all people aged 18-25.



The impact of the University on Dunedin's growth cannot be underestimated. In 1984 for instance, Otago University had 7,051 students but by 1994 this had more than doubled to 15,028. This has been followed by slower growth in student numbers but³, in all, student growth has accounted for the bulk of Dunedin's net population growth since the early 1980's and 90's, effectively countering the loss of at least 10,000 other residents to northern cities and overseas.⁴

3.2 Population Trends

Dunedin's population is expected to grow by about 4% between 2011 and 2031, to around 130,000 (Statistics New Zealand medium projection). New Zealand as a whole will grow four times faster (16%) over the same period, and is likely to exceed 5.1 million people by 2031. As a result, Dunedin will continue to decline as a proportion of New Zealand's total population - from about 3% in 2006 to 2.5% in 2031.

By 2031, annual growth for New Zealand as a whole is expected to be *six times higher* than for Dunedin, due to significantly higher rates of natural population increase (19.71 per thousand population compared to 4.65 for Dunedin), and net migration gains.

³ Ref. Dunedin City Student Residential Distribution, Dunedin City Council Research Report 2009/2, page 3

⁴ Cited in Wikipedia discussion of the 'I am Dunedin' campaign, initiated in the 1980's to combat net migration losses. Ref. http://en.wikipedia.org/wiki/I_am_Dunedin

Table 3.1: Dunedin City and New Zealand 2006-31 - Demographic Drivers

	Year	Births (Live)	Deaths	Natural Increase	Net Migration	Population at 30 June	% p/ anum	Median Age (Years)
Dunedin City	2006	-	-	-	-	122300		34.8
	2011	6600	4800	1800	0	124100	0.29%	35.2
	2016	6500	4900	1600	0	125700	0.26%	35.4
	2021	6500	5000	1500	0	127200	0.24%	36.6
	2026	6300	5100	1200	0	128400	0.19%	37.9
	2031	6000	5400	600	0	129000	0.09%	39
Total New Zealand	2006	-	-	-	-	4184600		35.8
	2011	307400	144800	162600	46000	4393200	1.00%	37.1
	2016	298400	152900	145500	50000	4588700	0.89%	37.9
	2021	295800	163600	132100	50000	4770800	0.79%	38.8
	2026	295700	177200	118500	50000	4939400	0.71%	39.9
	2031	295100	194800	100300	50000	5089700	0.61%	40.9

Source: Statistics New Zealand

While overall growth is low, Dunedin's population will experience substantial shifts in composition over the assessment period. All working age groups are expected to marginally decline between 2011 and 2031. By contrast, the population aged 65 or over will increase by more than 50%.

Table 3.2: Dunedin City 2006-31 - Projected Population Growth by Age Cohort

	2006	As % of area pop	2011	2016	2021	2026	2031	As % of area pop	Change 2011-31	
									No	%
0-14 Years	20370	17%	19270	19010	19240	19190	18850	15%	-420	-2%
15-39 Years	49000	40%	50450	51670	52430	50790	49180	38%	-1270	-3%
40-64 Years	36770	30%	37890	36510	34560	34570	35210	27%	-2680	-7%
65 Years and over	16270	13%	17190	19480	21900	24630	26550	20%	9360	54%
Total All Ages	122360		124780	126630	128060	129150	129680		4900	4%

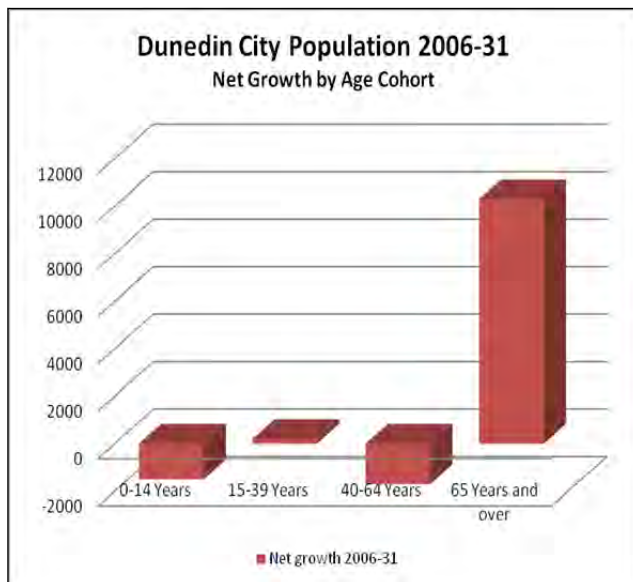
Source Statistics New Zealand

The impact of these changes is often described in terms of overall dependency levels, normally measured by the ratio of working age people (15-64 years) to non-workers (children and older people). Along these lines:

- In 2006, there were 2.4 people of working age for every child and older person in Dunedin. By 2031, the dependency ratio will be 1:1.9.
- For every older resident in 2006, there were 5.3 people of working age. By 2031, this ratio is expected to drop 63% to 1:3.6.

None of this is unique to Dunedin. Indeed it has been argued that Dunedin's aging problem is at the lower end of the national spectrum. New Zealand's 65 plus population is expected to increase by 83% between 2011 and 2031, compared to 54% for Dunedin. For every older person resident in New Zealand in 2031, there will be fewer than three people of working age (compared to almost four in Dunedin).

This is a statistical aberration in our view, due mostly to the statistical impact of the City's student population. Once external student numbers are controlled for, Dunedin's age profile and dependency levels are substantially the same as for the rest of New Zealand.



3.2.1 Community Population Profiles

Appendix Three contains a full breakdown of projected population growth by age for each of the 32 communities. The projections are based on SNZ's medium projections, distributed in line with demographic characteristics of the existing population, and Council feedback to SNZ about where new housing is likely to be located.

What is clear from the table is that future growth will be spread unevenly across Dunedin communities, particularly in respect of the older population. The table overleaf looks at projected 65+ population growth in each community. Key points are:

- Mosgiel's 65+ population will exceed 3,700 in 2031 (more than twice the level of growth projected for the next largest community). More importantly, perhaps, is that 40% of all people living in Mosgiel will be 65 or over.
- South Dunedin will continue to have a reasonably high proportion of older people (24% of all residents) but actual numbers will remain static over the assessment period.
- Fringe urban areas and rural areas will experience the most rapid growth in older age population.

Table 3.3: Dunedin City 2006-31 - Population Projections for 65+ Age Cohort - By Area (University Proximity Areas Shaded)

Area	2006	As % of area pop	2011	2016	2021	2026	2031	As % of area pop	Change 2006-31
Mosgiel	2620	28%	2880	3150	3320	3540	3740	38%	1120 43%
Outer Peninsula	190	11%	230	330	400	470	500	29%	310 163%
Maori Hill	300	16%	320	380	440	480	500	29%	200 67%
Taieri	370	13%	480	650	820	980	1130	28%	760 205%
South Dunedin	910	26%	850	850	870	900	920	26%	10 1%
Fairfield	290	12%	370	460	550	610	680	26%	390 134%
South Coast	280	10%	320	430	510	640	740	25%	460 164%
Port Chalmers/Purakanui	210	13%	230	290	330	370	370	24%	160 76%
Water-West Harbour	360	11%	400	500	580	720	800	23%	440 122%
Andersons Bay/Waverley	890	13%	940	1060	1200	1400	1480	23%	590 66%
Peninsula	270	10%	340	410	510	640	690	22%	420 156%
Rural - Outram-Taeri	350	8%	450	620	790	970	1150	22%	800 229%
Musselburgh/Tainui	970	18%	890	890	950	1080	1190	22%	220 23%
St Clair	660	16%	660	730	810	830	890	22%	230 35%
Roslyn/Belleknowes	850	14%	850	960	1080	1220	1300	21%	450 53%
North Coast - Blueskin Bay/Pinehill-Karitane	790	13%	890	1020	1220	1390	1510	21%	720 91%
Caversham	800	15%	810	880	980	1070	1120	21%	320 40%
Leith Valley	210	14%	240	280	340	360	360	20%	150 71%
Mornington	690	13%	720	800	910	1050	1160	20%	470 68%
Green Island/Abbotsford	610	14%	630	720	800	890	990	19%	380 62%
Three Mile Hill	450	11%	500	580	630	710	770	19%	320 71%
Helensburgh/Balmacewen	520	14%	520	550	600	650	700	19%	180 35%
St Kilda	610	16%	600	620	670	730	730	19%	120 20%
Concord/Corstophine/Kew	310	9%	360	430	490	550	610	17%	300 97%
Wakari	400	13%	380	400	430	490	550	17%	150 38%
North East Valley	700	10%	660	730	850	980	1040	16%	340 49%
Inner City	470	6%	470	530	590	670	720	9%	250 53%
University	190	2%	200	230	230	240	210	2%	20 11%
Dunedin Area Totals	16270	13%	17190	19480	21900	24630	26550	20%	9360 54%

Source Statistics New Zealand

3.3 Household Trends

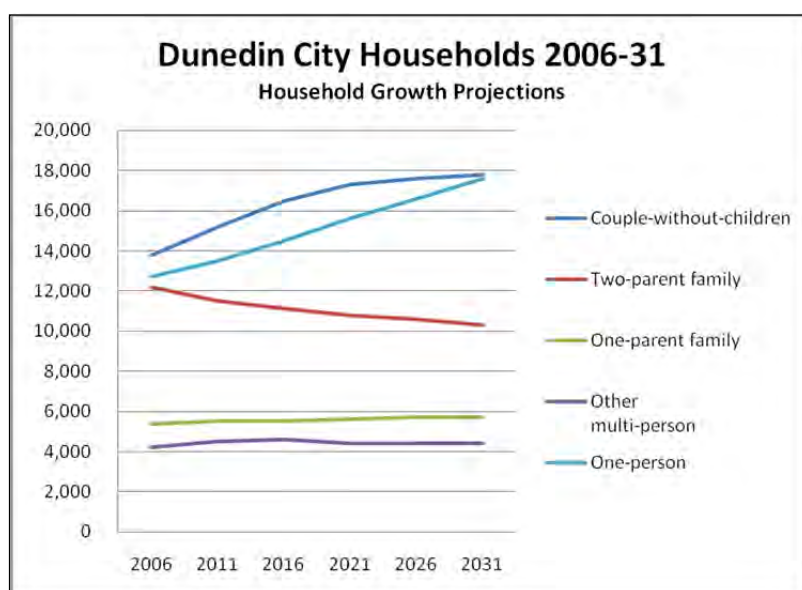
The table and figures below summarise expected household growth over the assessment period. In summary, total household numbers are expected to increase by 16% or 7,600 (SNZ medium projection) between 2006 and 2031. This is about half the rate for New Zealand as a whole.

Table 3.4: Dunedin City and New Zealand: Projected Household Growth 2006-31 (2006-Base Update)

	Series	Households at 30 June						Change 2006–31	
		2006	2011	2016	2021	2026	2031	Number	Avg annual (%)
Dunedin city	High		50,700	53,600	56,300	58,900	61,400	13,700	1.0
	Medium	47,700	49,800	51,600	53,000	54,300	55,300	7,600	0.6
	Low		48,800	49,600	50,100	50,200	50,000	2,200	0.2
North Island	Medium	1,156,700	1,249,600	1,340,700	1,427,400	1,510,500	1,591,000	434,400	1.3
South Island	Medium	395,700	421,700	443,700	462,900	480,900	497,500	101,800	0.9
New Zealand	Medium	1,552,600	1,671,600	1,784,600	1,890,500	1,991,600	2,088,700	536,100	1.2

Source: Statistics New Zealand

As with the population data, general household growth masks a fundamental shift in household composition. Couples with children are projected to decline by 1,600, partially countered by a small increase (300) in single parent-headed households. By contrast Couple-only and single person households are projected to increase by almost 9,000 (35%). The bulk of these "new" households will be older people moving through to later stages of their life cycle.



The table overleaf looks at household growth projections for individual communities. In summary, coastal and rural communities show the largest increase, reflecting the availability of greenfields development land in these areas, and their attraction as retirement destinations. Residential intensification in some established urban areas (e.g. Mornington and the Inner City) is also foreshadowed.

Table 3.5: Dunedin City - Household Growth Projections 2006-31 - By Location - Highest Proportional Increase
(Areas with high student numbers shaded)

Area	Actual 2006	2011	2016	Projected 2021	2026	2031	Increase 2006-31 Net	%
Taieri	1,060	1,190	1,320	1,420	1,510	1,610	550	46%
Rural - Outram-Taieri	1,540	1,650	1,770	1,880	1,980	2,090	550	33%
Green Island/Abbotsford	1,790	1,880	1,990	2,110	2,210	2,310	520	28%
Peninsula	1,050	1,130	1,190	1,250	1,300	1,350	300	27%
Leith Valley	540	570	600	640	660	690	150	26%
Fairfield	880	960	1,000	1,040	1,080	1,110	230	24%
North Coast - Blueskin Bay/Pinehill-Karitane	2,610	2,750	2,890	3,030	3,150	3,260	650	24%
Mornington	2,230	2,330	2,430	2,520	2,600	2,670	440	19%
South Coast	1,080	1,160	1,210	1,230	1,260	1,280	200	17%
Inner City	2,530	2,760	2,880	2,930	2,970	3,000	470	17%
University	1,790	1,860	1,920	1,970	2,010	2,060	270	15%
Mosgiel	4,140	4,430	4,610	4,680	4,740	4,770	630	14%
St Kilda	1,580	1,620	1,670	1,720	1,780	1,810	230	14%
Wakari	1,410	1,450	1,490	1,530	1,570	1,600	190	13%
Caversham	2,260	2,330	2,400	2,470	2,520	2,550	290	12%
Roslyn/Belleknowes	2,410	2,480	2,550	2,610	2,660	2,710	300	12%
Concord/Corstophine/Kew	1,370	1,410	1,450	1,480	1,530	1,540	170	12%
Outer Peninsula	740	790	800	820	830	830	90	11%
Musselburgh/Tainui	2,320	2,340	2,390	2,460	2,520	2,580	260	11%
Water-West Harbour	1,370	1,420	1,450	1,480	1,510	1,520	150	11%
North East Valley	2,460	2,500	2,560	2,620	2,670	2,710	250	10%
Helensburgh/Balmacewen	1,450	1,490	1,520	1,550	1,570	1,590	140	9%
Three Mile Hill	1,470	1,520	1,560	1,590	1,600	1,610	140	9%
South Dunedin	1,840	1,870	1,890	1,920	1,960	1,980	140	7%
St Clair	1,740	1,770	1,810	1,830	1,850	1,860	120	7%
Andersons Bay/Waverley	2,550	2,610	2,650	2,690	2,720	2,710	160	6%
Port Chalmers/Purakanui	740	760	760	770	770	770	30	4%
Maori Hill	760	770	780	780	780	770	10	1%
Dunedin Area Totals	45,110	46,960	48,450	49,720	50,820	51,640	7,630	16%

Source Statistics New Zealand

3.4 Economic Drivers

Alongside population pressures, Dunedin's economic future will play a large part in determining future demand for social housing. As a general rule, a vibrant economy will result in higher levels of labour force participation, higher incomes, and higher rates of home ownership. On the other hand, a sluggish or declining economy foreshadows higher rates of unemployment, lower income levels and potentially greater demand for social housing.

For the purposes of this assessment, we have assumed that Dunedin's economic growth will be largely static, for instance, recent job losses from large-scale employers (the railway workshops and Fisher and Paykel) will be offset by gains in other sectors.

Our view is consistent with the most recent BERL assessments (January 2011) which notes that (despite setbacks) "...the city has shown resilience over the past decade, maintaining modest growth in business units, GDP and employment."⁵ BERL goes on to note however, that opportunities for future economic growth are likely to be limited by sluggish business and population growth.

In respect of employment, the last 10 years have seen a shift away from manufacturing and primary sector employment, towards construction, business and social services, tourist and recreation services. Overall employment grew by 1.5% per annum, from 42,255 FTE's in 2000 to 49,253 in 2010.

The last three years, however, have seen a reversal (over 1,300 jobs lost) as Dunedin comes to grips with the worldwide economic downturn. Further cutbacks in manufacturing and other employment sectors traditionally relied on by low income households (for instance, retail and social services) could yet result in an increase in demand from social housing amongst working age households.

Benefit-Related Drivers of Social Housing Need

The tables overleaf compare five-yearly movements in unemployment, DPB and invalids benefit rates (between 2006 and 2011). Our thesis is that increases in long term benefit dependency are a good pointer to higher demand for social housing.

In summary, the tables suggest that, with the exception of the invalids benefit, Dunedin's benefit ratios (no. of people on benefit as a proportion of the total population) are consistently lower than for New Zealand as a whole

	Benefit ratio per 1000 pop 2006	
	Dunedin	NZ
All main benefits	88	119
Unemployment	14	20
Domestic Purposes	22	41
Invalids benefit	31	31

- There has been a significant increase in overall unemployment benefit numbers (53% compared to 42% for New Zealand as a whole) but this is mostly short term. Indeed there has been a drop in longer-term (four years plus) unemployment benefit recipients.
- The largest increase in unemployment numbers is in the 18-24 year age group, few of whom make their way into social housing.
- Dunedin domestic purposes benefit numbers have increased (5% over five years) at less than half the rate for the rest of New Zealand. The trend is consistent with SNZ projections.
- The number of people in Dunedin receiving an invalid's benefit has increased slightly, but continues to decline as a proportion of the New Zealand total. This reflects rapid growth in long-term beneficiary numbers as a result of deinstitutionalisation in the 1980's and 90's, which has now become "normalised" at around 3%.

From a social housing perspective, the trends provide an objective basis for concluding that changing benefit numbers will have comparatively little effect on the Dunedin Housing landscape.

⁵ Ref. Generosa et al, Otago Regional and Sub-Regional Economic Profile 2009/10, BERL Report 4979, January 2011

Table 3.6: Dunedin City and New Zealand Working Age Population 2006-2011 - Main Benefit Comparisons

Number of benefits	Dunedin City			NZ			Dunedin City as % of NZ	
	Jun-06	Jun-11	Change	Jun-06	Jun-11	Change	Jun-06	Jun-11
All main benefits	7627	8720	14%	280299	327817	17%	2.7%	2.7%
Unemployment	1202	1844	53%	39752	56264	42%	3.0%	3.3%
Domestic Purposes	1903	1990	5%	101641	113429	12%	1.9%	1.8%
Invalids benefit	2698	2774	3%	75349	84836	13%	3.6%	3.3%

Unemployment Age	Dunedin City			NZ			Dunedin City as % of NZ change	
	Jun-06	Jun-11	Change	Jun-06	Jun-11	Change		
18-24 years	31.2%	40.3%	368	22.5%	29.1%	7,429	5%	
25-39 years	28.9%	29.6%	198	32.5%	32.3%	5,254	4%	
40-54 years	20.9%	19.4%	107	22.5%	27.5%	6,528	2%	
55-64 years	19.1%	10.7%	32	22.6%	12.1%	2,176	1%	

Unemployment Time on benefit Jun 11	Dunedin City		NZ		Dunedin City as % of NZ
	%	No	%	No	
Less than one year	70.0%	1291	71.6%	40285	3.2%
Between one and four years	28.1%	518	26.7%	15022	3.4%
Between four and ten years	1.8%	33	1.5%	844	3.9%
Ten years or more	0.0%	0	0.2%	113	0.0%

Domestic Purposes Age Jun 11	Dunedin City		NZ		Dunedin City as % of NZ
	%	No	%	No	
18-24 years	17.8%	354	19.8%	22459	1.6%
25-39 years	47.6%	947	46.1%	52291	1.8%
40-54 years	27.5%	547	28.2%	31987	1.7%
55-64 years	7.1%	141	5.8%	6579	2.1%

Domestic Purposes Time on benefit Jun 11	Dunedin City		NZ		Dunedin City as % of NZ
	%	No	%	No	
Less than one year	27.4%	545	25.4%	28811	1.9%
Between one and four years	41.0%	816	42.0%	47640	1.7%
Between four and ten years	21.6%	430	22.8%	25862	1.7%
Ten years or more	9.9%	197	9.7%	11003	1.8%

Invalids Underlying condition Jun 11	Dunedin City		NZ		Dunedin City as % of NZ
	%	No	%	No	
Psychological or Psychiatric	37.1%	1029	29.8%	25281	4.1%
Intellectual disability	18.1%	502	12.9%	10944	4.6%
Physical disorders	26.7%	741	31.2%	26469	2.8%
Cancer & congenital conditions	5.9%	164	7.1%	6023	2.7%
Other disorders & conditions	12.2%	338	19.0%	16119	2.1%

Invalids Age Jun 11	Dunedin City		NZ		Dunedin City as % of NZ
	%	No	%	No	
18-24 years	8.0%	222	7.6%	6448	3.4%
25-39 years	19.7%	546	18.6%	15779	3.5%
40-54 years	40.5%	1123	37.7%	31983	3.5%
55-64 years	31.8%	882	36.1%	30626	2.9%
		2774			

Invalids Time on benefit Jun 11	Dunedin City		NZ		Dunedin City as % of NZ
	%	No	%	No	
Less than one year	7.5%	208	8.5%	7211	2.9%
Between one and four years	20.7%	574	29.1%	24687	2.3%
Between four and ten years	29.7%	824	31.1%	26384	3.1%
Ten years or more	42.1%	1168	31.3%	26554	4.4%

Source: Work & Income New Zealand

4 The Dunedin Housing Market

In this section we look more closely at the Dunedin housing market itself and comment on such questions as: What is the match between housing supply and emerging demand?

4.1 Housing Stock

The type and location of Dunedin's housing stock reflects the history of the City itself - eloquently captured in *Old Cold and Costly*, an earlier study of Dunedin housing issues:

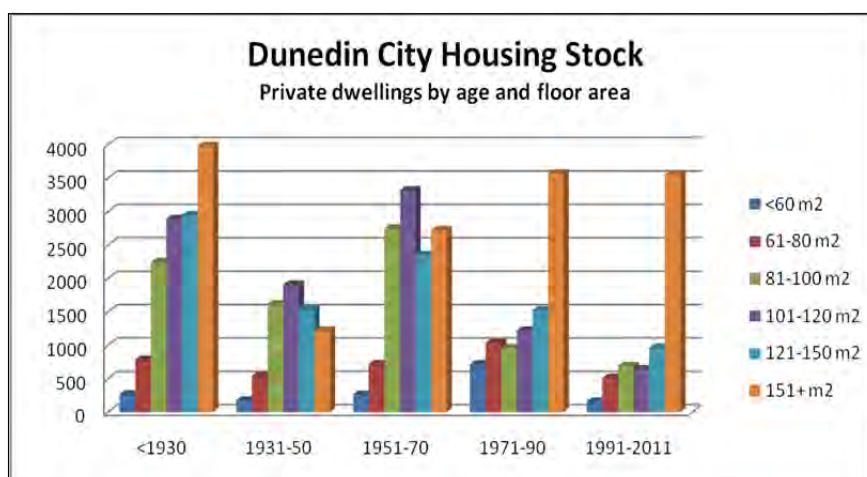
The story of housing in the 19th and 20th centuries is written on Dunedin's hillsides and neighbourhoods. Kitset villas built on 19th Century prosperity are still to be found in near original condition. Growth was slow in the 20th Century until housing shortages and baby booms fuelled the building surges after the Second World War. Family benefit capitalisation and State Advances loans enabled many families to purchase their first home in the 1960's and 70's. Rental housing dominated by post-war state house construction - built on some of the sunniest and windiest knobs of Dunedin, but built solidly in planned ranks and rows. Since the mid 1970's, new home building has largely been in decline and (reflecting the scarcity of land within the city core) occurring largely on the peninsula and out on the Taieri Plains.⁶

Like most of NZ, stand-alone family housing predominates. About 80% of all housing stock is classified as a separate dwelling, with the balance evenly distributed between purpose-built flats, townhouses, older peoples housing complexes and student housing.

Table 4.1: Dunedin City and New Zealand 2006 - Housing by Dwelling Type

	Separate House	Two or More Dwellings Joined Together	Other Occupied Private Dwellings	Total
Dunedin	35,619 79%	7,458 17%	1,731 4%	44,808
New Zealand	1,134,369 77%	252,963 17%	84,411 6%	1,471,743

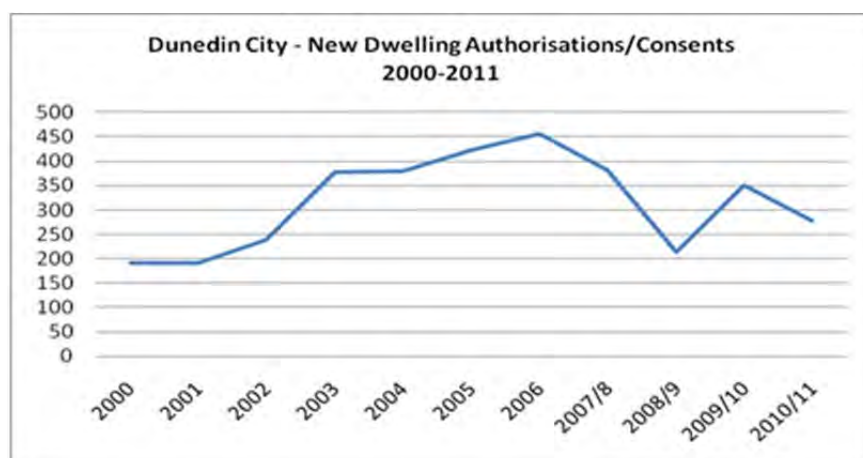
Dunedin's housing stock is on average older than most NZ cities, reflecting slow growth in the last 50 years. As illustrated in the figure below, larger family house construction has become the mainstay of the residential construction industry, reflecting industry's focus on higher-wealth owner occupiers and suburban development. Smaller housing unit construction has been in decline since the 1970's, although recent upswings (retirement villages and student housing) may signal a reversal.



⁶ Ref. Povey D et al, *Old Cold and Costly, A Survey of Low Income Private Rental Housing In Dunedin 2004*, Presbyterian Support Otago 2005

4.2 New Dwelling Construction

The figure below tracks new dwelling authorisations since 2000, and suggests that residential construction activity peaked in about 2006/7 at 456 new dwellings, and has declined to 279 new units in 2010/11. Non-standard housing makes up about 25% of the rolling total.⁷



According to recent census data, net growth in Dunedin's housing stock averaged less than 0.5% between 1996 and 2006 (180 per year), thanks largely to an increase in larger housing units (2043) and hostel-type accommodation. In contrast, three bedroom housing remained largely static, and there was a real reduction of almost 650 smaller housing units.

Table 4.2: Dunedin City and New Zealand - Dwellings by Number of Bedrooms 1996-2006

	Dunedin			% change	New Zealand			% change
	1996	2001	2006	1996-2006	1996	2001	2006	1996-2006
One bedroom	2,877	2,628	2,739	-5%	74,979	71,178	81,246	8%
Two bedrooms	10,698	10,095	9,933	-7%	279,480	266,301	278,142	0%
As % of all stock	32%	29%	28%		28%	25%	24%	
Three bedrooms	18,600	18,699	18,906	2%	590,487	617,712	651,066	10%
Four or more bedrooms	9,762	11,064	11,805	21%	287,493	344,208	395,706	38%
Not elsewhere included	1,074	1,074	1,422	32%	43,890	43,890	65,583	49%
Total	43,014	43,644	44,808	4%	1,276,332	1,359,843	1,471,746	15%

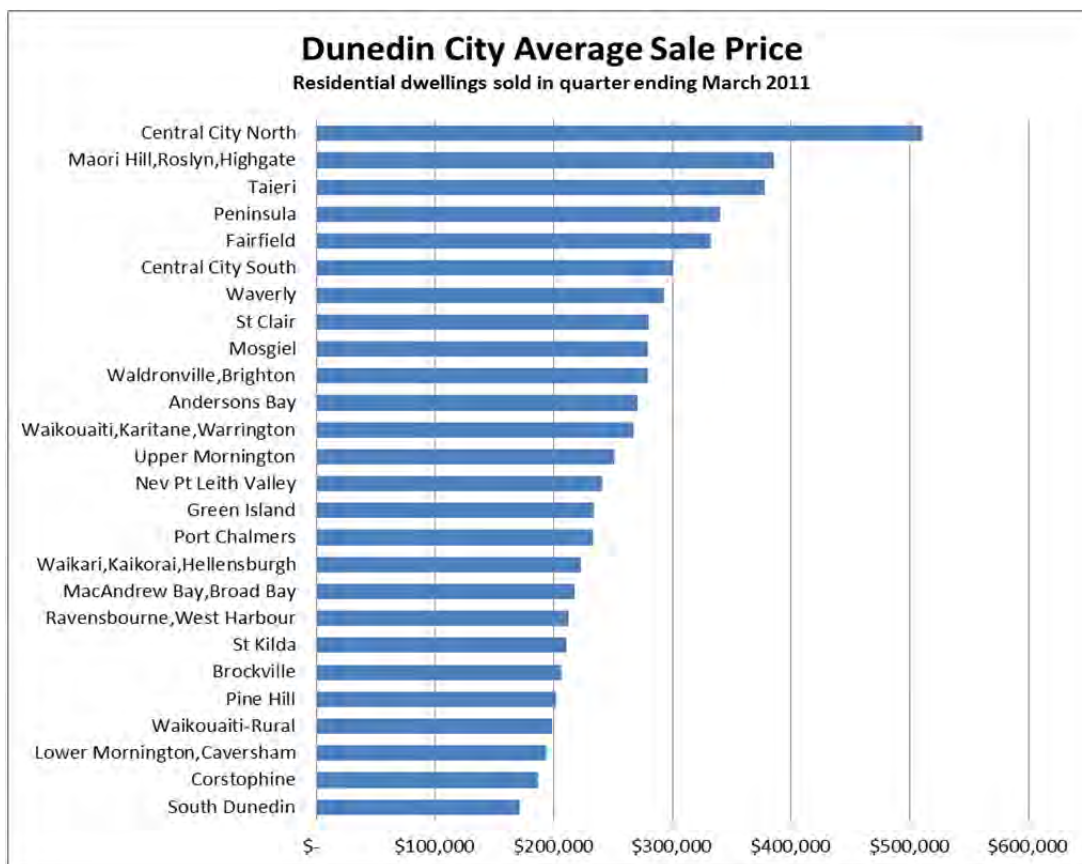
Source: Statistics New Zealand

The loss of smaller housing units is most significant in locations close to the university - perhaps reflecting a move by university landlords to create larger, more profitable, student flats by amalgamating dwellings previously split into two or more flats. Loss in other areas may reflect similar trends. **Appendix Four** analyses changes in the bedroom mix of housing in individual communities.

⁷ These figures are indicative only, in view of suggestions by Council staff that some records may cover multiple dwellings and/or modifications to an existing dwelling instead of a new dwelling. Ref. comments by Council staff July 2011

4.3 Residential Values

Based on REINZ sales data, Dunedin has its share of high priced housing, generally located in selected suburban areas like North Dunedin, Maori Hill, and the peninsula, or lifestyle areas such as Taieri. In most other suburbs, an average house can still be purchased for under \$250,000.00 or under \$200,000.00 in areas with a high proportion of rental housing.



As a result, Dunedin remains one of New Zealand's lowest price cities. Median house prices are 65% of New Zealand as a whole and second only to Invercargill in terms of affordability.

Table 4.3: Median House Prices for New Zealand Cities January - March 2011

	Population	Median house price	% of NZ median
Invercargill City	52,000	\$185,000	51%
Dunedin City	123,700	\$235,000	65%
Napier City	57,200	\$256,000	71%
Palmerston North City	80,300	\$280,000	78%
Hamilton City	140,700	\$315,000	88%
Lower Hutt City	102,100	\$316,250	88%
Upper Hutt City	40,600	\$328,600	91%
Nelson City	45,000	\$331,000	92%
Christchurch City	372,600	\$337,230	94%
Tauranga City	112,500	\$350,000	97%
Porirua City	51,500	\$368,750	102%
Waitakere City	204,500	\$412,505	115%
Manukau City	368,500	\$435,398	121%
Wellington City	195,500	\$453,083	126%
Auckland City	444,100	\$512,187	142%
North Shore City	225,800	\$565,183	157%
NZ total	4,405,000	\$360,000	

Notwithstanding the current low base, Dunedin's house Prices experienced a sharp upturn between 2001 and 2008, which we assume to be a response to rapid increases in the student population over that time, and historically flat property values.



Source: Statistics new Zealand/Quotable value

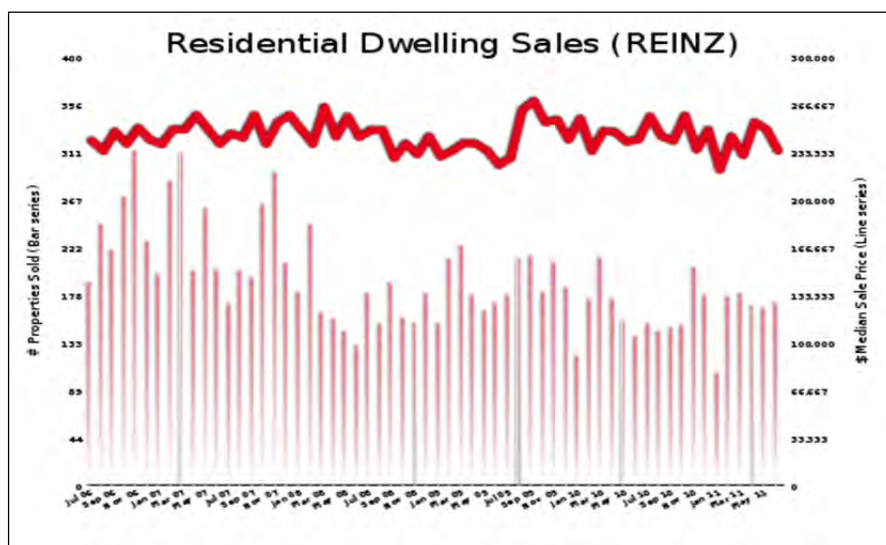
Whatever the causes, recent sales evidence suggests that the market is undergoing a correction and that the market will continue to slide in real terms into the assessment period.

Table 4.4: Residential Prices Movements Quarter Ending July 2011

	Average Sale Price July 2011	Annual Change (%)
Dunedin	\$273,335	-2.9
Central/Northern City	\$271,409	-2.6
Peninsular/Coastal Dunedin	\$248,083	-1.1
Southern City	\$242,560	-4.6
Taieri	\$312,111	-2.7
Main NZ Urban Areas	\$459,525	0.3
Total NZ	\$414,261	-0.4

4.4 Housing Turnover

Although house values are declining, housing turnover has remained relatively stable since the market last peaked in 2007. REINZ data suggests that about 5% of Dunedin's housing stock changes hands each year (4-500 units per quarter) and that private rental investors are responsible for a greater share of market transactions than ever before.



Source www.landlords.co

4.5 Tenure Trends

Based on Census data, home ownership rates in Dunedin slipped from 69% to 65% between 1996 and 2006, a net reduction of 729 owner-occupied units. By contrast, the number of rental dwellings increased by 1,446. Rental properties now comprise almost 27% of all Dunedin housing stock.

By comparison, the total number of owner-occupied dwellings grew 6% for New Zealand as a whole between 1996 and 2006. Rental housing supply grew by 34% (more than twice the rate for Dunedin).

The table overleaf (and figure below) look more closely at the locational impacts of Dunedin's changing tenure balance. As expected, areas close to the university have the highest proportion of rental housing. The inner-city and North east Valley in particular have gained favour with rental investors, as rental capacity within the University precinct itself is exceeded.

As a cluster, Dunedin's southern suburbs have experienced significant growth in rental housing numbers. This includes St Kilda, Caversham, Mornington and South Dunedin itself, which now has more renting households within its boundaries than owner occupiers. Mosgiel has become Dunedin's largest peripheral rental area.

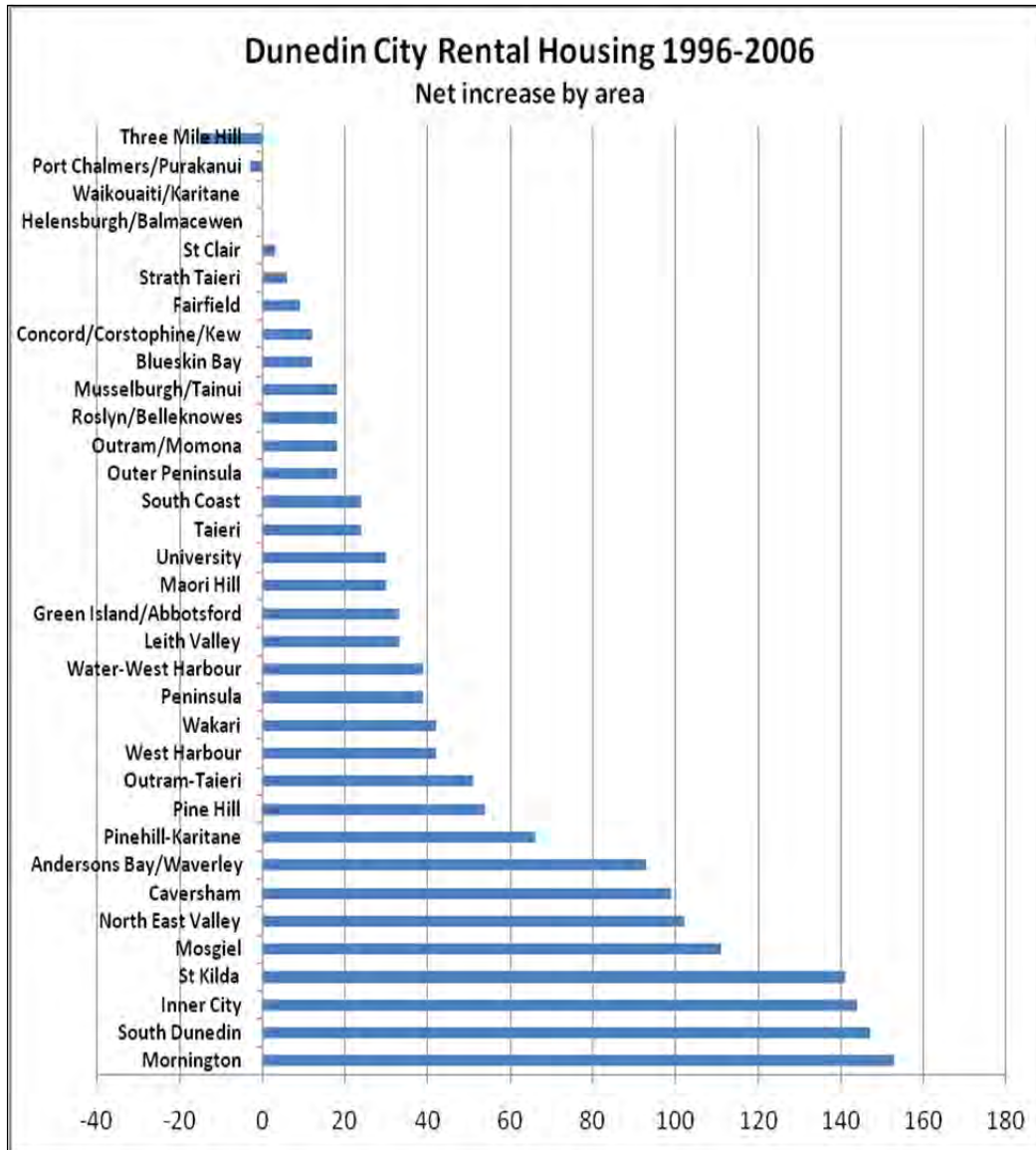


Table 4.5: Dunedin City 1996-2006 - Dwellings by Tenure and Location - Largest Rental Areas (University Proximity Areas Shaded)

Area	Owned			% change 1996-2006	Rented or Leased			% change 1996-2006	Rentals as % of all dwellings	Area as % of rental tot	Other not Owned			% change 1996-2006	Not Specified			Total			% change 1996-2006
	1996	2001	2006		1996	2001	2006				1996	2001	2006		1996	2001	2006	1996	2001	2006	
Inner City	576	579	546	-5%	1,398	1,509	1,542	10%	66%	12.2%	102	60	51	-50%	144	99	201	2,223	2,253	2,340	5%
University	192	129	87	-55%	1,407	1,470	1,437	2%	87%	11.4%	54	21	33	-39%	30	27	87	1,686	1,650	1,647	-2%
North East Valley	1,497	1,377	1,350	-10%	687	801	789	15%	34%	6.2%	87	69	69	-21%	60	81	114	2,334	2,331	2,325	0%
Mosgiel	2,400	2,382	2,481	3%	648	774	759	17%	21%	6.0%	126	159	123	-2%	81	81	207	3,255	3,396	3,570	10%
South Dunedin	930	825	723	-22%	597	708	744	25%	43%	5.9%	108	81	90	-17%	75	81	159	1,713	1,698	1,713	0%
Caversham	1,161	1,047	978	-16%	495	594	594	20%	34%	4.7%	93	75	57	-39%	42	69	141	1,791	1,785	1,770	-1%
St Kilda	1,215	1,044	1,011	-17%	393	513	534	36%	31%	4.2%	81	99	84	4%	54	57	114	1,743	1,710	1,749	0%
Mornington	1,851	1,722	1,725	-7%	378	522	531	40%	22%	4.2%	78	90	54	-31%	84	60	96	2,391	2,397	2,406	1%
Three Mile Hill	1,275	1,305	1,323	4%	516	525	501	-3%	26%	4.0%	54	54	48	-11%	39	45	87	1,884	1,929	1,959	4%
Concord/Corstophine/Kew	1,098	1,092	1,092	-1%	483	522	495	2%	29%	3.9%	60	45	45	-25%	39	27	87	1,680	1,689	1,716	2%
Pinehill-Karitane	1,602	1,560	1,596	0%	393	456	459	17%	20%	3.6%	99	75	87	-12%	60	87	135	2,151	2,178	2,280	6%
Wakari	912	855	858	-6%	327	381	369	13%	28%	2.9%	48	39	36	-25%	18	33	45	1,302	1,311	1,308	0%
Musselburgh/Tainui	1,263	1,167	1,179	-7%	306	369	324	6%	20%	2.6%	63	69	42	-33%	27	36	63	1,656	1,638	1,611	-3%
Roslyn/Belleknowes	1,113	1,050	1,104	-1%	294	324	312	6%	21%	2.5%	39	81	42	8%	45	42	51	1,497	1,500	1,509	1%
Andersons Bay/Waverley	2,106	2,007	2,064	-2%	210	282	303	44%	12%	2.4%	60	111	63	5%	54	63	75	2,430	2,460	2,502	3%
St Clair	1,059	1,044	1,008	-5%	291	309	294	1%	21%	2.3%	60	63	42	-30%	33	42	75	1,443	1,458	1,416	-2%
Maori Hill	1,008	957	975	-3%	261	255	291	11%	22%	2.3%	51	96	39	-24%	57	36	48	1,377	1,341	1,353	-2%
Pine Hill	588	570	570	-3%	225	261	279	24%	30%	2.2%	30	18	24	-20%	24	33	48	864	885	921	7%
Outram-Taieri	1,575	1,626	1,785	13%	207	246	258	25%	11%	2.0%	147	135	159	8%	69	57	81	1,998	2,061	2,286	14%
Green Island/Abbotsford	1,248	1,323	1,314	5%	213	249	246	15%	14%	1.9%	51	60	60	18%	105	33	90	1,614	1,659	1,707	6%
West Harbour	1,014	963	975	-4%	144	177	186	29%	15%	1.5%	27	30	33	22%	18	39	54	1,209	1,209	1,242	3%
Water-West Harbour	1,017	963	975	-4%	147	177	186	27%	15%	1.5%	27	30	33	22%	21	45	69	1,212	1,218	1,260	4%
Port Chalmers/Purakanui	597	582	585	-2%	171	186	168	-2%	20%	1.3%	48	42	42	-13%	36	42	54	855	855	843	-1%
Outram/Momona	672	714	786	17%	111	117	129	16%	12%	1.0%	93	63	87	-6%	24	27	42	897	921	1,044	16%
Leith Valley	351	324	336	-4%	93	123	126	35%	25%	1.0%	9	18	6	-33%	9	9	24	462	474	495	7%
South Coast	825	864	900	9%	96	123	120	25%	11%	0.9%	27	30	33	22%	48	24	78	993	1,038	1,125	13%
Peninsula	663	633	666	0%	72	105	111	54%	14%	0.9%	24	33	21	-13%	21	18	21	777	789	822	6%
Helensburgh/Balmacewen	522	501	513	-2%	102	108	102	0%	16%	0.8%	18	24	21	17%	6	12	24	651	645	657	1%
Outer Peninsula	510	501	522	2%	75	96	93	24%	14%	0.7%	21	27	24	14%	15	12	30	627	636	663	6%
Waikouaiti/Karitane	588	564	549	-7%	93	114	93	0%	13%	0.7%	45	36	42	-7%	21	30	60	747	744	744	0%
Blueskin Bay	426	426	477	12%	75	81	87	16%	14%	0.7%	24	21	24	0%	15	21	27	540	552	615	14%
Taieri	729	741	858	18%	54	84	78	44%	8%	0.6%	24	39	27	13%	39	15	30	843	885	996	18%
Fairfield	681	666	771	13%	42	57	51	21%	6%	0.4%	6	30	27	350%	27	18	21	756	771	867	15%
Strath Taieri	174	171	144	-17%	42	42	48	14%	20%	0.4%	30	30	45	50%	9	12	12	258	255	246	-5%
Water	..C	..C	..C	..C	..C	..C	..C	..C	..C	..C	..C	..C	..C	..C	..C	..C	15	3	6	18	..C
Total Dunedin City	29,574	28,470	28,845	-2%	10,320	11,811	11,766	14%	27%	..C	1,665	1,749	1,458	-12%	1,305	1,260	2,325	42,861	43,287	44,394	4%
Total NZ	860,760	868,656	911,877	6%	290,124	358,890	388,272	34%	27%	..C	66,939	53,310	63,690	-5%	50,274	63,411	90,336	1,268,091	1,344,267	1,454,175	15%

Source: Statistics New Zealand

4.6 Owner-Occupiers

Dunedin has long been regarded as New Zealand's most affordable city for aspiring homeowners. The Roost first home buyer index, for instance, measures home ownership affordability by dividing median house prices for each area, by a hypothetical household income derived from Statistics New Zealand's Household Surveys. For the six months ending June 2011, Dunedin compared favourably with all other major centres, despite having the lowest household income.

Table 4.6: Home Ownership Affordability June 2011 - Dunedin and Other Local Authority Areas

	Population	Median house price	Median household income	Median Multiple		
				Jun-11	Jun-10	Jun-09
Wanganui District	43,400	\$177,500	\$67,538	2.63	2.83	2.68
Invercargill City	52,000	\$185,000	\$69,186	2.67	2.82	2.87
Timaru District	44,100	\$232,500	\$69,260	3.36	3.26	3.56
Rotorua District	68,200	\$256,850	\$73,079	3.51	3.86	3.49
Dunedin City	123,700	\$235,000	\$66,858	3.51	3.76	3.51
Napier City	57,200	\$256,000	\$69,681	3.67	4.23	3.67
Palmerston North City	80,300	\$280,000	\$75,208	3.72	3.83	3.76
Lower Hutt City	102,100	\$316,250	\$83,528	3.79	4.39	4.02
Whangarei District	79,000	\$290,000	\$74,676	3.88	3.88	4.07
Upper Hutt City	40,600	\$328,600	\$82,678	3.97	4.00	3.38
Hastings District	74,300	\$280,000	\$69,897	4.01	4.66	4.66
New Plymouth District	72,300	\$285,500	\$70,856	4.03	4.31	4.63
Hamilton City	140,700	\$315,000	\$73,293	4.30	4.94	4.69
Gisborne District	46,200	\$287,500	\$66,034	4.35	4.23	3.35
Wellington metro	478,600	\$380,000	\$85,016	4.47	4.97	4.65
Porirua City	51,500	\$368,750	\$81,403	4.53	5.30	4.80
Christchurch City	372,600	\$337,230	\$74,133	4.55	4.97	4.49
Nelson City	45,000	\$331,000	\$71,172	4.65	4.73	5.19
Kapiti Coast District	48,900	\$353,500	\$74,389	4.75	4.49	4.89
Wellington City	195,500	\$453,083	\$94,581	4.79	5.43	5.74
Tauranga City	112,500	\$350,000	\$71,585	4.89	4.77	5.34
Waitakere City	204,500	\$412,505	\$81,001	5.09	5.08	4.79
Manukau City	368,500	\$435,398	\$76,906	5.38	5.24	5.53
Auckland metro	1,436,400	\$461,000	\$82,509	5.59	5.62	5.53
Auckland City	444,100	\$512,187	\$85,311	6.00	5.96	5.76
North Shore City	225,800	\$565,183	\$87,466	6.46	6.58	6.33
Queenstown-Lakes District	27,100	\$535,000	\$71,990	7.43	7.19	6.66
NZ total	4,405,000	\$360,000	\$77,129	4.67	4.75	4.62

Median household income:

The household income for a standard household is made from one full time male median income, 50% of one female median income, both in the 30-34 age range, plus the Working For Families income support they are entitled to receive under that programme

Notwithstanding the City's generic affordability advantages, Dunedin's home ownership rate continues to fall. It is beyond the scope of this paper to explore this point in detail, but we note that other fundamental barriers to home ownership (in particular the deposit gap) affect Dunedin as much as other New Zealand Centres. On average, wages for Dunedin's lower-income working households are lower than most other centres and, while housing costs may be lower, other household costs are not subject to such regional variation. The net effect is that a growing number of households (often described as the "intermediate housing market") who in times gone by would have achieved home ownership, now face the prospect of being long rental housing consumers.

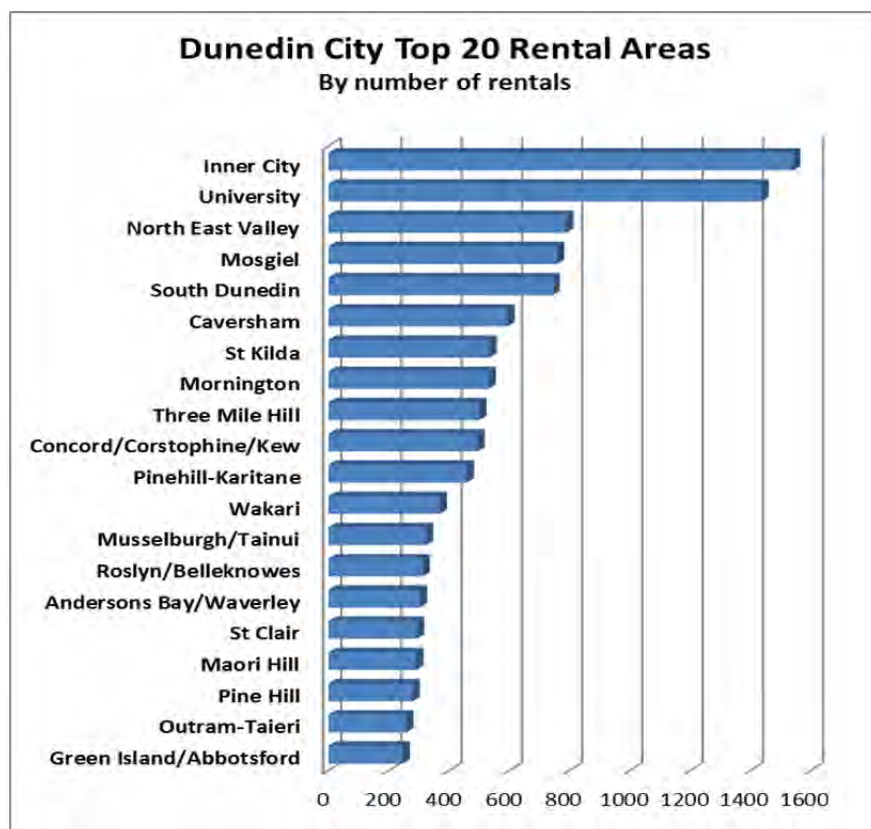
Migration and demographic factors may also be contributing to Dunedin's falling home ownership rate. As mentioned earlier, growth in student numbers since the 1980's and early 90's has masked a net loss of resident households in lower age cohorts. The table below explores this point:

Table 4.7: Dunedin City 1996-2006 - Households by Tenure and Age of Tenure Holder

		0-39 Years	40-64 Years	65-79 Years	80 Years And Over	Total
Dwelling Owned or Partly Owned by Usual Resident(s)	1996	9,162	13,191	5,631	1,593	29,574
	2001	7,614	14,028	5,175	1,650	28,470
	2006	6,528	15,282	5,166	1,866	28,848
	change 1996-2006	-2,634	2,091	-465	273	-726
	%	-29%	16%	-8%	17%	-2%

5 The Rental Housing Market

In 2006, Dunedin's rental housing market comprised approximately 13,000 dwellings. The highest concentration of rental housing is found close to Otago university, in lower-income inner suburbs (Caversham, St Kilda and South Dunedin), and emerging rental areas such as Mosgiel.



Although rental housing makes up only 30% of Dunedin's occupied housing stock, a far greater proportion of the population relies on rental housing for shelter. The table below summarises data from the 2006 census.

Table 5.1: Dunedin City and New Zealand 2001 - Population aged 15 years and over by Tenure Holder

	Own or Partly Own Usual Residence	Do Not Own Usual Residence	Not Elsewhere Included	Total
Dunedin City	49,062 50%	44,904 45%	4,740 5%	98,709
Total NZ	1,578,081 50%	1,385,856 44%	196,437 6%	3,160,371

Source: Statistics New Zealand

Our view is that about 50% of Dunedin's total population could now be living in rental housing as a consequence of falling home ownership rates amongst younger family households, and older home owners "aging in place" (single person or couple-only households). Based on population and household projections above, we can expect this trend to continue over the assessment period.

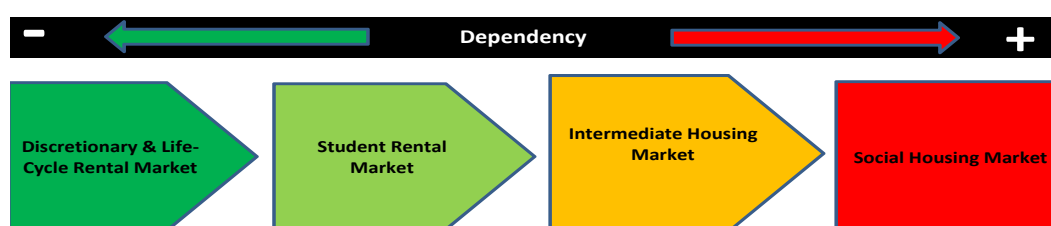
5.1 Rental Market Sectors

To help understand how the rental housing market works, we have used household income as a basis for distributing Dunedin's renter population between different sectors. The table overleaf breaks down renting households by location and household income. Demand for rental housing in Dunedin comes from four main areas:

- Discretionary and life-style renters (about 15% of all renting households).
- The intermediate rental housing market (upwards of 40% of all renting households).
- The student housing market (about 25% of all renting households).
- Social housing renters (about 20% based on current provision).

With the exception of students, each group is defined by its relative mobility and housing choice. Discretionary renters, for instance, are generally able to access their preferred housing without the need for a state subsidy (the AS), and can meet bank lending criteria if they choose to become homeowners. At the other end of the continuum are high needs social renters who cannot sustain themselves in private rental housing (even with the AS) and so are dependent housing provided by HNZC, Dunedin City Council or niche 3rd sector housing providers. The sectors form a housing "continuum" of need as illustrated below.

The Rental Housing Continuum



5.1.1 Discretionary and Life-Cycle Renters

Discretionary renters are generally described as those who can afford to own a dwelling, but choose not to for a number of reasons, for instance:

- Family households on temporary transfer to Dunedin.
- Households that have their primary residence elsewhere.
- Households that can afford to own a lower-priced suburban home, but have a preference for living in higher-priced areas like the CBD.
- Households that prefer other investment classes to housing

Life-cycle renters are generally at a stage in life where home ownership is not seen as a priority. Most recognisable within this group are young working people living in multi-person households, and young singles/ couples. Our estimate is that up to 15% of all renting households (1,500-2,000) are likely to be discretionary/life-cycle renters.

Table 5.2: Dunedin City (2006) - Rental Households by Income and Location (University Proximity Areas Shaded)

Area	Household Composition	\$20,000 or Less	\$20,001 - \$30,000	% earning \$30,000 or less	\$30,001 - \$50,000	% earning \$50,000 or less	\$50,001 - \$70,000	\$70,001 - \$100,000	\$100,001 or More	% earning \$70,000 or more	Not Stated	Total	Tot as % of all renting households
Inner City	Total	357	249	38%	354	60%	204	132	66	12%	237	1,593	12%
University	Total	447	273	49%	321	71%	102	42	30	5%	258	1,473	11%
Mosgiel	Total	273	138	47%	153	64%	105	60	18	9%	141	882	7%
North East Valley	Total	207	141	41%	207	65%	114	48	36	10%	108	858	6%
South Dunedin	Total	306	120	51%	141	68%	66	36	12	6%	153	831	6%
Caversham	Total	156	114	41%	144	64%	57	48	18	10%	117	651	5%
St Kilda	Total	153	84	38%	129	59%	93	45	24	11%	93	618	5%
Mornington	Total	120	93	36%	123	57%	81	54	30	14%	81	585	4%
Three Mile Hill	Total	150	102	46%	99	64%	69	36	9	8%	90	552	4%
Pinehill-Karitane	Total	171	87	47%	96	65%	54	39	18	10%	81	546	4%
Concord/Corstophine/Kew	Total	141	96	44%	96	62%	57	21	15	7%	111	537	4%
Outram-Taeri	Total	45	48	22%	102	47%	75	51	42	22%	51	417	3%
Wakari	Total	156	51	51%	60	66%	48	24	12	9%	51	405	3%
Musselburgh/Tainui	Total	99	54	42%	60	58%	48	36	15	14%	57	366	3%
Andersons Bay/Waverley	Total	60	51	31%	72	50%	54	39	45	23%	45	363	3%
Roslyn/Belleknowes	Total	69	48	33%	84	57%	51	24	30	15%	42	351	3%
St Clair	Total	90	36	38%	45	51%	54	30	39	21%	39	336	3%
Maori Hill	Total	57	33	27%	78	50%	42	39	45	25%	36	333	3%
Green Island/Abbotsford	Total	90	57	48%	63	69%	30	21	9	10%	36	306	2%
Water-West Harbour	Total	57	33	41%	42	60%	33	15	9	11%	33	219	2%
Port Chalmers/Purakanui	Total	72	39	54%	42	75%	12	9	9	9%	24	204	2%
South Coast	Total	30	21	34%	18	46%	27	18	12	20%	30	150	1%
Leith Valley	Total	18	12	22%	36	49%	18	18	6	18%	27	135	1%
Peninsula	Total	24	24	36%	27	57%	24	12	6	14%	9	132	1%
Helensburgh/Balmacewen	Total	39	12	41%	21	59%	24	9	6	12%	9	123	1%
Outer Peninsula	Total	24	21	38%	21	56%	15	6	6	10%	18	117	1%
Fairfield	Total	15	12	36%	15	56%	6	9	9	24%	12	75	1%
Dunedin City	Total	3,447	2,061	42%	2,649	62%	1,566	930	573	11%	1,992	13,224	100%
		26%	16%		20%		12%	7%	4%		15%		
Total NZ	Total	87,069	54,966	31%	86,016	50%	58,350	46,107	40,242	19%	79,206	451,953	
		19%	12%		19%		13%	10%	9%		18%		

Source: Statistics New Zealand

5.1.2 The Intermediate Housing Market

The intermediate housing market ("IHM") is defined as those households:

- Currently renting in the private market;
- That have at least one member of the household in paid employment; and
- That cannot afford to buy a low-cost house under standard housing criteria⁸

Earlier research by DTZ and others suggests that this group is the fastest growing of all housing market sub-groups. The thesis is that house prices have outstripped incomes, and spending pressures have reduced the ability (or inclination) of New Zealand households to save a deposit for their first home.

As a result, many households who traditionally moved from renting to home ownership at the family formation stage of their life cycle now face the prospect of being lifetime renters. The table below is reproduced from a 2008 DTZ report, and compares Dunedin's growing IHM segment with other centres, and compares adjacent districts and other student centres.

Table 5.3: Intermediate Housing Market Growth 1996 - 2006 - Dunedin and Other Centres

	1996		2001		2006	
	No.	% of private rental market	No.	% of private rental market	No.	% of private rental market
Dunedin City	800	11%	790	9%	5490	62%
Central Otago	100	13%	130	14%	640	69%
Queenstown Lakes District	480	31%	570	28%	1580	79%
Invercargill City	180	7%	190	6%	1450	43%
Palmerston North City	630	12%	700	12%	3650	61%
Rodney District	1110	32%	1340	26%	4370	84%

In our view, the DTZ study overstates the size of the IHM segment, because it does not control for the student rental housing market (the same argument could apply to other student cities, for instance Palmerston North). Our estimate is that about 40% of all privately-renting households (say about 4,000 households units) fall within the IHM segment

5.1.3 The Student Rental Market

Notwithstanding growing demand from the intermediate housing market, student housing remains the most dynamic element of Dunedin's rental housing scene. Tertiary students comprise almost 20% of the Dunedin resident population, and about 70% of all people aged 18-25. About 70-80% of all students come from out of town. Based on third party comments⁹, we estimate there are about 700 landlords providing about 3-4,000 rooms to the student rental housing market. Otago University itself owns or leases about 600 student rental properties, along with hostel accommodation.

As noted in an earlier Council report¹⁰, there is a well-established "scarfie" migration pattern, based on:

- First year in a hostel or the family home.
- Second and third years flatting in close proximity to the university social scene.
- Fourth year moving outward to areas like North east valley and the City rise, as the desire to live in large flats and/or hostels subsides.

⁸ DTZ 2008 p15

⁹ Ref consultation with Otago University Accommodation Service management July 2011, Landlord and agent comment

¹⁰ Student residential Distribution, Dunedin City Council research report 2009/2

5.1.4 The Social Housing Rental Market

By definition, this segment is made up of lowest-income (mainly beneficiary) households in the private rental market (excluding students and other life-cycle renters), plus those already resident in HNZC, Council or third-sector-owned housing. Rental affordability and other issues faced by this market segment are discussed in more detail later in the paper. As a starting point, however, we estimate there are about 3,500 renting households either facing serious housing stress in the private market (or perhaps receiving non-market subsidies), or who are already housed by the social housing sector.

5.2 Rental Market Activity

More than 60% of all new tenancies¹¹ are in rental areas in close proximity to Otago University Campus. Recent growth in student (particularly undergraduate) numbers appears to have been largely absorbed within areas close to the university, although Council officers note the beginnings of migration into other suburbs, perhaps as a result of increasing rental levels closer to the university and/or local students staying home for longer periods.

Any adverse impacts of student spread have yet to be quantified, in particular whether migration results in a displacement of lower-cost rental housing for other players in the market.

Table 5.4: Dunedin City New Rental Activity 2010 - By Rental Area

Dunedin - University Proximity Areas	Bonds Lodged 2010	As % of all Bonds
Dunedin - University/Maori Hill	1027	16%
Dunedin - North Dunedin/Woodhaugh	903	14%
Dunedin - North East Valley/Pinehill	610	10%
Dunedin - Central Dunedin	1428	22%
	3968	62%
Dunedin - Other Areas		
Dunedin - Caversham	229	4%
Dunedin - Glenleith/Roslyn/Belleknowles	436	7%
Dunedin - Kenmure/Mornington	253	4%
Dunedin - Kew/St Clair/St Kilda East	366	6%
Dunedin - Mosgiel	221	3%
Dunedin - Musselburgh/Vauxhall/Peninsula	264	4%
Dunedin - Ravenbourne/Mt Mera/Port Chalmers	203	3%
Dunedin - Rural	103	2%
Dunedin - South Dunedin/St Kilda	202	3%
Dunedin - Sunnyvale/Abbotsford/Burnside	141	2%
	2418	38%
Totals	6386	100%

The table below compares the type of housing available in university proximity areas with general rental areas. Students appear to dominate the market for one and five plus bedroom housing units, while other renters take up the bulk of two and three bedroom rental properties.

¹¹ As measured by bonds lodged the Department of Housing

Table 5: Dunedin City - New Tenancies 2010 - By Housing Type and Bedrooms

Category	Bedroom	University Proximity Areas	Other Areas	Totals	University as % of category	Other as % of category
Room	1	1619	121	1740	93%	7%
House	1	13	0	13	100%	0%
Flat	1	187	157	344	54%	46%
Apartment	1	89	32	121	74%	26%
Total	1	1908	310	2218	86%	14%
House	2	96	426	522	18%	82%
Flat	2	256	245	501	51%	49%
Apartment	2	135	16	151	89%	11%
Total	2	487	687	1174	41%	59%
House	3	222	1037	1259	18%	82%
Flat	3	117	23	140	84%	16%
Apartment	3	43	0	43	100%	0%
Total	3	382	1060	1442	26%	74%
House	4	256	333	589	43%	57%
Flat	4	184	5	189	97%	3%
Apartment	4	14	0	14	100%	0%
Total	4	454	338	792	57%	43%
House	5+	310	18	328	95%	5%
Flat	5+	390	5	395	99%	1%
Apartment	5+	37	0	37	100%	0%
Total	5+	737	23	760	97%	3%
Totals	ALL	3968	2418	6386	62%	38%

5.3 Rental Investment

The table below tracks rental supply over the past three census period. In summary, the predominance of private sector "market rentals" has been exacerbated by declining public sector investment in Dunedin over the past 15 years.

Table 5.6: Dunedin City and New Zealand 1996 - 2006 - Rental Households by Landlord

Area and Year		% of Sector by Landlord Type			
		Private Person or Business	HNZC	Local Authority or City Council	Other State Landlord
Dunedin City	1996	73.8	17.1	7.9	1.1
	2001	79.2	12.8	7.2	0.7
	2006	81.6	11.2	6.5	0.7
New Zealand	1996	72.1	19.4	5.4	3.1
	2001	78.4	15.6	4.2	1.9
	2006	81.8	13.5	3.0	1.7

Source: Statistics New Zealand

Based on emerging trends over the past decade, there are about 9-10,000 privately-owned rental properties in Dunedin City, plus a further 1,500 university-owned student housing options (mostly hostel beds). Over the past decade, private sector residential investors have benefited from a succession of (from an investment perspective) positive market movements:

- The growth of the intermediate housing market due to declining home ownership affordability.
- A big increase in undergraduate numbers in the early 2000's.
- Historically low house prices and (more recently) low interest rates.
- Rising rents in higher-demand student housing areas and the CBD, which have also influenced rentals in outlying suburbs.

The result is that Dunedin is seen as a healthy place to invest. The City has a higher proportion of "cash flow positive" rental properties than other main centres¹², with North Dunedin, North East Valley, St Kilda/South Dunedin and Ravensbourne/Mt Mera/Port Chalmers being amongst New Zealand's best performing rental suburbs. Gross rental yields in these areas are averaging 6-12% per annum (depending on location and housing type), compared to 4.9% for both houses and units across New Zealand¹³

A recent article on the city provides a useful summary of private investor sentiment in Dunedin. "No matter what the overall real estate market is doing – whether house prices are up or down, whether sales are rising or falling - Dunedin offers investors security. A stable income stream, rather than spectacular capital gains, is the underlying market characteristic."¹⁴

While the "jewel in the crown" for rental investors remains the CBD and university proximity areas, the past decade has been marked by growing opportunities to invest in outlying suburbs. Declining home ownership affordability has given rental investors the upper hand when bidding for housing in areas hitherto dominated by low-modest income home ownership.

There is evidence of an increasing maturity in the Dunedin rental market, by which we mean that landlords are increasing the size and quality of their portfolios, and running their portfolios like a business rather than a one-off mum and dad-style investment¹⁵. This is especially the case in higher-rent student areas where, the day of the poorly maintained, cold and damp student flat may be coming to an end. As one commentator put it "Students these days expect heat pumps...they expect to be warm."¹⁶

The prospect for tenants in lower-cost rental areas may not be rosy however. Povey and Harris (2004) surveyed a sample of private rental accommodation in lower-income areas, and found that:

- A significant proportion of private rental housing targeted at low-income households is old, with 60% of all houses sampled built before 1941.
- Most older properties had weather tightness issues and showed other signs of deterioration as a result of poor build quality and deferred maintenance.
- 57% of properties sampled were in need of urgent repairs.
- Poor insulation and outmoded heating systems place many low-income rental houses amongst Dunedin's (and therefore New Zealand's) coldest houses.¹⁷

As we see it, private sector landlords operating in these areas have few commercial incentives to improve the standard of their properties. In real terms, property values in low-income housing areas have been declining since 2008, putting pressure on yields. Over the same period, incomes of households on low or fixed incomes have been largely static, so landlords have been unable to recoup the cost of property improvements through higher rents.

In addition, levels of demand are such that landlords generally do not have to increase quality standards to attract new tenants (ref demand drivers above). There are no rule-based incentives for improving rental property amenity levels, nor public forums that enable low-income rental home seekers to compare the quality of housing on offer.

While this latter point is beyond the scope of this paper, we note and support Povey and Harris' recommendation for a "warrant of fitness scheme" to cover all private rental housing in Dunedin, perhaps modelled along similar lines to that currently operating in Student Housing Areas.

¹² A cash flow positive property is one which enjoys a net gain based on the rental income being greater than costs associated with owning the property

¹³ Ref. Quotable Value property Information bulletin cash Flow Positive Suburbs, from QV website June 2011

¹⁴ Ref Dunedin: Mecca of the South feature article published on www.landlords.co website 2Monday 2 June 2008. http://www.landlords.co.nz/read-article.php?article_id=3229

¹⁵ The comment paraphrases sentiments expressed during our discussions with University accommodation service staff and real estate agents.

¹⁶ John Cutler, Cutler Real Estate, ibid

¹⁷ Ref. Povey D et al, Old Cold and Costly, A Survey of Low Income Private Rental Housing In Dunedin 2004, op cit.

5.4 Market Rent Levels

Although still low by main centre standards, Dunedin rent levels have moved up in the past decade to a point where Dunedin is no longer the 'low rent capital' of NZ. The table below compares weekly rentals paid by Dunedin renters in 2006, with New Zealand as a whole.

Table 5.7: Dunedin City and New Zealand 2006 - Rental Households by Rent Paid

	Weekly rent paid												Total
	Under \$50	\$50-\$79	\$80-\$99	\$100-\$124	\$125-\$149	\$150-\$174	\$175-\$199	\$200-\$249	\$250-\$299	\$300-\$349	\$350 +	Other	
Dunedin	201	1,209	636	834	756	1,236	1,137	2,148	1,251	621	1,443	288	11,763
	2%	10%	5%	7%	6%	11%	10%	18%	11%	5%	12%	2%	
Cumulative		12%	17%	24%	31%	41%	51%	69%	80%	85%	98%	100%	
Total NZ	7,842	31,236	18,867	26,577	21,897	35,820	29,922	63,567	57,657	35,871	48,144	10,875	388,275
	2%	8%	5%	7%	6%	9%	8%	16%	15%	9%	12%	3%	
Cumulative		10%	15%	22%	27%	37%	44%	61%	76%	85%	97%	100%	

Source: Statistics New Zealand

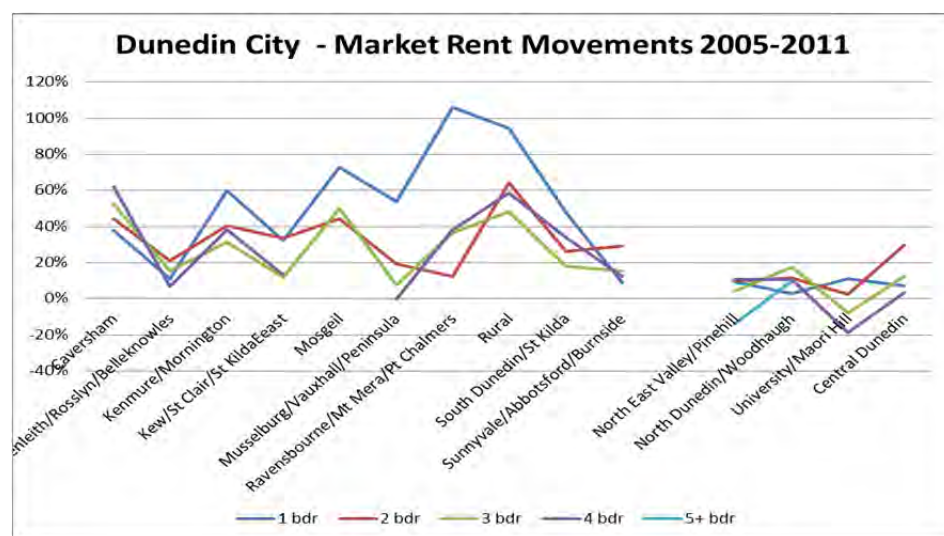
Market rents have increased steadily over the past decade, to a point where Dunedin's median rents match or exceed other urban areas outside the main centres. The table below looks at median market rent levels for new tenancies in the current year. In summary, market rent levels are consistent across all locations for smaller units. For larger dwellings there are significant price differences between preferred rental locations (university proximity areas, Mosgiel) and traditional low income renting areas.

Table 5.8: Dunedin City - Median Market Rentals January - July 2011

	1 bdr	2 bdr	3 bdr	4 bdr	5+ bdr	All
Caversham	\$ 200	\$ 260	\$ 320	\$ 405	\$ 500	\$ 327
Glenleith/Rosslyn/Belleknowles	\$ 169	\$ 260	\$ 300	\$ 320		\$ 290
Kenmore/Mornington	\$ 192	\$ 260	\$ 315	\$ 360		\$ 280
Kew/St Clair/St KildaEast	\$ 172	\$ 250	\$ 280	\$ 317		\$ 280
Mosgiel	\$ 190	\$ 260	\$ 360	\$ 430	\$ 595	\$ 280
Musselburg/Vauxhall/Peninsula	\$ 200	\$ 235	\$ 285	\$ 315	\$ 450	\$ 275
Ravensbourne/Mt Mera/Pt Chalmers	\$ 165	\$ 225	\$ 300	\$ 360	\$ 420	\$ 270
Rural	\$ 175	\$ 230	\$ 270	\$ 317		\$ 260
South Dunedin/St Kilda	\$ 170	\$ 240	\$ 260	\$ 322	\$ 450	\$ 260
Sunnyvale/Abbotsford/Burnside	\$ 160	\$ 235	\$ 277	\$ 320	\$ 250	\$ 257
North East Valley/Pinehill	\$ 142	\$ 220	\$ 260	\$ 310	\$ 310	\$ 250
North Dunedin/Woodhaugh	\$ 185	\$ 257	\$ 300	\$ 360	\$ 550	\$ 240
University/Maori Hill	\$ 200	\$ 220	\$ 250	\$ 277		\$ 230
Central Dunedin	\$ 150	\$ 240	\$ 270	\$ 320	\$ 485	\$ 230

Source: Department of Building and Housing

Notwithstanding this, a comparison of market rents in 2005 and 2011 reveals a significantly higher rise in rent levels for small units, and for rental properties outside of student-dominated areas - supporting our earlier view that the growing intermediate rental market is has intensified competition for Dunedin's traditional pool of low-income rental housing.



6 Affordability and Housing Stress

In this section, we look at housing stress amongst Dunedin households - particularly those in the private rental market - and attempt to identify those households most likely to need social housing on affordability grounds. The domain assumption in this section is that those suffering serious affordability issues are likely to be in private rental housing, since HNZC and council-owned housing rents are generally geared to ensure tenants will not face severe hardship as a result of their accommodation costs.

6.1 What is Housing Stress?

As noted in our earlier discussion (ref. Definitions above), affordability becomes a city-wide policy issue when households in the lowest 40% income bracket pay more than 30% of their income in housing outgoings. Rental subsidies like the AS are generally triggered around this level.

As the proportion increases, households are likely to experience increasing levels of housing stress, as residual incomes are no longer sufficient to cover other basics like food, power and transport and other unavoidable costs.

From a social housing perspective, those suffering serious housing stress (say 40% or more of income spent on rents) are more likely to turn to direct housing providers for direct housing assistance.

6.2 Determinants of Housing Stress

As a first step to understanding housing stress, we need to establish what type of households make up the lowest 40%. The tables overleaf summarise 2006 data for Dunedin households by income percentile and tenure. In summary:

- Dunedin households at or below the 40th income percentile in 2006 earned less than \$34,000.00 per year. Average household income below the 20th percentile was less than \$20,000.00 per year.
- Renting /households were twice as likely to be below the 40th income percentile than owner-occupiers.
- Working households were least likely to be at or below the 40th income percentile.

The data suggests that those households most at risk were:

- 1,200 households receiving the Domestic Purposes Benefit (75% at or below the 40th income percentile).
- Over 900 households included someone on an invalids benefit (80%).
- Over 1,000 households relied solely or in part on National Superannuation (80%).
- 1,000 households were receiving Unemployment Benefit (50%).
- An unspecified number of low-wage households living in market rentals.

Table 6.1: Dunedin City 2006 - Households by Tenure and Income Source

Tenure of Household	Source of Household Income	Total	Percentile 10%	Percentile 20%	Percentile 30%	Percentile 40%	Percentile 50%	Percentile 60%	Percentile 70%	Percentile 80%	Percentile 90%
Dwelling not owned by usual residents who make rent payments	No Source of Income During That Time	87	0	0	0	0	0	0	0	7,000	21,200
	Payments from a Work Accident Insurer	423	15,900	22,500	30,000	36,100	42,800	50,000	61,300	74,400	94,000
	NZ Superannuation or Veterans Pension	1,044	10,600	12,300	13,900	15,600	17,200	18,900	21,200	25,000	36,600
	Other Super., Pensions, Annuities	156	11,000	14,500	17,000	19,300	23,800	32,700	41,100	60,000	96,700
	Unemployment Benefit	1,206	9,500	14,500	20,100	23,900	29,500	35,900	44,000	55,400	71,500
	Sickness Benefit	807	8,300	11,800	14,700	19,100	23,000	28,900	37,400	46,800	62,900
	Domestic Purposes Benefit	1,194	11,100	14,500	17,400	20,100	22,600	25,100	29,100	36,200	50,200
	Invalids Benefit	924	7,900	10,900	12,700	14,500	17,200	20,300	23,600	30,000	42,800
	Student Allowance	2,205	11,500	17,600	22,300	26,600	31,800	37,800	44,900	55,300	72,600
	Other Govt Benefits, Payments or Pension	1,017	15,000	20,600	24,500	28,800	33,800	38,800	45,500	54,700	67,000
	All Other Sources of Income	9,396	14,000	20,800	25,700	31,800	38,000	45,500	55,100	66,400	89,500
	Not Stated	117	1,000	5,300	9,700	11,100	12,300	13,500	14,600	22,000	37,000
	Sumtot income sources	18,576									
Sumtot households		11,763	10,800	15,400	20,200	24,900	31,500	38,700	48,100	61,300	82,900
Ratio income sources/households		1.58									
Tenure of Household	Source of Household Income	Total	Percentile 10%	Percentile 20%	Percentile 30%	Percentile 40%	Percentile 50%	Percentile 60%	Percentile 70%	Percentile 80%	Percentile 90%
Dwelling Owned or Partly Owned by Usual Resident(s)	No Source of Income During That Time	72	0	0	0	0	0	0	0	0	0
	Payments from a Work Accident Insurer	789	22,700	32,900	41,800	51,300	59,200	67,100	78,900	93,100	100,000
	NZ Superannuation or Veterans Pension	5,430	13,300	16,500	19,100	21,500	23,800	28,500	35,100	46,500	67,200
	Other Super., Pensions, Annuities	1,551	17,900	22,200	26,500	31,800	37,000	44,100	54,400	69,900	97,000
	Unemployment Benefit	741	11,500	16,600	21,800	28,700	36,700	46,300	58,600	72,700	98,300
	Sickness Benefit	708	10,200	14,300	18,900	22,500	27,100	35,500	46,300	61,700	91,700
	Domestic Purposes Benefit	582	13,400	17,400	20,700	23,800	27,100	31,200	38,000	53,000	71,300
	Invalids Benefit	732	11,800	14,600	18,000	21,100	23,700	29,100	37,200	49,400	68,700
	Student Allowance	714	18,500	26,800	35,300	42,400	51,500	60,900	70,500	88,600	100,000
	Other Govt Benefits, Payments or Pension	1,347	18,400	24,600	31,600	38,000	44,700	52,500	62,200	74,300	96,300
	All Other Sources of Income	20,322	22,000	31,900	40,200	49,400	58,500	67,700	81,000	95,500	100,000
	Not Stated	120	10,100	12,700	15,300	18,400	21,300	23,800	27,800	32,300	44,500
	Sumtot income sources	33,108									
Sumtot households		23,268	17,200	23,700	33,100	42,200	52,400	62,800	75,100	91,600	100,000
Ratio income sources/households		1.42									
Tenure of Household	Source of Household Income	Total	Percentile 10%	Percentile 20%	Percentile 30%	Percentile 40%	Percentile 50%	Percentile 60%	Percentile 70%	Percentile 80%	Percentile 90%
Total	No Source of Income During That Time	219	0	0	0	0	0	0	0	0	0
	Payments from a Work Accident Insurer	1,464	20,400	27,400	36,500	44,700	53,600	62,800	73,700	90,000	100,000
	NZ Superannuation or Veterans Pension	9,774	12,300	15,400	17,800	20,200	22,600	25,100	32,700	43,000	64,100
	Other Super., Pensions, Annuities	2,493	16,700	21,000	24,400	29,800	34,900	42,100	51,800	67,800	96,400
	Unemployment Benefit	2,256	10,400	15,400	20,800	24,900	32,100	39,100	49,000	63,200	88,000
	Sickness Benefit	1,776	8,700	12,500	16,200	20,600	24,000	31,000	39,300	52,200	70,500
	Domestic Purposes Benefit	1,968	11,500	15,200	18,200	21,100	23,700	27,000	31,900	40,800	60,800
	Invalids Benefit	2,064	10,100	12,200	14,300	17,200	20,500	23,400	28,700	38,000	58,300
	Student Allowance	3,213	12,400	19,300	24,100	29,700	36,100	43,000	51,700	65,100	90,900
	Other Govt Benefits, Payments or Pension	2,751	15,900	22,000	26,800	32,600	38,200	45,100	54,200	65,800	88,900
	All Other Sources of Income	36,189	18,800	26,000	34,500	42,500	51,900	62,100	73,900	91,600	100,000
	Not Stated	1,137	7,300	10,700	12,500	14,300	17,100	20,700	24,300	33,100	46,300
	Sumtot income sources	65,304									
Sumtot households		44,394	13,900	19,900	25,300	34,300	43,400	54,600	66,600	85,000	100,000
Ratio income sources/households		1.47									

Source: Statistics New Zealand

6.3 Highest -Risk Renting Households

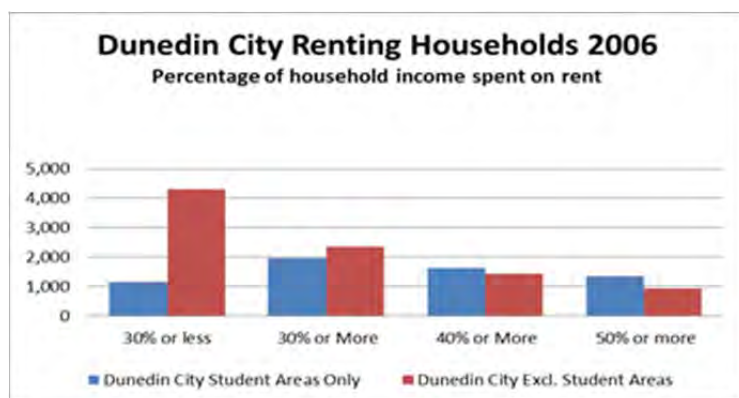
The next step of our analysis of housing stress focuses on renting households. **Appendix Five** contains detailed breakdown of rent paid by low income renters in 2006 (by area and household type). In summary, the largest concentrations of households facing rental housing stress (i.e. paying 30% or more of their income in rent) are in university proximity areas (shaded), followed by South Dunedin, Mosgiel , Caversham, Mornington and St Kilda.

Table 6.2: Dunedin City 2006 - Rental Housing Stress by Location (University Proximity Areas Shaded)

Descending order - Number of households paying 40% of income or more in rent								
Area	Percentage of income spent on rent				Total	30% plus as % of tot	40% plus as % of tot	
	30% or less	30% or More	40% or More	50% or more				
University	183	966	876	783	1,149	84%	76%	
Inner City	660	630	477	378	1,290	49%	37%	
North East Valley	306	375	270	189	678	55%	40%	
South Dunedin	330	267	165	114	597	45%	28%	
Mosgiel	396	231	135	81	630	37%	21%	
Caversham	297	174	117	66	474	37%	25%	
Mornington	276	177	111	66	453	39%	25%	
St Kilda	279	171	96	63	447	38%	21%	
Pinehill-Karitane	228	150	90	57	378	40%	24%	
Musselburgh/Tainui	168	93	69	45	261	36%	26%	
Wakari	216	99	69	42	315	31%	22%	
Roslyn/Belleknowes	174	96	63	45	267	36%	24%	
Concord/Corstophine/Kew	258	132	63	39	390	34%	16%	
Three Mile Hill	291	117	63	42	411	28%	15%	
Maori Hill	177	72	54	36	255	28%	21%	
St Clair	171	84	51	33	252	33%	20%	
Andersons Bay/Waverley	180	78	45	33	258	30%	17%	
Leith Valley	51	51	39	30	102	50%	38%	
Water-West Harbour	96	63	39	30	162	39%	24%	
Green Island/Abbotsford	153	60	36	21	210	29%	17%	
Port Chalmers/Purakanui	96	45	30	21	141	32%	21%	
South Coast	60	33	27	21	90	37%	30%	
Outram-Taieri	171	51	24	21	219	23%	11%	
Outer Peninsula	54	27	15	9	81	33%	19%	
Peninsula	72	30	15	15	102	29%	15%	
Helensburgh/Balmacewen	66	27	12	9	90	30%	13%	
Fairfield	30	15	9	..C	42	36%	21%	
Dunedin City	5,454	4,314	3,063	2,280	9,768	44%	31%	
Dunedin City Student Areas Only	1,149	1,971	1,623	1,350	3,117	63%	52%	
Dunedin City Excl. Student Areas	4,305	2,343	1,440	930	6,651	35%	22%	
NZ Tot	194,058	117,462	76,443	52,737	311,520	38%	25%	

Source: Statistics New Zealand

The prevalence of student renters in the 40%+ categories again highlights the need to control for the student population. In this case, households in university proximity areas comprise more than half of all households supposedly suffering from serious housing stress, and 60% of more serious housing need cases.



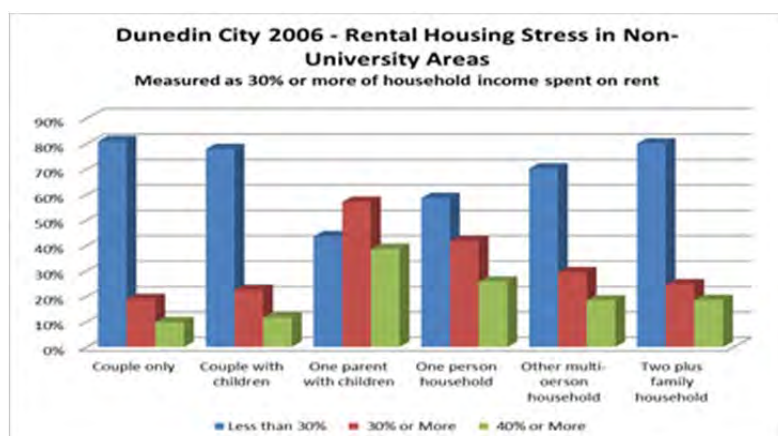
In terms of household type, single person households, sole parent families and multi-person households have significant levels of housing stress (although student multi-person households significantly skew the results for this household type).

Table 6.3: Dunedin City 2006 - Rental Housing Stress by Household Type

Household Composition (* denotes with or without other persons)	Percentage of household income spent on rent				Total	30% plus as % of tot	40% plus as % of tot
	Less than 30%	30% or More	40% or More	50% or more			
Couple only*	1,356	501	309	207	1,860	27%	17%
Couple with children*	1,044	327	180	102	1,371	24%	13%
One parent with children*	612	834	564	390	1,443	58%	39%
One person household	1,590	1,227	804	549	2,817	44%	29%
Other multi-person household	780	1,407	1,191	1,026	2,187	64%	54%
Two plus family household*	72	21	12		90	23%	13%
Dunedin City Total	5,454	4,317	3,060	2,274	9,768	44%	31%

Source:- Statistics New Zealand

After removing university proximity areas, the data indicates that more than a third of all renting households suffered housing stress in 2006, of which more than 70% were paying 40% or more of their household incomes in rent. Single person households, sole parents and (to a lesser degree) couple-based households were "most likely" to experience *serious housing stress*.



6.4 Rental Affordability Today

This part of our discussion looks at affordability in today's rental housing market. What income thresholds apply before housing becomes unaffordable? Who is most likely to slip out of the market and become a social housing customer? To answer such questions, we have modelled rental affordability for a range of different households, based on the following assumptions:

- The range of households has been selected to reflect single person households, couples and households with children. Household income scenarios include the main benefit types and wage-based household income.
- Income is defined as gross household income including wages and/or benefits, plus any family support and AS entitlements¹⁸.
- Rent levels are taken from the Department of Building and Housing's database for lower quartile rents for the period January-June 2011, further disaggregated by area and number of bedrooms¹⁹.

The tables show the percentage of household income required to support different accommodation options in each DBH rental area. In brief, the analysis supports findings derived from the 2006 census:

- The affordability threshold for market rental housing is around \$30,000 for households with children, and about \$20,000 for single people. Above these levels, most households can afford a lower quartile market rent housing with the aid of the Working for Families and the AS.
- Family households earning over \$40,000 annually have a choice of both housing types and locations.
- Single people who rely on a benefit and cannot easily share housing are most at risk, along with single parent family households.
- For these households, there are few affordable options in the current market.

6.4.1 One Bedroom Housing

The table below summarises one bedroom housing affordability for a range of beneficiary households selected because they could reasonably expect to live in one bedroom accommodation, and may face barriers to sharing with others. Key findings are that older singles struggle to stay below the 30% affordability threshold, even with a living alone allowance.

Single people relying on an invalids benefit are likely to face serious affordability problems, paying more than 40% of their income in rents in almost all areas. On this basis, our view is that few long-term invalids' beneficiaries will be able to support themselves in market rental housing over the long term.

The table does not include working singles and couples because we believe that (as a general rule) they are able to share or have sufficient income to afford lower quartile housing. We appreciate, however, that there is a pool of low income working singles and couples who face similar challenges, especially older couples and those in part time work.

Table 6.4: Lower Quartile Rental Affordability 2011 - One Bedroom Housing

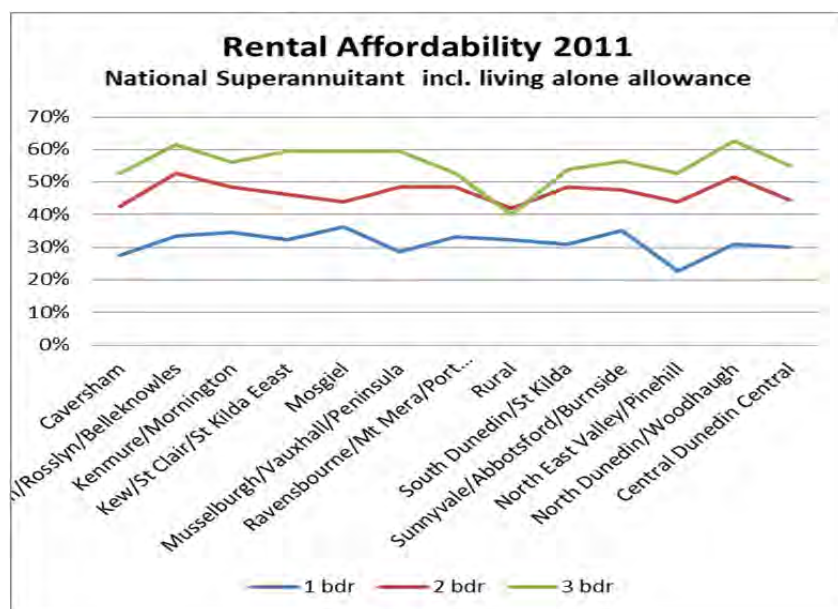
	Nat Super Single	Nat Super Couple	Invalids single	Invalids Couple
Caversham	27%	20%	37%	25%
Glenleith/Rosslyn/Belleknowles	33%	23%	44%	30%
Kenmore/Mornington	35%	25%	45%	31%
Kew/St Clair/St Kilda Eeast	32%	24%	43%	30%
Mosgiel	36%	25%	48%	32%
Musselburgh/Vauxhall/Peninsula	29%	21%	37%	27%
Ravensbourne/Mt Mera/Port Chalmers	33%	24%	43%	30%
Rural	32%	22%	43%	30%
South Dunedin/St Kilda	31%	22%	40%	28%
Sunnyvale/Abbotsford/Burnside	35%	25%	46%	32%
North East Valley/Pinehill	23%	17%	30%	22%
North Dunedin/Woodhaugh	31%	21%	41%	29%
Central Dunedin Central	30%	22%	40%	28%

¹⁸ Benefit data and Accommodation Supplement information is sourced from the Work and Income New Zealand website. Working for Families data comes from either WINZ or Inland revenue websites

¹⁹ Ref. DBH market rent data in departmental website

Many single renters will not be living in one bedroom housing. The case study below shows one, two and three bedroom housing affordability for a person aged 65+ living alone and relying on National Super as their sole income source. Based on our calculations, any such person would face severe affordability issues if they lived in two bedroom or larger housing, and paid anything above the lower quartile average rent.

Such a scenario is not uncommon for older renters wanting to stay in their home after the family has left and their income-earning potential recedes. Even at lower quartile rents, it is clear that anyone in this situation will be unlikely to sustain themselves in market rental housing.



6.4.2 Two Bedroom Housing

The table below summarises affordability outcomes for selected low income households seeking to rent two bedroom housing. The results suggest that all two-person households reliant on benefits will face housing stress, with single parent households most at risk.

Table 6.5: Lower Quartile Rental Affordability 2011 - Two Bedroom Housing

	Nat Super Couple	DPB single plus 1	Invalids Couple
Caversham	29%	41%	35%
Glenleith/Rosslyn/Belleknowles	36%	49%	44%
Kenmure/Mornington	33%	45%	40%
Kew/St Clair/St Kilda Eeast	32%	43%	39%
Mosgiel	30%	41%	37%
Musselburgh/Vauxhall/Peninsula	33%	45%	40%
Ravensbourne/Mt Mera/Port Chalmers	33%	45%	40%
Rural	29%	41%	35%
South Dunedin/St Kilda	33%	45%	40%
Sunnyvale/Abbotsford/Burnside	33%	44%	40%
North East Valley/Pinehill	30%	41%	37%
North Dunedin/Woodhaugh	35%	48%	43%
Central Dunedin Central	30%	41%	37%

6.4.3 Demand for Family Housing

For family households, a clear affordability gap opens up between working and non-working families. Even at lower levels, working families can largely support market rentals with the aid of Working for Families and the AS.

Table 6.6: Lower Quartile Rental Affordability 2011 - Three Bedroom Housing

	DPB plus 2	DPB plus 3	UB plus 2	30K couple plus 2	40k couple plus 3
Caversham	42%	38%	39%	27%	23%
Glenleith/Rosslyn/Belleknowles	47%	43%	44%	31%	24%
Kenmure/Mornington	44%	40%	41%	29%	22%
Kew/St Clair/St Kilda Eeast	45%	41%	42%	30%	23%
Mosgiel	46%	41%	42%	30%	23%
Musselburgh/Vauxhall/Peninsula	45%	42%	42%	30%	23%
Ravensbourne/Mt Mera/Port Chalmers	42%	38%	39%	27%	21%
Rural	35%	26%	32%	22%	17%
South Dunedin/St Kilda	43%	39%	40%	28%	21%
Sunnyvale/Abbotsford/Burnside	44%	40%	40%	29%	22%
North East Valley/Pinehill	40%	37%	37%	27%	21%
North Dunedin/Woodhaugh	48%	43%	44%	32%	25%
Central Dunedin Central	42%	38%	39%	28%	22%

Table 6.7: Lower Quartile Rental Affordability 2011 - Four Bedrooms or Larger

	DPB plus 3	UB plus 4	40k couple plus 4
Caversham	41%	35%	24%
Glenleith/Rosslyn/Belleknowles	48%	41%	28%
Kenmure/Mornington	45%	39%	26%
Kew/St Clair/St Kilda Eeast	46%	39%	27%
Mosgiel	46%	38%	26%
Musselburgh/Vauxhall/Peninsula	44%	38%	26%
Ravensbourne/Mt Mera/Port Chalmers	43%	37%	25%
Rural	33%	33%	21%
South Dunedin/St Kilda	44%	38%	26%
Sunnyvale/Abbotsford/Burnside	44%	38%	26%
North East Valley/Pinehill	43%	37%	25%
North Dunedin/Woodhaugh	48%	41%	28%
Central Dunedin Central	49%	42%	28%

6.5 Rental Housing Stress in Dunedin - Some Observations

The analysis above confirms our view that Dunedin's low rent reputation is undeserved. Market movements in recent years have created significant affordability issues for low income households. Beneficiary households renting from the private sector are most likely to suffer from rental housing stress over the longer term, in particular single person households and single parent households.

The extent that rental housing stress amongst these households translates into future demand for social housing will be discussed in the next chapter, but we should note current waiting lists for subsidised housing are quite small - at least compared to the potential scale of housing stress identified above.

We can only assume that the model overstates the problem by understating household incomes for many beneficiary households and/or there is a loose portfolio of housing in the market being offered at sub-market rents. Both these points are worthy of further investigation.

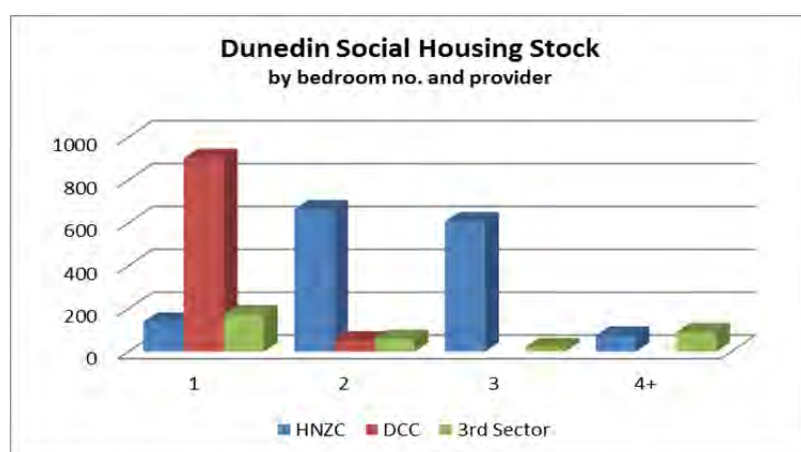
7 The Social Housing Sector

In this section, we take a closer look at the social housing sector, its current shape and form, and prospects for growth. The findings are largely based on sector interviews and data collected in mid-2011.

7.1 Social Housing Supply

Dunedin's Social Housing asset pool currently comprises almost 2,800 housing units owned by 26 housing providers. HNZC (1483 units) is the largest, while Dunedin has one of the largest pensioner portfolios (on a per capita basis) in New Zealand. In addition, 23 not-for-profit entities own and/or manage a further 345 units.

The social housing portfolio is heavily geared towards smaller units, with over 70% of all units being two bedrooms or less. Only 6% of all units contain four bedrooms or more.



7.2 Distribution of Social Housing by Area of Need

The social housing portfolio is allocated unevenly across the spectrum of need, with housing targeted at general housing need (mostly affordability) making up almost two-thirds of all stock. HNZC is the biggest generic social housing provider, although DCC and some third sector organisations (for instance Just Housing) also offer housing targeted at lower-income renters.

DCC dominates older peoples housing provision (86% of all older persons units); although HNZC also has purpose built older peoples housing and an aging longer-term tenant base. Management of specialist housing for health and disability consumers, and emergency/ transitional housing, rests largely with specialist third sector providers.

Table 7.1: Dunedin City Social Housing Stock - By Area of Need - All Providers

Bedrooms	Afford-ability	Older persons	Mental Health & Addiction	Intellectual disability	Physical disability	Emergency/ transitional	Totals
1	348	792	59	14	0	2	1215
2	663	52	18	39	0	2	774
3	618	0	2	7	0	1	628
4+	74	1	23	54	9	4	165
	1703	845	102	114	9	9	2782

7.3 Location

Appendix One includes a series of maps that show how social housing is currently distributed across the city. These are summarized in the table below. To illustrate historical concentration of state housing units, we have compared today's numbers with rental housing/total housing distribution from the 2006 Census.

Table 7.2: Dunedin City Social Housing Units - By Provider and Location

Area	Social housing stock mid 2011				Social housing as % 2006 Census area totals	
	HNZC	Dunedin City	3rd Sector	Totals	Rentals	All dwellings
Concord/Corstophine/Kew	356	20	6	382	77%	22%
South Dunedin	54	267	39	360	48%	21%
Three Mile Hill	274		12	286	57%	15%
Wakari	111	7	38	156	42%	12%
Mosgiel	266	30	77	373	49%	10%
Port Chalmers/Purakanui	43	24	1	68	40%	8%
Roslyn/Belleknowes	6	108	3	117	38%	8%
Helensburgh/Balmacewen	2		47	49	48%	7%
Inner City/Dunedin Central	63	58	44	165	11%	7%
St Kilda	17	67	29	113	21%	6%
Green Island/Abbotsford	42	61	5	108	44%	6%
North East Valley	20	145	17	182	23%	8%
Caversham	27	62	7	96	16%	5%
Pinehill-Karitane	98	10	2	110	24%	5%
Musselburgh/Tainui	5	57	2	64	20%	4%
St Clair	49		5	54	18%	4%
Mornington	6	57	3	66	12%	3%
Andersons Bay/Waverley	29			29	10%	1%
West Harbour	13			13	7%	1%
Maori Hill	1	10	1	12	4%	1%
Taieri	1		4	5	6%	1%
Leith Valley			2	2	2%	0%
Peninsula			1	1	1%	0%
Blueskin Bay				0	0%	0%
Fairfield				0	0%	0%
Outer Peninsula				0	0%	0%
Outram/Momona				0	0%	0%
Outram-Taieri				0	0%	0%
South Coast				0	0%	0%
Strath Taieri				0	0%	0%
University				0	0%	0%
Waikouaiti/Karitane				0	0%	0%
Water				0	0%	0%
Water-West Harbour				0	0%	0%
Total Dunedin City	1483	983	345	2736	22%	6%

In our view, the table is a useful reminder that the location of social housing today has been largely determined by the policies of the 1960's and 70's.

7.4 Housing New Zealand Corporation

HNZC stock numbers totaled 1483 at end June 2011, comprising mostly two-bedroom (45% of all HNZC stock) and three bedroom housing (41%). More than 80% of all units are low density (stand alone or duplex), the balance being a mix of medium (10%) and higher density (2%) building forms.

Table 7.3: HNZC Dunedin Housing Stock Profile June 2011

	0 bdr	1 bdr	2 bdr	3 bdr	4 bdr	5 bdr	Tots	
Bedsit	3	8					11	1%
Stand-alone dwelling		12	372	538	70	2	994	67%
Double Unit/Duplex		68	214	19			301	20%
Multi-unit complex		43	57	50	2		152	10%
Multi-level (Star Flat)		5	20				25	2%
	3	136	663	607	72	2	1483	
	0%	9%	45%	41%	5%	0%		

As the owner of over half of Dunedin's social housing stock, HNZC remains a significant player in the Dunedin social housing marketplace. The Corporation's influence, however, has been on the wane since the early 1990's as a result of successive housing reforms. The old Housing Corporation branch office, for instance, was replaced by a HNZC neighbourhood unit, a move which signaled a considerable loss of local autonomy. We understand that, as part of the latest reforms, remaining administrative and asset management functions will be transferred out of the City and HNZC will reduce its Dunedin presence to mobile tenancy managers.

Over the past three years, there has been a slight change in the mix and quantum of HNZC housing. The Corporation has sold or written-off 58 units in the past three years, offset by the acquisition of 11 new properties and 12 new leases. The net loss is 33 units.

Based on HNZC's national policy imperatives, we expect HNZC's Dunedin unit numbers to continue falling. As the table below illustrates, levels of urgent demand in Dunedin (A and B applicants) are about half that for New Zealand as a whole and 6-7 times lower than some Auckland suburb, so it makes sense to reallocate resources from Dunedin to higher demand areas.

Table 7.4: HNZC Waiting List as % of Stock

	No. units	A	B	C	D
Dunedin City *	1483	8	38	19	21
		0.5%	2.6%	1.3%	1.4%
NZ*	67797	366	3588	2595	2318
		0.5%	5.3%	3.8%	3.4%

Source HNZC *Dunedin data as at 30 June 2011, National data as at 30 June 2010

7.4.1 HNZC Renter Profile

The Table below summarises 2006 Census data for households identified as living in a Corporation house. In brief, numbers are evenly spread between single person, sole parent and couple-based households. Single person households outnumber one bedroom houses by almost three to one, which suggests that the Corporation's tenant population is aging in place.

Table 7.5: HNZN Renters in Dunedin 2006 - By Household Type and Age of Tenure Holder

	0-39 Years	40-64 Years	65-79 Years	80 Years +	Total	% of tot
Couples With or Without Child(ren)*	159	162	42	9	372	27%
One Parent With Child(ren)*	261	201	21	..C	483	35%
One-Person Household	60	213	129	51	456	33%
Other Family Households	..C	18	..C	..C	24	2%
Other Multiperson Household	9	39	..C	..C	51	4%
Total	495	630	195	63	1,386	100%
	36%	45%	14%	5%		

Source Statistics New Zealand * denotes with(out) other people

7.4.2 Short-Term Demand for HNZN Housing

The table below breaks down recent HNZN waiting list data (at end July 2011) by priority and household type. Urgent cases confirm our earlier analysis of housing stress risk factors, in particular sole parent and single person households.

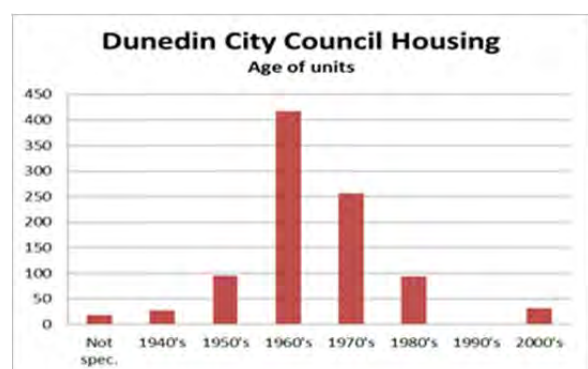
Table 7.6: HNZN Waiting List - 30 June 2011

Household Type	Waiting List Category				Totals	
	A	B	C	D		
Single person	3	11	5	14	33	38%
Sole parent 1 child	3	16	4	0	23	27%
Sole parent 2+ children	0	3	4	2	9	10%
Couple No children	0	5	5	1	11	13%
Couple 1 child	1	3	1	2	7	8%
Couple 2+ children	1	0	0	2	3	3%
	8	38	19	21	86	

7.5 Dunedin City Council Housing

Dunedin City Council first became involved in social housing in 1946, when it began building small blocks (three to four units) for low income elderly. By 1965 the Corporation had a portfolio of 90 double and 114 single units built for a total cost of £359,000.

The City's involvement in social housing accelerated during the 1960's and 70's, fuelled by the availability of low-cost capital funding from central government (grants and low-interest loans). Under an agreement between central and local government, TLA's became primary providers of housing for low-income older people, while Central Government focused on generic affordability-related need.



The intention was that individual council housing programmes would be self-funding, and that no additional subsidies would be required from the taxpayer. Experience around New Zealand, however, suggests that this was optimistic. Most Councils have found it difficult to cover management and maintenance costs and offer subsidized rents. As a result, many have dipped into depreciation reserves for operational spending items, and few have managed to grow their housing numbers from cash flows. Others have moved to dispose of their portfolios, arguing that older peoples housing is no longer a core function of local government.

Dunedin City, however, has reaffirmed its commitment to retaining its older persons housing portfolio, and growing numbers over time. The current plan is for Council to focus on a five year comprehensive refurbishment programme, after which its depreciation reserve will be applied to increasing stock numbers by about 5 units per year.

7.5.1 DCC Housing Stock Profile

The table below takes a closer look at Dunedin City Council's current housing stock. In summary, DCC has 954 units in three sub-portfolios: "all age" one-bed units (260), older persons housing (631 units) and public housing (63 units). As expected, the stock is heavily weighted towards single person accommodation of the type favoured by planners in the 1960's (partitioned) and early 1970's (same size but more separation between bedroom and living area).

As a general rule, older units were not built according to modern accessibility principles. Our understanding is that tenants were (and largely still are) expected to be ambulatory and capable of independent living. Council does, however, have a policy of permitting modifications if paid for by the tenant (or local health agency if considered essential). The expectation was that older tenants would move in with family or into aged care facilities once independent living was no longer an option.

Table 7.7: Dunedin City Council Housing 2011 - By Location and Type

	Total	%	2 bdr unit	1 bdr unit	Double		Single		Bedsit
					Separate bdr	Partition only	Separate bdr	Partition only	
Caversham	62	6%	2	0	3	0	33	20	4
City Rise	58	6%	11	19	0	3	11	7	7
Corstorphine / Kew	20	2%	0	0	0	0	4	16	0
Dunedin North	60	6%	0	0	1	20	7	16	16
Green Is / Fairfield	61	6%	5	0	15	0	41	0	0
Kaikorai / Roslyn	108	11%	0	3	1	10	45	47	2
Maori Hill	10	1%	0	0	0	0	10	0	0
Mornington/Maryhill	57	6%	0	0	0	5	10	34	8
Mosgiel	30	3%	0	0	11	0	19	0	0
Musselburgh/Tainui	57	6%	9	0	4	0	19	25	0
North East Valley	36	4%	0	0	3	0	33	0	0
Pine Hill	10	1%	0	0	0	0	10	0	0
Port Chalmers	24	3%	0	0	6	1	13	4	0
South Dunedin	267	28%	19	8	4	13	86	108	29
St Kilda	67	7%	6	0	3	10	8	40	0
Wakari	27	3%	0	0	0	0	0	21	6
	954		52	30	51	62	349	338	72
			5%	3%	5%	6%	37%	35%	8%

Source: Dunedin City Council

Recently-built units reflect changing attitudes to older peoples housing. The units themselves are larger, and better able to cope with age-related disability.

Recent Developments

The number of Council owned and managed housing units has declined in recent years, in part because poorly-located complexes have been difficult to let. A 41-unit complex at Helensburgh Road, for instance, was sold to the Ladder Trust for \$1.6 million in 2010. The Trust will spend a further \$1.3 million on refurbishment, prior to making 21 units available to PACT for Level 3 Mental Health Consumers and respite care. The balance will be rented out as affordable housing for older people and other single person households.

About 20 units, originally acquired for pensioner housing purposes, have been leased to the Dunedin Community Care Trust for use by people with an intellectual disability, and to PACT for mental health consumers.

On a more positive note, DCC received a Housing Innovation Fund suspensory loan of \$472,500 in 2005, to help fund six new older persons housing units. Sadly, this fund is no longer available to TLA's.

7.5.2 DCC Tenant Profile

The Table below summarises 2006 Census data for households that identified themselves as living in a DCC owned and managed dwelling in 2006. In line with the portfolio's configuration, most tenants live alone. It would appear that most tenants also meet Council's Priority One criteria of being aged 55 or over and being on a low income, although the numbers suggest that there is a significant group of younger singles.

Table 7.8: DCC Housing 2006 - Tenants by Household Type and Age of Tenure Holder

	0-39 Years	40-64 Years	65-79 Years	80 Years +	Total	% of tot
Couples With or Without Child(ren)*	6	21	27	6	63	8%
One Parent With Child(ren)*	..C	..C	..C	..C	15	2%
One-Person Household	45	258	315	120	735	89%
Other Family Households	..C	..C	..C	..C	..C	0%
Other Multiperson Household	9	..C	..C	..C	12	1%
Total	66	291	348	126	828	100%
	8%	35%	42%	15%		

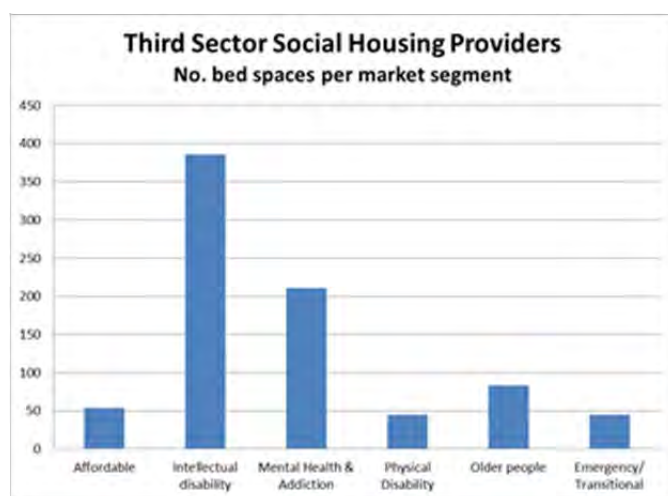
Source Statistics New Zealand * denotes with(out) other people

7.5.3 Short-term Demand for DCC Housing

In July 2011, there were approximately 151 people on the waiting list for DCC housing. This should not, however, be regarded as a proxy for current housing need, as the list includes existing tenants looking to transfer, and others prepared to wait a long time for the right unit in their preferred location. Anecdotally, Council staff believe there are only a handful of applicants with an urgent and immediate need for housing. This is likely to change, however, as currently-renting baby boomers move into retirement and cannot find smaller affordable housing in the private sector.

7.6 Third Sector Social Housing Providers

During consultation we identified 24 separate organisations that own and/or manage social housing. In total, we have identified 345 social housing units comprising about 800 bed spaces - heavily weighted towards intellectual disability and mental health-related housing need:



The properties themselves are a mix of owned and rented housing, with portfolios ranging in size from a single unit to 60+ housing units. Rented property is sourced either from Community Group Housing Ltd (CGH), Dunedin City Council, or leased directly from the private rental market.

17 organisations own 217 units. This level of ownership is relatively high for a New Zealand city and is due, we believe, to a mix of necessity and opportunity. For example:

- Dunedin house values are low in comparison to most New Zealand Cities, which means that the threshold for community ownership is also lower than most cities.
- Many organisations within the sector have their own funding base, and have longstanding concerns about the quality of housing (and maintenance services) offered by Government agencies or the private sector.
- Unique local funding arrangements have incentivised providers to buy their own property. For example, Cherry farm's closure in 1992 spawned a number of different groups, who received grants from the now-defunct Community Funding Agency (CFA) to buy or build housing, or take over houses previously owned by the local District Health Board.

Social Housing Providers or Care Providers?

We observe that third sector housing provision is dominated by *support service providers* - that is - organisations whose primary business is providing specialist health or support services to discrete market segments (for instance, intellectual disability, mental illness, and re-integration into the community).

The housing role of such organisations is largely historical, for instance, because community care service funding included housing, or because housing assets were passed over at the time institutions like Cherry Farm were deinstitutionalized. Others have had no option but to go into the housing business, because the lack of good housing would otherwise have a severe impact on their clients.

Recent trends in sector policy and funding have seen a reversal of the joint housing/service provider model. Reasons include a view that service provision and housing are discrete specialties, seldom delivered well by the same agency. There are also concerns about "client capture" by agencies with large housing portfolios.

Such concerns have become more germane because health and housing funding models are moving to exclude service providers from access to housing-related capital and other funding assistance. This applies to health and housing sector funding.

The result is that more and more providers are making a structural distinction between housing and specialist services. The IHC, for instance, has created a separate entity (Accessible Housing Limited) to own and manage housing, while mainstream service provision is delivered by IDEA. PACT has now created a sister housing agency (Ladder Trust) to own and manage housing both for its own mental health and disability clients, but also as a precursor to entering the wider social housing market.

Other housing-only agencies have a longer track record. The Otago Accommodation Trust (OAT) is one example of a housing-only agency focusing on the mental health and addiction segment. The Salvation Army's pensioner housing is also relatively free of ties to other support services.

Notwithstanding recent moves by Ladder, IHC et al, we estimate that less than one third of all current third sector providers have a housing-only focus. This is likely to impact on future funding for sector growth.

7.6.1 Affordable Housing

Three not-for-profit organisations are involved in the provision of generic social housing, including Habitat for Humanity which arguably does not conform to our adopted definition of housing provider. Our view is that Habitat's customer base would generally be found within the Intermediate Housing Market segment. Habitat's role, however, is a useful adjunct to the social housing sector on a number of levels, for instance:

- Stock no longer required for social rental housing (for instance family housing in low priority areas) can be channeled to promote low-income home ownership
- Lower-need occupants of social rental stock can be incentivized to move towards home ownership, thereby freeing up social housing use for higher-need occupants.

Table 7.9: Dunedin City Third Sector Housing Providers - Generic Affordability Issues

		No bdr per unit				Tots
		1	2	3	4+	
Habitat for Humanity	owned			7		7
Just Housing	owned			4		4
Ladder Trust	owned	21				21
		21	0	11	0	32

Just Housing Otepoti was originally part of the cooperative housing movement and, in that role completed a number of small housing projects. Just Housing's asset base consists of four new units in Wakari, funded by a 2006 Housing Innovation Fund loan of \$511,175 and Suspensory Loan of \$300,000.00. Rents are charged at 75% of market rent.

The third and newest generic housing provider, Ladder Trust, has been established as a sister Trust to PACT, and is intended as a vehicle for expanding that organisation's housing role. Ladder was the official purchaser of the Council's 41-unit complex at Helensburgh Road. The flats have been extensively refurbished. They have been insulated, sound-proofed and painted. They have new carpet, and new drapes and double glazing are next. Baths have been replaced with showers and the cupboards above the breakfast bar have been moved to the wall to open the living area up and provide a usable dining space.

The intention is for fifty per cent to be leased back to PACT for mental health consumer s (see below), and the balance made available to other social housing segments. Initial rents will be set at \$120-130 per unit, with a view to the Trust eventually becoming self-sustaining. Once the trust is more established it will look at other developments, to be funded from a variety of sources, including cash flows and capital growth, local support and new Crown funding.

Short Term Demand and Supply Issues

Based on our earlier affordability analysis, there should be no shortage of demand for well-located housing offered at sub-market rates by a third sector provider. At issue, however, is whether the groups themselves can grow to become meaningful players in the social housing sector. In each case, for instance the current portfolio has been acquired on the back of a single transaction supported by Crown funding. There is no financial headroom for further expansion without similar assistance.

7.6.2 Intellectual Disability

The intellectual Disability sector is dominated by long-standing service providers such as IHC, and more recent offshoots of established entities, such as the Dunedin Community Care Trust ("DCCT") and PACT.

The DCCT was formed in 1995, in response to a lack of alternatives to group homes. DCCT has developed a core and cluster model based on Scottish models. DCCT owns no housing in its own right, but leases from other social housing providers (HNZC and DCC) or the private sector.

PACT's history goes back more than a century, but only became a service provider in its own a right in the 1980's, when the Patients and Community Trust (PACT) and the Prisoners Aid and Rehabilitation Society (PARS) were established as discrete entities. PACT's housing role accelerated rapidly in the 1990's, fuelled by the closure of Cherry Farm, and expansion into Southland and Canterbury. Today PACT has over 800 clients drawn from both the intellectual disability and mental health market segments.

Hawksbury Trust initially took over group housing associated with Cherry Farm at Gordon Road, Mosgiel, but has since expanded to other locations. The Trust is now looking to break up its larger bedroom number housing model in favour of smaller units. Hawksbury has also set up a discrete property owning wing.

As the table below illustrates, the domain form of housing remains group homes, although new service delivery and funding models are encouraging smaller "flat mate" style supported living arrangements.

Table 7.10: Dunedin City Third Sector Housing Providers - Intellectual Disability

	Owned or leased from?	No bdr per unit				Tots
		1	2	3	4+	
Dunedin Community Care Trust (DCCT)	Dunedin City	10				10
	HNZC		2	1	5	8
	Private				10	10
Hawksbury Trust	HNZC			1	2	3
	Owned				2	2
	HNZC				1	1
Idea Services Group Homes	IHC	2		1	13	16
	Not spec'd			1		1
	Private	2	1		2	5
Idea Services Supported Living	Not spec'd		35			35
Mount Cargill Trust	HNZC				1	1
	Owned				7	7
	HNZC				2	2
Patients & Community Trust (PACT)	Owned		1	4	6	11
	Private				3	3
		14	39	8	54	115

7.6.3 Mental Health

Housing mental health consumers became a significant growth industry in the 1990's, as a result of deinstitutionalization in and around Dunedin. At that time, organisations like PACT and the Corstophine Baptist Trust became housing providers - largely in response to the lack of good quality housing for clients with support housing needs.

Early housing followed group housing models, but smaller one and two bedroom housing has become the norm for later additions to the social housing stock. The Otago Accommodation Trust ("OAT") is probably the only dedicated housing provider in the segment, and has focused on housing individuals whose psychiatric/addiction needs are being met by other providers. In this vein, OAT housing is individualized rather than based on a supervised group environment.

Table 7.11: Dunedin City Third Sector Housing Providers - Mental Health and Addiction

	Owned or leased from?	No bdr per unit				Tots
		1	2	3	4+	
Patients & Community Trust (PACT)	Dunedin City		13			13
	Otago Fdn Trust				1	1
	Private				1	1
Carroll Street Trust	Ladder Trust	20				
	Owned		4	1	3	8
	SRS Ltd				1	1
Corstorphine Baptist Community Care	Owned				8	8
	HNZC				3	3
	Private				1	1
Davin Health Care Limited	Owned		1	1	2	4
Forbury House Trust	Owned				1	1
Koputai Lodge	Owned				1	1
Otago Accommodation Trust (OAT)	HNZC	16				16
	Owned	23				23
		59	18	2	22	81

7.6.4 Physical Disability

The physical disability segment appears to be underrepresented as a proportion of third sector social housing, probably due to the fact that most disability housing need is addressed through modifications to existing housing (owned or rented from the private sector or affordable housing providers). Note we have included McGlynn Homes in our round up as they provide upwards of 50% of all housing for this segment. McGlynn is fully funded by Government through the Ministry of Health (90%) and ACC (10%).

Table 7.12: Dunedin City Third Sector Housing Providers - Physical Disability

	Owned or leased from?	No bdr per unit				Tots
		1	2	3	4+	
Carroll Street Trust	Owned				1	1
	SRS Ltd				2	2
CCS Disability Action	HNZC				1	1
McGlynn Homes	Owned				5	5
		0	0	0	9	9

7.6.5 Older People

Older persons housing provision by third sector agencies is dominated by the Salvation Army's 60-unit complex in Mosgiel. Built about 20 years ago, the complex offers 59 one bedroom units and one two-bedroom unit. Applicants must be 55 years or older, and income and asset limits apply. Rents are discounted to 74% of local market (currently \$164 for a one-bedroom unit). Of the other providers:

- Abbeyfield's 8- room complex at Balmacewan Road was originally planned around shared ownership. This has proved difficult however, and it is likely that the complex will revert to the more standard branch-owned rental model.
- Araiteuru Marae offers 8 Kaumatua units to older Maori, including those whose whakapapa lies outside the area. Built in the 1980's, there are currently no plans to expand provision.
- Presbyterian Support Otago (PSO) has 10 "independent living" rental units attached on the grounds of Ross Home, a 125 bed facility in North Dunedin.

Table 7.13: Dunedin City Third Sector Housing Providers - Older People's Housing

	Owned or leased from?	No bdr per unit				Tots
		1	2	3	4+	
Abbeyfield	Owned				1	1
Araiteuru Marae	Owned	8				8
Presbyterian Support Otago	Owned	10				10
Salvation Army	Owned	60				60
		78	0	0	1	79

Short Term Demand and Supply Issues:

All respondents report consistently high levels of occupancy and demand. PSO have 50 names on the waiting list for independent units at Ross Home, and the Salvation Army reports a "lengthy" waiting list for their Mosgiel units.

7.6.7 Emergency and Transitional Housing

Emergency and transitional housing in Dunedin is limited to the night shelter, offender housing and rehabilitation, and women's refuges. Note that we have included Moana House in this segment, although many residents also have drug or alcohol dependency issues.

Table 7.14: Dunedin City Third Sector Housing Providers - Emergency and Transitional Housing

	Owned or leased from?	No bdr per unit				Tots
		1	2	3	4+	
Dunedin Night Shelter Trust	Private				1	1
Moana Lodge	Downie St Fdn				1	1
Prisoners Aid & Rehabilitation Society (PARS)	NZTA			1		1
Women's Refuge	Private	2	2			4
	HNZC				2	2
		2	2	1	4	9

7.7 Summary Observations on the Social Housing Sector

To conclude this discussion on the current state of the social housing sector, we make the following points.

The sector comprises about 20% of all rental housing in Dunedin and (based on waiting list evidence) appears to absorb most cases of serious housing need in the city. We can assume that many other households suffering serious housing stress are either "invisible" to the sector because they do not apply for assistance and/ or receive informal housing assistance from family or private sector landlords (via sub-market rents for instance).

Details of short term unmet demand is sketchy, but supports our view that low income single people and sole parent families are most at risk, in particular those with support housing needs or at the severe housing stress end of the affordability spectrum.

We conclude that the social housing sector faces some significant challenges over the assessment period:

- The sector's largest housing provider (HNZC) is in decline, shedding units and staff. Based on current central government policy settings, HNZC is unlikely to reinvest in Dunedin over the assessment period.
- Dunedin City Council has an ongoing leadership role in the sector, as evidenced by Council sponsorship of the Strategy. From a housing perspective, however, the Council's housing portfolio has declined over recent years, due to the sale and/or lease of less popular complexes to other providers. Council plans to grow its portfolio by 5 units annually from 2016, but capital funding for new housing is limited to the existing depreciation reserve.
- The number of third sector housing providers has grown significantly since 1990, mostly in response to institutional closures and one-off funding opportunities. Housing models adopted at that time are now being questioned, in particular the relevance of group housing.
- Although there are significant overlaps in third sector housing provision (for instance mental health), providers seem to have established niche positions in their respective sub-markets.

Our overall impression is that the Dunedin social housing sector lacks role clarity. HNZC and Dunedin City Council, for instance, are both significant providers of housing for older people, but have yet to coordinate their waiting lists. The same we believe is true for health and disability sector.

The human capital of the sector is fragmented across multiple agencies, as are rental cash flows, which offer little leverage for new investment. This we believe will be the sector's greatest challenge, to reconfigure itself in a way that will attract new capital needed to address current supply shortfalls, and build future capacity.

8 Forecasting Future Demand

The table below summarises our view of new demand for social housing over the 2011-31 assessment period. Our summary assessment is that demographic forces will play a large part in shaping demand growth.

Table 8.1: Forecasting Future Demand - Summary Assessment

Market Segment	Demand Drivers	Current Provision (approx. units)	Current Unmet Demand	Net new demand 2011-2031
Affordability	Working age households 15-65 years <ul style="list-style-type: none"> Lowest income couple family households. Sole parent family households. Growing number of singles and couples with serious affordability issues. 	1,400 in HNZN 200 in DCC 32 units	A's B's & C's	Any future rise in demand offset by reduction in overall no. of working age households? Key issue is stock reconfiguration
Older People	65+ Renters <ul style="list-style-type: none"> Existing HNZN tenants getting older. Existing DCC tenants getting older. Other low income non-family households unable to sustain market rents. 	200 in HNZN 500 in DCC	Approx. 100	800
	80+ renters capable of living in a non-rest home environment <ul style="list-style-type: none"> Existing HNZN tenants. Existing DCC tenants. Low income single and couple renters. 	70 in HNZN 150 in DCC	0-10	200
	Aging older people with Intellectual disabilities.	Unknown	20	Unknown
Mental Health and Addiction	Current provision just underdone? No population-based rationale for increasing numbers?	102 units 220 beds	varies	10 new individual housing solutions
Intellectual disability	No population-based rationale for increasing numbers? Market gap - Supported living for people never before institutionalised Key issue - quality of private sector housing	114 units 375 beds	About 20	20-40 new individual housing solutions
Physical Disability	Key issue - shortage of modified housing. Market gap - young people in rest homes. Not a Social housing supply issue?	9 units 54 beds	DHB not sure	5-10 new individual housing solutions
Emergency and Transitional Housing	Market gap Young people on youth benefit. Young women and children. Homeless women - emerging/identifiable. Increasing prison population	9 units 38 beds	7 units	3-4 units?

8.1 Older Peoples Housing Demand

Based on recent research, Dunedin's fastest growing social housing market segment will be older renters. BERL forecasts, for instance, predict that the number of rental households in New Zealand with a reference person aged 65 or over will triple between 2006 and 2051, and:

- The number of "young old" (65-74) renters will double between 2006 and 2031, peaking before 2040.
- "Middle-old" (75-84) rental households are also expected to double between 2006 and 2031, and keep climbing to around three times 2006 levels in 2051.
- "Old old" (85+) rental household numbers will increase threefold during the assessment period (2006-2031), and climb to about 6-8 times current levels by 2051, as the baby boom bubble moves into the older age cohort.

How does this translate to Dunedin? The table below contains 2006 base information for Dunedin City.

Table 8.2: Dunedin City 2006 - Older Households by Tenure Holder and Landlord

Age group	Living in own house	Rented from private landlord	Rented from TLA	Rented from Central Government	Total living in rented dwelling	As % of tot	Other	Total
65-74	3585	398	231	139	768	16.5%	297	4656
75-84	2727	326	237	133	696	18.0%	444	3873
85+	708	134	61	24	219	20.4%	147	1071
Total 65+	7020	859	528	296	1683	17.5%	888	9600

Based on BERL's national ratios, the number of older renting households in Dunedin will increase by 1,500-2,000 between 2006 and 2031, (3-4,000 by 2051):

- Out of approximately 1,500 older renting households aged 65-74 in 2031, 30-40% will be single person households and 50-60% will be couples (the balance being family households with children).
- The ratio between single and couple-only households reverses for older age groups, to a point where up to 80% of all renting households aged 85+ will be single people living alone.
- In 2031, about 1,400 households will have a reference person aged 75-84, and 600 households aged 85+.

Our own analysis of renter households by age of tenure holder (summarised below) supports the broad quantum of demand forecast by BERL. In 2006, for instance, there were 3,219 rental households in Dunedin with a tenure holder aged 40-64, almost all of whom are likely to still be renting once they reach retirement age. Numbers of renters in the 65+ bracket in 2006 also support a threefold increase in 85+ renters by 2031.

Table 8.3: Dunedin City 2006 - Renting Households by Household Type and Age of Tenure Holder

Household type	0-39 Years	40-64 Years	65-79 Years	80 Years And Over	Total
One person	1,044	1,272	594	222	3,135
Sole parent	1,104	675	39	3	1,821
Couples with/without children	2,685	1,017	144	21	3,873
Multi-person households	2,562	207	21	9	2,799
Totals	7,482	3,219	804	258	11,763

From a social housing perspective, about half of all older renters rented from HNZC, Council or third sector housing providers in 2006. To maintain the same proportion, total social housing stock targeted at older people would need to grow by about 800 by 2031.

This assumes, however, that a similar proportion of households will be able to access appropriate and affordable private sector rental housing in 2031 as for 2006. In our view, such assumptions should be treated with caution. The affordability analysis demonstrates that few long term private renters will be able to afford market rents as they grow older – at least not without significantly higher levels of income support.

Our summary estimate is that that up to 1,000 new "social housing solutions" will be required to contain housing stress amongst older renters over the assessment period. Again, this is consistent with earlier estimates by Presbyterian Support Otago in its 2006 survey of older persons housing preferences. That survey suggested "...as a conservative estimate" a requirement of 30 new 'lifetime occupancy' units per year for older people.

Social Housing Need Amongst Older Home Owners?

An unanswered question is whether reduced household incomes will also impact on older home owners. Can those who rely in National Super afford to stay in their homes in later life? Can they afford to make the transition to purpose-built retirement accommodation?

The study²⁰ referred to above suggests that “aging in place” is a reasonable prospect for most low income home owners. The costs of ownership are lower once the mortgage has been paid off, and owner-occupied housing is generally better maintained and upgraded to meet changing lifecycle need. Health and other support services are widely available, and the prospect of inter-generational wealth transfer does appear to incentivise family networks to preserve the value of the family’s housing assets.

Problems are more likely to arise for low income home owners who need to relocate because of accessibility, liveability, social or other reasons. A scan of recent real estate offerings suggests that anyone with under (say) \$300,000 to spend is unlikely to find an independent living solution within a retirement complex, or a new two bedroom home in the wider community.

For older people needing serviced accommodation, the problem shifts from equity to income. Frances Hodgkins Retirement Village, for instance, offers single bedroom apartments at a relatively affordable \$182,000. The support package however is \$305 weekly – beyond the means of most low income home owners or renters.²¹

Our own view is that home ownership largely insulates older people from needing a “social housing” response. Housing costs are generally lower than renting, and older households can either use their capital base to pursue other housing choices, or subsidise a more suitable rental housing alternative.

8.2 Working Age Households

Based on our earlier analysis of housing affordability, the key “social housing risk” factors for working age households are tenure, household type, labour force participation and the ability to share housing. Couples with children who own their own home, for instance, are unlikely to need social housing assistance unless there is a catastrophic change in their circumstances. Couples with children who rent have a higher risk, but are generally able to afford private rental housing unless household incomes are low and/or they have high and complex needs.

From a future demand perspective, the following points are worthy of note:

- An overall reduction in couple households with children is expected over the assessment period.
- Opportunities for paid employment should improve as the working age population declines as a proportion of the total population.
- Income support settings for beneficiary couples with children are largely adequate in the Dunedin environment

These points suggest that the number of traditional family households needing social housing should decline over the assessment period.²²

Sole parents with children, however, are cause for concern. Single parenthood can mean longer-term benefit dependency and our analysis suggests that current income support settings are inadequate to ensure a reasonable standard of housing in the private sector. That said, the existing supply of “social” family housing should be sufficient to cater for the small (300) projected increase over the assessment period.

Couple-only households of working age are largely able to compete for housing in the market, with the exception of longer-term beneficiaries and those on very low wages. Again we see no objective basis for projecting a significant increase in social housing demand from this group.

For single people on benefits or low incomes, shared housing is the accepted means of addressing housing affordability - either flatting or staying home. In either case, the financial benefits mean that few younger renters will face significant housing need unless they have accompanied health or disability-related needs that rule out multi-person alternatives (discussed further below).

We are then left with a niche group of older working-age single renters, probably no more than 500²³, for whom shared housing is not an option, and private sector housing at market rates may not be sustainable. Some of these single person households are already in the social housing system, while others have access to low cost housing options elsewhere (for instance renting from family).

²⁰ Ref. Povey D and Harris U, With My Boots On! A survey of housing quality and preferences of a selected group of older people in Dunedin, Presbyterian Support Otago 2006

²¹ Ref. Frances Hodgkins Retirement Village promotional data, prices current @ July 2011

²² Although locational, quality and other factors may create consequential demand issues

²³ This figure is derived from 2006 Census percentile data for low income and beneficiary single person renting households, excluding those on disability-related benefits

Whether this niche group will grow over the assessment period is difficult to establish, but we have provided for nominal growth of 10% based on HNZA and DCC waiting list evidence - 50 new housing solutions required over the assessment period, all of which can be achieved through stock rationalisation, ie:

- Realising the value of existing housing assets
- Reinvestment in appropriate housing in more appropriate locations for working singles.

8.3 Health and Disability

Population and benefit trends suggest that Dunedin is unlikely to face a significant surge in demand for health and disability-related housing. There are also no major events, for instance institutional closures, likely to dramatically alter demand patterns. Providers do, however, have a number of concerns about the adequacy of current housing.

8.3.1 Intellectual Disability

Supported living arrangements (one and two bedrooms) have begun to replace group homes (five or more bedrooms) as the preferred housing model for people with an intellectual disability. This reflects both a shift in sector thinking, and the fact that new demand is coming from people who have not previously lived in an institutional setting. Individualised funding models also mean that ID service consumers are more willing to look for their ideal housing solution.

Sector representatives suggest that new demand will come from:

- Younger people looking to leave home and go flatting or live on their own.
- People who have lived at home but whose parents are of advanced age and no longer able to cope.
- Older people with intellectual disability who have experienced a degree of independent living, but now require housing modifications or additional support because of age-related disability.

The overwhelming preference is for one and two bedroom units in small clusters (say under 10 units) which provide sufficient autonomy for individual residents, while keeping support services at a reasonably cost-effective level.

Demand projections are at best sketchy. As we understand it, there are currently about 20 families looking for alternative living arrangements for a family member. Longer-term, the focus is likely to be more on replacing group homes with complexes of smaller units. On this basis, we have made the following provision for growth.

2011 - 2021	2021 - 2031
10 - 20 individual living solutions	10 - 20 individual living solutions

8.3.2 Mental Health and Addiction

Across the disability sector, there is a feeling that mental health consumers have the highest visible levels of unmet housing demand. This is difficult to verify, however, as one mental health housing provider explained. "We have about 20 people on our waiting list, but more often than not when we come to offer a house, the person on the top of the list has found a place somewhere else [with another provider]. So... it is highly likely that the same applicants are on all our waiting lists."

During consultation, service providers and advocates identified several issues that could have a bearing on future demand, including:

- There are few support housing options for single women with a mental illness or addiction, especially single women with children living in substandard housing and unsafe conditions.
- Individualised funding models are also encouraging some mental health consumers to look outside more institutional housing arrangements.
- The most difficult group to house are those over 55 years old, about 10 of whom have come out of Cherry Farm and will soon need rest-home care. It is highly unlikely, however, that they will meet the behavioural norms of a non-specialist facility.

The wisdom of placing addiction-related housing alongside mental health consumers has also been questioned by OAT. In their view, the behaviour of unsupervised addicts makes co-location an unsafe prospect for many of those whose own mental illness may have a drug or alcohol base.

In the absence of firm indicators of future demand, we have again made a nominal provision for growth in unit numbers over the assessment period:

2011 - 2021	2021 - 2031
5 individual living solutions	5 individual living solutions

8.3.3 Physical Disability

In our view, the case for more purpose-built social housing targeted at physically disabled people remains unclear. During consultation, respondents said there was ongoing demand for supported housing for people with severe physical disabilities, but also noted that the bulk of supply is fully funded by the local DHB and ACC and delivered via specialist private sector providers.

So what will drive future demand? It has been reported²⁴ that large numbers of working age people with disabilities are in rest homes throughout New Zealand, primarily because of a lack of affordable and suitable accommodation in the community. Dunedin health officials, however, believe only a handful of such cases exist in the City.

Our view is that the demand drivers in this segment are the same as other health-related social housing segments. Working-age people with ambulatory constraints, for instance, are likely to face their greatest housing challenges as their parents age and/or they look to move from the family home as young adults.

Based on discussions with stakeholders, we believe that the main focus should be on ensuring that there are enough modified dwellings within the generic affordable housing portfolio to accommodate growth, and that any new housing be built in accordance with lifetime design principles. A nominal provision should be made for growth, however, to reflect natural increase,

2011 - 2021	2021 - 2031
5 individual living solutions	5 individual living solutions

8.4 Emergency / Transitional Housing

We have largely relied on stakeholder feedback to define future social housing need for this segment. Stakeholders have identified a number of areas of current unmet demand, and potential growth areas, including:

- Supported housing environments for children and young people who, for a number of reasons, cannot be housed by family members or in a group home. This includes youth benefit recipients and other at-risk youth.
- Transitional housing for women wishing to move from refuges but not yet ready for a long term housing because of such issues as unresolved child access or benefit and employment reasons.
- Homeless women – it has been suggested that exemplars elsewhere in New Zealand provide a safer and more long term housing solution for the City's homeless and transitory women.

As for longer-term transitional housing, several stakeholders pointed out that the nation's prison population is expanding, so planning around ex-offenders needs to take into account growth in the quantum of people seeking housing assistance, and the complexity of their post-prison support requirements. Based on these comments, we suggest the following new housing may be required over the assessment period:

2011 - 2021	2021 - 2031
2 ex-offender housing units	2 ex offender housing units
1 homeless women unit	1 youth unit
2 youth units	
2 transitional units for women/children	

²⁴ Ref. Policy work on this issue has been underway in the Ministry of Health since about 2008.

9 Future Housing Supply - Supply and Location Issues

The preceding sections have established that future demand for social housing will largely come from single person and couple households, predominately older people. We turn our attention now to a discussion on what sort of housing is most appropriate for different market segments, and where.

9.1 Older People's Housing

There is no doubt that planning and delivery of new social housing for older people in Dunedin (and New Zealand as a whole) needs to break away from previous practice. The bulk of existing housing, for instance was built on the assumption that people would occupy 'one size fits all' pensioner units (or generic family units in the case of HNZC housing) only for as long as they were capable of independent living. Apart from the odd stay in hospital, it was generally assumed that people would move into rest homes, as they progressed into old age.

Such assumptions largely informed the design and management of pensioner housing stock and, as a result, many of Dunedin's pensioner houses were built on slopes and/or located well away from health services and retail outlets. Few DCC or HNZC complexes have the critical mass needed to support on-site services such as food preparation, healthcare or general support services.

In our view, the ground has shifted significantly since most of Dunedin's pensioner houses were built. The principle of 'aging in place' is now well entrenched, as are lifetime design principles and more advanced notions of what is required for older people to lead a successful life in later age.

On a less positive note, New Zealand's aged care industry is becoming less able to provide social renters with a safe and dignified home as they get older. The sector's focus has shifted in recent years from general care to high-dependency services (hospital and dementia)²⁵. The industry is also increasingly profit focused, as not-for-profit providers give way to purely commercial operators who are unlikely to fund affordable housing solutions from their own bottom line.

In view of looming demand for older peoples housing, a wider range of social housing options are required, along with a process that permits low income older people to transition between independent living and supported aged care.

The private sector has led the way in creating housing products that enable older people to age in place beyond their capacity for independent living. Retirement villages are amongst New Zealand's fastest growing forms of new housing, and are widely utilised by people that can afford them. They provide a range of on-site services as well as different types of accommodation, along with a managed environment that addresses core concerns of older people such as social isolation and safety.

The challenge for the social housing sector is to make similar levels of support available to older households at the lower end of the market, especially those moving into advanced age. At best, this could be delivered in partnership with private sector or not-for-profit retirement village operators, so that affordable rentals would be largely indistinguishable from owner-occupied unit.

An alternative approach would be to create a 'virtual' village, which augments existing independent living units with supported living options and integrated services based within the same community. The Abbeyfield group housing model, for instance, could easily be located in established rental areas, perhaps utilising family members living nearby as part of the volunteer support network.

There is a wide range of other options, all of which must be considered in view of Dunedin's burgeoning older persons housing problem, including:

- Promoting flatting amongst the 'young-old' to reduce housing costs and achieve better utilisation larger units not required for family housing.
- Splitting existing larger social housing units into flats, thus reversing recent Dunedin trends.
- Group housing options such as boarding houses.
- Redevelopment and rebuilding pensioner housing complexes along similar lines to recent developments.
- Larger greenfields developments in emerging new housing areas, perhaps in conjunction with private sector developers.

²⁵ Ref Grant Thornton, Aged Residential Care Service Review, September 2010

9.2 Generic Affordable Housing

It is beyond the scope of this paper to comment in detail on Dunedin's existing affordable housing portfolio. Our earlier comment that existing stock levels should be sufficient to cater for demand from families and working age households stands, but other issues remain. For instance, can the distribution and makeup of the stock be optimised to better reflect future demand?

- Generic affordable housing is still largely concentrated in historical state housing areas. What opportunities are there for redistributing the affordable housing portfolio to emerging new rental areas?
- Given HNZC waiting list trends, is there a case for divesting more three bedroom housing units in favour of single person and couple-only housing? Could this be accompanied by some sort of transition to ownership programme as envisaged by The Ministerial Advisory Group and Habitat for Humanity?

These are largely matters for HNZC's asset planners to consider, but our view is that a sector-wide approach to planning will produce better results for the sector as a whole. It may also be the salvation of smaller third-sector providers like Just Housing or the Ladder Trust, especially if joint planning results in the transfer of housing or niche sub-market responsibility to these groups. Unless these providers are able to achieve a critical mass of housing and social housing customers, stagnation and a slow demise are likely.

9.3 Health and Disability Housing

Based on future demand projections, we expect only a minor increase in demand for health and disability-related housing - probably no more than 50-100 units of assistance required. Of greater importance is the move across all health and disability segments away from group housing towards individualised housing assistance.

As it stands, a significant majority of health and disability-related housing contains four bedrooms or more. Any move to re-house existing residents in one or two bedroom housing would increase the quantum and cost of new housing required over the assessment period, for instance, re-housing 50% of people currently living in group homes would require 100-200 new housing units, and cost between \$15-20 million²⁶.

Again, this issue is beyond the scope of this paper, but serves to illustrate the scale of new housing that health and disability providers may be asked to deliver over the next 20 years. It also raises questions about the current level of property ownership within the third sector, for instance:

- Will current levels of ownership of outmoded group housing act as a brake on the introduction of new housing models?
- Can the cost of transitioning to different forms of housing be absorbed by providers? If not, what capital funding will be required, sourced from where?
- Is ownership still relevant in an age of portable and individualised funding?

9.4 Location of New Social Housing

The brief calls for consideration of where new social housing should be located. In our view, location should be based on four core principles:

1. Follow Demand

It seems axiomatic to say that choices about the location of new social housing should be based on a robust analysis of future demand, for instance:

- Where are the target market segments growing fastest (ie., over 65's?)
- Where are the largest and fastest growing rental areas?
- What is the current ratio of social housing units to total rental housing in each area?
- What is the ratio of one and two bedroom units as a proportion to total stock?

2. Financial Considerations

Ideally, financial and other supply-side considerations should play second fiddle to objective assessments of demand, but we appreciate the opportunity to contain costs will be a key driver of future housing location. In this context, reconfiguring existing assets may result in a sub-optimal project, but one that comes within budget.

²⁶ Assuming modal construction costs of about \$2,000 psm plus land, and a mix of one and two bedroom units.

3. Segment-related Considerations

By this we mean factors unique to different market segments that improve household wellbeing and prospects. Working age families, for instance, need access to employment, transport networks, schools and other services. Health and disability consumers need to proximity to services, accessibility, and a supportive community environment.

4. Wider Principles

There are a number of wider principles that can usefully inform the location of new social housing, for instance aging in place, and pepper-potting, both of which are well accepted in affordable housing circles.

The table below is a “first cut” attempt at applying these principles. In summary:

- Dunedin’s southern suburbs (Abbotsford/Green Island to Mosgeil/Taieri) tick a number of boxes in respect of new social housing:
 - Significant net increase in 65+ population is likely to be accompanied by increased services targeted at older people - social housing providers can leverage off these?
 - As an urban expansion area, land is still available and at lower cost.
 - Limited scope for new social housing in other high-demand areas.
- Traditional state housing areas are compromised by either their relative isolation (Three Mile Hill), access to services or infrastructural constraints (Corstophine). Notwithstanding these points, the scale of residual land holdings (and an aging existing social housing customer base in these areas) suggests that redevelopment in these areas should be explored
- In areas affected by university expansion (North East Valley/Pinehill) there may be a case for social housing targeted at older renters and low income home owners being displaced by increased demand for student housing?

Ultimately, a degree of pragmatism is required in deciding where to locate new social housing. We would urge future housing planners to “think with a broad brush”, and engage with future housing consumers. Aging in place, for instance, is a useful organising principle but many older people may be more mobile than we think, especially if the incentive of retirement village housing is available on the urban periphery.

1. Demand-related considerations	Aging population (ref. Appendix Three, Tables 3.3 & 3.5)	<ul style="list-style-type: none"> • 40% of all net growth in 65+ occurs in the Abbotsford/ Green Island to Mosgeil/Taieri corridor • Significant increase in 65+ pop also expected in coastal amenity areas • South Dunedin has smallest increase in 65+ and total population
	Rental growth (ref. Table 4.5)	<ul style="list-style-type: none"> • Mosgeil now Dunedin’s largest rental housing area outside university proximity areas • Significant quantum growth in rental numbers in S. Dunedin communities and low income homeowner areas • Increase in university proximity areas (e.g. Nth Dunedin impacting on ‘ageing in place’ ideals?
	Social housing ratio (ref. Table 7.2)	<ul style="list-style-type: none"> • High ratio in traditional social housing areas and Mosgeil
	Availability of smaller housing units (ref. Appendix Four)	<ul style="list-style-type: none"> • Reinstatement of houses previously split into 2 becoming an issue in some areas? • Mosgeil growing 1-2 bedroom housing but not as fast as demand?

2. Financial Considerations	Ability to leverage off existing social housing asset	<ul style="list-style-type: none"> Traditional state housing areas poorly located for OP services? Council OP land not suited for redevelopment?
	Possible cost/risk sharing with private or third sector?	<ul style="list-style-type: none"> Wider OP rental role by agencies like Presbyterian Support? Encourage JV's on Council-owned land or in lower cost greenfields development areas?
3. Special considerations	Proximity to town centres and services (ref. Draft Spatial Plan)	<ul style="list-style-type: none"> Low amenity levels proposed for neighbourhood centres close to traditional social housing areas?
	Older peoples housing preferences	<ul style="list-style-type: none"> Aging in place? Or aging together (village-style?)
4. Wider principles	Equity issues	<ul style="list-style-type: none"> Low income older people have access to a similar range of housing as others (e.g. village, in wider community, 'flattening' with other
	Aging in place	<ul style="list-style-type: none"> Should not be taken too literally? Dunedin is a small city by world standard)
	Pepper Potting	<ul style="list-style-type: none"> Relevant in new development areas

9.5 District Plan Considerations

The brief calls also asks the writer to comment on "...alterations to the District Plan that would be appropriate regarding the physical nature of housing, size, location and density to meet future social housing demand." Our initial reaction is that planners need first to grapple with the wider effects of demographic change, in particular the likelihood of declining residential amenity as older residents age and utilisation of local retail/educational/recreational facilities falls to a point where these facilities are no longer sustainable. Social housing is but a small subset of this larger movement.

To satisfy the brief, however, we have reflected on the impact of the Dunedin District Plan's existing policies, methods and zones on future location of social housing. Our overall comment is that, although the language used for main residential areas is designed to reinforce single dwelling developments as the dominant building type, there appears to be scope within the current regulatory framework to pursue multi-unit social housing in most residential areas.

In support of this view, we note that Summerset Group Holdings has recently been granted resource consent for a retirement village destined to house 200+ people on 1.9 ha of former education land at Balmacewan²⁷. The consent was non-notified despite densities significantly in excess of the city's preferred average density of 35 persons per gross hectare throughout the city (ref. Policy 8.3.4).

We are unsure, however, whether a similarly-sized social housing development would be treated with the same discretion.

Notwithstanding the District Plan's current wording and intent, we believe that the prospect of multi-unit development would be greatly enhanced if the next District Plan contained policies and procedures that:

- Explicitly recognised the impact of demographic change on Dunedin's existing urban framework, and
- Encouraged the development of affordable housing options alongside market offerings like that proposed by Summerset.

In the first instance, the District Plan is largely silent on the impacts of an aging population on existing residential areas, in particular whether suburban amenity values will be adversely affected by the changing demographic mix (ref. Objectives 8.1.1-2; 8.2.1,7; 8.3.1,3,4,8,10). This could be easily remedied when the existing plan is revisited in response to the new spatial plan.

²⁷ Village for 200 Approved article in the Otago Daily Times 5 October 2011

In respect of more specific zoning rules, we suggest that the current spatial planning process be augmented by series of community planning workshops, through which opportunities for aligning the housing stock with expected population movements over the next (say) fifty years can be explored. The outcome of each workshop could be a structure plan (ref. Method 8.4.7) that identified areas of land most suitable for intensive development - preferably contiguous blocks that are ripe for redevelopment (for instance schools scheduled for closure or low density residential areas) against which a special (residential 6?) zoning could be applied to protect them from infill and other sub-optimal development in the short-medium term.

Such a process, however, will not necessarily guarantee the provision of social housing. To achieve this, Council and/or other social housing providers may need to directly acquire and hold land, or (as is common in other countries) provide incentives to private developer to set aside a certain percentage of their development outputs for social housing purposes. This is less likely now that the *Affordable Housing: Enabling Territorial Authorities Act* (a worthy but poorly drafted piece of legislation enacted by the previous labour government) has been repealed.

10 Conclusion - Future Directions for Social Housing in Dunedin

As we bring this Social Housing Needs Assessment to a conclusion, it is useful to restate some of the Assessment's key messages:

- The profile of social housing need in Dunedin has changed substantially since the 1960's, when central and local government agreed on their respective roles.
- Demand from family households now makes up only a small percentage of new demand. By contrast, low income older people are emerging as the most significant demand growth area.
- Although we are predicting a significant increase in social housing demand between 2011 and 2031, the sheer scale of housing need in Auckland and other centres will continue to overshadow Dunedin's case for new Crown capital funding assistance.
- Indeed, it is likely that Dunedin's existing social housing capital base will come under increasing pressure. As Hon Phil Heatley noted in a recent speech, HNZN has too many homes in areas of low demand (like Dunedin) and should be divesting these and re-investing capital elsewhere²⁸.
- The Dunedin social housing sector has many players, but only a few have the critical mass to be efficient property managers. Many third sector providers also see housing as secondary to their primary role as health and disability service providers.
- The sector itself lacks role clarity, and there are several overlaps.

What future then, for the Dunedin social housing sector? What are the chances of achieving the vision and objectives of the Dunedin City Social Housing Strategy? To explore these questions further, TPG has work shopped three scenarios, each based on alternative funding and organisational approaches over the assessment period. The scenarios are:

1. **Business as Usual:** essentially a continuation of current practice, but subject to more recent changes in Government policy.
2. **Consolidation:** This scenario is built around the recommendations of the recent Housing Shareholders Advisory Group (HSAG) report, and the policy direction foreshadowed by Government when it established the Social Housing Unit (SHU) in mid-2011.
3. **Paradigm Shift:** In this scenario, we explore the benefits of a 'single provider' model for Dunedin.

10.1 Scenario One - Business as Usual

Our default scenario is based on existing social housing providers 'staying in the game' and performing roughly the same roles as at present. It is assumed that:

- HNZN would continue to be the largest generic social housing provider, but would continue a programme of gradual divestment. HNZN's physical presence in the City would also be reduced to mobile tenancy managers co-located with Income Support and/or other Crown agencies.
- Dunedin City Council would renew its commitment to older persons housing, possibly tightening eligibility criteria to focus on singles and couples over sixty-five. Any increases in stock numbers would need to be at no cost to the ratepayer (most likely funded from depreciation and/or surpluses from the housing portfolio).
- Health and disability housing demand would continue to be met by niche providers. Any new housing would be funded either by consumers (via. transportable individual housing allowances) or acquired by the Crown through current housing programmes (for instance, HNZN's Community Group Housing unit).

In our view, Dunedin is unlikely to see much in the way of new capital funding, despite \$40 million being earmarked in the last budget for new social housing in the last Budget. This assumption is based on our discussions with the SHU and policy staff of the Department of Building and Housing. We are advised that funds are most likely to be earmarked for benchmark projects (i.e. not business as usual). The fund's focus is also expected to be more commercial, looking to fund projects of scale that are demonstrably more cost-effective and efficient than existing housing provider models.²⁹

²⁸ Hon Phil Heatley, Minister of Housing, Speech to the National Property Investors Association, 3 September 2011

²⁹ In the Minister of Housing's words "...getting the best bang for everyone's buck". Ref. Hon Phil Heatley, ibid

Scenario One Assessment

Under a “business as usual” scenario, we expect that the Dunedin Social Housing Sector will continue to decline in numerical terms. In summary:

- Based on recent trends (and Government policy pronouncements), it is reasonable to assume that HNZN stock numbers will continue to fall. An escalation of sales to meet HNZN reinvestment targets elsewhere could see a net reduction of (say) 200- over the 20 year assessment period.
- Dunedin City’s proposed reinvestment programme would increase DCC stock numbers by five units per year from 2016 - or 75 new units by the end of 2031.
- The third sector’s ability to increase its coverage would be dependent on whether priority is given to growing housing numbers, or replacing group homes with more individually-based residential care. We expect there will be some movement, especially amongst not-for-profit aged care providers and others not so dependent on Crown funding assistance.
- The third sector is likely to go through some changes, however, as some of the sectors longest-serving and strongest individuals wind down their involvement. Without the ability to expand, we also expect some smaller portfolios to disappear, either sold off or amalgamated with other providers.

Dedicated social housing will probably dip under 20% of all rental housing, probably settling around 15%, with the slack likely to be picked up by private sector investors and/or by families of older people made homeless by the lack of affordable options. Commercial considerations mean that the private sector is unlikely to invest in purpose-built housing for older renters; we can expect to see a re-emergence of traditional rental options for older people - boarding houses, and splitting up older units into flats and bedsits.

Our summary assessment is that a ‘business as usual’ approach will further diminish the effectiveness and relevance of the social housing sector. As a result, we can expect to see more publicly-visible cases of rental housing stress (and in extreme cases, homelessness) amongst the old, as they battle to stay in private rental housing.

This may sound alarmist, but we believe it to be an inevitable consequence of the joint forces of aging and changing tenure patterns in New Zealand. These forces affect not only the social housing sector, but also health. The recent Aged Residential Care Service Review³⁰ for instance, has suggested that significant new investment, including new housing options to keep low-income renters out of rest homes, may be the only way to stave off a crisis in aged care over the next 20 years.

Aged Care Association CEO Martin Taylor has gone so far as to suggest that “...if this investment doesn’t happen, the industry is going to have to cut its costs and a very likely result will be a move to multi-bed rooms with two, three or even four people to a room.”³¹

10.2 Scenario Two - Consolidation

Scenario Two considers the implications of Government fully-implementing its housing reforms during the assessment period, and introducing changes to health sector funding for aged care and disability-related housing. Our assumptions for housing include:

- HNZN is to be empowered to focus on highest-need market segments (A and B applicants). Assistance will be available only so long as it is needed, thereafter households will be directed to other affordable housing through new “pathways”.
- In low demand areas, HNZN will realise the value of underutilised housing stock. HNZN is unlikely to pull out of an area completely, but we can expect significant reductions in areas where high priority A and B waitlist demand is not significant.
- There may be a case for other providers to take over surplus HNZN housing stock, on terms to be established.
- There is a commitment to grow the third sector, so that it has the capacity to service social housing consumers that fall outside of HNZN’s revised target. The aim is to grow both the scale and variety of social housing provided by the third sector.
- To facilitate this, Government has indicated that land, housing (as above) and new capital can be made available to third sector entities. An enhanced subsidy regime (higher than the AS, but lower than HNZN’s income-related rents) is also being considered - which we have termed AS-plus.

For Health Sector funding, we have assumed that funding from DHB and other health budgets will only be available to specialist housing providers (via individualised housing allowances), and also that pressures on the current aged care system will incentivise policymakers to develop more flexible subsidies for older low-income households as they traverse the ‘continuum of care’ discussed earlier.

It is further assumed that some third sector providers will not be able to keep pace with changes in the policy and funding environment, because of either ‘change fatigue’, or an inability to meet new funding criteria.

³⁰ Grant Thornton Aged Residential Care Service Review (op cit)

³¹ Comment is from a pre-election press release by the Association, ref www.whocares.org.nz

Scenario Two Assessment

If the sector does consolidate in line with recent Ministerial pronouncements we can expect a substantial shift in the distribution of Dunedin's social housing.

- HNZN housing numbers will fall, perhaps by as much as 50% (approximately 650 units) as non-urgent cases are referred to other housing providers, and existing tenants placed on fixed-term tenancies.
- The Dunedin City Council portfolio will grow in line with Scenario One, and there will also be scope for DCC to take over HNZN complexes largely targeted at older people (and possibly other land and resources for self-funded expansion). Such an option would be reliant, however, on central government continuing to recognise housing as a core function of local government which (as recent discussions around the Auckland super city have revealed) is by no means certain.
- There is also scope for not-for-profit aged care providers, to 'move' down the continuum of care and begin to offer independent living units – especially if existing rest-home subsidies are liberalised to target independent and low-level dependent people who might otherwise end up in a rest home. PSO and other such agencies would be well placed if this comes to pass.
- We envisage a considerable amount of consolidation amongst third sector providers, as smaller organisations with a service focus pass on properties to dedicated supported housing providers. Flexible health funding will also offer scope for larger not-for-profit aged care providers to expand their services across the care continuum. In our view, Dunedin could expect to see 2-5 niche housing trusts, each supplying housing to unique market segments, for instance:
 - Long term stable housing need (intellectual disability, physical disability).
 - Higher-risk (mental health, addiction).
 - Emergency/Transitional housing.
- A key question is whether surplus HNZN stock in Dunedin will stay in the local social housing sector, or sold and realised value transferred out of Dunedin. At present, only the Ladder Trust has plans to grow into a significant provider of generic affordability-related social housing. Our view is that Ladder or another Trust could pick up a large slice of surplus housing (say 3-500 units), and possibly work with organisations like Habitat for Humanity to provide social housing with a transition-to-ownership focus.
- Another question is whether social housing assistance will be extended to the private sector. Government has indicated that it wants future funding for social housing to have a commercial edge, but has to date, adopted a more delineated definition of its ideal new 'community housing provider vis. "...third sector providers of niche, social and affordable housing, including iwi and member groups of Community Housing Aotearoa."³²

Our overall assessment is that this scenario is the most likely over the 2011-31 assessment period, provided that central government housing policy remains stable and there are no tangential policy surprises like, for instance, changes to the Local Government Act to exclude housing as a TLA role.

On a positive note, the scenario provides for removing overlaps in the sector, and building housing providers of sufficient scale to attract future Crown funding through the Social Housing Unit (SHU) 'bigger is better' mantra. What it does not do, however, is offer any certainty around portfolio growth, as considerable energy is likely to be expended 'reorganising the deckchairs' as existing housing is transferred from HNZN to other providers..

10.3 Scenario Three - Paradigm Shift

Scenario Three calls for the formation of a single housing provider that will own and manage all social housing in Dunedin. The scenario is based on the following 'best case' assumptions:

- Existing social housing providers agree on a single vehicle for managing social housing in Dunedin, and become shareholders in the "Dunedin Social Housing Trust".
- All existing social housing assets are transferred into the Trust at 'social housing value' (i.e. sub-market) or leased at peppercorn rates.
- The Trust adopts a streamlined structure built around three work streams:
 - Affordable housing.
 - Older persons housing.
 - Housing provision to health and social service providers.
- Trust revenues are based on being able to charge market rents, and being able to offer flexible rental subsidies via AS-plus and health subsidies.

³² Hon Phil Heatley, ibid

Scenario Three Assessment

This scenario responds to Government's call for the social housing sector to 'think big' when it comes to new housing proposals, and to also help more people to progress along the housing continuum.

The scenario is a logical extension of the Dunedin City Social Housing Strategy objective of forming a social housing provider's network. We have taken this one step further to a point where they become shareholders – although this may be a step too far for some of the sector's strongest individuals?

The benefits, we believe, will outweigh any teething troubles. Our initial thoughts (based on a high-level 10-year cash flow forecast attached as **Appendix Six**) are that an integrated housing trust could generate enough surpluses over 20 years to fund 1,000 new housing units, as well as a substantial upgrade programme. This is a broad brush estimate, but serves to illustrate the advantages of scale when it comes to managing social housing.

These assumptions are, of course, based on the existing housing being transferred into the trust at sub-market values but, compared to the counterfactual performance of the sector today, offers central government an opportunity to limit future funding inputs to demand-based subsidies like AS-plus.

9.4 Concluding Comments

Dunedin City's social housing sector is at the beginning of a new chapter. Provision of affordable housing for families in the 1960's and 70's was well-funded, and occurred alongside a smaller-but discrete pensioner housing programme. De-institutionalisation in the 1980's and 1990's was equally well funded, and resulted in a well prepared and committed third sector that would be the envy of most other New Zealand cities.

Over the next 20 years, however, Dunedin faces an uncertain future. The city is unlikely to be a priority for Crown funding, there are too many overlaps (at least in our view) and the sector's capacity to expand is in doubt.

The scenarios discussed above serve to illustrate that these problems can be overcome.

They also suggest that the best results will come from the City itself taking full responsibility for its social housing sector, resolving differences and encouraging synergies at a local level in preference to being subject to central government policy imperatives.

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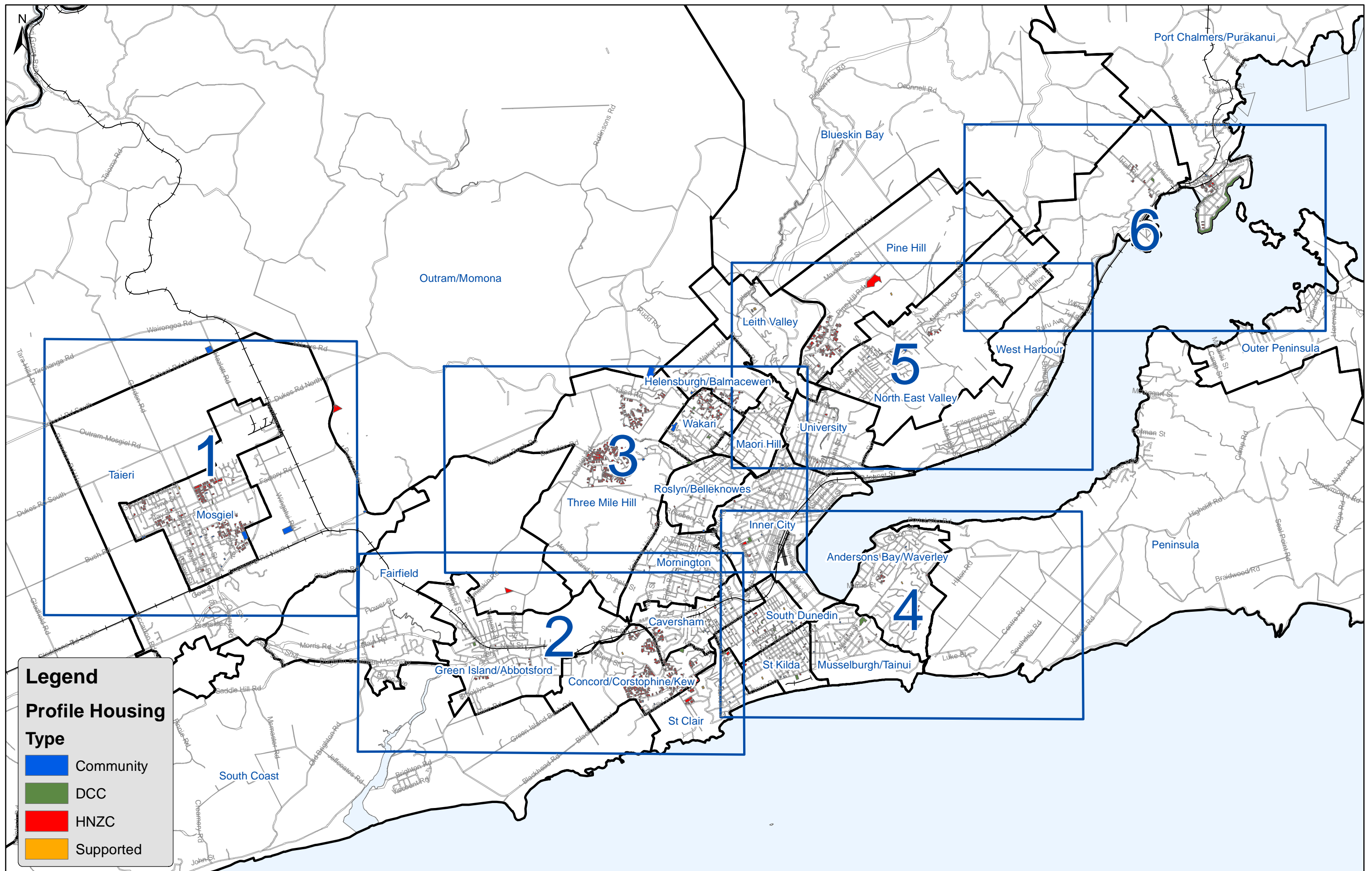
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Appendix One

Dunedin City Community Maps - Location of Social Housing



Community Profile 2011

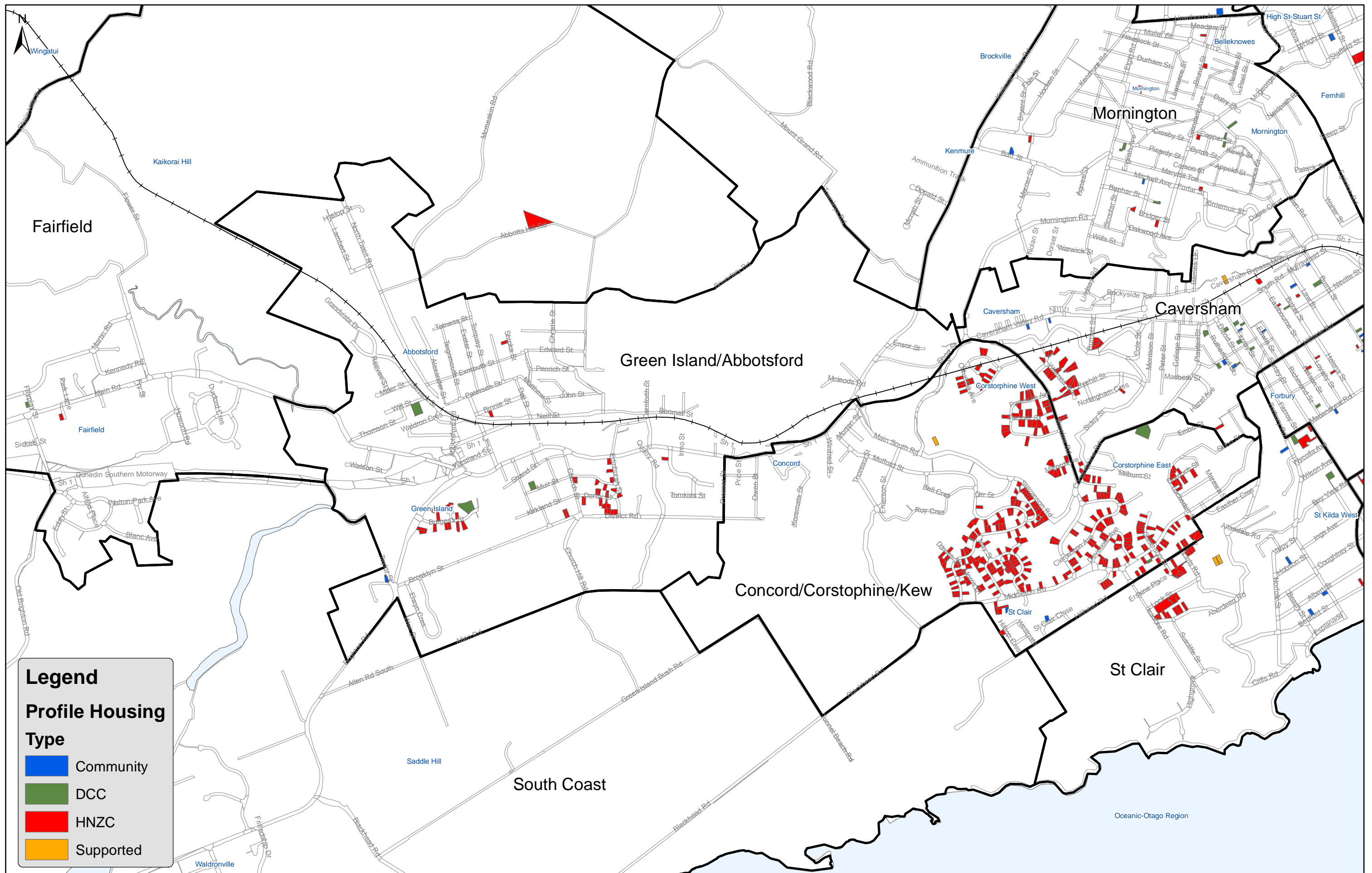
Dunedin City Council

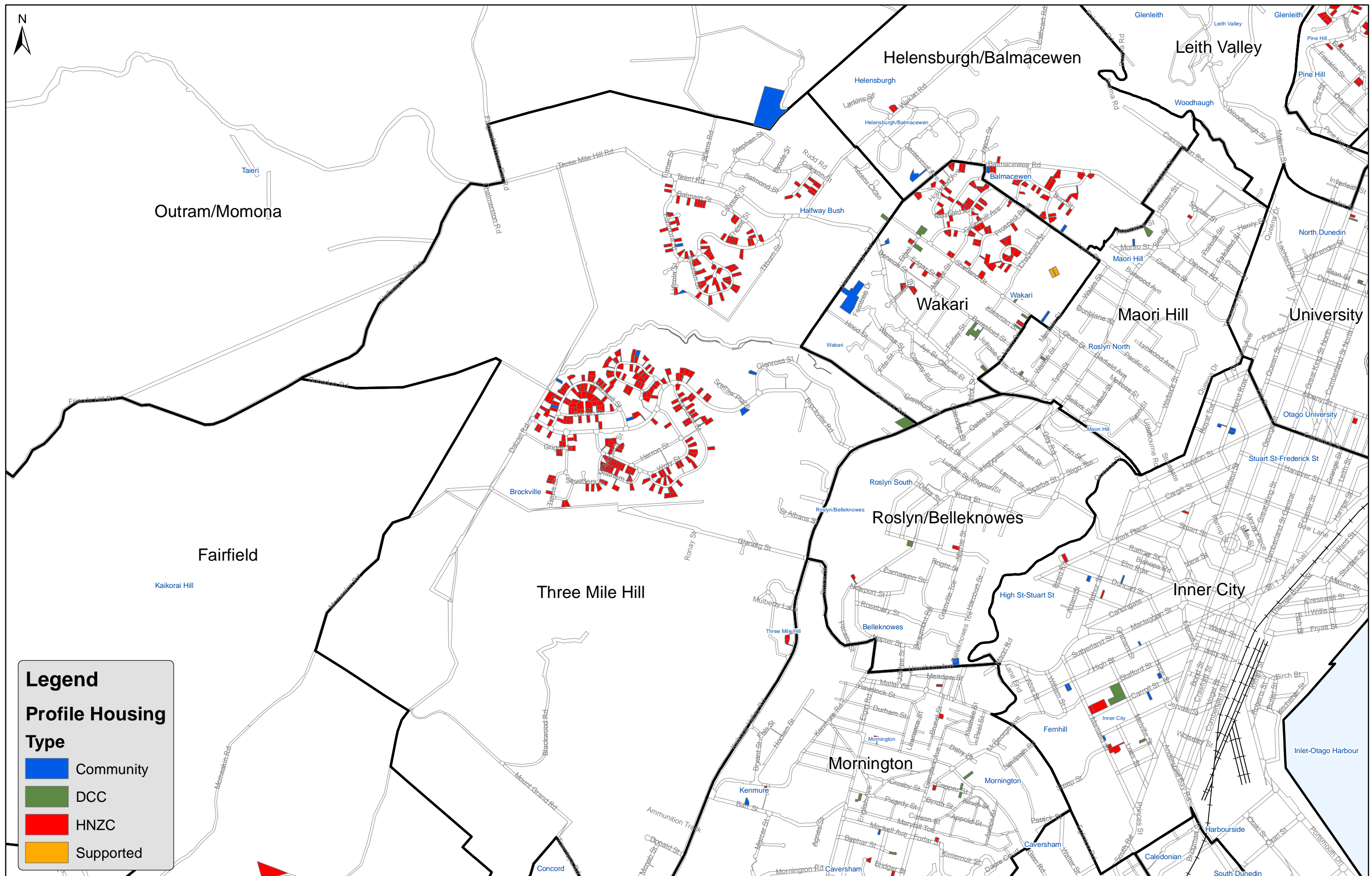
Scale 1:70,000

Dated: 30/11/2011

Overview



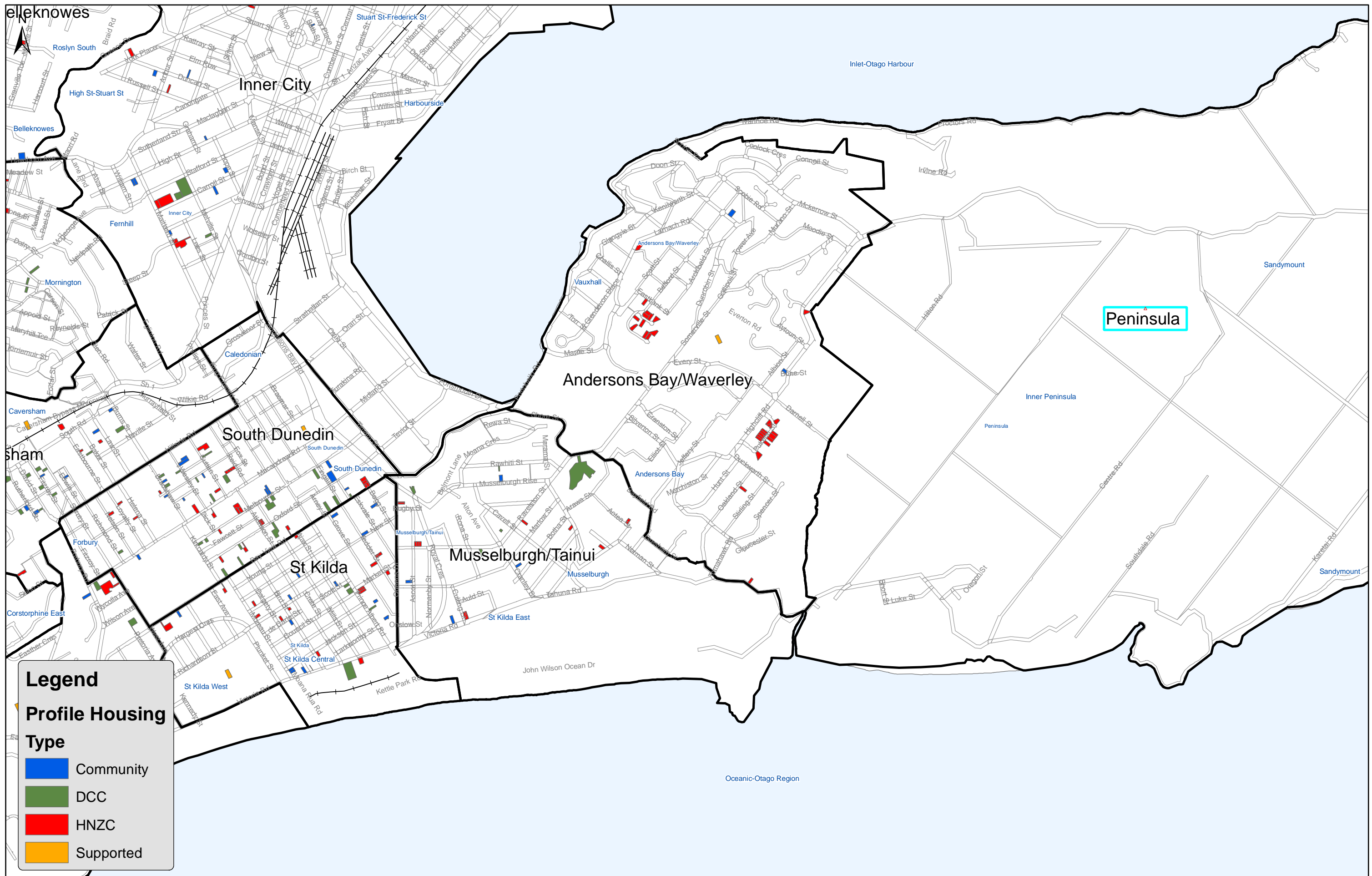




Legend

Profile Housing Type

- Community
- DCC
- HNZN
- Supported



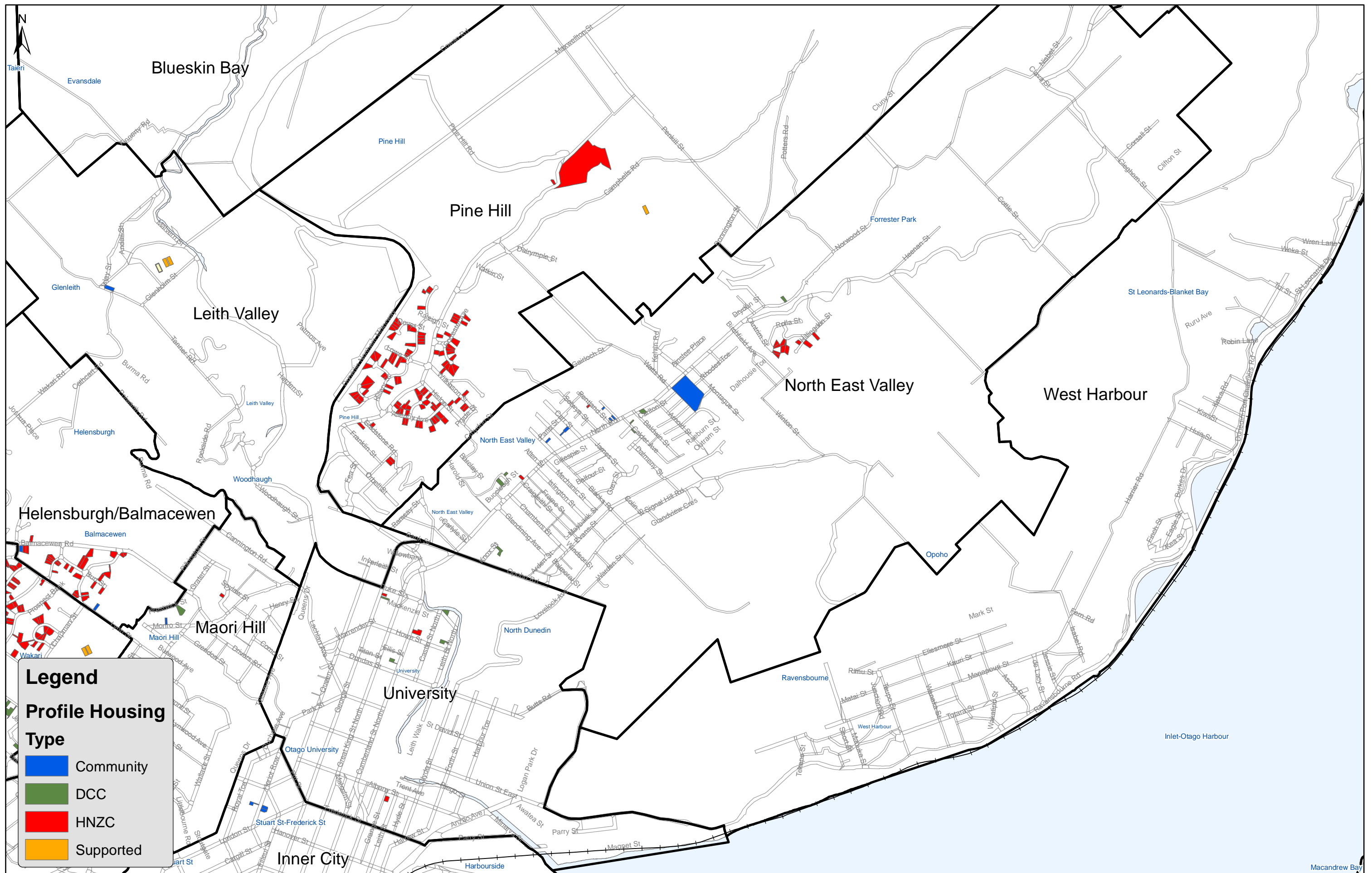
Community Profile 2011

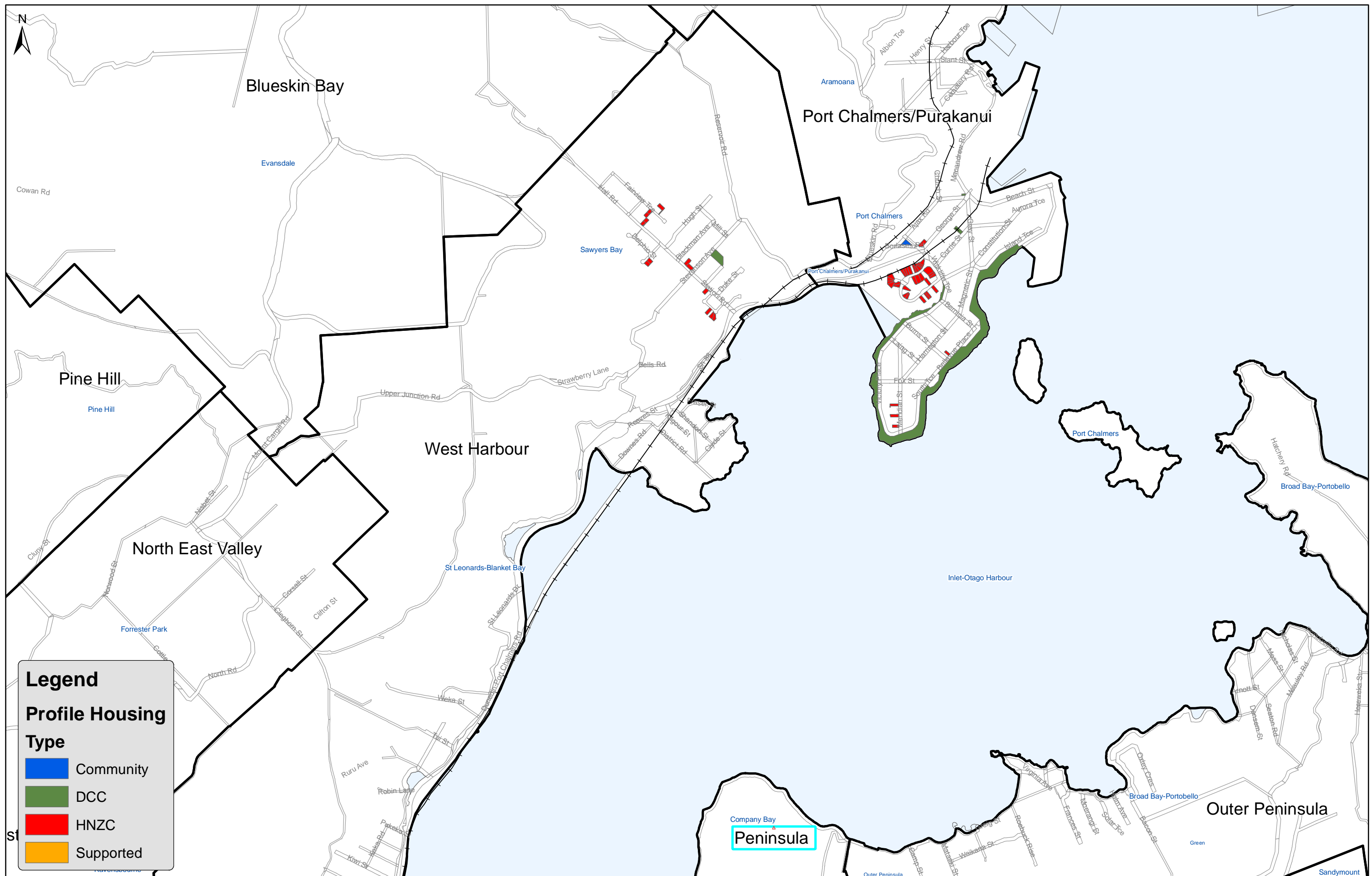
Dunedin City Council

Scale 1:20,000

Dated: 30/11/2011

Plan 4 of 6





Appendix Two

Community Consultation - Stakeholders and Assessment Questionnaire

Dunedin Social Housing Assessment - Consultation Schedule

Face-to-Face Meetings:

Ladder Trust
PACT
Hawksbury Trust
Abbeyfield Dunedin
Habitat for Humanity
TPG Dunedin
Presbyterian Support Otago
Salvation Army
Just Housing Otepoti
University Accommodation Services
Idea Services
Corstorphine Baptist Trust
Dunedin City Council
Dunedin Council of Social Services
Dunedin Budget Advisory Service
Dunedin Community Care Trust
CCS Disability Action Otago
Centre for Housing Research Aotearoa New Zealand
Department of Building and Housing

Telephone Interviews and Surveys:

McGlynn Homes
Mount Cargill Trust
Accessibility (Needs Assessment Agency)
Ministry of Health
Dunedin Night Shelter Trust
Dunedin Community Law Centre
Housing New Zealand Corporation
Southern DHB
Age Concern Otago
Miramare Limited
PARS Otago
Te Whare Pounamu Dunedin Women's Refuge
Disability Information Service
Grey Power (Otago) Inc
Dunedin Citizens Advice Bureau
Anglican Family Care Centre
Moana House
Carroll Street Trust



DUNEDIN CITY COUNCIL



Social Housing Needs Assessment Dunedin Stakeholder Survey

1. About Your Organisation

To help us understand how your organisation works, please answer the following questions. Alternately, you can supply your latest Prospectus or Annual Report, and we'll work from there.

Name of Organisation		
Address		
Contact Details	Phone:	
	Facsimile:	
Contact Person for this Survey	Name:	
	Title:	
	Contact Number:	

Organisational Focus

Mission/Purpose Statement		
Core Objectives	1.	
	2.	
	3.	
	4.	
Services Provided <i>(eg., affordable housing, supported accommodation, disability support services etc)</i>	1.	
	2.	
	3.	
	4.	
Geographical Coverage <i>(eg., Otago, Dunedin City, South Dunedin, University)</i>		

2. Who is your Customer?

Help us understand the social housing consumers you work with, and why they access social housing and other services through your organisation:

Briefly describe the drivers behind your customers housing needs. What distinguishes them from other groups with a housing need? <i>(eg., general affordability issues, specific health or disability-related housing need, student, migrant etc)</i>	
How big is your customer base? <i>(Total customers by enquiry, total customers assisted)</i>	
Age range? <i>(Are your client's mostly older people, dependent children (say under 18), students and other younger people, a wide range of ages?)</i>	

3. Housing Profile

If you own, lease and manage housing units, please complete the table below. This will help us to build a picture of the size and type of housing offered by the Dunedin social housing sector. Please copy this page if you have more units.

Street Number	Street Address	Number of Units	Number of modified units *	Number of bedrooms	Total Number of Residents	Other Onsite Services (Supported Care)	Quality **	Owned By

* Wheelchair accessible to current standard

** As per schedule below

A - In good repair and well insulated

B - Sound, but in need of redecoration/better insulation

C - In need of major repair

4. Housing Support Services

What other Services does your organisation provide alongside provision of housing?

Other Housing - Related Services

Tick	Type of Service	Description
<input type="checkbox"/>	Residential Support Services	
<input type="checkbox"/>	Residential Advocacy Services	
<input type="checkbox"/>	Other	

Other Services Provided in Conjunction with Social Housing Programmes

Tick	Type of Service	Description
<input type="checkbox"/>	Health and Disability	
<input type="checkbox"/>	Alcohol and Drug	
<input type="checkbox"/>	Employment and Training	
<input type="checkbox"/>	Refugee and Migrant Support	
<input type="checkbox"/>	Other	

5. How are you Currently Funded for your Social Housing Services?

The aim of this question is to build a picture of how the sector currently funds its social housing activity, and what risks are involved if (say) there was a major shift in Government policy?

Agency	Programme(s)	% of Total Housing Budget
Central Government		
Housing New Zealand		
Other (<i>specify</i>)		
Local/Regional Government Agencies		
Dunedin City Council		
Southern DHB		
Other (<i>specify</i>)		
Other Agencies?		
National Parent Organisations		
Other Community Funders		
Client Contributions?		
Regular payments like rent or board		
Other (<i>eg., fees, commissions</i>)		

6. Forecasting Growth

Will your customer base get bigger or smaller over the next 20 years? What are the main drivers of change?

Year	Total Needs Group Targeted by your Organisation	Number you expect will receive direct housing assistance from your Organisation	Is the change due to population increase or other factors?
2011 base			
2016			
2021			

If you plan to increase the number of housing units you offer to your clients, where will these units be, and how will you fund expansion?

Year	Total Housing Units	Total Bedrooms	Location / How Funded?
2011 base			
2016			
2021			

Do you have plans to expand other housing-related services? Specify type of service, main unit of service and volume. How will this be funded? (eg., Service - Housing Advice Service / Service Unit - Call capacity / Number - Expected Total Capacity at Date)

	Service 1	Service 2	Service 3
Measurable service unit (specify)			
	Number	Number	Number
2011 base			
2016			
2021			

7. Enabling Growth

What do you see as the main challenges to your organisation delivering more and better social housing services over the next (say) ten years?

- Organisational?
- Changing customer requirements?
- Competition from other agencies working with the same customer base?
- Funding?
- Other?

Appendix Three

Dunedin City - Projection Population Growth
2016-2031 - By Age and Area

Year at 30 June	2006	As % of area pop	2011	2016	2021	2026	2031	As % of area pop	Change 2011-31	
									No	%
Andersons Bay/Waverly	0-14 Years	1250 19%	1150	1150	1150	1140	1110	17%	-40	-3%
	15-39 Years	1940 29%	2000	2030	2050	1950	1810	28%	-190	-10%
	40-64 Years	2530 38%	2500	2350	2150	2010	2020	32%	-480	-19%
	65 Years and over	890 13%	940	1060	1200	1400	1480	23%	540	57%
	Total All Ages	6600	6590	6570	6540	6490	6410		-180	-3%
Caversham	0-14 Years	880 17%	860	900	950	920	870	16%	10	1%
	15-39 Years	2000 38%	2070	2100	2140	2070	2000	37%	-70	-3%
	40-64 Years	1530 29%	1500	1420	1300	1320	1370	26%	-130	-9%
	65 Years and over	800 15%	810	880	980	1070	1120	21%	310	38%
	Total All Ages	5210	5240	5300	5360	5380	5370		130	2%
Concord/Corstophine/Kew	0-14 Years	770 22%	720	710	730	710	690	19%	-30	-4%
	15-39 Years	1260 36%	1210	1260	1240	1160	1110	31%	-100	-8%
	40-64 Years	1130 33%	1160	1110	1070	1120	1140	32%	-20	-2%
	65 Years and over	310 9%	360	430	490	550	610	17%	250	69%
	Total All Ages	3460	3450	3490	3540	3550	3540		90	3%
Fairfield	0-14 Years	480 21%	480	490	500	490	490	18%	10	2%
	15-39 Years	640 27%	650	650	670	670	660	25%	10	2%
	40-64 Years	910 39%	970	930	880	860	830	31%	-140	-14%
	65 Years and over	290 12%	370	460	550	610	680	26%	310	84%
	Total All Ages	2330	2470	2530	2590	2630	2660		190	8%
Green Island/Abbotsford	0-14 Years	940 21%	890	890	960	980	970	19%	80	9%
	15-39 Years	1480 34%	1550	1650	1670	1640	1640	32%	90	6%
	40-64 Years	1370 31%	1430	1410	1430	1500	1560	30%	130	9%
	65 Years and over	610 14%	630	720	800	890	990	19%	360	57%
	Total All Ages	4400	4500	4670	4850	5020	5170		670	15%
Helensburgh/Balmacewen	0-14 Years	770 21%	740	710	730	720	690	19%	-50	-7%
	15-39 Years	1250 34%	1220	1290	1290	1210	1140	31%	-80	-7%
	40-64 Years	1160 31%	1230	1170	1120	1130	1160	31%	-70	-6%
	65 Years and over	520 14%	520	550	600	650	700	19%	180	35%
	Total All Ages	3700	3710	3730	3720	3710	3690		-20	-1%
Inner City	0-14 Years	440 6%	460	520	520	490	460	6%	0	0%
	15-39 Years	5320 70%	5640	5780	5750	5530	5370	65%	-270	-5%
	40-64 Years	1350 18%	1470	1450	1400	1570	1690	21%	220	15%
	65 Years and over	470 6%	470	530	590	670	720	9%	250	53%
	Total All Ages	7570	8050	8250	8260	8250	8230		180	2%
Leith Valley	0-14 Years	190 13%	200	210	220	230	230	13%	30	15%
	15-39 Years	660 43%	700	750	760	740	740	41%	40	6%
	40-64 Years	460 30%	450	420	390	430	480	27%	30	7%
	65 Years and over	210 14%	240	280	340	360	360	20%	120	50%
	Total All Ages	1520	1590	1650	1710	1760	1790		200	13%
Maori Hill	0-14 Years	290 16%	250	230	250	260	250	14%	0	0%
	15-39 Years	610 33%	630	660	640	570	520	30%	-110	-17%
	40-64 Years	680 36%	660	550	460	460	470	27%	-190	-29%
	65 Years and over	300 16%	320	380	440	480	500	29%	180	56%
	Total All Ages	1870	1850	1820	1800	1770	1730		-120	-6%
Morningside	0-14 Years	980 18%	930	980	990	990	960	16%	30	3%
	15-39 Years	2040 38%	2090	2070	2100	2030	1950	33%	-140	-7%
	40-64 Years	1690 31%	1760	1770	1740	1770	1820	31%	60	3%
	65 Years and over	690 13%	720	800	910	1050	1160	20%	440	61%
	Total All Ages	5410	5510	5620	5740	5830	5910		400	7%
Mosgeil	0-14 Years	1620 17%	1530	1390	1340	1300	1290	13%	-240	-16%
	15-39 Years	2250 24%	2270	2330	2350	2270	2080	21%	-190	-8%
	40-64 Years	2850 31%	3090	3070	2910	2790	2720	28%	-370	-12%
	65 Years and over	2620 28%	2880	3150	3320	3540	3740	38%	860	30%
	Total All Ages	9330	9760	9950	9940	9900	9820		60	1%
Musselburgh/Tainui	0-14 Years	970 18%	860	830	850	880	890	16%	30	3%
	15-39 Years	1840 34%	1890	1990	2010	1930	1810	33%	-80	-4%
	40-64 Years	1630 30%	1670	1620	1550	1530	1580	29%	-90	-5%
	65 Years and over	970 18%	890	890	950	1080	1190	22%	300	34%
	Total All Ages	5400	5310	5320	5360	5420	5460		150	3%

Year at 30 June		2006	As % of area pop	2011	2016	2021	2026	2031	As % of area pop	Change 2011-31	
Musselburgh/Tainui	0-14 Years	970	18%	860	830	850	880	890	16%	30	3%
	15-39 Years	1840	34%	1890	1990	2010	1930	1810	33%	-80	-4%
	40-64 Years	1630	30%	1670	1620	1550	1530	1580	29%	-90	-5%
	65 Years and over	970	18%	890	890	950	1080	1190	22%	300	34%
	Total All Ages	5400		5310	5320	5360	5420	5460		150	3%
North East Valley	0-14 Years	880	13%	790	810	800	800	790	12%	0	0%
	15-39 Years	3430	51%	3520	3570	3620	3510	3430	51%	-90	-3%
	40-64 Years	1660	25%	1650	1530	1400	1410	1430	21%	-220	-13%
	65 Years and over	700	10%	660	730	850	980	1040	16%	380	58%
	Total All Ages	6680		6630	6630	6660	6700	6690		60	1%
Outer Peninsula	0-14 Years	320	19%	310	310	300	300	300	18%	-10	-3%
	15-39 Years	450	27%	440	410	450	450	430	25%	-10	-2%
	40-64 Years	730	43%	760	680	590	500	490	29%	-270	-36%
	65 Years and over	190	11%	230	330	400	470	500	29%	270	117%
	Total All Ages	1690		1740	1740	1750	1740	1700		-40	-2%
Rural - Outram/Taieri/Strath Taieri/Middlemarch	0-14 Years	1000	24%	950	900	850	870	900	17%	-50	-5%
	15-39 Years	1200	29%	1270	1350	1470	1460	1450	28%	180	14%
	40-64 Years	1590	39%	1710	1710	1690	1680	1660	32%	-50	-3%
	65 Years and over	350	8%	450	620	790	970	1150	22%	700	156%
	Total All Ages	4120		4390	4590	4780	4970	5160		770	18%
Peninsula	0-14 Years	550	21%	510	500	510	530	550	18%	40	8%
	15-39 Years	730	28%	810	870	910	910	890	29%	80	10%
	40-64 Years	1090	41%	1100	1070	1000	950	960	31%	-140	-13%
	65 Years and over	270	10%	340	410	510	640	690	22%	350	103%
	Total All Ages	2630		2760	2850	2930	3020	3090		330	12%
North Coast - Blueskin Bay/ Pinehill /Karitane	0-14 Years	1240	20%	1170	1160	1210	1240	1230	17%	60	5%
	15-39 Years	2080	33%	2170	2270	2360	2330	2270	31%	100	5%
	40-64 Years	2210	35%	2270	2230	2110	2120	2210	31%	-60	-3%
	65 Years and over	790	13%	890	1020	1220	1390	1510	21%	620	70%
	Total All Ages	6310		6500	6680	6890	7070	7210		710	11%
Port Chalmers/Pukuranui	0-14 Years	310	19%	280	270	280	280	270	17%	-10	-4%
	15-39 Years	490	30%	500	490	490	460	430	28%	-70	-14%
	40-64 Years	630	38%	620	580	520	500	500	32%	-120	-19%
	65 Years and over	210	13%	230	290	330	370	370	24%	140	61%
	Total All Ages	1640		1630	1630	1610	1600	1560		-70	-4%
Rosslyn/Belleknowles	0-14 Years	1100	18%	1000	980	960	970	970	16%	-30	-3%
	15-39 Years	2040	34%	2120	2140	2180	2080	1980	32%	-140	-7%
	40-64 Years	2000	34%	2020	1930	1830	1830	1870	31%	-150	-7%
	65 Years and over	850	14%	850	960	1080	1220	1300	21%	450	53%
	Total All Ages	5970		5990	6020	6070	6100	6110		120	2%
South Coast	0-14 Years	550	20%	520	500	480	470	460	15%	-60	-12%
	15-39 Years	860	32%	870	880	900	850	800	27%	-70	-8%
	40-64 Years	1040	38%	1140	1110	1070	1010	980	33%	-160	-14%
	65 Years and over	280	10%	320	430	510	640	740	25%	420	131%
	Total All Ages	2730		2850	2910	2950	2980	2970		120	4%
South Dunedin	0-14 Years	500	14%	460	450	460	460	440	13%	-20	-4%
	15-39 Years	1170	33%	1260	1280	1310	1190	1110	32%	-150	-12%
	40-64 Years	980	28%	980	920	890	950	1030	29%	50	5%
	65 Years and over	910	26%	850	850	870	900	920	26%	70	8%
	Total All Ages	3560		3530	3500	3510	3510	3510		-20	-1%
St Clair	0-14 Years	780	18%	740	770	790	770	730	18%	-10	-1%
	15-39 Years	1360	32%	1400	1370	1380	1340	1290	31%	-110	-8%
	40-64 Years	1410	33%	1400	1330	1190	1220	1210	29%	-190	-14%
	65 Years and over	660	16%	660	730	810	830	890	22%	230	35%
	Total All Ages	4220		4200	4190	4180	4160	4120		-80	-2%
St Kilda	0-14 Years	600	16%	560	560	600	620	610	16%	50	9%
	15-39 Years	1420	38%	1500	1550	1560	1430	1400	36%	-100	-7%
	40-64 Years	1060	29%	1060	1010	970	1060	1130	29%	70	7%
	65 Years and over	610	16%	600	620	670	730	730	19%	130	22%
	Total All Ages	3700		3720	3750	3800	3840	3870		150	4%
Taieri	0-14 Years	630	22%	620	590	590	590	600	15%	-20	-3%
	15-39 Years	790	27%	830	910	960	930	940	24%	110	13%
	40-64 Years	1130	39%	1270	1310	1310	1340	1340	34%	70	6%
	65 Years and over	370	13%	480	650	820	980	1130	28%	650	135%
	Total All Ages	2930		3200	3460	3660	3840	4000		800	25%

Year at 30 June		2006	As % of area pop	2011	2016	2021	2026	2031	As % of area pop	Change 2011-31	
Three Mile Hill	0-14 Years	950	23%	920	840	810	790	760	19%	-160	-17%
	15-39 Years	1370	34%	1370	1390	1410	1370	1310	32%	-60	-4%
	40-64 Years	1290	32%	1310	1300	1270	1240	1230	30%	-80	-6%
	65 Years and over	450	11%	500	580	630	710	770	19%	270	54%
	Total All Ages	4050		4100	4120	4110	4090	4050		-50	-1%
University	0-14 Years	80	1%	120	150	160	150	140	2%	20	17%
	15-39 Years	8050	92%	8170	8270	8340	8410	8430	92%	260	3%
	40-64 Years	430	5%	420	370	310	310	390	4%	-30	-7%
	65 Years and over	190	2%	200	230	230	240	210	2%	10	5%
	Total All Ages	8760		8910	9010	9060	9110	9160		250	3%
Wakari	0-14 Years	640	20%	620	600	620	620	600	18%	-20	-3%
	15-39 Years	1160	37%	1180	1240	1290	1250	1200	37%	20	2%
	40-64 Years	970	31%	1010	960	890	900	910	28%	-100	-10%
	65 Years and over	400	13%	380	400	430	490	550	17%	170	45%
	Total All Ages	3170		3180	3200	3230	3260	3270		90	3%
Water/West Harbour	0-14 Years	660	19%	630	610	630	620	600	17%	-30	-5%
	15-39 Years	1110	33%	1120	1120	1130	1050	990	29%	-130	-12%
	40-64 Years	1260	37%	1280	1200	1120	1060	1030	30%	-250	-20%
	65 Years and over	360	11%	400	500	580	720	800	23%	400	100%
	Total All Ages	3400		3420	3450	3460	3450	3430		10	0%

Source: Statistics New Zealand

Appendix Four

Dunedin City - Dwellings by Number of Bedrooms and
Location 1996 - 2006 - Changes in Supply of One and
Two Bedroom Units

Dunedin City - Dwellings by Number of Bedrooms and Location 1996-2006 - changes in supply of 1&2 bedroom units - Biggest Loss (University proximity areas shaded)

Area	One Bedroom				% change	Two Bedrooms				% change	Change in supply of 1 & 2 bdr units 1996 -2006		1-2 bdr as % of tot
	1996	2001	2006	1996-2006	1996	2001	2006	1996-2006	Net change	% change	2006		
Musselburgh/ Iainui	129	102	99	-23%	465	420	396	-15%	-	99	-17%	31%	
University	177	153	162	-8%	270	231	192	-29%	-	93	-21%	21%	
St Kilda	126	108	120	-5%	729	690	654	-10%	-	81	-9%	44%	
North East Valley	171	144	159	-7%	606	555	537	-11%	-	81	-10%	30%	
South Dunedin	282	258	261	-7%	750	720	699	-7%	-	72	-7%	56%	
Andersons Bay/Waverley	54	45	42	-22%	375	312	321	-14%	-	66	-15%	14%	
Mornington	105	117	120	14%	630	573	552	-12%	-	63	-9%	28%	
Maori Hill	90	69	81	-10%	309	270	261	-16%	-	57	-14%	25%	
St Clair	144	123	123	-15%	285	267	261	-8%	-	45	-10%	27%	
Caversham	156	147	135	-13%	630	621	609	-3%	-	42	-5%	42%	
Concord/Corstophine/Kew	36	39	33	-8%	390	375	351	-10%	-	42	-10%	22%	
Leith Valley	21	12	21	0%	99	60	57	-42%	-	42	-35%	16%	
Water-West Harbour	45	45	48	7%	252	222	213	-15%	-	36	-12%	20%	
West Harbour	42	45	48	14%	252	225	210	-17%	-	36	-12%	21%	
Pinehill-Karitane	105	105	132	26%	570	513	510	-11%	-	33	-5%	28%	
Wakari	165	165	159	-4%	330	309	306	-7%	-	30	-6%	35%	
Roslyn/Belleknowes	87	69	75	-14%	351	339	333	-5%	-	30	-7%	27%	
Port Chalmers/Purakanui	54	48	60	11%	273	264	237	-13%	-	30	-9%	34%	
Blueskin Bay	51	39	54	6%	147	123	114	-22%	-	30	-15%	27%	
Green Island/Abbotsford	78	72	84	8%	339	321	306	-10%	-	27	-6%	23%	
Helensburgh/Balmacewen	18	15	18	0%	123	117	96	-22%	-	27	-19%	17%	
Waikouaiti/Karitane	27	27	27	0%	207	177	192	-7%	-	15	-6%	29%	
Peninsula	24	24	27	13%	180	165	162	-10%	-	15	-7%	23%	
Three Mile Hill	63	69	69	10%	297	273	279	-6%	-	12	-3%	18%	
Outram/Momona	24	24	18	-25%	90	81	84	-7%	-	12	-11%	10%	
Strath Taieri	6	3	0	-100%	27	21	21	-22%	-	12	-36%	9%	
South Coast	42	36	45	7%	195	183	183	-6%	-	9	-4%	20%	
Fairfield	9	9	9	0%	111	96	102	-8%	-	9	-8%	13%	
Outram-Taieri	42	30	27	-36%	222	201	231	4%	-	6	-2%	11%	
Inner City	378	369	351	-7%	717	732	741	3%	-	3	0%	46%	
Pine Hill	27	36	51	89%	213	213	204	-4%	-	15	6%	28%	
Outer Peninsula	51	42	48	-6%	186	195	207	11%	-	18	8%	37%	
Taieri	12	6	6	-50%	102	99	126	24%	-	18	16%	13%	
Mosgiel	165	150	135	-18%	867	882	918	6%	-	21	2%	29%	
water	..C	..C	..C		..C	..C	..C						
Dunedin City	2,877	2,628	2,739	-5%	10,698	10,095	9,933	-7%	-	903	-7%	28%	
Total NZ	74,979	71,178	81,246	8%	279,480	266,301	278,142	0%	-	4,929	1%	24%	
Source: Statistics New Zealand.	..C has been inserted in cells that have been suppressed for confidentiality reasons.												

Source: Statistics New Zealand. ..C has been inserted in cells that have been suppressed for confidentiality reasons.

Appendix Five

Dunedin City 2006 - Renting Households by Percent of
Income Spent on Rent - By Area and Household Type

Dunedin City 2006 - Renting households - percentage of income spent on rent, - household type and area

Household Composition	Area	30% or less	30% or More	40% or More	50% or more	Total	30% plus as % of tot	40% plus as % of tot
Couple Only - With or Without Other Person(s)	University	42	102	81	60	144	71%	56%
	Inner City	213	102	66	39	315	32%	21%
	North East Valley	81	60	39	30	141	43%	28%
	Pinehill-Karitane	63	24	12	6	87	28%	14%
	Caversham	60	18	6	..C	75	24%	8%
	St Kilda	69	18	9	..C	90	20%	10%
	Mosgiel	93	18	9	..C	114	16%	8%
	Maori Hill	48	15	6	..C	63	24%	10%
	South Dunedin	66	15	6	..C	81	19%	7%
	Water-West Harbour	33	12	9	6	45	27%	20%
	Three Mile Hill	48	12	6	..C	57	21%	11%
	Andersons Bay/Waverley	57	12	..C	..C	69	17%	
	Mornington	87	12	9	..C	102	12%	9%
	Green Island/Abbotsford	30	9	6	..C	39	23%	15%
	St Clair	33	9	6	..C	42	21%	14%
	Roslyn/Belleknowes	45	9	..C	..C	57	16%	
	Leith Valley	21	6	..C	..C	27	22%	
	Wakari	42	6	6	..C	48	13%	13%
	Concord/Corstophine/Kew	45	6	..C	..C	51	12%	
	Fairfield	6	..C	..C	..C	6		
	Helensburgh/Balmacewen	15	..C	..C	..C	18		
	Musselburgh/Tainui	27	..C	..C	..C	33		
	Outer Peninsula	18	..C	..C	..C	18		
	Peninsula	21	..C	..C	..C	27		
	Port Chalmers/Purakanui	24	..C	..C	..C	27		
	South Coast	24	..C	..C	..C	27		
	Outram-Taieri	42	..C	..C	..C	45		
Couple Only - With or Without Other Person(s)	Dunedin City	1,356	501	309	207	1,860	27%	17%
		73%	27%	17%	11%			
	Total NZ	49,764	13,575	7,887	5,127	63,339	21%	12%
		79%	21%	12%	8%			

Household Composition	Area	30% or less	30% or More	40% or More	50% or more	Total	30% plus as % of tot	40% plus as % of tot
Couple With Child(ren) - With or Without Other Person(s)	Inner City	45	24	21	12	72	33%	29%
	Mornington	48	24	15	6	75	32%	20%
	Mosgiel	102	24	12	..C	126	19%	10%
	North East Valley	42	24	12	9	66	36%	18%
	St Kilda	42	21	12	..C	63	33%	19%
	Caversham	48	18	9	..C	63	29%	14%
	South Dunedin	39	18	6	..C	60	30%	10%
	Pinehill-Karitane	57	18	9	..C	75	24%	12%
	Andersons Bay/Waverley	45	15	..C	..C	60	25%	
	Concord/Corstophine/Kew	66	15	6	..C	78	19%	8%
	Roslyn/Belleknowes	36	15	9	..C	51	29%	18%
	Three Mile Hill	78	15	12	6	90	17%	13%
	Musselburgh/Tainui	48	12	6	..C	60	20%	10%
	St Clair	30	12	..C	..C	39	31%	
	Wakari	30	12	12	6	42	29%	29%
	Outram-Taieri	72	12	..C	..C	84	14%	
	Green Island/Abbotsford	39	6	..C	..C	48	13%	
	Maori Hill	39	6	..C	..C	48	13%	
	University	9	6	6	..C	15	40%	40%
	Fairfield	12	..C	..C	..C	15		
	Helensburgh/Balmacewen	12	..C	..C	..C	15		
	Leith Valley	15	..C	..C	..C	18		
	Outer Peninsula	12	..C	..C	..C	15		
	Peninsula	21	..C	..C	..C	21		
	Port Chalmers/Purakanui	18	..C	..C	..C	21		
	South Coast	18	..C	..C	..C	21		
	Water-West Harbour	18	..C	..C	..C	24		
Couple With Child(ren) - With or Without Other Person(s)	Dunedin City	1,044	327	180	102	1,371	24%	13%
		76%	24%	13%	7%			
	Total NZ	52,908	18,132	9,912	6,063	71,037	26%	14%
		74%	26%	14%	9%			

Household Composition	Area	30% or less	30% or More	40% or More	50% or more	Total	30% plus as % of tot	40% plus as % of tot
One Parent With Child(ren) - With or Without Other Person(s)	South Dunedin	45	78	54	39	123	63%	44%
	Caversham	39	66	48	33	105	63%	46%
	Mornington	18	66	45	27	81	81%	56%
	Mosgiel	66	66	51	33	132	50%	39%
	Concord/Corstophine/Kew	66	60	36	24	126	48%	29%
	North East Valley	21	60	42	30	84	71%	50%
	St Kilda	33	48	33	27	81	59%	41%
	Three Mile Hill	81	48	24	15	129	37%	19%
	Pinehill-Karitane	33	45	27	18	75	60%	36%
	Inner City	30	36	27	18	66	55%	41%
	Andersons Bay/Waverley	12	27	18	15	42	64%	43%
	Musselburgh/Tainui	18	27	27	21	45	60%	60%
	Wakari	36	27	18	12	63	43%	29%
	Outram-Taieri	18	24	12	9	39	62%	31%
	Green Island/Abbotsford	21	21	12	6	45	47%	27%
	Water-West Harbour	15	21	9	6	33	64%	27%
	Roslyn/Belleknowes	12	18	12	15	30	60%	40%
	St Clair	6	18	12	6	27	67%	44%
	Port Chalmers/Purakanui	12	15	12	6	27	56%	44%
	Helensburgh/Balmacewen	6	12	9	6	18	67%	50%
	South Coast	..C	12	9	..C	15	80%	60%
	Maori Hill	9	9	9	..C	18	50%	50%
	Outer Peninsula	..C	9	..C	..C	12	75%	
	Peninsula	..C	6	..C	..C	12	50%	
	University	..C	6	..C	..C	9	67%	
	Fairfield	..C	..C	..C	..C	..C		
	Leith Valley	..C	..C	..C	..C	..C		
One Parent With Child(ren) - With or Without Other Person(s)	Dunedin City	612	834	564	390	1,443	58%	39%
		42%	58%	39%	27%			
	Total NZ	22,722	36,102	25,953	18,465	58,824	61%	44%
		39%	61%	44%	31%			

Household Composition	Area	30% or less	30% or More	40% or More	50% or more	Total	30% plus as % of tot	40% plus as % of tot
One-Person Household	Inner City	183	168	120	93	354	47%	34%
	South Dunedin	147	129	87	60	279	46%	31%
	Mosgiel	114	114	57	33	228	50%	25%
	University	39	87	75	60	129	67%	58%
	Mornington	72	66	36	21	135	49%	27%
	Caversham	96	63	45	27	162	39%	28%
	St Kilda	75	60	36	27	135	44%	27%
	North East Valley	81	57	45	27	138	41%	33%
	Wakari	96	48	33	21	144	33%	23%
	Concord/Corstophine/Kew	63	45	21	9	111	41%	19%
	Musselburgh/Tainui	57	45	33	15	99	45%	33%
	Pinehill-Karitane	57	45	30	21	105	43%	29%
	St Clair	63	42	27	15	102	41%	26%
	Roslyn/Belleknowes	54	39	27	15	93	42%	29%
	Three Mile Hill	63	39	21	12	105	37%	20%
	Maori Hill	54	27	18	15	78	35%	23%
	Port Chalmers/Purakanui	33	24	18	12	60	40%	30%
	Water-West Harbour	21	21	15	9	42	50%	36%
	Andersons Bay/Waverley	45	18	15	9	63	29%	24%
	Green Island/Abbotsford	51	18	9	9	69	26%	13%
	Peninsula	15	12	6	6	30	40%	20%
	South Coast	9	12	9	12	21	57%	43%
	Helensburgh/Balmacewen	27	9	..C	..C	36	25%	
	Outer Peninsula	21	9	..C	..C	30	30%	
	Outram-Taieri	30	9	6	..C	42	21%	14%
	Fairfield	..C	..C	..C	..C	12		
	Leith Valley	..C	..C	..C	..C	6		
One-Person Household	Dunedin City	1,590	1,227	804	549	2,817	44%	29%
		56%	44%	29%	19%			
	Total NZ	42,420	37,920	24,675	17,172	80,337	47%	31%
		53%	47%	31%	21%			

Household Composition	Area	30% or less	30% or More	40% or More	50% or more	Total	30% plus as % of tot	40% plus as % of tot
Other Multiperson Household	University	87	759	708	651	846	90%	84%
	Inner City	180	294	243	207	474	62%	51%
	North East Valley	75	171	126	93	243	70%	52%
	Leith Valley	12	36	27	24	48	75%	56%
	South Dunedin	33	21	9	..C	54	39%	17%
	St Kilda	51	21	9	..C	69	30%	13%
	Maori Hill	30	15	12	12	45	33%	27%
	Pinehill-Karitane	21	15	12	6	33	45%	36%
	Caversham	48	12	6	..C	63	19%	10%
	Roslyn/Belleknowes	24	12	9	6	33	36%	27%
	Mornington	45	6	..C	..C	54	11%	
	Mosgiel	18	6	..C	..C	27	22%	
	Andersons Bay/Waverley	18	..C	..C	..C	21		
	Concord/Corstophine/Kew	15	..C	..C	..C	18		
	Fairfield	..C	..C	..C	..C	..C		
	Green Island/Abbotsford	6	..C	..C	..C	9		
	Helensburgh/Balmacewen	..C	..C	..C	..C	..C		
	Musselburgh/Tainui	12	..C	..C	..C	15		
	Outer Peninsula	..C	..C	..C	..C	..C		
	Peninsula	9	..C	..C	..C	12		
	Port Chalmers/Purakanui	9	..C	..C	..C	6		
	South Coast	..C	..C	..C	..C	..C		
	St Clair	33	..C	..C	..C	36		
	Three Mile Hill	18	..C	..C	..C	18		
	Wakari	15	..C	..C	..C	18		
	Outram-Taieri	12	..C	..C	..C	12		
	Water-West Harbour	9	..C	..C	..C	12		
Other Multiperson Household	Dunedin City	780	1,407	1,191	1,026	2,187	64%	54%
		36%	64%	54%	47%			
	Total NZ	19,908	10,329	7,182	5,355	30,237	34%	24%
		66%	34%	24%	18%			

Household Composition	Area	30% or less	30% or More	40% or More	50% or more	Total	30% plus as % of tot	40% plus as % of tot
Two or More Family Household (With or Without Other People)	Andersons Bay/Waverley	..C	..C	..C	..C	..C		
	Caversham	..C	..C	..C	..C	..C		
	Concord/Corstophine/Kew	..C	..C	..C	..C	..C		
	Fairfield	..C	..C	..C	..C	..C		
	Green Island/Abbotsford	..C	..C	..C	..C	..C		
	Helensburgh/Balmacewen	..C	..C	..C	..C	..C		
	Inner City	9	..C	..C	..C	12	25%	
	Leith Valley	..C	..C	..C	..C	..C		
	Maori Hill	..C	..C	..C	..C	..C		
	Mornington	..C	..C	..C	..C	..C		
	Mosgiel	..C	..C	..C	..C	..C		
	Musselburgh/Tainui	..C	..C	..C	..C	..C		
	North East Valley	9	..C	..C	..C	9		
	Outer Peninsula	..C	..C	..C	..C	..C		
	Peninsula	..C	..C	..C	..C	..C		
	Port Chalmers/Purakanui	..C	..C	..C	..C	..C		
	Roslyn/Belleknowes	..C	..C	..C	..C	..C		
	South Coast	..C	..C	..C	..C	..C		
	South Dunedin	..C	..C	..C	..C	..C		
	St Clair	..C	..C	..C	..C	..C		
	St Kilda	6	..C	..C	..C	9	33%	
	Three Mile Hill	..C	..C	..C	..C	..C		
	University	..C	..C	..C	..C	..C		
	Wakari	..C	..C	..C	..C	..C		
	Outram-Taieri	..C	..C	..C	..C	..C		
	Pinehill-Karitane	..C	..C	..C	..C	..C		
	Water-West Harbour	..C	..C	..C	..C	..C		
Two or More Family Household (With or Without Other People)	Dunedin City	72	21	12	..C	90	23%	13%
		80%	23%	13%				
	Total NZ	6,330	1,401	834	552	7,731	18%	11%
		82%	18%	11%	7%			

..C has been inserted in cells that have been suppressed for confidentiality reasons.

Source: Statistics New Zealand

Appendix Six

High Level Financial Feasibility Model for a “Dunedin Housing Trust” - Assumptions and 10 Year Cash Flow

High Level Financial Feasibility Model for a “Dunedin Housing Trust”

The attached worksheet is for illustrative purposes only. Its purpose is to demonstrate how different factors can influence the performance of a social housing property portfolio. Input assumptions are as follows:

Portfolio Size and Housing Typologies

The number of units and distribution by bedroom size is taken from Section 7 of the Assessment.

Rental Income

Rental income is derived from DBH rental information, and is set at below the Dunedin market median. It is assumed that any rental subsidies will be delivered via the AS, AS-Plus, or housing allowances from the Health Sector.

Ingoing Values/Social Housing Value

These are nominal based on discounted market rates. It is further assumed that the transfer value will be discounted to reflect the portfolio’s social housing focus, and constraints on shifting capital out of the Trust.

Debt and Equity Considerations

The worksheet assumes that assets will transfer into the Trust in exchange for shareholding, or made available at peppercorn rents. Our intention here is to reflect the current situation where, although fragmented, the portfolio carries very little debt.

Management Overheads

Staffing levels are based on commercial benchmarks for asset and tenancy management, in particular:

- One tenancy manager for 300 units
- One property manager per 700 units

Salary levels and spatial allocations are reasonable by Dunedin standards. A nominal provision of \$1,000,000.00 has been made for IT systems, which will probably need to “speak” to Council and HNZN systems if they retain a shareholders interest.

Maintenance and Capital Upgrade Costs

Nominal provision has been made for planned and responsive maintenance (\$2,500.00 per unit). In addition, a capital upgrade programme (\$20,000.00) based on refreshing all properties every 10 years has been allowed for. This replaces a traditional ‘depreciation reserve’.

Inflation

A nominal 2% is included to provide for rental income escalation and cost increases.

Dunedin City - Integrated Housing Trust Concept - 10-Year Financial Forecast

Asset base			Rentals			Rent			Ann Rent			Management costs			Capital establishment items		
												Staff					
Number of units			2,782			1 bdr			\$ 12,004,200			Company manager			20		
Avge occupancy			95%			2 bdr			\$ 7,184,320			CFO			20		
						3 bdr			\$ 10,062,000			Operations Manager			6		
						4+ bdr			\$ 2,574,000			Asset managers			1		
									\$ 31,824,520			Tenancy managers					
												Admin support					

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