



Manawatū District Housing Stocktake - 2020

18 March 2021

Today

- Key findings from the research
- Local Government policy
- What's next
- Accommodation supplement data now available
- Any amendments/clarifications



Key findings from the research

Housing outcomes are better in the District than for some other parts of New Zealand...

- District average house price \$523,227 vs NZ \$788,967 (Dec 2020)
- District median house price \$550,000 vs NZ \$749,000 (Dec 2020)
- Ownership rates across ethnicities, younger age groups and lower income levels are higher in the District than nationally BUT individual home ownership is lower for Māori across all age groups relative to European
- Weekly rental costs average \$374 per week vs \$461 per week (Dec 2020)

But affordability of housing is deteriorating at a faster rate here than nationally

- District median house prices ↑ 22.1% vs 19.3% NZ (Dec 2020)
- Average house prices ↑ 21.4% vs 11.1% NZ (Dec 2020)
- LQ house price growth ↑ 21.5% vs median ↑ 16.4% and UQ prices ↑ 16.3% (Oct, 2020)
- Average rents ↑ 14.7% (Dec 2020)
- LQ rents ↑ 17.2% vs median ↑ 11.1% and UQ ↑ 4.7%. (Dec, 2020)
- Average incomes increased by 4.0% in 2020 relative to 22.1% ↑ in median house price and 14.7% ↑ in average weekly rents

Key findings from the research continued

Increasing housing costs and weekly rental costs are placing additional pressure on local households

- Highly leveraged first home buyers and low to middle income families may struggle to service high mortgage debt when interest rates increase
- Double-digit annual growth in average weekly rental costs will place additional pressure on households and limitations on saving a deposit for home ownership
- Increasing housing costs are driving rapid growth in demand for public and social housing and emergency housing assistance needs
- Growth in market rental properties is not keeping up with population growth and previous growth levels

Wealth and wellbeing outcomes favour homeowners

- Property that is owned is less likely to suffer from damp and mouldy conditions, delivering better health outcomes for property owners relative to renters
- Homeowners also accrue substantially higher material wealth over their lifetime.

Key findings from the research continued

Intergenerational poverty and inequality is exacerbated by the state of the current housing market

- Intergenerational poverty is likely to become further embedded due to the growing need for parents to fund home ownership via equity. This particularly impacts on intergenerational beneficiaries and lower income households, Māori, Pacific Peoples, disabled and sole parents.
- High returns to residential property investment alongside low interest rates have driven investor demand for residential property shutting out more vulnerable households from home ownership.

Annual growth in new dwellings is strong by historical standards but local housing supply does not match demand

- We have more larger dwellings in the District than the national average yet...
- Demand for public and social housing is dominated by the need for one-and-two bedroom dwellings
- Smaller land parcel and housing options are also needed to provide for affordable housing options
- This lack of investment in undersupplied segments of the market is exacerbating shortages and driving up the price of LQ housing relative to other segments of the market
- Price pressure is further exacerbated by construction sector resource constraints, increasing input and output prices, and added compliance and development costs affecting the whole of NZ.

Key findings from the research continued

- Elevated demand for public housing is exceeding existing supplies. Planned investment falls short of current needs let alone the anticipated increase in need as a result of growth in 65+ residents and further erosion of housing affordability.
- Current government policy does not incentivise investment in undersupplied segments of the housing market. Failure to apply price incentives to 'more efficient' providers of public and social housing, constrains much needed investment in these areas of the housing continuum.
- If current trends continue, we can expect to see increasing undersupply of houses for lower income families and smaller homes suitable for the ageing population alongside further escalation in housing deprivation and growing inequality and disparities in wealth and wellbeing between those who own property and those who don't.

The private sector will not provide public housing to maximise the well-being of vulnerable families and deliver the associated public benefits. This is a role for government.

Local Government Policy

The six key priority areas from the Housing Programme Establishment Report are:

- Priority Area 1: Establishing a district wide Urban Development Framework
- Priority Area 2: Investigate ways to encourage medium density development
- Priority Area 3: Identify partnership opportunities
- Priority Area 4: Identify mechanisms to support papakāinga housing
- Priority Area 5: Investigate ways to increase the supply and quality of public housing
- Priority Area 6: Incorporate a wellbeing approach to the development of a housing programme.

Alongside the key priority areas identified in the Housing Programme Establishment Report, the purpose of the Manawatū District Housing Stocktake is to inform the development of a Housing Strategy to support the housing objectives of the Manawatū District Council.

What's next

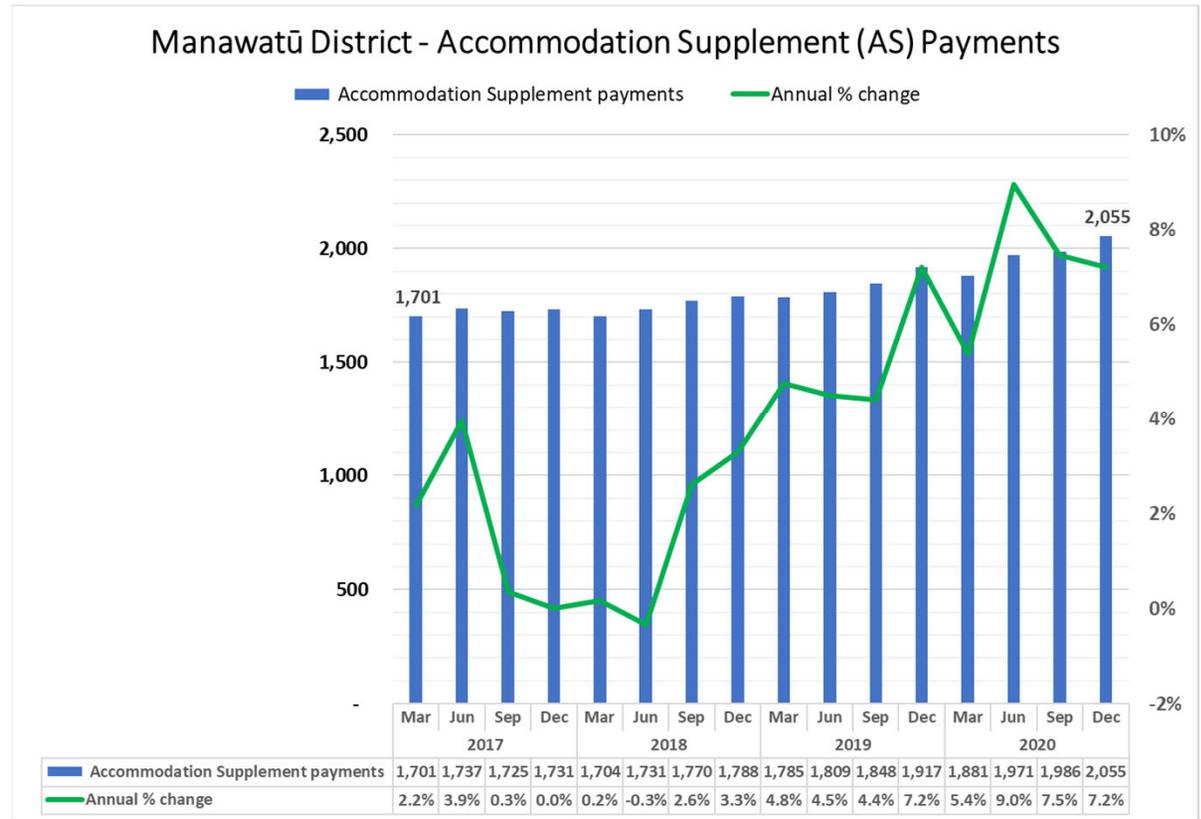
- Housing Strategy development
- Workshop with Council – April
- Housing strategy adoption scheduled for May 2021



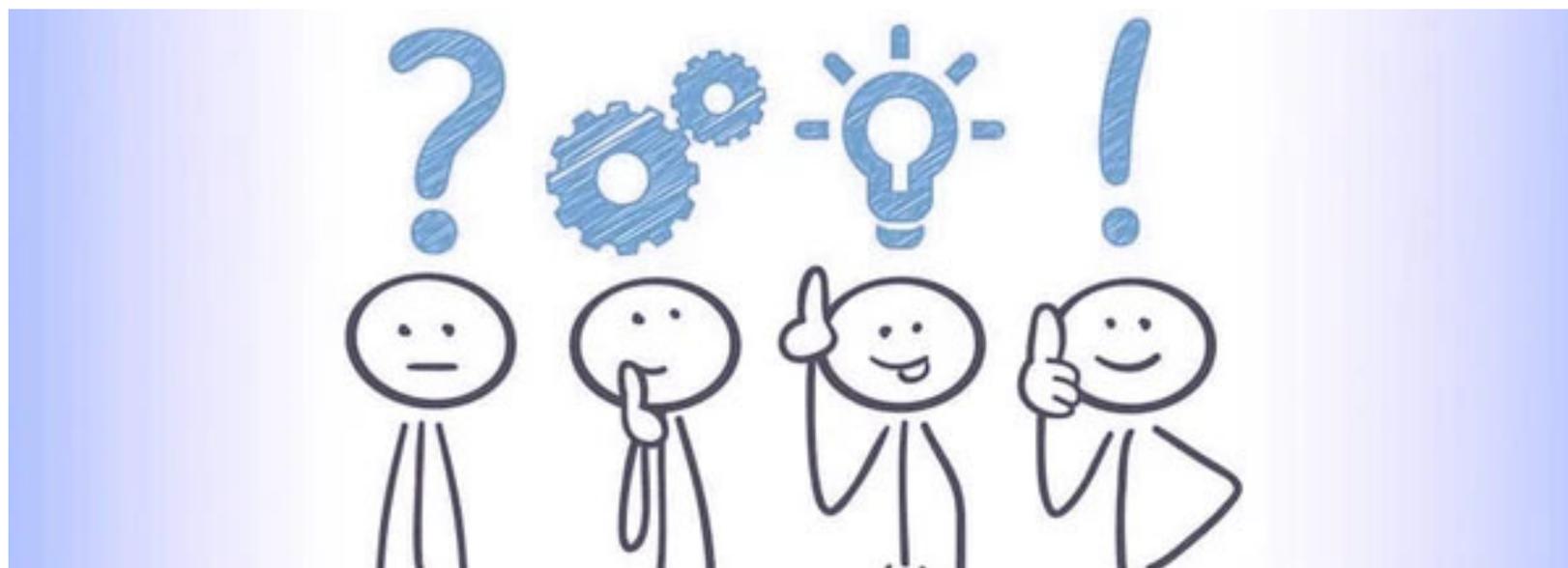
18.7% increase in AS payments from Dec 2016 to Dec 2020

Subsidy to those who pay market rent, board or mortgage. Available to beneficiaries and workers under the following criteria:

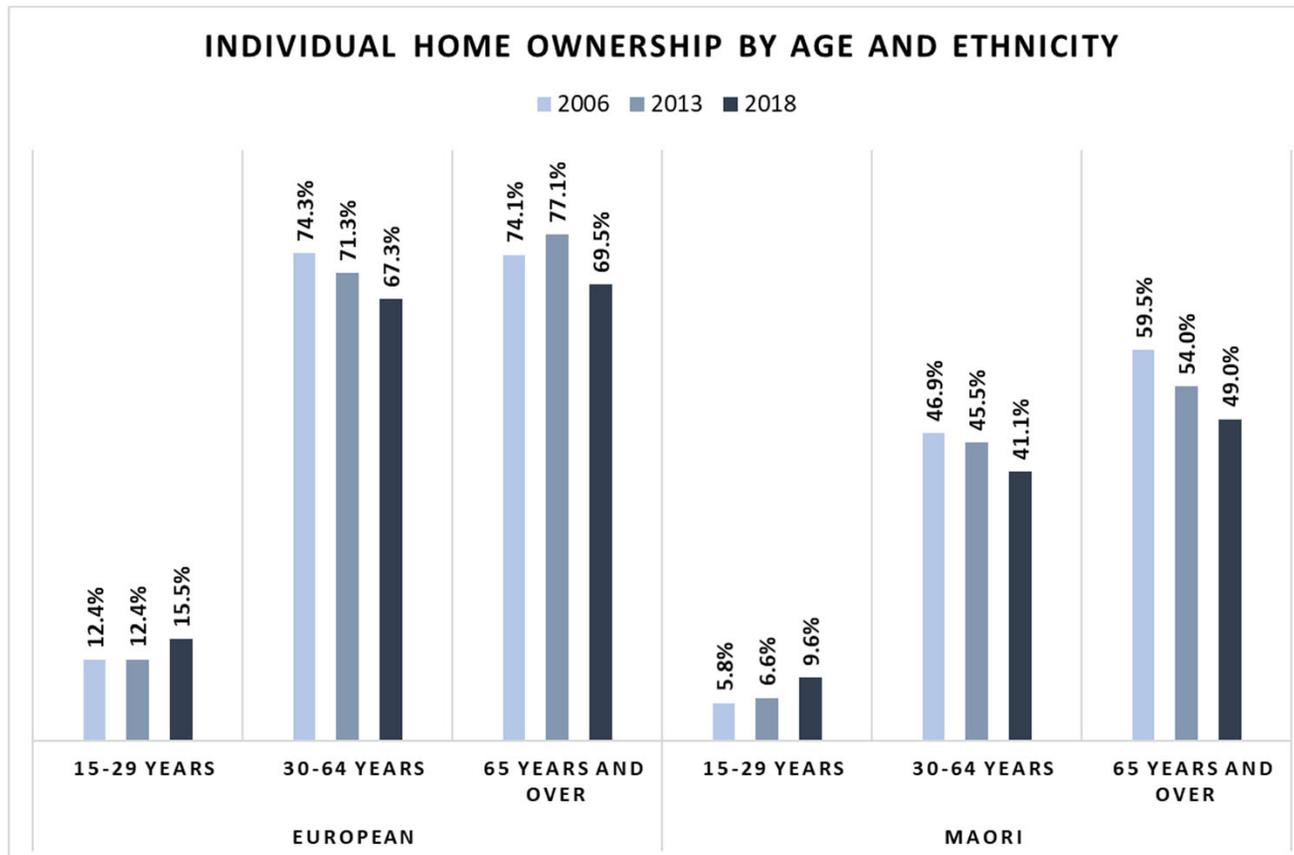
Income limits	Weekly income before tax	Asset limits
Single, 16-17 years	\$509	\$1,113
Single, 18+ years	\$584	
Couple (no children)	\$849	\$1,855
Sole parent (1 child)	\$709	
Sole parent (2+ children)	\$747	



Any clarifications or amendments



Local Māori have a lower level of home ownership by ethnicity and age group



Purpose of the Manawatū District Housing Stocktake

To inform the development of a Housing Strategy to support the housing objectives of the Manawatū District Council

