

# **AFFORDABLE HOUSING ON GREAT BARRIER ISLAND**

**A FEASIBILITY STUDY TO CONSIDER SUPPLY, DEMAND AND FUTURE  
DIRECTIONS**

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## CONTENTS

1. Key Messages.....	3
2. Introduction.....	3
3. Definitions.....	4
4. Background.....	5
5. Housing Dynamics and Issues.....	5
6. Four Housing Response Models.....	5
7. The Housing Continuum.....	6
8. Demographics.....	6
9. The Question of Supply and Demand.....	7
10. Housing Affordability.....	8
11. Drivers of Housing Un-affordability.....	9
12. Aging in Place: The Principles.....	10
13. Aging in Place: The Practicalities.....	11
14. Ranking Housing Need.....	13
15. The Individual and the Collective.....	14
16. Site and Build Options,Contrasting Perspectives.....	16
17. Capital Costs.....	17
18. Housing Models on Other Island Communities.....	18
19. Future Challenges.....	22
20. New Thinking.....	23
21. Next Steps.....	23
22. Recommendations.....	24

## 1. KEY MESSAGES

Determining the magnitude of Great Barrier Island's affordable housing needs is complex. However, based on indicators such as current home ownership levels, numbers of dwellings, numbers of people living alone and median weekly rentals and when compared to high housing need areas such as South Auckland and Northland, it seems likely that housing need is at a moderate to low level.

Further, based on the number of seniors wanting to "age-in place" and the excellent Health and Community support systems that wrap around them, it would also be difficult to reach a finding that a Pensioner Housing complex is currently needed on the island.

However, should current trends continue, with the population ageing (in a decade potentially we may have a median age of 60 something's), housing mobility remaining low, high levels of off-island purchasing increasing, and building and financing costs remaining high - affordable housing issues will become more pronounced. Especially, with the less financially secure baby-boomers who retire within the next decade.

The ageing housing stock is a current issue that needs attention. This issue is compounded with the over-prevalence of failing, unsustainable and/or 'eco-damaging' housing infrastructure technologies and systems.

More work is needed to ensure the 60 plus age-group is given considered thought to preparing for their emerging aging needs. Workshops, resource materials and a 'user-friendly' aging and/or housing advice service could be valuable additions to current services.

## 2. INTRODUCTION

Shelter is one of the most basic human needs. Housing is a linchpin of well-being. It gives our lives stability and permanence and contributes materially to our physical and psychological health. Owning a home has always been part of the Kiwi dream. Home ownership offers a vital safety net, providing security and a sense of place. It also offers an important resource that owners can tap to meet their expenses during retirement yet the availability of healthy, affordable, 'age-friendly' housing is dwindling on Great Barrier Island.

Entry level housing prices are increasingly prohibitive for low income Barrier families. As an increasing number of residences are snapped up as holiday homes by families who predominantly live off island, increasingly young families are trapped into rental tenancies because they are unable to financially compete.

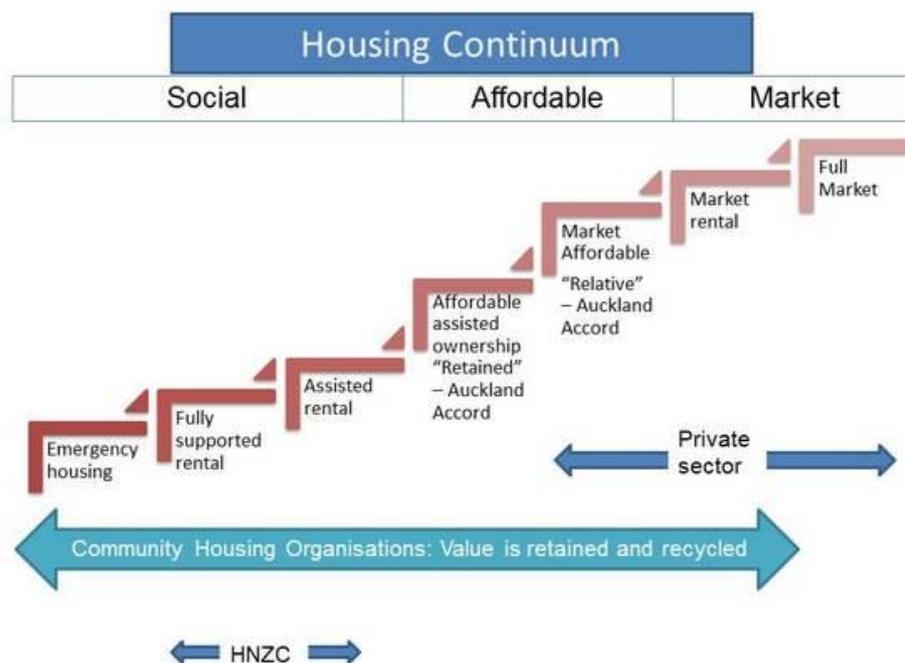
### 3. DEFINITIONS

The definition of **affordable housing** adopted for this report was developed by the Centre for Housing Research Aotearoa New Zealand (CHRANZ). It is "housing is affordable when a household spends no more than 30% of its gross income on housing costs, whether for rent or mortgage".<sup>1</sup>

#### 3.1 Community Housing

Community Housing is a generic name given to the third sector of the housing market characterised by being community based and focused on meeting the housing needs of low and moderate income groups. This sector serves a diverse range of people with a diverse range of needs, including low and moderate income people, those who have particular health, mobility or social needs, people who have kinship relationships, and the elderly.

In New Zealand, the community housing sector is made up of a variety of organisational forms including Māori organisations, not-for-profit companies, charitable trusts and incorporated societies. These organisations are not-for-profit entities and reinvest any profits back into providing services and housing. The New Zealand community housing sector delivers a full continuum of housing, from the development and construction of new housing and the ownership and provision of affordable rental housing to the facilitation of affordable home ownership options.



1

## 4. BACKGROUND

The purpose of this study is to undertake preliminary work to establish the feasibility for social housing provision to serve Great Barrier Island. I aim to explore current housing need and what strategies would best meet the needs, furthermore, what would be the costs, opportunities and risks?

The report was commissioned by the Aoteaora Community Trust with the Great Barrier Island Local Board and Great Barrier airlines funding. Aoteaora Community Trust was incorporated in June 2014. The objectives of the Trust are to research, promote and practice the principles of sustainable living, create change toward environmentally sustainable living on Great Barrier Island and create change in people's attitudes, knowledge and practice of environmentally sustainable living on GBI.

## 5. HOUSING ISSUES AND DYNAMICS

The issues identified in the report are:

1. The demand for affordable housing is increasing,
2. The Island population is ageing and careful consideration is needed to respond positively to this changing demographics,
3. Local economic development remains flat and median income levels remain low,
4. There is insufficient and conflicting data to accurately quantify the magnitude of housing issues on the island,
5. Housing stock is ageing, and housing infrastructure is highly variable in reliability and sustainability,
6. Low housing mobility, high levels of part-time home owners, prohibitively high building costs and the high cost of finance severely restricts the entry-level housing market and investment in rental properties,
7. Central and Local government make no provision for social or affordable housing on the island.

## 6. FOUR HOUSING RESPONSE MODELS

The following is a list of possible models of approach to drive the island's affordable housing agenda. These will be explored more fully later in the report.

- **Status Quo** – Do nothing and allow the private market to drive supply and demand
- **Build on and resource current organisations** and structures to support households, neighbourhoods and communities maintain and/or upgrade current housing stock
- Employ a **Housing Co-coordinator** with sufficient resources and expertise to advocate for and/or develop incentives and initiatives to improve housing maintenance and infrastructure upgrades and/or lift accommodation or rate subsidies
- Increase affordable social housing units through **securing ownership** by an approved **Community Housing Entity**

## 7. THE HOUSING CONTINUUM

The housing continuum ranges from the homeless, (e.g. living in cars) through to those living in inadequate temporary accommodation, (e.g. in a tent at a campsite) to rented accommodation to home ownership.

On Great Barrier island there is no evidence to suggest that there are any individuals and/or families who are currently homeless. There is insufficient information and it is difficult to quantify how many people are living in temporary accommodation that is unsuited for long-term habitation. It is also difficult to quantify how many people are living permanently in accommodation that could be classified as sub-standard.

Providers of temporary accommodation fall into two categories: a small group of private providers (for example, owners of camp-grounds or boarding houses), and a much larger group of non-governmental organisations (for example, City Missions, city night shelters or Salvation Army emergency accommodation). Great Barrier Island has no temporary housing provision from any of these larger organisations.

In New Zealand, social housing accounts for 1 in 5 dwellings.<sup>2</sup> HNZC provides approximately 67,700 households with dwellings across New Zealand. 60,500 of these, or 89%, pay Income-Related Rents, and receive some degree of support through the Income-Related Rent subsidy (IRRS), which makes up the difference. Great Barrier Island has no state housing provision and no provision from the Auckland Council social housing stock.

On Great Barrier Island the private sector provides rental accommodation to 138 households. It is not known how many of these households receive accommodation subsidies. Finally, 70%, or 324 of households own their dwelling. It is not known what percentage of home-owners receive an accommodation subsidy to subsidise mortgage costs.

## 8. GREAT BARRIER ISLAND DEMOGRAPHICS

This data has been taken from Statistics NZ as part of the 2013 Census. The notion of resident household and part-time resident household is complicated with a high percentage of the island spending months on and/or off the island. It is unclear what defines a resident as permanent versus part-time.

- Less than one percent of Auckland's population lives on Great Barrier Island
- 939 people are full time residents. This is an increase of 33 people or 3.9% since the 2006 Census. At the 2001 Census, the island had 1086 residents, down from 1152 in 1996.
- The median age is 53.9 years.
- Resident ethnicity: European 79.8%, Maori 20.9%, Pacific people, 2.3%

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<sup>2</sup>Some non-governmental organisations also supply social housing, generally on a small scale. The largest of these appears to be the IHC who, in 2009, housed 3,600 service users in 1,105 properties. Of the other 50-100 providers in the Sector, the typical provider manages 20 units. Source: HNZC, MSD, Statistics NZ; IHC Annual Report 2009

- There are 462 resident households
- There are 450 either vacated or part-time occupied dwellings
- 70% of households own the dwelling they live in (this includes 14% who own it in a family trust)
- Almost half (44%) of households are one person households, this is a high proportion when compared with the regional average of 19 per cent.
- Median weekly rent paid is \$150. This compares with \$350 for Auckland
- Total number of state houses 0
- Building consents for dwellings in 2013 were 3.
- The median full-time household income is \$30,100 – considerably lower than the regional median at \$76,500 and the lowest across all local boards.

An analysis from a housing perspective:

- Great Barrier's permanent population has had a slight increase but remains considerably lower than in the early 2000's. At the 2001 Census, the island had 1086 residents, down from 1152 in 1996. Today the population is 939. The older adult population has grown tremendously since the first of the baby boomers (born 1946–64) turned 50 in the mid-1990s. Half of the islands residents are over 54 years old, with 16% of the population over 65.
- Half of the island's housing stock is owned by people who live, for the majority of the time off the island. These people principally view their homes as holiday homes. Current trends reflect an increase in house purchases for holiday accommodation and concurrent decrease in house purchases for island residency. It is unclear whether this trend will continue. Should it continue, house prices will continue to be high and entry level home ownership prices unaffordable to local young people.
- Numbers of people living alone (44%) are exceptionally high compared with the regional average of 19%. When almost half of the island lives alone, many of them in this age bracket, this has a significant impact on housing. This trend may be explained by the nature of people drawn to remote living. It is unknown whether these trends will continue.
- Home ownership at 70% which is high-compared with 61% regionally. This level of home ownership is in the top 10% across the country. The combination of high levels of home ownership and low housing mobility has a substantial impact on availability of entry level housing stock and/or rental properties.
- Baby 'boomers' that are now in their 50s tending to be less financially secure than previous generations. With their lower incomes, wealth, and home-ownership rates, members of this large age group may be unable to cover the costs of appropriate housing.

## 9. THE QUESTION OF SUPPLY AND DEMAND

Determining the relationship between housing need and demand and supply is complicated-requiring both qualitative and quantitative measures. Factors that need to be considered are multiple, value-laden and inter-connected. As a beginning point, the issue is about the quantity of houses in relation to the number of people needing them. Even this calculation is not simple, as it

needs to take into account factors such as; family compositions, people's choice to live alone or not, a family's choice to care for a parent, and off-island purchases for holiday accommodation.

It then becomes more complicated. The location, geography (e.g. built on the flat or on a slope), access ways (e.g. numbers of steps or drive on access) house design, (e.g. one or two storey) size, and levels of maintenance, impacts on the match between supply and demand. For example a young family needs to consider where schools are located; a one bedroom house is unsuitable for a family, a house built in the bush with no road access is difficult for an older couple. Further, housing infrastructure requires careful consideration, especially for low income and/or ageing households from perspectives of reliability, sustainability, costs and maintenance.

Other impacting factors include; age of residents, household income, access to a car or other transport, physical abilities or disabilities, and access to resources e.g. firewood, water systems, and services e.g. medical care-add further dimensions to housing availability and accessibility.

## 10. HOUSING AFFORDABILITY

The single largest expenditure in most household budgets is housing costs. These costs directly affect financial security. It is not clear what percentage of Great Barrier Island's adults aged 65 and over are paying more than 30% of their income on rent and /or are owners who are still paying off mortgages. For this group they are **cash burdened** and are inhibited from being able to access goods and services needed to maintain a life quality. Moreover there are a percentage of renters and owners with mortgages that are more than 50% of their income that creates a **severe burden**. Severe housing burdens leads to growing debt and reduced well-being (e.g. as result of reduced ability to purchase essentials such as food and medicines)

*Residents on unemployment or sickness benefits frequently live in the "severe burden category. For example: If you are a single person receiving Job Seeker Support (JSS) – with or without a medical exemption (previously known as Unemployment Benefit or Sickness Benefit respectively) and you are over 25 years, accommodation support is calculated thus:*

Rent: \$200 (for example) minus entry threshold: \$52 The result is then multiplied by 7 = accommodation support is then \$104 per week (Where benefit rates are higher – like DPB or Sole Parent as it is now called, the entry threshold is \$98 per week.)

Main benefit (JSS) is \$209.06 per week.

**$\$210 + \$104 = \$314$  minus rent of \$200 =  $\$114$  to live on each and every week**

Housing costs that exceed 30% of household income force households to cut back on necessities.

<sup>3</sup>Especially for those in the lowest income groups-skinning on food is a common tactic. In a research conducted by the US Census Bureau they found on average, severely cost-burdened households, spend more than 40% less on food than households living in housing they can afford- making clear the link between hunger and housing.

All older age groups in this research were found to cut back on transportation costs and those severely burdened cut back on health care.

From anecdotal information many older residents are asset rich and cash poor. This does not imply that their houses are large, rather, for the majority it means they own property that has increased in value over the years and as result of their sea-viewed land house values have increased, albeit most recently there has been a dip in valuations of island properties. While there are a number of people, both couples and individuals, in the 60plus age group who have retired to the island with moderate to substantial retirement savings the majority of full time 65 plus residents have moderate to no retirement savings.

## 11. DRIVERS OF HOUSING “UN-AFFORDABILITY”

Based on anecdotal information and taking into account the paucity of data available, there appears to be a prevalence of ‘much-loved’ but ageing and scantily maintained housing stock and/or insufficient quality, *affordable (entry level) housing stock and/or low cost rentals* .

There are a number of contributors to both these circumstances:

- **Limited housing mobility** whereby; people coming to live on the island, who can afford to purchase, tend to purchase one house and rather than repurchase to meet changing needs- they modify and upgrade the property they own. This has a cascading effect on all aspects of housing on the island, including substantially reducing the number of entry level homes available for sale and or for rentals.
- **High number of properties owned by part-time residents** -people who live the majority of the time off island. These purchases not only inflate local prices keeping local families trapped outside of the housing market but also contribute to high costs of rentals.
- **Housing is rented out for more money to tourists** during peak season than to local residents throughout the year. This means less maintenance and upkeep and greater profits for the owner -but less rental availability for local residents.
- **Off island investment:** Local people with moderate to high income are more likely to purchase investor rentals in Auckland than on the island as the return is substantially higher. As noted in the early data an average rental on the island is \$150 a week, compared with an

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<sup>3</sup> For further information on the impacts of house cost burdens review [www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing)

average rental in South Auckland of \$300-\$350 weekly or an average of \$450-\$500 weekly on the North Shore of Auckland.

- **The cost of building on the island:** Anecdotal estimates are 20-25% higher than building off-island. Costs are driven by transport, high weather variability, limited number of tradesman and high cost of specialist sub-contractors, difficulties with sites, roading and infrastructure.
- **Cost of Capital:** The challenges and cost of securing finance for building or purchasing land or property is high. Island real estate remains moderate to high risk to financial institutions that have experienced the dramatic ebbs and flows of the remote property market.

## 12. AGEING IN PLACE: The principles

The vast majority of the 65 and over population currently live independently in their own homes within the community. Many are still in the workforce. Even among individuals aged 80 and over, most live in their own homes. Indeed, “ageing in place” is the preference of most people on the island. Most senior people interviewed strongly agreed that they would like to stay in their current residences and communities as long as possible.

Ageing in place is best undertaken with preparation, including adaptations of physical space, modes of transportation or other facets of life in advance of physical or cognitive need. For some, it may involve moving to other homes that are more comfortable, safe, affordable, and/or convenient—whether within the current community or to locations with more resources or closer proximity to family. For others, ageing in place may reflect a desire to maintain their current living arrangements or occur simply by default.

While there is no universally accepted definition of ageing in place, many researchers, point to the same list of elements needed to make remaining in one’s home both possible and desirable:<sup>4</sup>

- Affordable, secure, and physically accessible housing;
- Affordable, safe, and reliable transportation alternatives for those unable or unwilling to drive;
- opportunities to engage in recreational, learning, cultural, volunteering, and/or social experiences; and
- options for in-home health care and/or assistance with activities of daily living

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4. When reviewing the concepts of ageing in place I drew much of my thinking from Ageing in Place A State Survey of Liveability Policies and Practices by: Nicholas Farber, Douglas Shinkle – National Conference of State Legislatures, Jana Lynott, Wendy Fox-Grage, Rodney Harrell, from: [Public Policy Institute](#), December, 2011

## 13. AGEING IN PLACE: The practicalities

### 13.1 Housing accessibility

Proximity of housing to services and transportation enables older adults to remain active and productive members of their communities, meet their own basic needs and maintain social connections. And, for those with chronic conditions (such as back or mobility problems) and/or disabilities, (such as osteoarthritis, or sight or hearing problems) availability of housing with supports and services determines the quality and cost of living safely and comfortably in their own homes. Living comfortably requires housing design and infrastructure that is low maintenance, enables ease of movement between all spaces, (particularly utility areas) and has efficient, low cost and well maintained infrastructure components for reliable water supply, waste management, power and heating. Accidents within homes increase as physical and cognitive limitations increase, particularly in houses not well designed or maintained to cater for ageing.

### 13.2 Transport and isolation

The island's transportation and pedestrian infrastructure is generally ill-suited to those who don't own a car, cannot or choose not to drive, isolating older adults, and young parents from friends and family. Travel on the island is expensive, with high petrol and car maintenance costs and no bus service. Transport costs on and off the island are also expensive. These challenges and costs are in some way mitigated by the excellent services provided by the Great Barrier Island Community Health Trust and Aotea Family Support Group Charitable Trusts- however as the numbers of elders increase, services will be further stretched.

### 13.3 The challenges of disabilities

Based on data we can predict that many older adults on the island will develop disabilities. The World Health Organization has defined disability as the following:

*"Disability is an umbrella term, covering impairments, activity limitations, and participation restrictions. Impairment is a problem in body function or structure, an activity limitation is a difficulty encountered by an individual in executing a task or action, while a participation restriction is a problem experienced by an individual in involvement in life situations. Thus disability is a complex phenomenon, reflecting an interaction between features of a person's body and features of the society in which he or she lives.<sup>5</sup> Activities of daily living (ADLs) include personal-care activities such as eating, bathing, dressing, and using the toilet".*

It is expected, based on New Zealand data that 50% of all adults over the age of 75 years will have a disability that will impact on their mobility<sup>6</sup>. Compounding this issue we have a high percentage of homes on the island with poor accessibility features such as steep and often slippery pathways, stepped entry points, narrow and poorly lit doorways and halls, outside generators, variable water

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5. This definition is currently used by the World Health organisation

6 Refer NZ Ministry of Health Website

supplies and within homes- inaccessible electrical controls and switches, and difficult to grip door and faucet handles.

### **13.4 Social Connections**

Remaining a participating and active member of a community is critically important to seniors maintaining a sense of belonging and value. Older adults live across the island in lowly populated or rural areas where it is difficult to shop, access services, or visit family and friends without using a car. This issue becomes more pronounced with life changing circumstances such as the death of a spouse or a permanent loss of mobility or with acute situations such as illness or extreme weather and loss of infrastructure such as telephone connections.

### **13.5 Services to support household maintenance and repairs**

Services to support household maintenance and repairs are needed to support senior people to live comfortably. While seniors are able to manage many of their own maintenance tasks, support is needed with tasks such as: heavy lifting –e.g. moving large gas bottles, chopping of firewood, servicing generators etc. Many seniors receive significant support from family, friends, neighbours and their local community. These informal supports provide real benefit to elder residents. However, the more formalised services as provided through the local Trusts provide a much needed supplement to these informal supports. A further addition to these services could be a small business or social enterprise venture similar to the “hire a hubby” service. This could meet a service gap ensuring seniors are not always reliant on the good will of others and are able to maintain their independence.

### **13.6 More data needed**

To more fully understand the scale of housing related issues faced by seniors more qualitative information is required. For example, how many elders are living in houses that are not well-designed, accessible and/or safe for their ageing needs? How many people who are 65 plus are living in unsuitable temporary or rental accommodation and do not have the resources to relocate. Also how many elders are living in houses with mortgages and/or are low income households with limited resource to do household upgrades, maintenance or repairs.

### **13.7 Prioritising Community Resources**

Similar to senior housing needs, we have the issues of young low income families who may be living in housing that is inappropriate, unsafe and or derelict, or their incomes are so low they are in a constant struggle to make ends meet, with the consequence of food or other necessities being compromised to make rental payments.

Prioritising the housing needs of young families and seniors, when it comes to issues of finite community resources, is not simply decided. How need is categorised and prioritised is complex and value-laden, but can be supported by data gathering and analysis. Data, both quantitative and qualitative enable assessments to be made that are evidence based. This creates opportunities to move conversations about need on from opinions and perceptions to solid information and facts. It

also creates opportunities to have conversations that are less judgemental and more appreciative in nature and tone.

It is understood that the use and prioritisation of community monies needs to be carefully considered. A number of residents spoke about this issue; i.e. is the issue of affordable housing the most pressing issue on the island? For example would an investment in a childcare facility or a Trades Training centre be more valuable to the wider community than utilising funds for the deposit on an affordable housing complex.

## 14. RANKING HOUSING NEED

Albeit there is no state or social housing provision on the island, it is of interest to consider what numbers of local households would meet government state or social housing eligibility criteria should provision become available. Further, this would be important information to build a case for provision.

The level of rent paid by state house tenants is tied to their income under the IRRS arrangement. They pay a maximum of 25% of their net income in rent to the point where their earnings are the equivalent of National Superannuation. At this point, 50% of each dollar earned is taken in rent until the market rent is reached. Following historical tradition, there has been a policy not to terminate the leases of tenants in good standing who abide by the conditions of their lease, providing secure tenure. HNZC uses a social allocation system to prioritise applications for housing. Five factors are applied to determine an applicant's need.

The Five Determinants are:

- 1. Affordability:** This is calculated on the ratio of residual income to a notional benefit.
- 2. Adequacy:** Rating is 4 (house is condemned, or should be) , through to 1 (house is adequate)
- 3. Suitability:** Rating is 4 (worst) through to 1 (adequate)  
Calculated on difference between bedrooms available and bedrooms needed given composition of household/s
- 4. Accessibility:** Rating is 4 (worst) through to 1 (adequate)  
Calculated as a qualitative assessment of both funds for start-up transaction costs and discrimination difficulties
- 5. Sustainability:** Rating is 4 (worst) though to 1 (adequate) for each 5 sub-criteria  
Sub-criteria: financial management, change in household circumstances, social functioning, lack of tenure security personal/medical needs.

The cumulative scores ranks competing needs of family and determine their eligibility weighting for securing a social housing tenancy.

The categories are:

- **At Risk** – households with a severe and persistent housing need that must be addressed immediately
- **Serious Housing Need** – households with a significant and persistent need
- **Moderate Need** – households that experience moderate disadvantage that is likely to compound over time
- **Low Level Need** – households that are disadvantaged, but may be able to function in the market.

In general, state housing comprises three categories of tenant; those who are *unable* to manage in the private sector; those who *cannot afford* to manage in the private sector; and those who *may be able to afford* to live in the private sector.

This latter category subdivides into those who are paying the full market rent for their properties and those who are paying at least 60% of market rent.

## 15. THE INDIVIDUAL AND THE COLLECTIVE

### 15.1 Social housing for young families

For young and low income families cheap and/or subsidised housing is a key to financial security. While average rental rates in GBI are low, compared with the Auckland rental market, very low incomes and higher on-island living costs, cancels out any comparative advantage and arguably disposable income of a low income family on GBI is considerably lower, than a low income family in Auckland. While disposable income does not determine life quality, it does determine a family's level of access to resources and services, and further, it may significantly impact on their ability to save money towards a deposit on a house.

There was however, a low level of support by local residents interviewed for council funding to be used to build affordable rental units for young families on the island. Generally the 50plus residents considered there were greater priorities, for example up-skilling young people, creating jobs, roading etc. However, it was largely agreed that an increase in the quantity and quality of cheaper rental accommodation could potentially serve as an attractor for young families returning to and/or moving to the island. A proviso of this perspective was that jobs needed to be created first. As one local resident put it, "Why build houses for young families who can't get work here? Sure housing is important, but we don't want to attract more young people back to the island when there isn't enough work for those already living here."

The under 30's interviewed were highly supportive of increasing the level of cheaper rental accommodation on the island. There was general agreement however, that this should not be funded by the local board.

## 15.2 Housing for seniors: Unpacking the issues

The issues in relation to housing for senior residents are equally as complicated. While principally the senior population live in their own homes and are fiercely independent with resolute desires to “age in place”, there are a small number of seniors who rent or board. For these people there is a greater sense of vulnerability about housing issues, and as such a stronger desire to see a small level of senior social housing provision on the island.

## 15.3 Accrued wealth

Accrued wealth provides financial security for seniors, ensuring the means to pay for day to day expenses as well as supportive services in later life. Home ownership is strongly associated with wealth. Aside from home equity, retirement savings are the largest source of savings. Home owners tend to have more retirement savings than renters. Compounding this issue on the island is the difficulty of older people working in later life, even if they wanted, to supplement their pension. Not only are many jobs on the island more physically demanding, but also there are fewer jobs available.

There is a general level of understanding and empathy for the seniors who have “worked hard” with low pay throughout their working years. There was lower level empathy, by a percentage of people interviewed, for people who were perceived as having “not helped themselves”. While this sentiment is noted, it would be out of keeping with the Barrier community spirit to believe any senior would not receive support in times of need.

## 15.4 Changes in Circumstances

A number of people interviewed indicated that they recognised the resilience of Barrier seniors and their customary desires to remain in their own home. It had however, been their experience, that a significant change in circumstance had the potential to tip the balance between the senior’s choice for the comfort and familiarity of his or her own, to a need or a wanting to live in a more secure, or centralised age-friendly house. Examples of this include; the death of a spouse, a disabling injury or illness or an ageing house that has maintenance and repair issues of such a magnitude they become overwhelmed by the cost or the strain of trying to keep up.

There was a strong and consistent community sentiment expressed that the “oldies should be looked after and not forced off the island”, however equally there was a strong attitude that this issue is intensely personal, and ultimately decisions need to be made by individuals and their loved ones. Everyone interviewed supported the position that seniors choosing to stay in their own homes be supported to do so and that supports need to be in place to ensure their safety and well-being needs are being met.

For a number of people interviewed, they considered it reasonable to expect individuals (i.e. seniors) with the support of their families, to be primarily responsible for preparing for their ageing. Equally they considered it somewhat negligent for seniors to do nothing to prepare for the inevitability of getting old. It was however recognised that low incomes undermine good intentions and not all seniors have the knowledge and skills or supportive families to make and implement plans. It was

widely recognised and agreed that the island is not always an easy place to live, especially as people become frail.

As previously mentioned a number of the baby-boomers are not as well set-up as the current retired residents. This group may have more people needing affordable, age friendly tenancies as they move into their retirement.

## **15.5 Role of Government**

Recognizing the implications of the island's ageing population and taking needed steps to address deficiencies in the Island's ageing housing stock is vital to the maintenance of a decent standard of living for residents in future years. Costs of house maintenance, particularly infrastructure costs are high and low income families will find these costs increasingly prohibitive.

To ensure the island's eco-sustainable branding becomes more credible, steps may need to be taken to ensure future household builds and infrastructural developments and, repairs and maintenance of current housing stock use 'best-practise' eco-friendly designs, technologies and materials. Further, to encourage low income households to utilise these technologies they need to be accessible, affordable and easy to install. Arguably, the installation of these technologies will support future enhanced quality of life for seniors choosing to "age in place".

Central and local government have a role to play to support these developments. The 'warm homes' installation programme is an excellent example of such an initiative. Arguably, with suitable funding this type of initiative could extend to improvements such as; installation of solar power systems, alternatives to diesel powered generators, improved water storage and quality, improved waste-management systems and replacement of old fireplaces with more efficient and less polluting burners.

## **16. SITE AND BUILD OPTIONS: THE PRACTICALITIES AND PRINCIPLES**

There have been a number of potential affordable housing sites identified and reviewed over the last several years. The previous and current Local Boards, the Pensioner Housing Trust and the Affordable Housing Trust have considered sites that had potential for development. These sites are not being listed in this report for issues relating to commercial sensitivities; however it is understood the Local Board holds all previous reports completed.

In principle, locating a site requires a range of considerations. This being said there are two clear contrasting perspectives that impact on site location. The first notion supports the 'ageing in place' principle whereby units, possibly in clusters of 2-3, would be positioned around the island supporting seniors to remain located in, and an active part of their own local community, rather than be relocated into a less familiar larger centralised site.

Conversely there is a view that centrally locating a complex in Claris would be preferred as it would:

1. Be flat and easy to develop (unlike the more undulating land in Tryphena).
2. Be close to the village centre of Claris and therefore amenities and shops easily accessible by elderly.

3. Be close to services such as the health centre and the airport.
4. Support economic activity in the Claris village, sustain the businesses and contribute to the activity levels and vibrancy of the area.

## 17. CAPITAL COSTS

The capital outlay for a senior housing complex and/or clusters of affordable housing units would be substantial. Attracting investment for housing is not impossible, however it would require informed, focused and collaborative effort by a person or agency that is highly knowledgeable of government grants and connected to policy and decision-makers. While the efforts of the Pensioner Trust to fund-raise for housing capital is to be applauded, the outcome of their works clearly illustrates the complexities of these capital raising projects.

It is understood the estimated build cost in 2009 for the Pensioner Housing complex, designed for the Pensioner Housing Trust, was between 2.2 and 2.6 million. Today's costs would take the build to over 3.5 million. While the complex could be reduced to a 4-6 unit facility the cost would still be in excess of 2 million.

Smaller units populated around the island are an alternative option. For example a small house of 60 m<sup>2</sup> cost \$2800 to \$3000 per square metre-equating to around \$180,000 per house. This however, would not include costs for: purchase of the site, RMA compliances, driveway, pathways, and fencing, landscaping, infrastructure systems, e.g. water, solar, gas and septic systems which add an extra \$100,000 to \$200,000, depending on the location of the units. Based on an estimate of \$300,000 to \$350,000 per unit, the cost of 6 units would be \$1,800,000 to \$2,100,000.

It is unlikely that either the private or the NGO sectors will choose, in the next decade, to take a lead role in building affordable housing units on the island. Great Barrier Island is not considered a priority area by the larger Auckland based NGO organisations. Areas of high housing need are in Northland and South Auckland. Commercial or private housing investment is also unlikely given the uncertainty of residency and projected lower return on investment compared with an Auckland based investment.

As previously indicated, government investment is possible, as is evidenced by their recent two million investments in the Chatham Islands. Auckland Council has also recently approved a proposal to provide a guarantee for a housing bond which will help provide capital at lower interest rates to community housing providers. This work is being led by Community Housing Aotearoa.

Community Housing Aotearoa (CHA) is the representative body that binds New Zealand's community housing sector together. It advocates on the sector's behalf to Government and others. It builds the reputation of the sector by showcasing its achievements and reinforcing its business and community models. It builds sector capability by:

- building membership networks and relationships
- sharing tools and resources for organisational development
- raising awareness of relevant research and best practice

Potentially a multi partner imitative may be more financially viable. It is understood that Ngati Rehua may consider a small housing development project in the future. Economic development and local jobs for local iwi are however their immediate priority.

## 18. HOUSING MODELS ON OTHER ISLAND COMMUNITIES

Learnings can be made from other island communities responses to their housing issues. The three islands contrasted are the Chatham Islands, Waiheke Island and Stewart Island.

### 18.1 The Chatham Islands

Chatham and Pitt Islands, according to the 2013 Census, have 600 residents. There are two primary schools with a third on Pitt Island. The population is European, Maori and Moriori- 50% identify as Maori and 77% as New Zealanders.

Transport to the island is usually arrive by air from Auckland, Christchurch or Auckland, (around 1.5 – 2 hours from Christchurch) to the airport on Chatham Island. While freight generally arrives by ship, two day sailing times make sea travel expensive and prohibitive.

#### 18.1.1 Comparative Data

- The median income in Chatham Islands Territory is \$24,200. This compares with a median of \$19,200 for Great Barrier Island
- The median age is 36.8 years for people in Chatham Islands Territory compared with 53.9 years for Great Barrier Island
- 8.8 percent of people in Chatham Islands Territory are aged 65 years and over, compared with 16 percent of Great Barrier Island
- 23.0 percent of people are aged under 15 years in Chatham Islands Territory, compared with 16 percent for all of Great Barrier Island

Occupancy status	Chatham Islands Territory	Great Barrier island
Home ownership (with or without a mortgage)	46.7%	70%
Occupied		
Full time residential dwelling	258	462
Non-private dwelling	6	
Total occupied dwellings	264	462
Unoccupied or part time	69	450
Under construction	3	3
Total dwellings	336	912

The Chatham Islands have a number of commonalties with GBI, albeit an equal number of broad differences. While both communities live on islands, the Chatham's is significantly further away from the New Zealand 'mainland', making transport costs exponentially higher. The GBI population is

close to 55% more and has a substantial, more affluent, part-time resident base. GBI has an older population and has 65% higher levels of home ownership. Average incomes are similarly very low; albeit on average people from Chatham Islands earn an extra \$5,000 per annum.

### 18.1.2 Housing response

In response to growing<sup>7</sup> issues of affordable housing and ageing housing stock on the Chatham's- the Chatham Island's Enterprise Trust has been working with central government to consider possible solutions. This work built on a Housing New Zealand review in 2010 which found that 10 affordable rental units were required to house welfare-dependent or low-income islanders.

The Chatham Island community established a single housing entity in 2011 with start-up funds generated from Ngati Mutunga O Wharekauri's iwi's Treaty settlement package. Ngati Mutunga O Wharekauri Asset Holding Co Ltd, a wholly owned subsidiary of Ngati Mutunga o Wharekauri Iwi Trust is matching \$830,500 of Governments Housing Initiative Fund (HIF)<sup>8</sup> funding to build five affordable rental homes on land owned by the Iwi Trust in Te One, Chatham Islands. It plans to build three three-bedroom houses and two one-bedroom units for kaumatua.

\$2.0 million of this money was set aside for investment in social and affordable housing on the Chatham Islands. The business case for has now been approved by Government. It is expected that the use of this funding must in the first instance be determined by the community itself. With some funding from the Social Housing Unit, the business case for this investment fund is being developed by the community. Once established the single housing entity might be able to look at a broader property and tenancy management role (not currently supplied from the Islands) including asset management of government housing there (Doc, Education, Primary Industries, Police etc.).

In 2012 the Prime Minister also made available a further \$400,000 grant for housing. These funds are to be used for immediate repairs to existing housing, focusing on those occupied by kaumatua (including some existing kaumatua flats) and young children on low incomes, and where there are significant health and safety issues present.

### 18.1.3 Analysis and learnings

- A potential learning for GBI is the value of establishing a single housing entity. Secondly, the value of employing a person with established government networks and a strong knowledge of government programmes and grants. As an example of this added value, MBIE have received a number of KWIG applications from the Chatham Islands for infrastructure improvements. This means for the first time, actual housing programme money is being directed to the Chatham's.<sup>9</sup>

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7 The Chatham Islands Enterprise Trust was established to promote the economic development and well-being of the Chatham Islands. The trust's activities are guided by a philosophy formulated in 2002 and refreshed in 2008

8 The Social Housing Unit, Te Wāhanga Kāinga Pāpori, works with organisations that provide social and affordable housing, including not-for-profit, iwi, and private sector providers. It allocates funding and facilitates partnerships, including land transfers and sale or lease of surplus state housing stock.

9. It is understood MBIE have not received a KWIG application from the GBI although have had a few verbal enquiries

- It is noted that Iwi is taking a lead role in the Chatham Islands initiatives, utilising settlement monies and funds from the Social Housing Project<sup>10</sup> and the Kāinga Whenua infrastructure Grant funds.<sup>11</sup> Ngati Rehua Chairperson, Nicola McDonald, reports that while they recognise housing is an issue for their whanau on the Island, e.g. their kaumatua, in the shorter term they will focus on building local jobs for local people. As noted by Nicola, there is no point building kaumatua flats if there are no young ones around to look after their old people.

## 18.2 Waiheke Island

Waiheke is the second-largest island in the gulf, after Great Barrier Island. It is the most populated, with nearly 8,730 permanent residents plus another estimated 3,400 who have second or holiday homes on the island. It is New Zealand's most densely populated island, with 8358 people/km. It is the most accessible island in the gulf, with regular passenger and car ferry services.

### 18.2.1 Comparative Data

- Waiheke Island has 6 percent of Auckland Region's population.
- 13.0 percent of people in Waiheke Island are aged 65 years and over, compared with 53.9 years being the median for Great Barrier Island residents
- 19.1 percent of people are aged under 15 years in Waiheke Island, compared with 16 percent for all of Great Barrier Island
- The median income on Waiheke is \$27,200 compared with \$19,200 on GBI. A more stark demographic contrast is that 20% of people on Waiheke earn more than \$50,000 annually compared with 7% of Great Barrier Residents.
- There are 3,756 occupied dwellings and 1,743 unoccupied/part-time resident dwellings in Waiheke Island
- 66% of housing stock is privately owned compared with 70% on GBI

### 18.2.1 Housing Response

Waiheke Island was successful in attracting Life Care Residences as a commercial investor in boutique retirement villages onto the island. Waiheke Retirement Village provides a high end retirement village to both local residents and the broader Auckland region. Marketed as “one of the most private and tranquil retirement villages in Auckland”, the village is only 600 metres from the township of Ostend where there is a Medical Centre, RSA, Countdown Shopping Centre and Physiotherapist, along with a variety of retail shops and cafés.

Set within landscaped grounds, the purpose designed villas have either one or two bedroom units, many with separate studios and conservatories. Each villa is linked to the 24 hour emergency call system.

The village offers a variety of organised activities, regular outings and events as well as a range of top quality including an indoor heated swimming pool, spa pool and library.

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10 .Recent changes in legislation is enabling government to partner with community housing providers to improve the variety of social housing in New Zealand and grow the community housing sector. Community housing providers will be eligible to receive a subsidy which means they will be able to provide income-related rents to high needs tenants and their families.

11.The Kāinga Whenua Infrastructure Grant programme of \$12 million over the next four years is to assist Māori organisations and individuals with the infrastructure work required for new housing development on their ancestral land. This complements the Kāinga Whenua loan programme and other government assistance for housing on Māori land.

### 18.2.3 Analysis and learnings

- Waiheke Island is a smaller, significantly more populated and wealthier island. It has a considerably younger population with only 13% being older than 65 compared with more than 50% of GBI being older than 55 years of age. Given the population size of Waiheke however, means the 13% is equivalent to 800 over 65 year olds living on Waiheke, which is almost equivalent to the entire GBI population.
- Investing in a retirement village on Waiheke is a different proposition to investing in a complex on Great Barrier Island. Albeit, should an investor be persuaded to consider such a development, and if the venture could attract Auckland retirees to the island, it is improbable that the venture be viable or desirable.
- It is improbable a Waiheke retirement village model would suit the needs of Great Barrier Island.

## 18.3 Stewart Island

Rakiura is the third-largest island of New Zealand. It lies 30 kilometres (19 mi) south of the South Island, across Foveaux Strait. It is a ruggedly remote island with a permanent population of 381 people as of the 2013 census,

### 18.3.1 Comparative Data:

- 378 people usually live in Stewart Island. This is less than half of the permanent resident population of Great Barrier island
- Stewart Island's median age of 52 years is very similar to GBI's median of 53.9 years. Both are ageing populations.
- The median Income of \$29,900 is 54% higher than GBI's median income of \$19,200. The strength of the Stewart islands fishing economy would be the principal differentiator. While tourism is a key economic driver for both island's it is interesting to note that despite GBI being so close to the larger and more affluent city of Auckland – median incomes are significantly lower on GBI.
- Stewart Island's 216 occupied dwellings and 162 partly or unoccupied dwellings are substantially less than with Barrier's 462 occupied and 450 partly/unoccupied dwellings.
- 68.5% of Stewart Island's households are privately owned which is comparably high to GBI's 70% home ownership rates.

### 18.3.2 Housing Response

In mid-2011 residents of Stewart Island brought to the Southland Council their concerns that too many elders were leaving the island when they reached a certain stage of their lives. This, they felt, left the island without a natural base of mature people, active in retirement, with energy, enthusiasm, a lifetime of experience and disposable income.

In response to this issue the Council funded a "needs analysis" which was conducted by Venture Southland. The analysis reviewed the housing need for seniors and considered the value and costs for the construction of a small number of purpose-built one and two bedroom cottages.

In late 2013 the Southland District Council allocated funds for a Wellington based company to determine how best to undertake the next stage of the project. This work is currently under way.

### 18.3.3 Analysis and learnings

It is interesting to note that it was the local residents' concerns about numbers of seniors leaving Stewart Island that prompted a Council response. From anecdotal information gathered from GBI residents only a small numbers of seniors have left the island over the last decade, to access an increased level of care within rest home facilities. The issue of whether a care facility for elders should be built on the island has not been comprehensively canvassed. Arguably however, the island's finite health infrastructure would be stretched to cater for high-care needs of senior residents.

It is interesting to note the similarities in home ownership levels between islands. As such, a question to ponder is why Stewart Island's response to seniors leaving the island was to consider building a centralised facility. It would be probable the senior folk of Stewart Island would share the same independent and resilient natures of GBI seniors. As such, why would they not have the same desires to age in place? It is not known however, whether levels of isolation, transport and accessibility issues are more pronounced on the Stewart Island.

There are too many unknowns to make reliable comparative findings between the islands. This being said, it seems an excellent precedent that the Southland Council stepped in to further explore and respond to the Stewart Islands Senior housing issue.

## 19. FUTURE CHALLENGES

Given the widely varying circumstances of older adults and low income young families, on the island, meeting their housing and housing-related needs requires a range of responses.

- Considering strategies and incentives to create a more mobile housing market may assist growth in the entry level housing for young families and create a more accessible and affordable rental market. It is however difficult to intervene in a private housing market.
- Strategies to lift low wages to a living wage would improve housing affordability. This however needs to correspond with a lift in the local economy as few employers could afford wage increases without a corresponding lift in their businesses profitability.
- While older people on the island are staying healthier and living longer than ever before, they and their families must ultimately confront the challenges of ageing, reducing incomes and increased physical limitations and/or disabilities. As previously mentioned in NZ, by age 85, more than two-thirds of individuals have some type of disability no matter what their race/ethnicity, income, or housing tenure. It may be of benefit to run a series of housing workshops and establish a local and low cost housing consultancy service to provide good information on housing modification options to make houses more age friendly.
- Preparing a house for 'ageing-in place' requires not only knowledge of what is needed, but also the knowledge, skills and resources to know how best to prioritise and address the issues at hand, with limited finances available.

- Ideally, financial preparations, including building savings and managing debt are important steps toward continued self-sufficiency. However, for senior island residents who have lived on small incomes for the majority of their working lives there will be little to no retirement savings, and thus a sole dependency on a pensioner benefit.

It is unclear whether new housing options, even if available on the island, would encourage the over 70's to move from their family homes. It is also unclear whether these options would change the 'baby boomers' (50plus) approach to housing in their senior years, from following current trends of ageing in place. For those who do choose to remain in their own homes it is important to ensure they do so affordably, comfortably, and safely.

## 20. NEW THINKING

A number of potentially promising entrepreneurial approaches have emerged in the realms of housing design, urban planning, health and wellness, social engagement, and housing finance<sup>12</sup>. Reviewing these approaches to identify possible learnings, strategies and innovations for the island could uncover possible alternatives to current thinking and practices.

Numerous cities and states are advancing liveability principles through housing, and transportation initiatives, as well as through regulations to promote improved accessibility in rental accommodation and private homes.<sup>13</sup> It may be of interest to further explore how Auckland Councils liveable city objectives can be aligned to progressing Great Barrier Island's social housing agenda.

The public and private sectors and iwi are developing new housing options, technologies, and services in recognition of the potential market for assisting older adults with ageing in the community. The 'warm-homes' home insulation programme is a good example of a small initiative that added real value to elderly and others on the island.

## 21 NEXT STEPS

Using the housing response framework from section 6, this chapter sets out possible next steps for the Aoteaora Community Trust and the Great Barrier Local Board in progressing the Island's affordable housing agenda;

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<sup>12</sup> The Housing Foundation's Affordable Equity Loan programme is an exciting new approach to housing finance. Under the "affordable equity" model a household purchases a share of the home to a level they can afford (subject to certain parameters and conditions). The remainder is owned by the HF and both parties would be represented on the property title. The household organises their own mortgage with the advantage under this arrangement that they have a smaller mortgage than they would ordinarily require to purchase the market valued property

<sup>13</sup> View San Francisco's liveable city's housing action plan- [livablecity.org/campaigns/housing](https://livablecity.org/campaigns/housing)

## 21.1 Status Quo

The choice to do nothing to front-foot the island's housing needs for the next 10-20 years would appear to be high risk option. While it is neither possible nor desirable to interfere in the GBI housing market, there are a range of actions possible to improve housing quality, affordability and accessibility, as demonstrated by both Stewart and Chatham Island communities.

## 21.2 Building on Local Services

Supporting the work of the Island's Trusts' is essential. The Trusts' form the backbone of the community health and well-being sectors on the island. Best practise always begins with building on local expertise and what is currently working well. This being said, the Trusts are all experiencing capacity and resource issues as the needs of an ageing population continue to grow.

Other initiatives that could be considered may include:

- Facilitating "Preparing for retirement" workshops,
- Advocacy to Central government for an increase of accommodation subsidies and/or remote living allowances (Potentially forming a remote island alliance with other Community Trusts in Stewart/Chatham's/Norfolk islands etc.)
- Improved co-ordination of a neighbourhood watch programme that honours the value add of neighbours looking out for each other

## 21.3 Establishing a Housing Advocate Role

The establishment of a Housing Advocate role could provide a dedicated resource to drive the housing agenda. The role could be positioned within Aotea Ora Enterprises Ltd., and could ensure a more informed, resourced, and co-ordinated approach to housing affordability and accessibility. The Advocate would ideally have an expert knowledge of the housing landscape, including government programmes and initiatives. He or she could be responsible for securing government, philanthropic and private investment to drive the work.

The advocate would also ideally have extensive multi-sector networks and be able to advocate for housing related policy changes, both in the government and commercial sectors that would have positive benefit for housing in remote locations. (E.g. RMA and compliance issues). A Housing Advocate role could enable improved data gathering.

They advocate could also co-ordinate such initiatives as:

- A low cost Home-Maintenance Consultancy and Procurement service
- An appropriate and accessible financial advisory service, to support residents with issues around issues such as home loan structure and home equity financing
- The development and dissemination of 'best practise' low cost, user-friendly and sustainable housing infrastructure information and tool kits.

## 21.4 Development of a Community Housing Entity

The formation of a single housing entity would enable greater leadership and coordination of housing developments on the island. A particular value-add of the housing entity would be its ability

to apply for grants and mortgage subsidies from central and local government. The Housing entity could be the second venture of Aotea Ora Enterprises Ltd. The Housing Advocate could potentially report through to the General Manager, and potentially establish a small housing advisory group composed of key stakeholders. This model is being used successfully by the Chatham Islands.

## **22 RECOMMENDATION**

That Aotea Ora Enterprise Trust gives favourable consideration to models 2-4 as articulated above and promote their implementation with the Great Barrier Island Local Board.