scope

Contemporary Research Topics

Art & Design 27: Architecture

Systems

A PLACE TO CALL HOME

Angela Foster

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A home is not a mere transient shelter: its essence lies in its permanence, in its capacity for accretion and solidification, in its quality of representing, in all its details, the personalities of the people who live in it.

Henry L Mencken, Prejudices: Fifth Series[1]

For citizens, an effective social contract between a government and its people is integral in generating solidarity and providing a platform for economic progress. The social, economic and political divide increases when a political system falters. In New Zealand, like many Western democracies, trust in public institutions to provide social and economic security is decreasing. While the issue is multifaceted, the lack of affordable housing lies at its core. It is a problem New Zealand has inherited as a result of small political moves over many generations. Affected by policy, regulation and economics, society's most fragile structure ultimately influences every facet of individual well-being. Having a place to dwell affects many aspects of life, providing security, stability and community. When housing strategies break down, so too does society.

In 2024, New Zealand is facing these issues. Commonly reported as the "housing crisis," increased housing and rental costs have resulted in a shortage of affordable housing stock and a rise in homelessness. This, coupled with a spike in the overall cost of living, has left its citizens feeling overwhelmed that the quality of life for many is declining, reinforced by the rise in property crimes, thefts and burglaries.[2]

While this may feel like a recent dilemma, it results from incremental policy changes that began in the 1980s. Policies are now entirely focused on housing value, financial controls and resource regulation, gearing home value solely around asset appreciation and wealth creation. The tax system, finance sector and monetary and social policy have all been adjusted over time and, along with them, societal expectations. This has created a situation where house and home ownership as a value proposition are privileged above the social context of a safe and secure place to reside. The media reinforces this perspective, reporting on the positive effects of increased property prices on personal wealth. While wealth increases for the few, land's social value diminishes. The result is a cycle of gentrification, and those who can no longer afford to buy or rent are displaced.[3]

THE HOUSING CRISIS

The phrase "housing crisis" can be considered descriptive of New Zealand's societal condition. While central government looks to implement policy to repair the problem, we must understand the contributing factors to identify the root cause. If we fail to recognise the circumstances leading to where we are, any solutions could become a mere band aid. The Kiwi dream of home ownership may persist into the next decade, along with the social disruption it causes.

If we look back at the significant policy changes in the 1980s, we find that the Labour government of 1984 took office at a time when economic conditions were dire. As a result, it scrutinised services it no longer saw as core state business. Affordable housing was seen as one of the main areas for reform to cut back government spending. Treasury provided advice that the private sector better addressed rental housing and loan schemes for housing. Presented as a single issue, the Labour government saw the sale of existing state housing as having the ability to refurbish the government books and thus began selling off its housing assets. The following National government continued this process in the 1990s. While there has been an increase in the construction of new houses over the last decade, the number of new state houses is nowhere near the number produced in the 1970s.[4]

The consequence was that both Labour and National governments, over the coming years, looked to establish other methods for those in need, such as housing and rental income supplements. Inspired by the 'housing voucher' system established in the United States, they focused on the private sector providing social housing, and rental subsidies were applied. However, this system invites discrimination as landlords do not necessarily see those on welfare as ideal tenants.[5] The result is that many beneficiaries can often only obtain substandard housing. While also being subjected to private sector market rents, they face the added burden of claiming back additional costs through a bureaucratic system. The extent to which assistance was required was underestimated and, consequently, significant budgetary investment in social welfare benefits was required. In reality, however, targeting social services and assistance had the opposite effect on family finances. Eligibility targets for welfare meant that poverty and racial and gender inequality grew as many faced obstacles in applying for and seeking that assistance.[6] The result was that inequity increased with unaffordable housing and the falling home ownership rate. In 2022, New Zealand had one of the highest rates of inequality in the OECD.[7]

Policy changes meant that home ownership began declining, although not uniformly, with 1.4 million people living in rental accommodation according to the 2018 census. As in other statistical reports, Pasifika and Māori were over-represented in the declining home ownership rate, falling below 50 percent compared with other demographics at 70-80 percent.[8] A further 100,000 people experienced homelessness.[9] Today, alongside falling home ownership, property crime, theft and burglary rates are all rising. The incidence of these offences on a per capita basis overlap with areas characterised by lower home ownership rates and issues with rental affordability.[10] While a direct correlation has not been established, much of the recent literature on home ownership points to the importance of secure tenure for the family unit to avoid the breakdown of the community and the surrounding social structures.

THE IMPORTANCE OF HOME

The *Review of Housing Statistics Report 2009*[11] identified the importance of a stable home. A home provides certainty, security and a feeling of control over one's environment. Stability enables social links to develop and engenders a sense of community. These connections take time to foster and grow. Community is the cornerstone of our society as it generates social responsibility, creating an environment where individuals can develop their identity within a group. The 2018 General Social Survey[12] asked respondents to document their connection to their neighbourhood and the value they placed on these relationships. It found that those who owned their home placed much more value on connections with the surrounding community than those who did not.

In New Zealand, rental accommodation is associated with a transient lifestyle and, while considered acceptable for those establishing careers and looking for a lifestyle, the same trajectory is not expected of the family unit. The rental culture in New Zealand is not set up for families in that tenures are short; typically, leases are for up to one year. New Zealand's Residential Tenancies Act, while protecting the quality of accommodation and tenants' rights during their tenure, has no parameters around a continued or perpetual lease that enables long-term inhabitation. As a result, few tenancies are occupied for more than five years.

The literature on the transient nature of renting associates the corresponding lack of security and permanence with poor health and well-being.[13] The residential mobility of young families is higher among those in rental accommodation. Research results from the Growing up in New Zealand study[14] found that Māori more subject to frequent moves than those identifying as European.

Renting comes with more affordability issues than home ownership. The costs associated with home ownership are reasonably stable and predictable, depending on mortgage rate tenure and Reserve Bank fluctuations in interest rates. Renting, however, is subject to the immediate market conditions and generally increases in line with wages; in some areas, such as Wellington and Auckland, rent increases typically outstrip wage rises. Supply and demand can affect pricing directly, with particular times of the year often determining rental values. As a result, renters often experience higher costs, with average spending on housing being 30 percent of their total income, compared to 20 percent for homeowners.[15]

Social costs can be high, too. When households struggle to meet immediate housing costs, living conditions deteriorate and can have an adverse effect on access to education and health. In particularly dire situations, this can lead to people living in transient accommodation and often to homelessness. This lack of stability affects social cohesion and, ultimately, leads to the breakdown of the social fabric, where well-being is affected, and the societal construct deteriorates.

FINANCE SECTOR POLICY

Housing is increasingly viewed as an investment rather than a home. Households have become a frontier of capital accumulation, not just as producers and consumers but also as financial traders.[16]

Another contributor to the widening gap between demographics can be directly linked to changes in finance sector policy. Before 1980, home loans could be obtained through a state-run mortgage facility, enabling those who did not fit the private sector qualifying criteria to obtain some form of assistance to buy a home. These loan schemes were disestablished alongside the privatisation of PostBank and the Bank of New Zealand. Foreign-based financial institutions were also introduced to the market, allowing for new partners in the banking industry as Australian-owned banks began to invest in New Zealand. Along with a shareholder-focused investment strategy came the need to de-risk portfolios. A finance strategy was followed where much bank lending was targeted towards residential property, with residential mortgage rates accounting for 68.9 percent of ASB lending, 67.1 percent of ANZ, 51.6 percent of BNZ and 62.3 percent of Westpac lending.[17] The high proportion of residential lending had a twofold impact: it limited business finance and assisted in elevating the residential property market, encouraged by the banks, ultimately increasing their profitability.

An under-regulated mortgage lending system now fuelled the New Zealand housing market, coupled with the tax-free capital gains environment, meaning that property speculators cashed in on rental properties, and the home as an asset grew in value. Eligibility criteria also meant that mortgage credit became the purview of the wealthy, turning the property market into an investment strategy for many. From a bank's risk perspective, standalone houses and their associated land were also seen as a less risky proposition, driving up prices, while apartment prices remained relatively constant. Coupled with the lack of affordable rental development by the state, the investment property market drove up house prices. This transformed the notion of home ownership into a polarising social environment of renters and owners.

LAND-USE POLICY

For a nation once considered an egalitarian society, the investment market has increasingly drawn New Zealanders towards an individualistic, rights-based environment.[18] As home ownership became the purview of the privileged, protecting their individual property rights became necessary, and the NIMBY (not in my backyard) disposition was fostered. This change in attitude was strengthened by planning policy when the RMA (Resource Management Act) was introduced in 1991. It gave considerable weight to individual owners and legitimised avenues for objection to neighbouring developments based on the adverse effects of potential land use.

While the RMA replaced more than 50 existing laws relating to town planning and resource management, and initially brought numerous benefits in the area of natural environment compliance, legislation around the built environment was largely ignored. The following decades and numerous amendments to the RMA led to increased bureaucracy and poorly managed development, leading to "increasing difficulty in providing affordable housing, worsening traffic congestion, greater pollution and reduced productivity." [19]

Although the apartment market was a cheaper investment option, development has been slow to keep up with demand. The RMA's objection process limited the ability to intensify in both urban and suburban environments when the adverse effects of any development were assessed, rather than the project's contribution to the housing stock. According to Rachelle Alterman, "By impacting the use of land and space, planning laws and development control can deeply influence the existing sociocultural and economic order. They may have dramatic implications on personal health and safety, housing prices, employment opportunities, family life, personal time (spent on travel), and accessibility to public services."[20] Going further, John Mangin coined the term "the new exclusionary zoning" – "[t]he anti-development orientation of certain cities is turning them into preserves for the wealthy as housing costs increase beyond what lower-income families can afford to pay."[21] Mangin describes how the stringency applied to zoning, historic preservation and environmental regulations and the rise in veto processes have combined to reduce both the quality and quantity of development proposals.

Kāinga Ora, a government-run housing agency recently mandated to increase the housing stock, is also running into resistance from a privileged few who have the means to use the Resource Management Act against proposed developments. Millwater[22] and Halwell[23] are two housing projects recently rejected by their neighbourhoods and are symptomatic of the lack of moral discourse around the issue of housing. Those blocking Kāinga Ora developments in their suburbs forget that between the early 1900s and the 1980s public housing initiatives housed thousands of families under loan schemes, public–private partnerships and public housing schemes dating back to the turn of the nineteenth century.[24] These policies kick-started homeownership for many New Zealanders, in turn enabling stable communities to develop and future generations to thrive.

Housing has become the new focus in other parts of the world. The Centre for Cities recently identified Japan[25] as very successful in supplying affordable housing. Simple planning laws that encourage development in response to need and favourable property taxes are part of its approach. Furthermore, collaborative housing strategies developed in northern European countries like Holland, Denmark and Germany are also finding favour and becoming an international movement in cities in the US, England and Australia.[26]

New Zealand's 2022 Medium Density Residential Standard policy represents an attempt to introduce new strategies. It is acknowledged that developments adding density to existing neighbourhoods can provide a much-needed intergenerational housing model to carry us into the next century. Such developments can benefit from existing infrastructure and create a strong sense of community, re-establishing the social construct and stabilising the construct of home. However, as planners are in the initial stages of incorporating these strategies into local District Plans, there is a need to know more about their effectiveness in increasing the housing stock.

CONCLUSION

Home is the "crucible of our modern society."[27]

Mobility that interferes with children's academic performance is, at its core, a housing problem. To that end, housing policy is education policy.[28]

There is a desperate need in New Zealand for equal opportunities for people to reside in quality, affordable, life-long housing. Permanence offers the opportunity for self-governance, the development of a broader whanau culture and the growth of a community culture.[29] Home is an expression of identity, where privacy and the familiar give rise to stability. The loss of the familiar can bring about the loss of identity, interrupting the ability to relate to a community and, ultimately, leading to a breakdown in security, which ultimately erodes cultural and social frameworks.[30] Family is an essential aspect of society and, without a home for a family to operate from, the next generation is negatively affected by the resulting instability and displacement.

The process corresponding to the socialisation of children is one of repeated transactions within networks of social relations, as discussed above. These networks contain economic and legal relations from which certain economic benefits and legal rights are derived. Without (domestic) privacy, such networks would dissolve, and the consequence would be a loss of significant sociability leading to homelessness and vagrancy, lawlessness and, ultimately, totalitarianism.[31]

Having one's own home is the predominant mechanism for creating stability. It fosters upward mobility[32] and engenders community, collective responsibility and prosperity. Having a home or base of operations is critical to human flourishing. Home is not just a physical space. Situated at the centre of family life, it is a place for social and personal development; for society to operate effectively, there is an inherent need for a secure environment that one can call home.[33]

Home is the social glue that enables culture to develop, and the permanence that comes with home enables the family unit to prosper. For these reasons, our political and social policymakers must recognise the ramifications of the housing crisis and the benefits generated by focusing on providing shelter. Legislation must protect the basic need to house New Zealand's population and establish ways that society can meet the nation's housing needs. Legislation must be framed so as not to draw more members of society into a poverty cycle.

It has been 40 years since New Zealand underwent radical housing, environmental and financial policy reform, and it has had a resounding effect on the culture, health and well-being of the nation. This paper touches on some of the contributing factors and the complex issues surrounding housing affordability to highlight the societal concerns that run parallel with the "housing crisis." Just as it has been a slow process to dismantle New Zealand's existing housing policy framework, it will require long-term, focussed objectives to narrow the social, economic and political divides that this process has created.

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