

Housing Stock and Housing Affordability

Western Bay of Plenty District

January 2010

**Technical Data prepared by
Policy and Planning Group**

Executive Summary

The key findings from the research undertaken are:

- 81% of housing stock built in the last five years is above the median house price of \$340,000
- Katikati and Te Puke have a higher number of houses under \$340,000 than anywhere else in the District
- Most houses sold in the last three years in Katikati and Te Puke were below \$340,000 indicating a high demand for intermediate housing
- 59% of households have an income of \$70,000 or less, (this includes people over 65 who often have a low income but significant assets)
- More than one-third of income spent on housing costs is regarded as housing stress which can impact negatively on families
- 20% of Maori experience housing stress and many also experience inadequate housing conditions
- Declining home ownership and increasing rental tenure among the Maori population.
- Currently 50% of households are one or two person households, yet 10% of housing stock are one or two bedroom dwellings.

Conclusions

Western Bay of Plenty trends in relation to affordability of housing are consistent with Tauranga. Unaffordability of housing is increasing with 80% of houses built in the last five years above median house price of \$340,000.

Affordable housing is available in Katikati and Te Puke, across the District 35% of the current housing stock is of a value less than \$340,000. Housing unaffordability is most evident in the Kaimai ward, followed by Waihi Beach.

There are very few one to two bedroom dwellings, yet approximately half of households in the district comprise of one to two people.

The local Maori population are more likely to experience unaffordability of housing.

Methodology and Baselines

This report is prepared to be directly comparable to the Housing Stock and Housing Demand report prepared by Tauranga City in November 2009.

Only housing stock on parcels zoned Residential have been considered in this report as rural zoned properties are different in nature due to their possible uses and size.

The median house price for Tauranga City is \$395,000 therefore their report uses the figure of \$400,000 for comparison. For this report we have additionally used \$340,000 as this is the median house price in 2009 for Tauranga-Western BOP.

Section numbers and table numbers have been aligned with the Tauranga Report and therefore will not be sequential as some of the original charts are applicable to both areas.

(3) Housing Affordability Relative to Household Income

- 59% of households in the Western Bay have a household income of \$70,000 or less. This is 5% less than the figure from Tauranga City (64%).
- A standard affordability benchmark is: households can afford to spend 30% to 35% of total gross income on rent or mortgage. Taurangas housing report states that 32% of gross monthly income for a family on \$70,000 a year is \$1,867.
- A household with annual gross income of \$70,000, using no more than 32% of gross income for mortgage payments, would need a deposit of \$72,000 to buy a \$340,000 home. Figures based on 7.5% interest and a 30 year mortgage.

Table 1: Income (Household) by Household Composition

2006 Census of Population and Dwellings								
Household Composition	\$20,000 or Less	\$20,001 - \$30,000	\$30,001 - \$50,000	\$50,001 - \$70,000	\$70,001 - \$100,000	\$100,001 or More	Not Stated	Total
Couple Only	321	882	1,047	900	756	738	420	5,070
Couple With Child(ren)	111	198	729	891	834	858	633	4,260
One Parent With Child(ren)	315	240	258	123	42	27	174	1,179
Other Multiperson Household	21	42	96	72	36	21	111	399
One-Person Household	1,305	525	561	192	60	51	348	3,045
Household Composition Unidentifiable	0	0	0	0	0	0	465	465
Other Remaining Households (2)	21	42	147	126	141	216	333	1,023
Total	2,100	1,932	2,838	2,304	1,869	1,905	2,487	15,438
% of total households	14%	13%	18%	15%	12%	12%	16%	100%
Cumulative % of Total households	14%	26%	45%	59%	72%	84%	100%	
Couple or person with children	426	438	987	1,014	876	885	807	5,439
% of total households with children	8%	8%	18%	19%	16%	16%	15%	100%
Cumulative % of households with Children	8%	16%	34%	53%	69%	85%	100%	

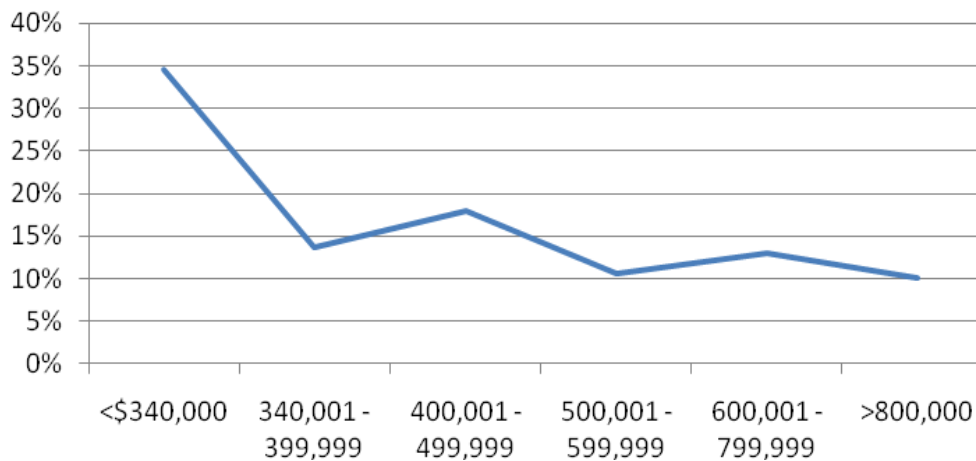
(4) Housing Stock in Western Bay of Plenty

- 49% of the existing properties have a capital value of less than \$400,000.
- 35% of the existing properties have a capital value of less than \$340,000.

Table 6: Number of properties in the District by capital Value

Capital Value	No of properties	% of Stock
⊕ <\$340,000	2736	35%
⊕ 340,001 - 399,999	1078	14%
⊕ 400,001 - 499,999	1419	18%
⊕ 500,001 - 599,999	832	11%
⊕ 600,001 - 799,999	1032	13%
⊕ >800,000	802	10%
Grand Total	7899	100%

Percentage of residential lots by Capital Value



New Dwellings 2005 -2009

Capital Value	All Residential lots	New 2005-2009
<\$340,000	35%	19%
\$340,000 - \$399,999	14%	17%
\$400,000 - \$499,999	18%	32%
\$500,000 - \$599,999	11%	14%
\$600,000- \$799,999	13%	10%
>\$800,000	10%	8%

Capital Value of New and All Dwellings



- 64% of the housing stock built in the last 5 years is above \$400,000 in capital value.
- 81% of the housing stock built in the last 5 years is above \$340,000 in capital value.

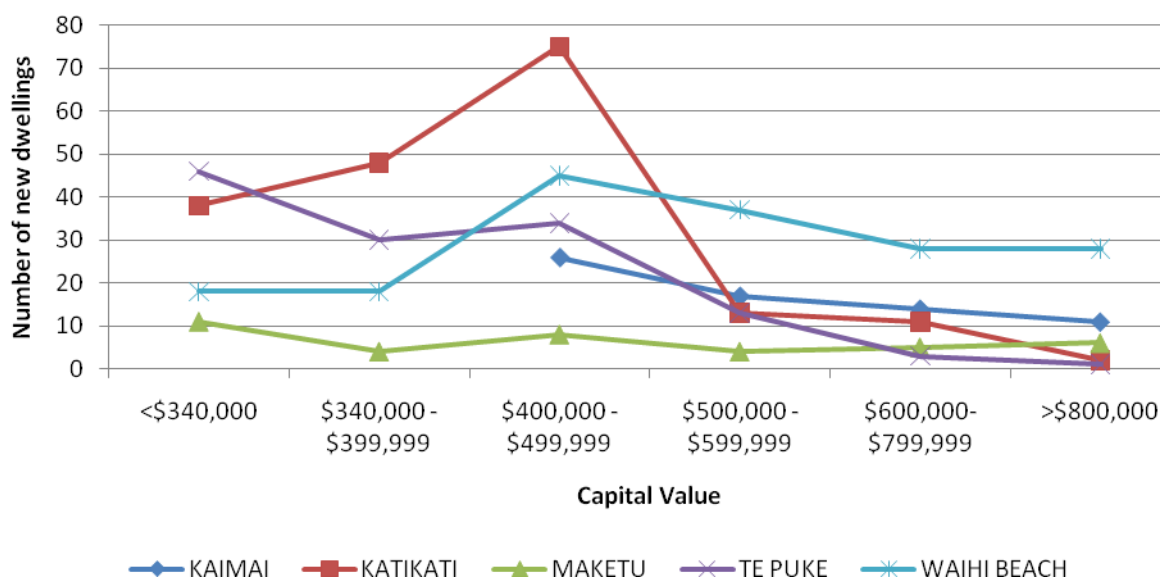
The graph above show that the over the past 5 years more houses have been built in the \$400,000-\$499,999 range, which makes up 18% of all housing stock but accounts for nearly a third (32%) of all houses built in the last 5 years.

The percentage of housing below \$400,000 has fallen from 49% to 36%.

Breakdown of Capital Values of New Properties by Ward

Some areas within the district show very different patterns in new property values.

New Dwellings 2005-2009 by Capital Value



Capital Value	KAIMAI	KATIKATI	MAKETU	TE PUKE	WAIHI BEACH	Grand Total
<\$340,000			38	11	46	113
\$340,000 - \$399,999			48	4	30	100
\$400,000 - \$499,999	26	75	8	34	45	188
\$500,000 - \$599,999	17	13	4	13	37	84
\$600,000- \$799,999	14	11	5	3	28	61
>\$800,000	11	2	6	1	28	48
Grand Total	68	187	38	127	174	594

- There are more lower to mid range priced properties being built in Te Puke and Katikati than high priced properties.
- There are no properties below \$400,000 being built in Kaimai. Waihi beach has a few lower priced houses but numbers pick up and remain high above the \$400,000 range.
- Maketu has a spread of properties being built but in low numbers.

House sales in the Western Bay in the last 3 years

WESTERN BAY OF PLENTY RESIDENTIAL DWELLING SALES
JULY 2006 TO JULY 2009

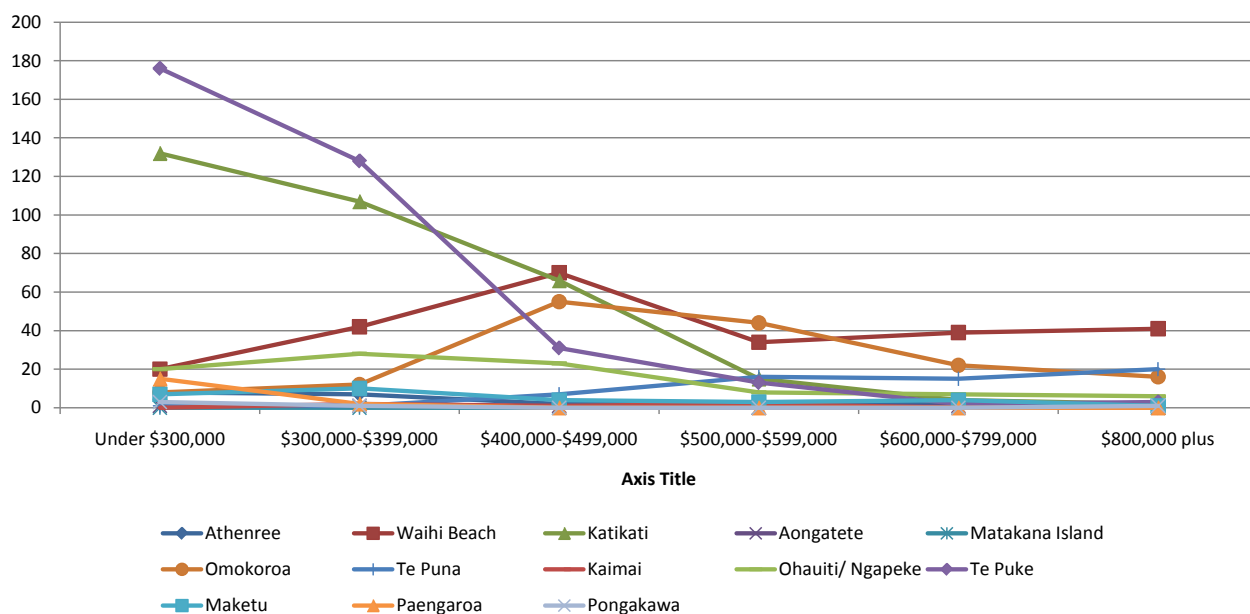
Sale Price	Waihi			Matakana				Ohauiti/					Total	% Total	
	Athenree	Beach	Katikati	Aongatete	Island	Omokoroa	Te Puna	Kaimai	Ngapeke	Te Puke	Maketu	Paengaroa			Pongakawa
Under \$300,000	8	20	132	1	0	8	1	0	20	176	7	15	3	391	30%
\$300,000-\$399,000	7	42	107	1	0	12	1	2	28	128	10	2	1	341	26%
\$400,000-\$499,000	2	70	66	1	0	55	7	1	23	31	4	0	0	260	20%
\$500,000-\$599,000	2	34	15	0	0	44	16	2	8	13	3	0	0	137	10%
\$600,000-\$799,000	2	39	4	1	0	22	15	0	7	2	4	0	0	96	7%
\$800,000 plus	0	41	2	0	0	16	20	0	6	3	1	0	1	90	7%

NOTE: Does not include Private Sales

NOTE: Does not include lifestyle blocks or rural properties

Figures provided by REINZ 2010

No of Residential Properties Sold 2006-2009 by Value



TradeMe Quick Check

To gauge the nature of available housing stock a check of properties advertised for sale on TradeMe was conducted in January 2010.

Area	Number	Below \$340,000	Above \$340,000	% Below \$340,000
Waihi Beach	160	9	151	5.6%
Athenree	31	0	31	0.0%
Katikati	75	23	52	30.7%
Omokoroa	91	1	90	1.1%
Te Puna	9	0	9	0.0%
Te Puke	76	38	38	50.0%
Pukehina	54	3	51	5.6%
Paengaroa	12	8	4	66.7%
Total %	508	82	426	16.1%

The TradeMe prices show that there is a good percentage and number of houses available below the median house price in Te Puke and Katikati. Very little affordable housing is available in Omokoroa, Waihi Beach and Pukehina despite high numbers of properties advertised.

(5) Section Sizes of Existing Western Bay Housing Stock

Research was not carried out on this indicator as many other factors influence capital value in the Western Bay District such as location and view. For example a small section with a view could cost considerably more than a larger section without a view. Two identical sized sections one in Omokoroa and one in Te Puke would fetch very different prices.

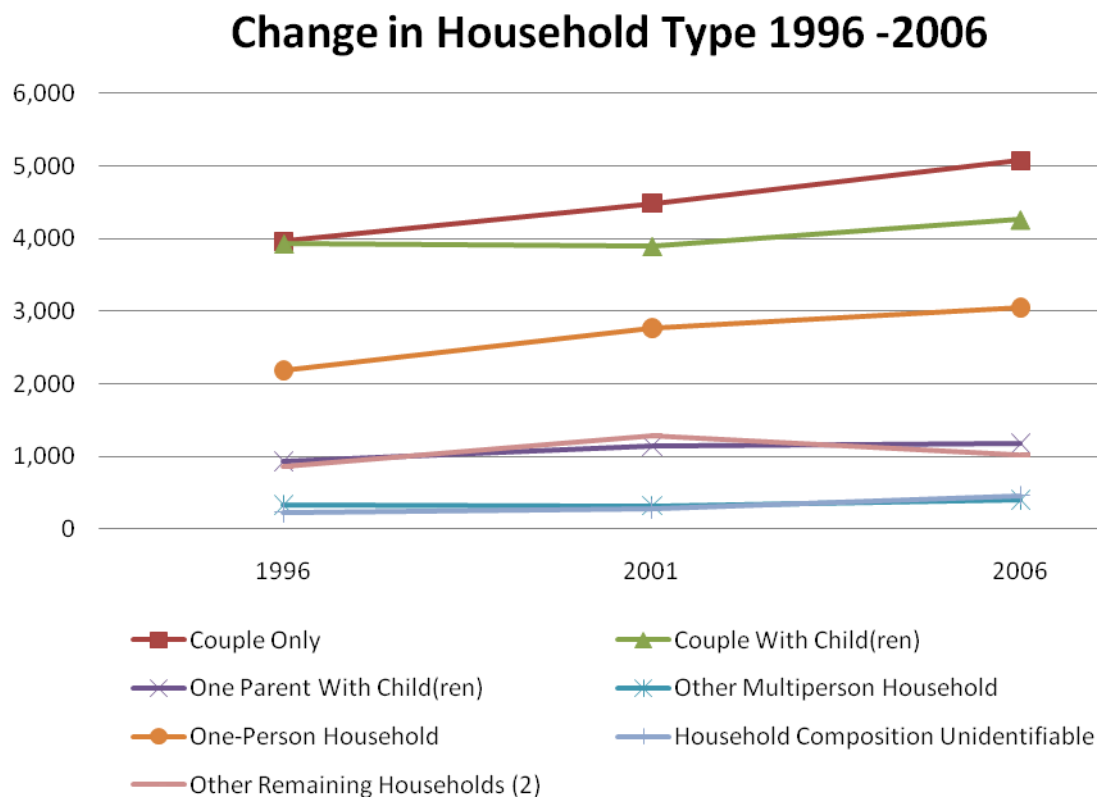
(6) Demographic Trends

The demographic profile of the Western Bay is very stable. All demographic groups have increased in numbers in the last 3 census.

The number of households with children has fallen in percentage terms from 39% to 35% but this could be down to other factors such as the aging population. The median age (half are younger, and half older, than this age) is 41.3 for Western Bay, for Tauranga City the figure is 38.1 and nationally the median age is 35.9.

Household Composition	1996	2001	2006
Couple Only	3,960	4485	5,070
Couple With Child(ren)	3,924	3888	4,260
One Parent With Child(ren)	933	1146	1,179
Other Multiperson Household	330	321	399
One-Person Household	2,184	2769	3,045
Household Composition Unidentifiable	231	285	465
Other Remaining Households (2)	867	1278	1,023
Total	12,429	13854	15,438
Couple or person with children	4857	5034	5439
% of total households with children	39%	36%	35%

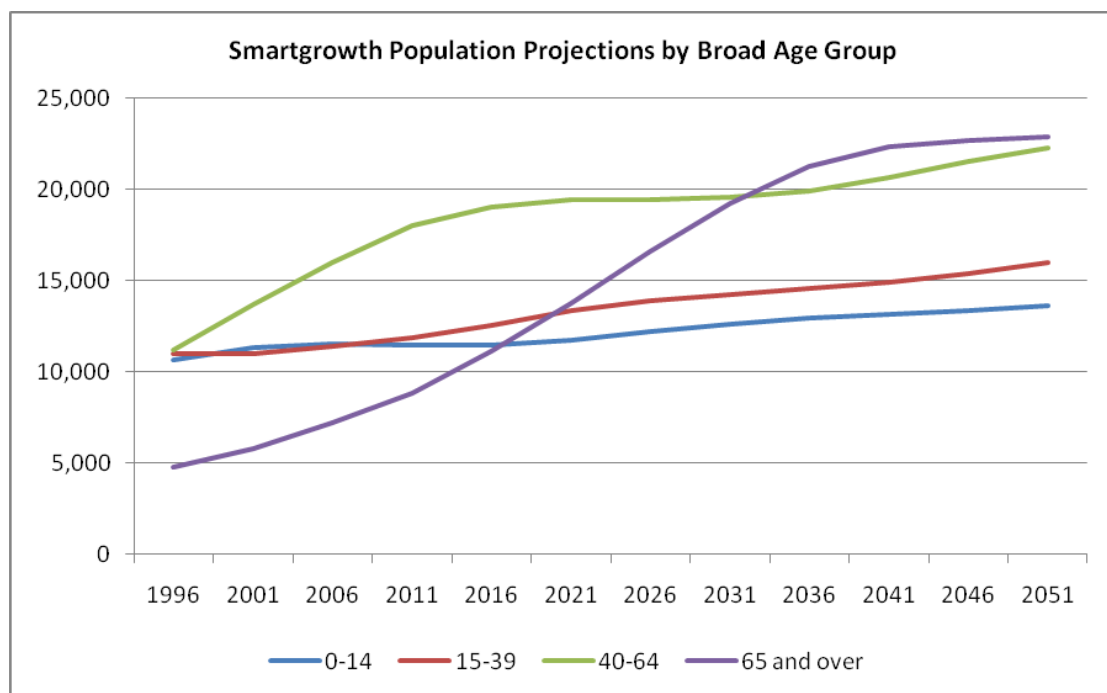
Source: Statistics New Zealand



The stability of the demographics is evident when the groups are expressed as a percentage of population.

Household Composition	1996	2001	2006
Couple Only	32%	32%	33%
Couple With Child(ren)	32%	28%	28%
One Parent With Child(ren)	8%	8%	8%
Other Multiperson Household	3%	2%	3%
One-Person Household	18%	20%	20%
Household Composition Unidentifiable	2%	2%	3%
Other Remaining Households (2)	7%	9%	7%
Total	100%	100%	100%
% of total households with children	39%	36%	35%

Smartgrowth projections show significant increases in one and two person households to 2051. Historically Western Bay shows comparable growth across all household types. Smartgrowth forecasts show stabilisation across all groups except for an increase in 65 and over. This would lead to an increase in demand for retirement housing.



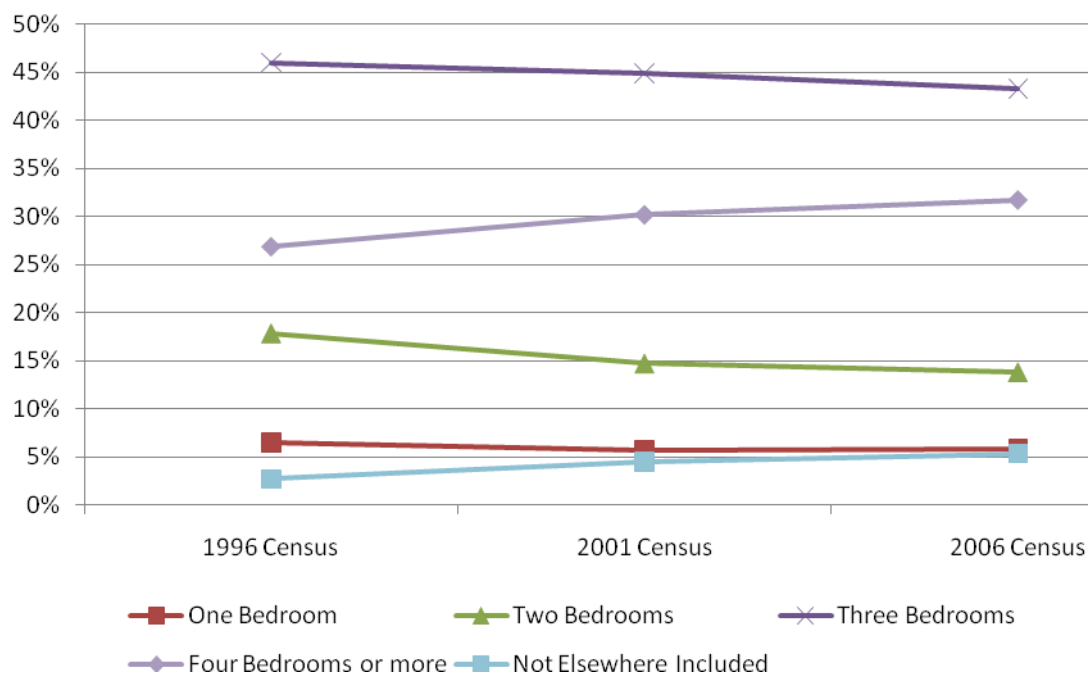
(7) Type of Housing Stock

The percentage of two and three bedroom houses is decreasing and the number of four bedroom plus homes is increasing despite the Districts stable demographic profile.

	1996 Census	2001 Census	2006 Census
Number of Bedrooms			
One Bedroom	819	795	921
Two Bedrooms	2244	2073	2,175
Three Bedrooms	5778	6306	6,789
Four Bedrooms or more	3375	4236	4974
Not Elsewhere Included	342	627	837
Total	12561	14040	15,687
Mean Number of Bedrooms	3	3	3.0
Median Number of Bedrooms	3	3	3.2

Source: Statistics New Zealand

% of Houses by Number of Bedrooms

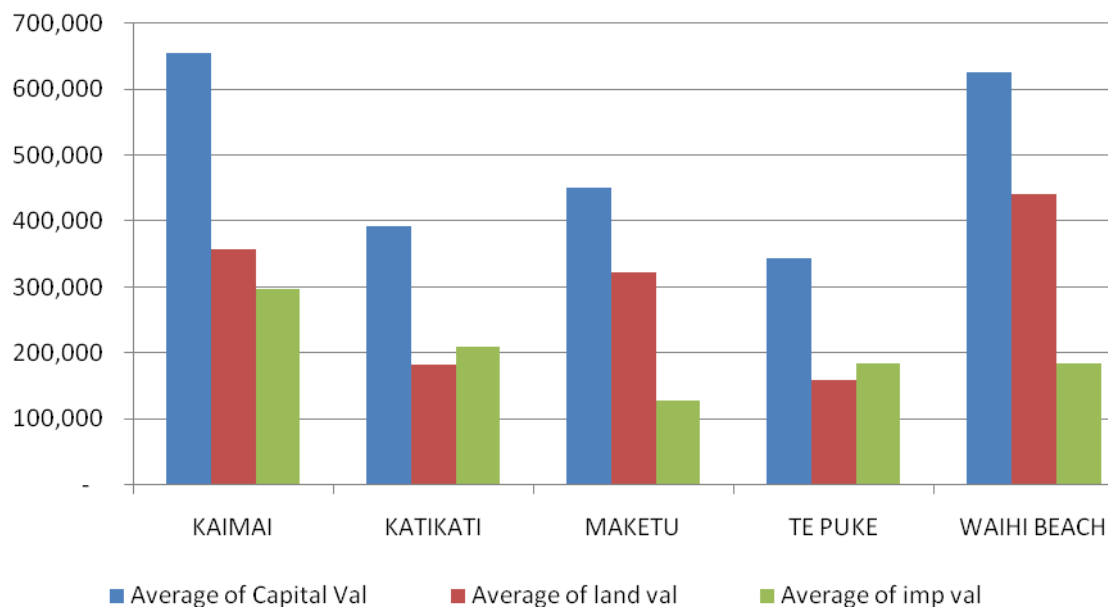


If the number of over 65s continues to increase at the rate forecast by Statistics New Zealand more retirement type housing will be needed within the district. With the increase in the number of elderly and retired it is difficult to tie affordability to wage earnings. Many elderly will be mortgage free and happy to, and able to, live in properties larger than absolutely necessary. Many elderly will choose to remain in the family home as long as possible before moving to residential aged care.

(Graph 15) Land and Improvements as a percentage of Capital Value

Ward	Values Average of Capital Val	Average of land val	Average of imp val	Percentage land val
KAIMAI	654,157	358,062	296,095	55%
KATIKATI	392,188	183,228	208,960	47%
MAKETU	451,141	322,780	128,362	72%
TE PUKE WAIHI BEACH	344,421	159,781	184,639	46%
Grand Total	484617.8522	289961.1312	194656.7211	

Land and Improvement Values by Ward



No trending data is available but the data above shows a snapshot of 2009 ratings.

Land makes up slightly less than half of the cost of a property in Te Puke and Katikati. In Kaimai land is 55% of rateable value but the overall property value is much higher. Land makes up 70% of a properties value in Waihi Beach and Maketu although the total value of the Maketu properties is much less.

Housing and Maori

Nationally Maori housing need is reflected in the following statistics:

- Maori home ownership rates have been declining from 61% in 1991 to 45% in 2006,
- rental tenure is increasing from 38% in 1991 to 55% in 2006
- 20% of the population experience housing stress with over 30% of income spent on housing.
- the population is increasing,
- household crowding has decreased,
- Maori are experiencing reduced unemployment rates and
- Increased number of Maori achieving higher qualifications.

Maori are 17% of the population in WBOP, in terms of housing the challenges are being over represented:

- with 27% on low incomes (gross real income less than 60% of the median national income, 2001),
- higher unemployment rates,
- lower median income
- household over crowding (CHRANZ, COBOP)
- Maori are the main ethnic group in HNZA state housing in the Bay of Plenty
- difficulty building housing on Maori multiple owned land.

The opportunities include:

- treaty settlement provides significant Maori economic development opportunities
- Maori owned land.

More locally, a study of the housing needs of Tapuika in the Te Puke and surrounding areas indicated that affordability is the major factor that contributes to housing need. For 90% of those surveyed a mortgage would translate to 55% of their median household income. Twenty-three percent were experiencing rental or mortgage stress with over 50% of their income spent on mortgage or rents. A large number of respondents lived in inadequate housing conditions. These findings do not well represent those at work so may be biased to those who are unemployed, on pensions or some form of income support.

The approach to affordable housing needs to take into account of Maori views and customary practices, including:

- Proximity to whanau and tribal lands
- To be able to accommodate visitors and members of the whanau on a permanent, long term basis (whilst one family with children households, either one or two parent households are the most common household type, Maori are most likely to have more than one nuclear family compared to other ethnic groups).

Solutions

Papakainga Development – Ngati Tuheke

A toolkit has been developed to assist iwi and hapu wishing to develop papakainga on Maori owned land. The toolkit is based on a local project, Ngati Tuheke, which is planning for 30 dwellings, financing and collaborative planning and design has occurred, and is currently awaiting building consents. Rules have been developed in the District Plan to encourage the development of Maori multiple-owned land. Which replaces the Papakainga zones identified in the District plan.

Economic development

Treaty settlements will also position local iwi to potentially develop Maori owned land, finance development, and/or support iwi members to purchase houses.

Conclusion

35% of the current housing stock in the District is of a value of less than \$340,000. This housing stock is based mainly in Te Puke and Katikati. New dwellings being built have more bedrooms and are clustered around the \$400,000 to \$500,000 price range.

59% of households in the District have an income of less than \$70,000, this is less than the 64% seen in Tauranga City.

Demographically the population of New Zealand is ageing and more people in the 65+ age group are forecast to move to the District. Many of these will purchase large properties as a lifestyle choice. More residential retirement housing may be required in the District.