



## SUBMISSION

from: Age Concern New Zealand  
He Manaakitanga Kaumātua Aotearoa

to: New Zealand Productivity Commission

on: Draft report on Housing Affordability

February 2012

**Age Concern** is committed to serving the needs of older people, koroua and kuia. Through a national office and a nationwide network of 33 members, branches and associates, we provide services, information and support to older people in response to local needs. We are active and vocal on issues affecting older people, taking every opportunity to work towards our vision of an inclusive society where older people are respected, valued, supported and empowered. This submission has been developed in consultation with Age Concerns.

## **1.0 Housing, wellbeing and older people**

Age Concern is pleased to see the Productivity Commission emphasise the link between housing affordability and wellbeing. Where housing is concerned, the wellbeing of older people can depend upon one or more of the following:

- Being able to find affordable, age-friendly, rental accommodation
- Being able to meet the costs of remaining in the home they own, and, if necessary, making it more age-friendly
- Having a range of age-friendly housing and tenure options to choose between as needs and abilities change

## **2.0 Rental market ill-equipped to provide for older people**

It is good to see the Commission give more attention to rental tenure and pay more heed to the housing needs of low-income people than it did in the June 2011 Issues Paper. However, we would like the situation of older renters to be investigated further in the Commission's final report. We agree with the observation that the rental market is not currently delivering the necessary volume, variety and quality of housing, or security of tenure for tenants. It is especially ill-equipped to meet the needs of low-income older people seeking comfortable and secure accommodation with easy access to services, facilities and community networks.

New Zealand urgently needs more affordable, age-friendly, rental housing to meet growing demand from older people on low incomes. The Community sector alone cannot be expected to meet this demand. We would like to see the Commission recommend that local and central government strengthen their involvement in the provision of social rental housing.

At the same time, we concur with the recommendation to increase the Social Housing Fund. All new social housing should incorporate universal design features which will make it possible for tenants to 'age in place'. It must also be built to high standards of energy efficiency, both to ensure a healthy environment and keep tenants' energy costs to a minimum. Finally, social housing needs to be located in the centre of the community, in pleasant, safe, surroundings close to amenities and public transport.

## **3.0 Declining home ownership and adequacy of NZ Superannuation**

The Commission notes that the current level of New Zealand Superannuation is based on the assumption of mortgage-free home ownership. It also acknowledges that home ownership is falling. We would like the final report to highlight the fact that, as cohorts with lower levels of home ownership (and therefore higher housing costs) retire, they will find it increasingly difficult to manage on New Zealand Superannuation unless affordable and age-friendly alternatives to home-ownership are developed.

#### **4.0 The costs of home ownership**

While often cheaper than renting, home ownership is not without its costs, and the Commission is right to recognise the financial strains faced by those who are 'housing rich and income poor'. This is the situation many older New Zealanders find themselves in. For this group, housing affordability begins to 'bite' when fixed costs like rates and insurance increase, when the house needs essential repairs, or when adaptations are necessary in order to avoid or defer a move.

It would be useful for the Commission's final report to explore the potential for the establishment in New Zealand of organisations modelled on the UK's Home Improvement Agencies, which make maintenance more affordable and manageable for vulnerable homeowners. We would also like to see the report compare the cost of modifying existing housing stock with the cost of constructing universal design homes.

#### **5.0 Downsizing not straight forward**

It must be recognised that while downsizing is frequently cited as a way of resolving the income and housing needs of older owner-occupiers, this is by no means straight forward. It relies on the presence of a younger cohort who can afford to buy, and on the availability of well-located, well-designed alternative dwellings priced so as to enable the older person to release the equity in the home they are selling. Neither of these conditions is currently evident in the patterns of home ownership, housing prices and residential building in New Zealand.

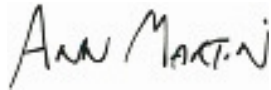
#### **6.0 Need for other forms of housing and housing tenure**

Older people who do wish to move into housing that provides them with more support and care are often unable to find anything suitable, especially if they cannot afford (or do not wish) to live in a retirement village. Apart from retirement villages, New Zealand has remarkably little to offer in the way of intermediate supported housing for older people. This gap was highlighted in the 2010 Grant Thornton review of aged residential care services, which recommended the development of special purpose low income housing for older people.

Age Concern recommends that, in preparing its final report, the Commission investigate a range of innovative housing and housing tenure options which might increase housing affordability for older people. These include: housing cooperatives, which are important in other OECD countries; shared ownership; independent living units; shared house arrangements (e.g. Abbeyfield homes); supervised units; re-locatable housing units (secondary dwellings formerly known as granny flats); intergenerational living projects where residents of different ages are committed to neighbourly support for the benefit of all.

Finally, we wish to draw the attention of the Commission to a key report about housing and older people which does not figure in the list of references: *Older People's Housing Futures in 2050: Three scenarios for an Ageing Society*. CHRANZ, October 2009.

We thank you for this opportunity to comment, and welcome any questions you might have about our recommendations.

A handwritten signature in black ink that reads "Ann Martin". The signature is written in a cursive, slightly slanted style.

Ann Martin  
Chief Executive  
**Age Concern New Zealand**