

# Public housing rents in New Zealand drive thousands into poverty

A correspondent  
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Tens of thousands of low-income workers and welfare beneficiaries in New Zealand are being thrust into appalling poverty, ill health and "Third World" living standards due to market policies in housing.

Figures recently released by the Labour Party's housing spokesman Graeme Kelly indicate that rents eat up almost 70 percent of the income of tenants in Housing New Zealand's 63,000 properties. State housing represents about 30 percent of the total rental market. Conditions facing working people renting through the private sector are no better, and often much worse.

Confronted with unaffordable rents, families are being forced to double up in primitive, unhealthy and overcrowded conditions. Many are living in basements and garages. Kelly cites the example of one desperate Auckland single mother, who when informed of a rise in her state rent to \$NZ290 a week, told an MP she "going to seek the only alternative of prostitution" to keep a roof over her children.

Over the past six months, two major outbreaks of potentially deadly tuberculosis have hit secondary schools in the working class suburbs of south Auckland, an area dominated by state rental housing. Last September 14 confirmed cases of TB were diagnosed at Tangaroa College, while earlier this year six cases were discovered at the nearby Southern Cross campus in Mangere. Tuberculosis is usually associated with poverty and overcrowded housing.

Workers and their families are also being forced into significant levels of debt to pay rents. Since late last year, rent arrears owed to Housing New Zealand (HNZ) have ballooned by 25 percent. The arrears owed to HNZ now total \$3 million.

Market rents and the selling of the state housing stock to private sector landlords are producing a social crisis of immense proportions. While around 70 percent of the population either own their own homes or are paying off bank mortgages, the poorest 30 percent are dependent on the state and private rental market.

Historically, state house rentals had been pegged at 25 percent of the tenant's income. In the infamous "mother of

all budgets," brought down by right-wing Finance Minister Ruth Richardson in 1991, the National Party government announced that rents would be raised to their full market value. The increase was only partly compensated for by a cash accommodation supplement for low-income families. The supplement, which was subject to a stringent asset test, could be used either to support the rent on a state house or as a handout to private sector landlords.

Despite the fact that full market rents were due to be phased in over a four-year period, the market-driven strategy had an immediate and devastating impact. A 1994 HNZ report showed that state tenants had seen an increase of 54 percent in total rents in one year alone, while social welfare statistics for the same year revealed a ten-fold increase in those receiving the accommodation supplement. Again in 1994, the Ministry of Housing found between 20,000 and 30,000 households in "serious" housing need, with half of this total living in either inadequate conditions or paying more than half the household income in rent.

State house tenants became targets for increased victimization by government agencies. In her book *The New Zealand Experiment*, Jane Kelsey cited the case of a single mother who had lived in her state house for almost 12 years, and was threatened with eviction for falling one week in arrears with her rent. The Department of Social Welfare had suspended her benefit pending the production of a birth certificate for her child.

In court, the judge who found in favor of the young woman, declared: "This case is brought against a background of grinding poverty, a case of a woman with young children being sought to be evicted from her home for what I consider to be a venial breach..." The judge went on to find that it would be "unduly harsh" if she were to lose her home because of the actions of the Social Welfare department, which provided her only source of income.

In 1996 a reporting team from the Socialist Equality Party (Australia) found public housing in south Auckland to be in an run-down and dilapidated condition, while working families had seen their rents double over the five years

following the 1991 budget. One worker, a father of four, was moving out of his state house because the rent was about to go up from \$180 to \$220 per week, which he could not afford on his wage of \$340. He was being forced to move in with his sister's family.

Since then the government has progressively sold off its stock to private landlords. HNZ has now sold 10,000, about 15 percent, of its state houses for \$675 million. In the rapidly expanding Auckland region, which has the highest housing need, HNZ has sold 1,050 properties in the last three years, and is currently selling more properties than it is buying. In the last year alone, it made a profit from rents and sales of \$122 million.

In addition, the government has sold off to banks and finance companies \$2.6 billion worth of Housing Corporation mortgages. These loans were previously offered at low interest rates to low-income first homebuyers to whom the banks and finance companies would not lend because they considered them a financial risk. As soon as the mortgages came under the control of the banks, they attracted the full commercial interest rate. The Housing Corporation now manages only 3,830 housing loans, valued at \$130 million.

A more extreme dimension to the housing crisis is found in the situation facing rural Maori communities in the Far North and East Cape regions of the North Island. A massive increase in Maori unemployment combined with an assault on the position of Maori workers since the early 1980s has forced hundreds of families from the cities to eke out a living on traditional tribal lands in isolated country areas.

Figures from the 1991 Census give a glimpse of the impoverished, near barbaric, conditions under which they are forced to live. At that time, some 800 rural Maori households in the north were resident in shacks and huts, often simple hand-built structures, and another 500 in caravans, cabins and tents. Thirty three percent of these households had children. While figures are hard to find, there is evidence to indicate that these numbers have risen significantly in the last eight years.

A series of reports from local authorities and voluntary support agencies in the recent period set out an astonishing picture of the life of the rural poor. Examples include:

- In Whangaroa, north of the provincial city of Whangarei, three people in their 60s or 70s with chronic asthma were living in caravans. A family with three children with chronic asthma and one with epilepsy was living in a two-bedroom shanty with no running water, no power and no proper sanitary facilities.

- Nine homes near Kaikohe were effectively cut off from the outside world after a flood washed out a bridge nearly two years ago. The residents could only cross the river by

using two pieces of wire strung across the river, or by wading. In the first six months of 1997, children missed 52 days of school because the river was too dangerous to cross. Septic tanks overflowed because trucks were unable to get into the area to empty them. The Far North District Council lacked funds to replace the bridge.

- In Matauri Bay in 1997, three young children, the oldest only 11 years, died in a fire when the shack they were living in caught fire. A candle started the fire in their "home" which had no electricity or running water.

Just 60 years ago the Labour government of Michael Savage was forced to set up a system of affordable state housing during the 1930s Depression. Public housing was part of the expansion of welfare, education, sanitation, and medical care aimed at quelling the anger and protests of the working class.

The opposition Labour Party has an official policy of returning state house rentals to the previous level of 25 percent of income. However, just last month the party was embroiled in a public scandal when a community trust controlled by Labour councillors in Porirua, near the capital Wellington, indicated an interest in buying or managing some of the city's 3,300 state houses.

A partnership of three community trusts in the Wairarapa and Hawkes Bay regions recently bought 576 state houses for \$11.5 million. In Porirua, a working class area dominated by low-income Pacific Island and Maori households, a multi-cultural community organisation, the Cannons Creek Fanau Centre, has contracted to manage 600 houses owned by HNZ.

Graeme Kelly, the local MP, was recently forced to call a public meeting, addressed by Labour leader Helen Clark, to assure families that Labour's policy was against the selloff of state housing. The 90-strong meeting voted almost unanimously for the trust to ditch its proposal. However the Labour councillor, who is the trust's chairman has indicated it is determined to proceed with a feasibility study into the proposal.

The Labour governments of the 1980s paved the way for the carve-up and privatisation of public services and state assets which accelerated under National Party governments in the 1990s. If Labour were to come to power in national elections later this year, it would not expand funding for the construction or purchase of state housing.



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