

Housing affordability crisis worsens in New Zealand

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New Zealand's deepening social disaster was highlighted by a report released on January 19 showing that Auckland, the country's biggest city, now ranks among the least affordable in the world for housing.

The 2014 Demographia International Housing Affordability Survey compares house prices with incomes in 378 cities, including 86 with more than one million people. Auckland is home to 1.42 million people, a quarter of NZ's population. It was ninth least affordable out of the 86 major cities and 14th overall.

A property bubble and rampant speculation following the 2008 financial crisis has contributed to soaring income inequality along with sustained attacks on the wage levels and basic social rights of ordinary people, including access to accommodation. Auckland's housing market is now only slightly cheaper than London but less affordable than Los Angeles, Toronto, New York, Perth, Brisbane and Boston.

In 2013, Demographia found the median Auckland house price was \$506,800 and the median household income \$75,200. This gave the city a "median multiple" (house prices divided by incomes) of 6.7. Anything more than 3 is regarded as unaffordable. Last year, Auckland's median house price jumped to \$561,700 but the median household income fell to \$70,500, giving a multiple of 8. The figure has since blown out to 8.2.

New Zealand's metropolitan areas all rank as "severely unaffordable." Tauranga rates as 6.8, Christchurch 6.1 (the same as New York), Wellington 5.2, Napier-Hastings 5.1, Hamilton 4.7, Dunedin 4.6 and Palmerston North 4.1.

The working class, particularly its most impoverished layers such as younger workers and Pacific Islanders, are bearing the brunt of declining home ownership, high rents and overcrowding. Auckland's population

grew by 8.5 percent between 2006 and 2013, but the number of dwellings rose by only 7.6 percent. Rosemary Goodyear from Statistics NZ told the *New Zealand Herald*: "It is not only young people who have been affected by the fall in home ownership. There have been substantial drops in home ownership for Aucklanders aged in their 30s, 40s and 50s since 2001."

Since the 1930s, home ownership has been widely regarded in New Zealand as central to family security. During the mid-1980s, the rate stood at 74 percent, but has now fallen to 66.2 percent nationally and 61.5 percent in Auckland. The drop was greatest among Pacific Islanders, down 8.3 percentage points to 17.4 percent. More than three-quarters of Auckland households with incomes over \$100,000 own their home, compared with only 57 percent of those earning \$50,001 to \$70,000.

One in seven, or 203,817, Aucklanders live in overcrowded conditions, including garages. People aged 20-24 are most likely to be affected, while 45.3 percent of Pacific Islanders lived in crowded households last year. Poor housing conditions are a major factor in the spread of infectious illnesses among children, including meningococcal disease, tuberculosis, acute rheumatic fever and respiratory infections.

According to a City Mission count last October, the number of homeless people in central Auckland more than doubled in 2014. It found 147 people sleeping rough within a 3-kilometre radius of the Sky Tower, compared with 68 in 2013. The number of women rose dramatically, from seven to 31. There were 14 teenagers and 25 people aged in their twenties.

David Zussman, from the Monte Cecilia Trust charity, told the *Herald* many families with a "priority

A” social housing rating, which means “immediate need for action,” could not get social housing in Auckland. The national priority A waiting list was below 450 families for a decade up to 2012, but ballooned to 1,077 by the end of that year and reached 2,810 last September.

Successive governments are responsible for the worsening crisis, having placed housing in the hands of the “free market,” dominated by the banks, speculators, developers and landlords. In 2013, the National Party government and Auckland Council agreed to a Housing Accord, purportedly aimed at relieving the housing shortage by building 39,000 new homes. So far, only 350 have been constructed, with just 20 a direct result of the accord. Property developers are standing by while the value of their land increases, looking for higher profits before building.

The inadequate supply of public housing, provided to tenants at income-related rents, is facing privatisation. Following National’s re-election last September, Finance Minister Bill English announced a radical “reform” of state housing. According to the plan, which was kept hidden during the election campaign, the state will no longer own all, or possibly any, public housing. Instead, it will be owned and run by charities, Maori tribal entities and other private sector groups.

Housing NZ, which currently owns over 70,000 houses, valued collectively at \$17 billion, is likely to be eliminated. English declared that he “didn’t care” about the government “owning houses” and was prepared to sell them off to “anybody.” The sell-off will be a bonanza for corporate investors. They will seize the housing, first established during the 1930s Depression, at bargain basement prices.

The opposition Labour, Mana and right-wing populist NZ First parties have labelled National’s policies as a “spectacular failure” but are complicit in the assault. Labour raised only token opposition last year to legislation doing away with lifetime public housing tenancy. The party’s housing spokesman Phil Twyford has previously supported state house sales to community groups and Maori tribal businesses.

All these parties played a filthy role in the last election campaign, blaming immigrants for the housing shortage. NZ First leader Winston Peters set the xenophobic tone, declaring that the leading estate agents in Auckland were Asian, “so who are they

selling to?” Labour’s then-leader David Cunliffe followed suit, declaring: “It would take 80 percent of our housing supply just to accommodate this year’s migrants—and National is doing nothing.”

The Maori nationalist Mana Party, which claims to represent the poor and was actively supported by New Zealand’s pseudo-left groups, also used the housing issue to promote reactionary nationalism. Mana’s vice-president John Minto declared in a TV3 debate that foreigners were “bidding up the [house] prices ... and keeping them out of the hands of decent New Zealanders.” Mana called for more public housing, while demanding increased funding for “third sector housing providers,” including churches and the tribal elite that the party represents.



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