



Ministry of Business,
Innovation & Employment

Housing pressures in Christchurch

A Summary of the Evidence / **2013**



Housing pressures in Christchurch:

A summary of the evidence March 2013

Executive summary

Recent earthquakes in the greater Christchurch area have raised concerns about housing availability for people resident in the area. This report from the Ministry of Business, Innovation & Employment (MBIE) responds to those concerns by summarising the available evidence on recent housing pressures in the greater Christchurch area, and providing an initial estimate of the number of people who lack secure housing.

No reliable statistics are available on the number of people living in insecure housing. To generate an estimate of the scale of housing insecurity the report starts with a baseline established by a study of homelessness in Christchurch, supplemented by 2006 Census figures on people living in overcrowded housing. Qualitative information from non-government organisations in the area is used to identify plausible increases in the numbers of people living without shelter or in temporary or emergency shelter. Estimates of the housing stock lost due to earthquakes are used to identify the potential increase in numbers of people living in crowded conditions with other households. Through this approach, the report's initial estimate of the scale of insecure housing is expressed as a broad range. That range runs between 5,510 and 7,405 residents, up from 3,750 before the earthquakes.

For the purpose of this report, the term 'housing insecurity' is used to reflect the Statistics New Zealand definition of homelessness as 'living situations where people with no other options to acquire safe and secure housing: are without shelter, in temporary accommodation, sharing accommodation with a household or living in uninhabitable housing.'¹

This report draws on the available statistical information for the greater Christchurch area, as well as reviews of research literature on homelessness, case studies among a sample of people who have experienced housing problems since the earthquakes, and information from non-government organisations working in the greater Christchurch area. The area has seen a loss of housing stock and a drop in the availability of new rental housing. Purchase prices and rents have increased. The number of rental units at lower prices has declined, and there has been an increase in demand for emergency or temporary housing and other types of support for people on low incomes.

¹ Statistics New Zealand (2009), New Zealand definition of homelessness, Wellington, New Zealand.

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Overview

This report considers trends in the supply, price, and affordability of housing in the greater Christchurch area. Both in the private market and in social housing (whether provided by Housing New Zealand Corporation, the Christchurch City Council, or non-government organisations) there has been a loss of housing capacity following the 2010/2011 earthquakes. There have also been increases in prices and rents, particularly affecting the lower end of the housing market.

The report relies largely on statistical information, such as that available from Statistics New Zealand, together with literature reviews on homelessness, including causes of homelessness and the nature of public responses to natural disasters such as earthquakes or severe storms, done to inform the development of the work. Discussions were held with staff of non-government organisations working in the greater Christchurch area to get their views on the housing impacts of the earthquakes.

Finally, interviews were conducted with a sample of eight people identified by non-government organisations in the area as people affected by the earthquakes. These case studies of people whose housing arrangements were disrupted by the earthquakes give greater insights into the complexity of their situations and into their responses. Over two days, case study participants met with an MBIE researcher to describe their housing situations before the earthquakes, what happened to their housing as a result of the earthquakes, the complicating factors that came into play, the barriers they faced in finding a place to live, and their expectations for the future.

Population changes affecting housing demand

The demand for housing has been affected by population movements out of and back into the Christchurch area since the earthquakes began in 2010. In measuring the migration outflows and inflows as well as the natural population increase, it has been estimated by Statistics NZ that in the two-year period between June 2010 and June 2012, the population for the greater Christchurch area declined by 9,200 people or 2.0%. This decline was driven by Christchurch City, whose population declined 3.6% over the two-year period. This decrease was partly offset by population growth in the Selwyn and Waimakariri Districts of 6.8% and 3.4% respectively.²

The estimated overall percentage loss in population in the greater Christchurch region was lower than the loss of housing stock. Consequently, it may be assumed that overall housing pressures within the greater Christchurch region have increased since the earthquakes of September 2010 and February 2011.

² Statistics New Zealand

Housing supply: decrease in housing stock since earthquakes

Since the February 2011 earthquake, the greater Christchurch region suffered a loss of 7,860 houses due to properties being deemed uninhabitable and classified as 'red zone'.³ It has also been estimated that a further 9,100 properties were uninhabitable due to requiring major repairs or rebuilds.⁴

After taking into account new houses being built⁵, it has been estimated that the total housing stock has been reduced by a net 11,500, or 6.2% of the previous housing stock, between the fourth quarter of 2010 when earthquake sequence started and the fourth quarter of 2012. This estimate assumes that the houses that were uninhabitable because of the earthquakes were not able to be occupied and therefore were no longer 'housing stock'.

Table 1: Estimate of the Total Housing Stock for the Greater Christchurch Region

Quarter	Housing Stock*	Annual Change
Q4 2006	176,300	
Q4 2007	179,900	3,600
Q4 2008	182,400	2,500
Q4 2009	183,900	1,500
Q4 2010	186,200	2,300
Q4 2011	176,200	-10,000
Q4 2012	174,700	-1,500

SOURCE: 2006-2010 from MOTU/MBIE NZ Regional Housing Model; 2011-2012 estimate based on red zone and uninhabitable houses and building consents data from Statistics NZ.

* Includes dwellings which are private and non-private occupied, unoccupied and under construction

The number of rentals in the private market, as measured by the number of active tenancy bonds (bonds deposited but not refunded), held static at 39,000 during 2011 and 2012. This is against an estimated average increasing trend of 1,500 rentals per annum before 2010.

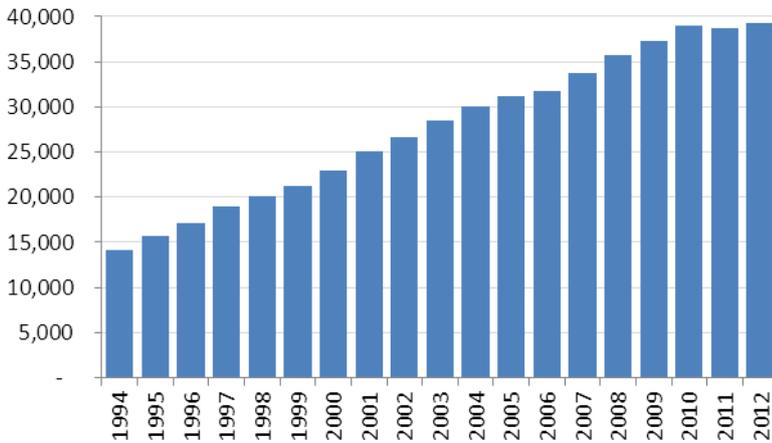
³ The 'greater Christchurch region' includes Christchurch City, Selwyn District and Waimakariri District.

⁴ Estimate based on analysis of EQC damage bands and consistent with CERA monitoring of electricity demand and postal redirections.

⁵ The estimate of new houses built after the February 2011 earthquake was based on residential building consents from Statistics NZ and assumed a 0.93 weighting factor for unfulfilled consents/non-earthquake demolitions.

Graph 1

Total active bonds for greater Christchurch
At December of each year



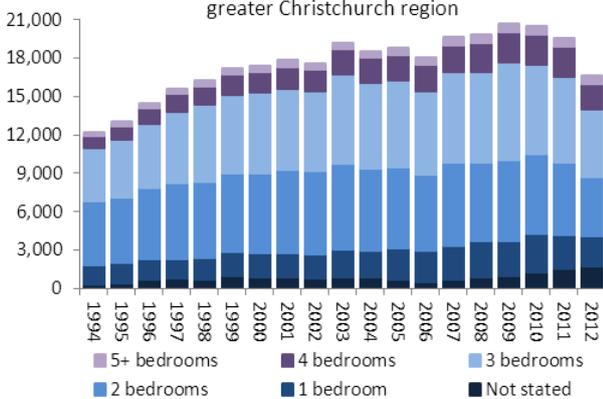
Source: Ministry of Business, Innovation & Employment

The levelling off resulted from a drop in the number of new rental bonds being lodged with MBIE, as shown in Graphs 2 and 3 below. The number of new units being rented decreased slightly in 2011 but then fell sharply in 2012. Since the earthquakes, the total number of rental bonds lodged with MBIE has fallen from 20,500 in the year to December 2010 to 16,600 in the year to December 2012 (a 19% decrease). The number of new bonds lodged in 2012 was the lowest annual number since 1998.

Most of the decrease in available rentals was driven by the loss of two- and three-bedrooms rentals, which traditionally make up the majority of the Christchurch rental market. The most significant decrease in available rentals was in the central city, down 45% between the 2010 and 2012 December years. The 'North West' and 'Inner North' areas were down 18%, which could reflect a combination of earthquake damage, tenants staying longer in their rentals, and owners moving into their rental properties after the earthquakes or selling rental properties to homeowners.

Graph 2

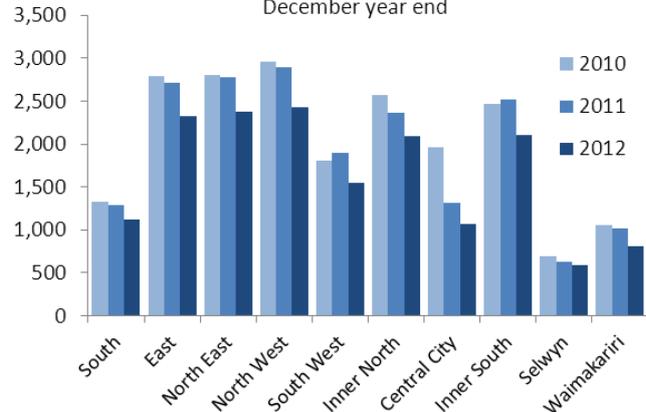
New bonds lodged by bedrooms
December year end
greater Christchurch region



Source: Ministry of Business, Innovation & Employment

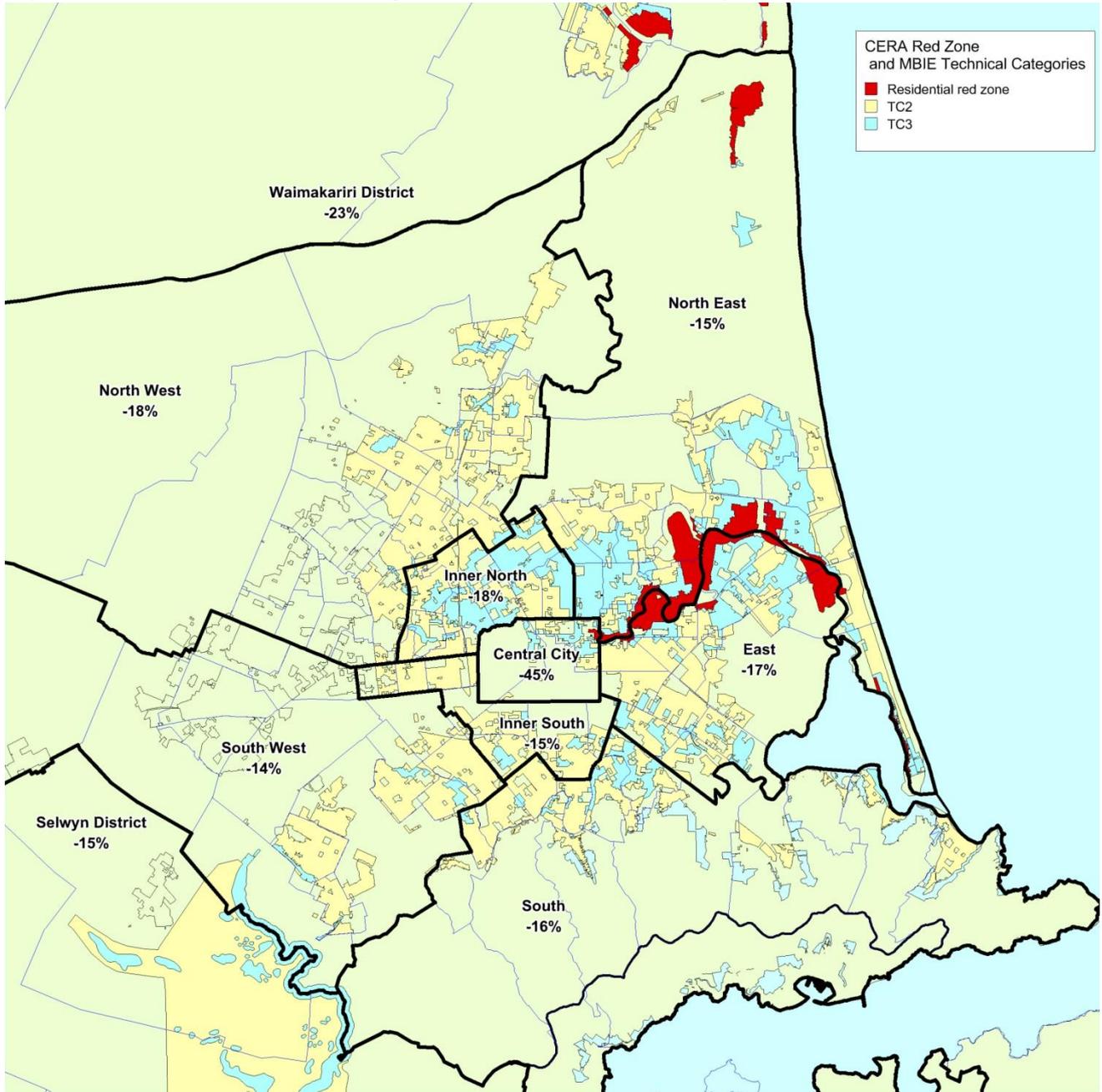
Graph 3

New bonds lodged by greater Chch area
December year end



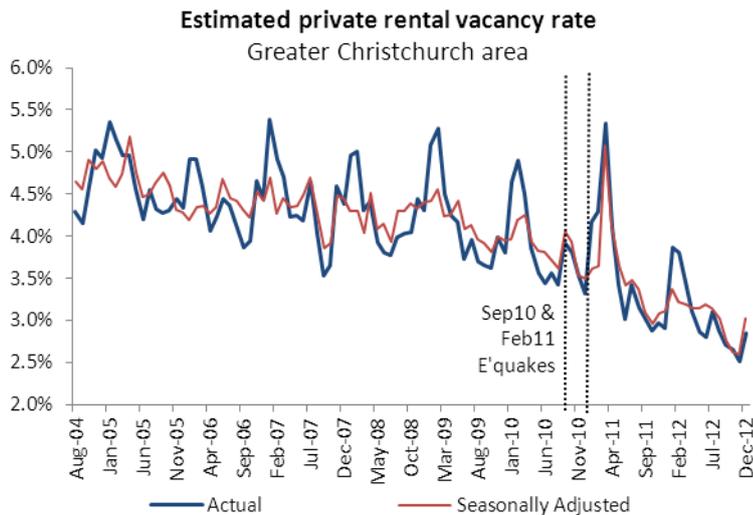
Map 1 illustrates the decrease in new rental tenancies over the last two years, by area. It draws on numbers of tenancy bonds lodged in the private market.

Map 1: Decrease in number of new bonds lodged between 2010 and 2012 December years



Another indication of a tight rental market is a decline in rental vacancies. The rental vacancy rate shows the proportion of rental properties not rented at a given point in time. Graph 4, which draws on tenancy bond data, shows that vacancy rates were declining before the Christchurch earthquakes but fell further after the February 2011 earthquake. The seasonally-adjusted vacancy rate fell to 3.0% in October 2011, indicating a further tightening of the housing market during this time.

Graph 4



Source: Loke J. and S. Eaquab (2012). Estimating the private sector rental vacancy rate for Canterbury. [New Zealand Association of Economists](#). Palmerston North and Ministry of Business, Innovation & Employment.

Housing costs

Housing costs, both house prices and rental costs, have increased in the greater Christchurch area. A decline in the availability of lower-priced rentals is particularly noteworthy.

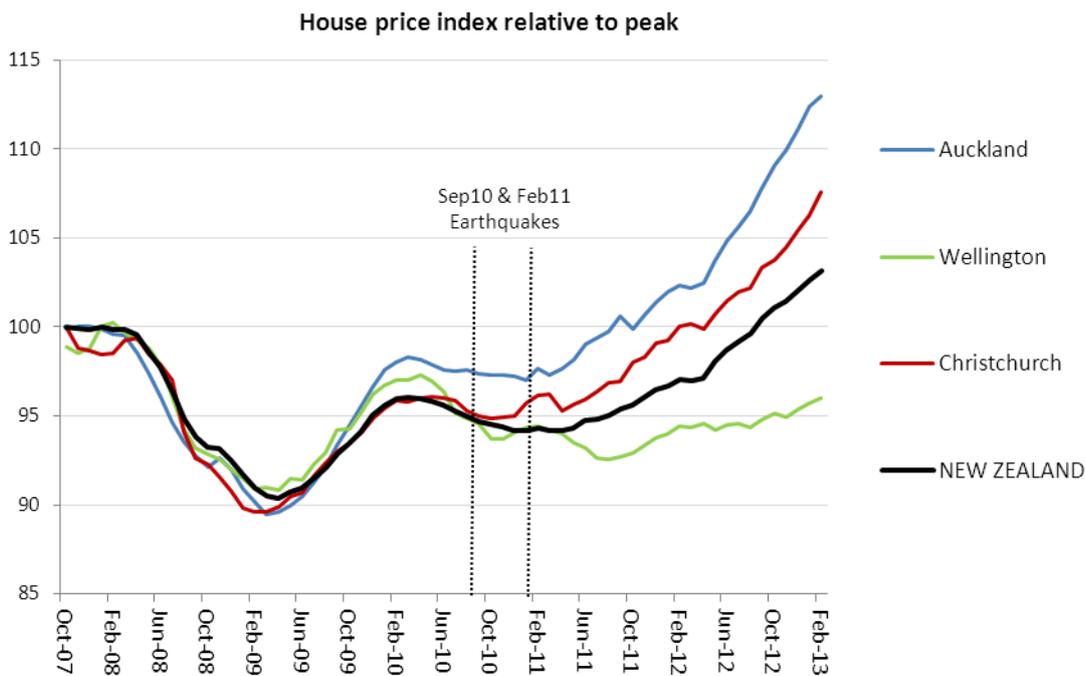
House price growth

With the reduction in housing stock, the Christchurch housing market has experienced significant house price inflation over the last two years. The rate of increase in average house prices is slightly lower in the East (6.3%) compared to other areas in Christchurch which have experienced 8%-10% increases over the last year. Quotable Value (QV) data shows that the average price of Christchurch properties rose 7.5% between February 2012 and February 2013. This compares to a national increase of 6.3% over the same period. Most of the national increase was driven by the Christchurch (7.5%) and Auckland (10.4%) regions, with smaller annual increases occurring in Hamilton (4.6%), Dunedin (3.7%) and Wellington (1.7%).⁶

⁶ Quotable Value Ltd (QV)

Graph 5 shows New Zealand's house price indexes relative to the peak of late 2007. Christchurch's house price index tracked close to the national average until September 2010, the month of the first earthquake. According to QV, Christchurch house prices have risen 13% since the pre-earthquake month of August 2010, compared to 16% in Auckland, 1% in Wellington and 9% nationwide. Apart from Christchurch, Auckland is the only other major New Zealand region whose average house prices are currently above the 2007 peak.

Graph 5



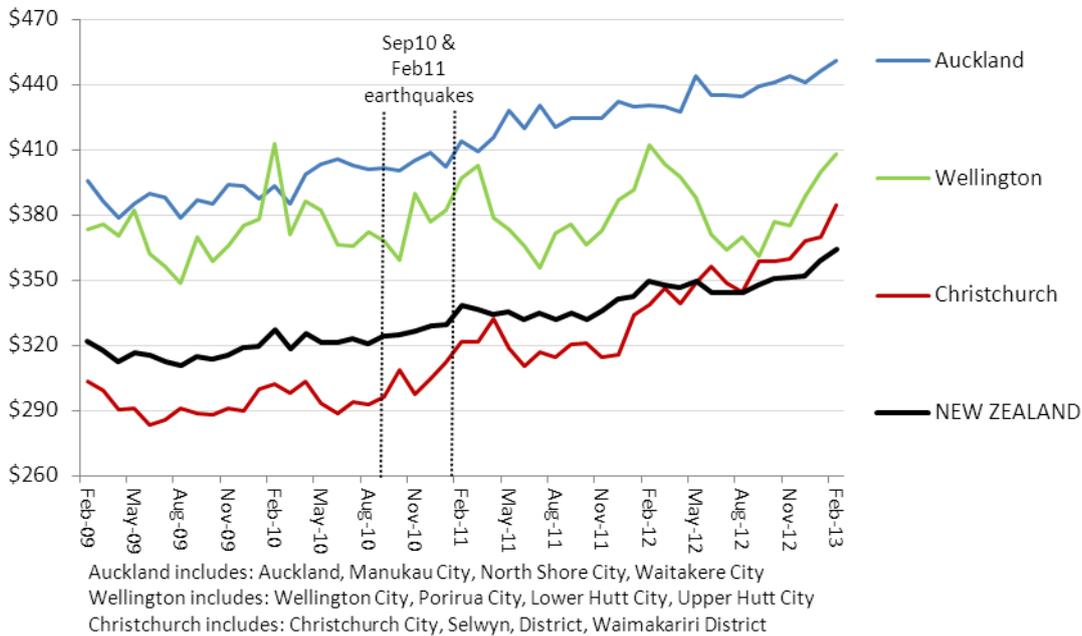
Source: Quotable Value Ltd (QV)

Rental prices: significant growth during 2012

The price for new average weekly rentals within the greater Christchurch region has risen more sharply than house prices and at a faster rate than in other New Zealand regions, including Auckland. In the month of February 2013, the average weekly rent from new bonds lodged for the greater Christchurch region was \$384. This is a 31% increase compared to the pre-earthquake month of August 2010 when the average rent was \$293. The majority of this increase took place in 2012, as shown in Graph 6. Greater Christchurch's average rent increased \$92 per week which is very significant and will have an adverse impact on many tenants' financial wellbeing. During this same period, Auckland's average rent increased \$50 per week or 13%.

Graph 6

Average weekly private rents from new bonds lodged by major NZ regions

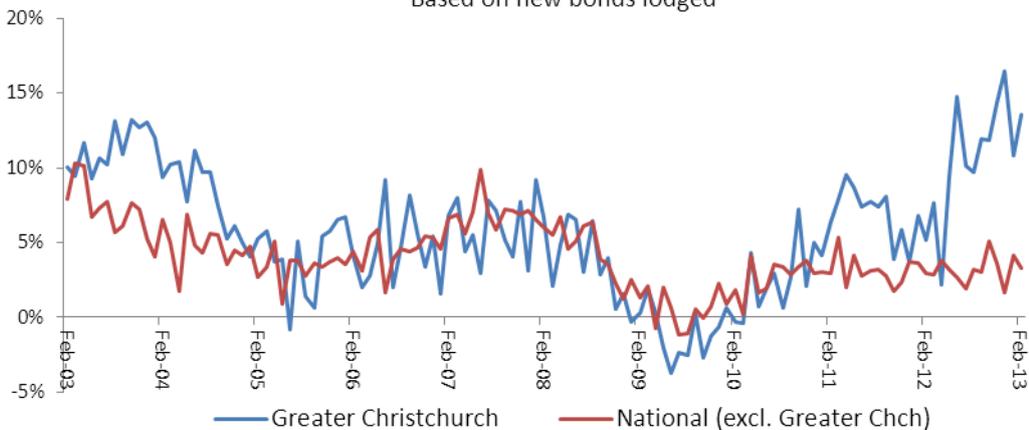


Source: Ministry of Business, Innovation & Employment

Rental price growth from new bonds lodged between February 2012 and February 2013 was 14% for the greater Christchurch region. Since June 2012, annual rental price growth has ranged between 10% and 16%, as reflected in Graph 7. Similar high levels of rental price growth occurred in the greater Christchurch region during 2003 and 2004, driven by the beginning of the housing boom, changing demographics, and an influx of foreign students seeking furnished rentals. During this period however, rental price growth was also high in other parts of New Zealand, which is in contrast to 2012. The current period of rental price growth in Christchurch is affected by factors specific to the area: a decrease in the supply of new rentals, increasing demand from residents exiting the red zone, and demand for temporary accommodation both for residents whose houses are being repaired and for construction workers arriving from other areas.

Graph 7

Annual rental price growth
Based on new bonds lodged

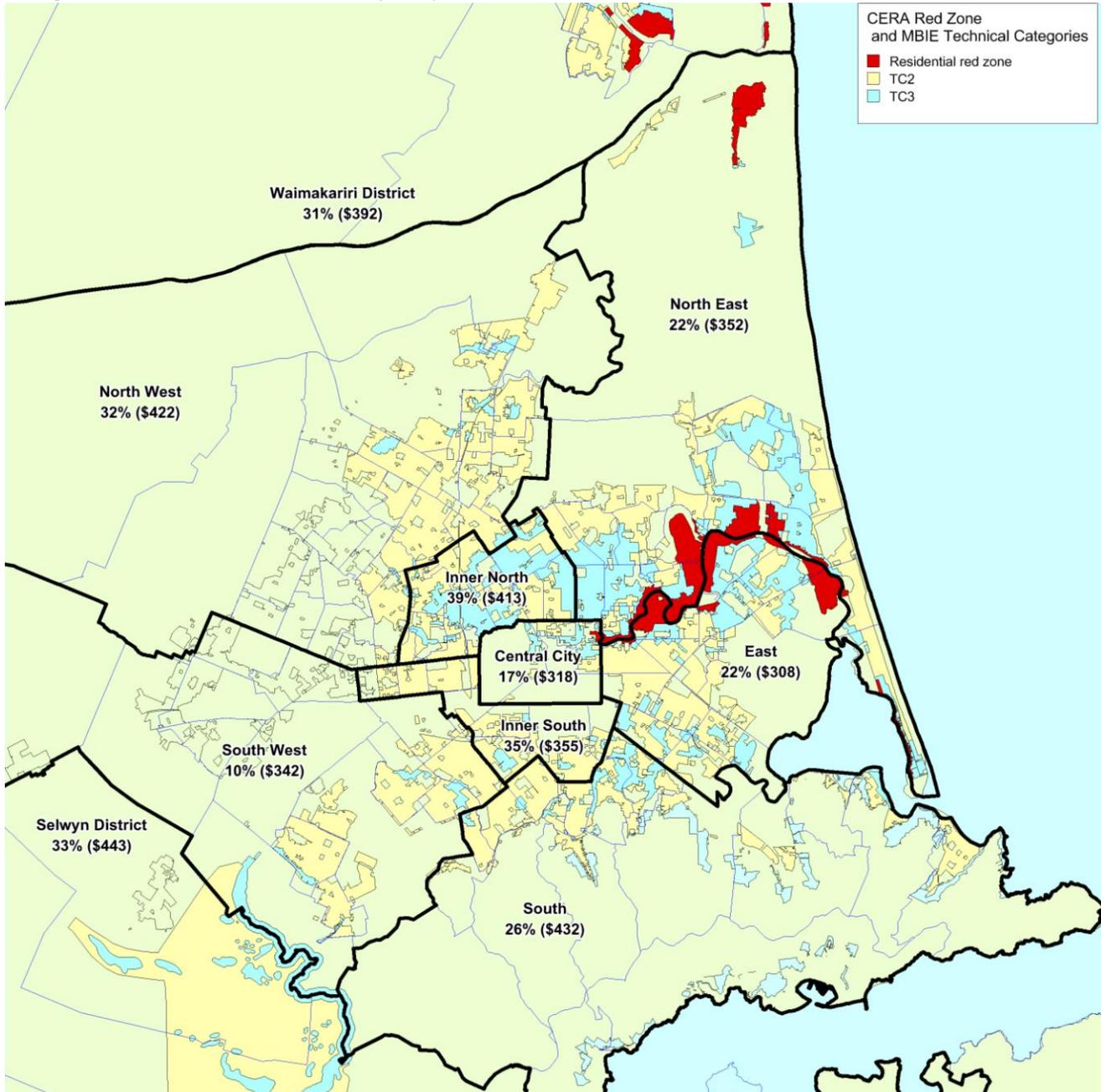


Source: Ministry of Business, Innovation & Employment

Rental price growth by Christchurch area

The following map shows the increases of newly-rented properties across Christchurch areas since the September 2010 earthquake. Some areas such as 'Inner North' and 'North West' Christchurch recorded above-average rent increases of 39% and 32% respectively. Rental inflation in 'North East' and 'East' Christchurch was below the Christchurch average, but both of these areas still had significant increases of 22%. The 'East' area of Christchurch still has the lowest average new rents of \$308 per week, but has had an increase of \$57 per week from the pre-quake baseline of \$251 per week.

Map 2: Increase in average rents between the three months to August 2010 and the three months to February 2013 (with the average rent to the three months to February 2013)



Source: Ministry of Business, Innovation & Employment

Low-rent property availability

The number of rental units available at affordable prices for low-income earners has decreased significantly since the earthquakes. Two different rental levels are considered: \$300 per week, and \$180 per week. Typically, rentals below \$300 per week were seen as 'affordable' for many low-income households. Before the earthquakes, these units made up over half of all new rentals. For many people on lower incomes, however, a rent of \$300 per week is likely to be too high. Information from the Ministry of Social Development indicates that beneficiaries have paid, on average, about \$180 per week on rent. Representatives of non-government organisations in the area have also indicated that they consider \$180 per week to be what single people on unemployment or other benefits can afford.

Between January 2009 and September 2010, the number of new bonds lodged for rents less than \$300 per week averaged 900 per month, or 54% of total bonds lodged. Bonds lodged for less than \$300 per week declined slightly after the Christchurch earthquakes, and fell below 500 per month in May 2012. In the six months to February 2013, the number of these 'affordable' rentals averaged 362 per month, a 60% decrease compared to the pre-quake baseline of 900 per month. In the last six months, the number of new bonds for rent up to \$180 per week averaged 83 per month, down from 195 pre-earthquakes. As a result of this reduced supply of lower-cost rentals, it is likely that many low-income residents face increased financial hardship and housing insecurity.

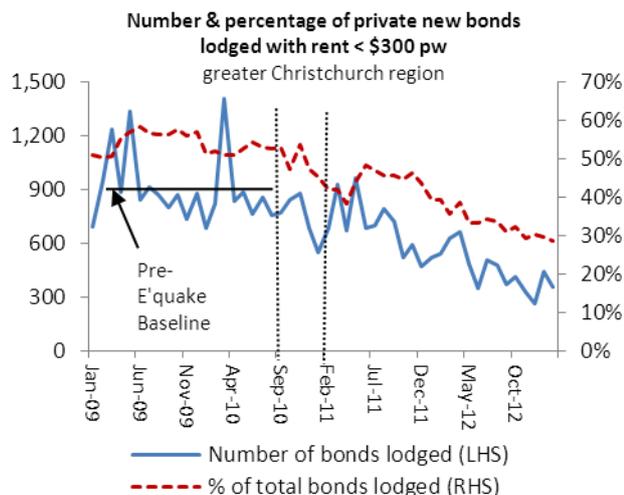
Experiencing rent escalation

Case study participants described the competition they face for available rentals, driving up costs.

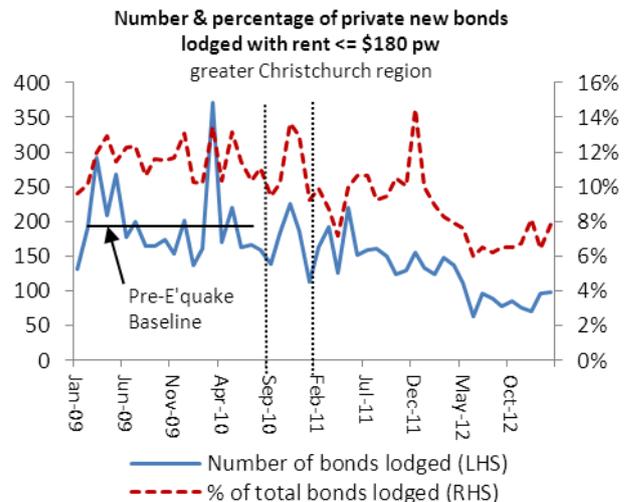
'Another place we went to, over 20 people showed up to the open home, 20 applications got put forward and people were putting on their applications 'will pay this much more in rent'. We went there under the impression \$340 per week for a 3 bedroom house and a single garage...we left that day and that person who got the house was paying \$560... like it was ending up like bidding wars – I can pay this much more than this person so they will get the house...so we didn't have a chance really.'

'Rents are creeping up...I think people are getting quite greedy now and particularly the bonds...who has a spare \$2000 in their back pocket to pay a bond?'

Graph 8



Graph 9

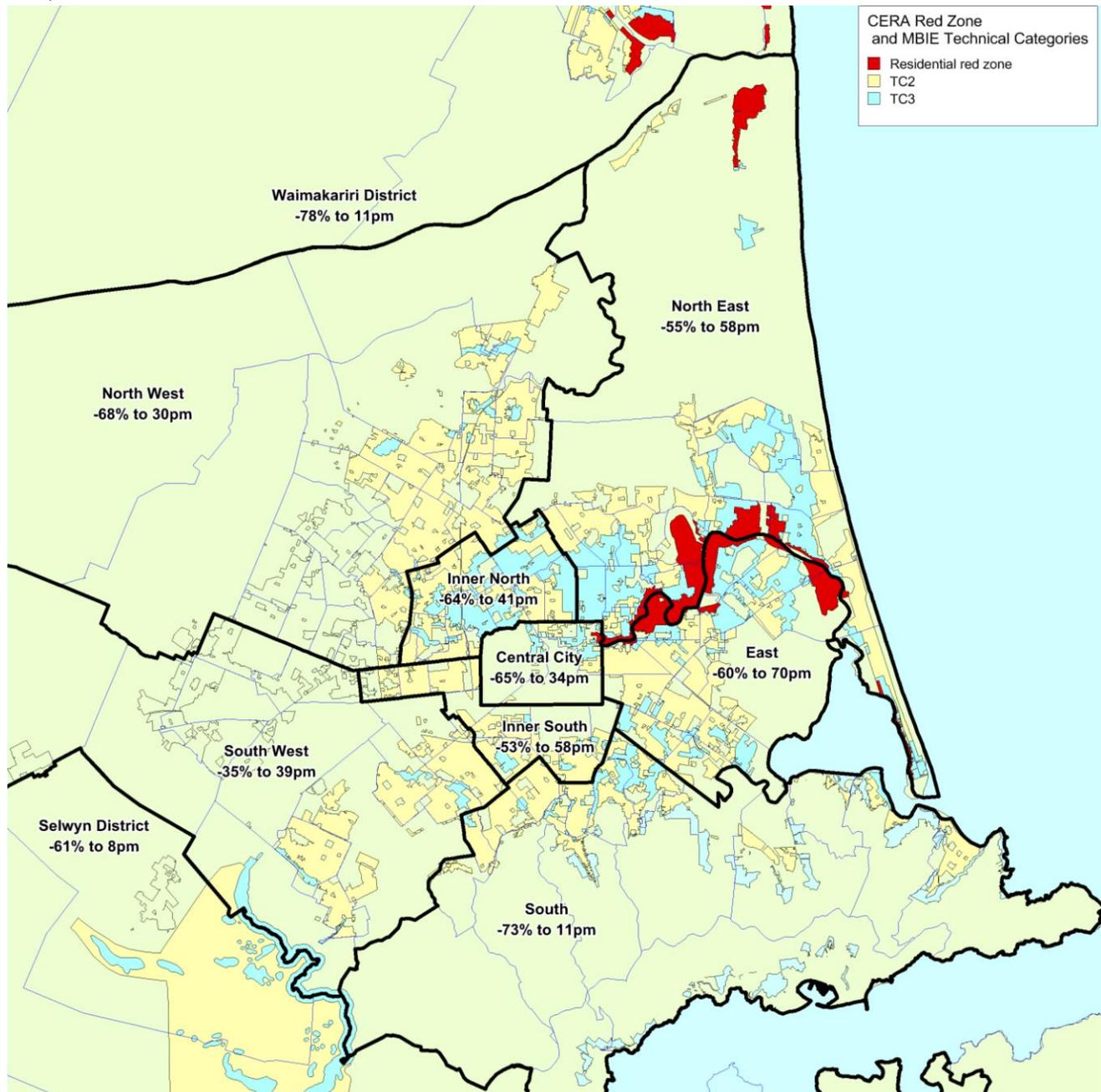


Source: Ministry of Business, Innovation & Employment

As shown in Map 3, the number of new rentals below \$300 per week declined in all areas, but the declines were unequal. 'East' Christchurch was the area with the largest volume of lower-cost rentals at 177 per month before the earthquakes, but the number of these rentals more than halved to 70 per month in the six months to February 2013. The biggest percentage decreases in Christchurch were in 'South' and 'North West' which decreased 73% and 68% respectively, while Waimakariri District decreased 78% from 50 per month to 11 per month.

Map 3: Percentage decrease in new rentals < \$300pw from the pre-quake baseline to September 2012-February 2013 monthly average

Pm = per month.



Supply of housing for low-income and vulnerable people

Like other New Zealand areas, Christchurch has always had a proportion of its population who have a low income and, for various reasons, are vulnerable to 'homelessness'. Some of the possible reasons for being in a 'homeless' state include mental health issues, drug and alcohol addictions, domestic violence, isolation (particularly for youth), release from prison, bad credit histories, physical or emotional disabilities and single parenthood. Both government and non-government organisations support these groups of vulnerable people. This support is wide-ranging, and includes counselling, budgeting support, recovery and rehabilitation programmes, reintegration programmes, training and day activities.

Many vulnerable people need help to find accommodation. They may be housed in the private rental market or in social housing provided by Housing New Zealand Corporation (HNZC), the Christchurch City Council (CCC), or non-government organisations (NGOs). NGOs provide emergency or temporary accommodation for many people with urgent needs and provide medium- to long-term housing for people with specialised needs. NGOs provide support to reintegrate vulnerable people into the community. Support may include access to accommodation in the private or social housing markets.

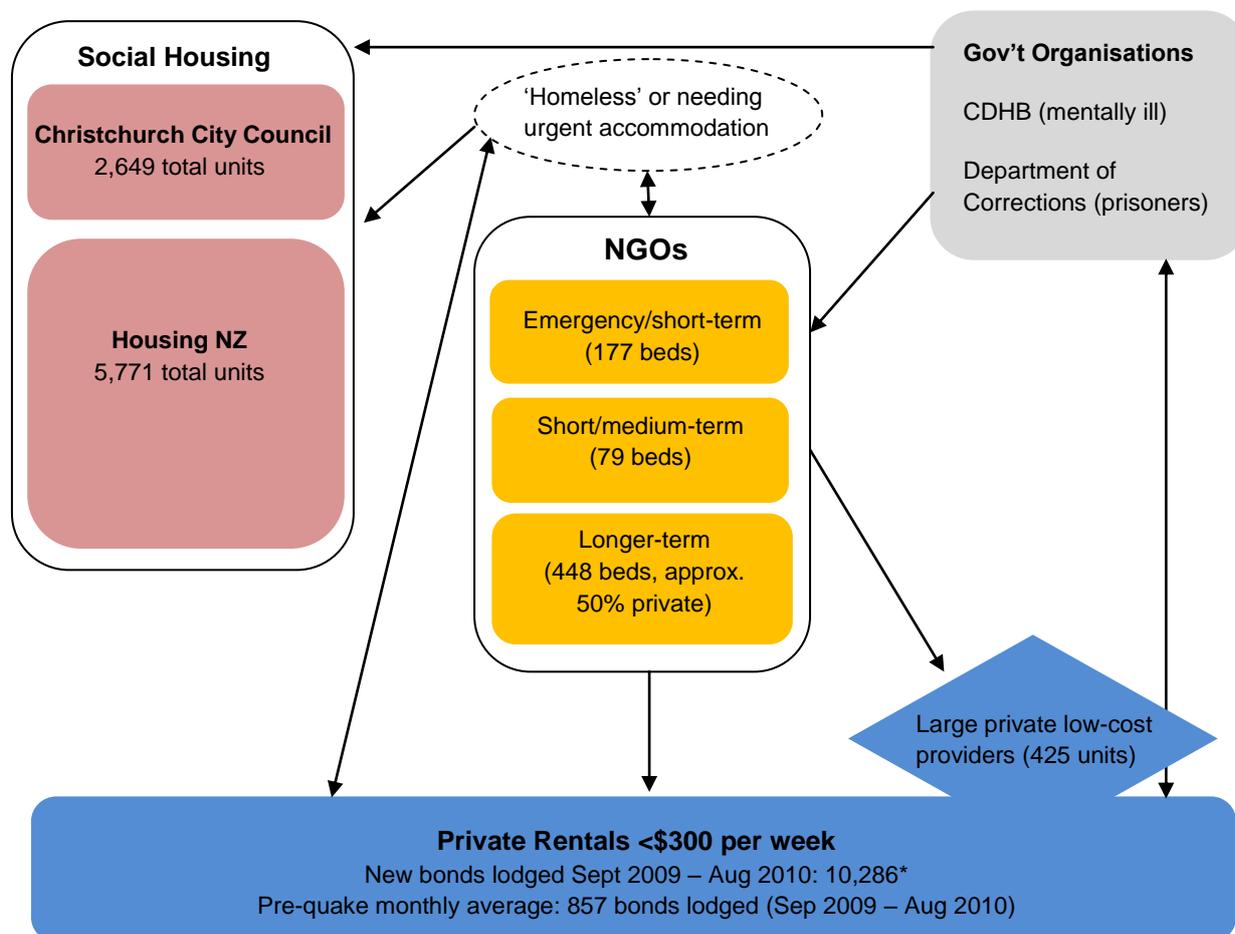
Government organisations such as the Canterbury District Health Board (CDHB) and the Department of Corrections often rely on NGOs' accommodation services for the reintegration of their clients. NGOs' accommodation for low-income vulnerable groups can be broadly summarised into three categories:

- (1) **Emergency/Short-Term Accommodation Providers (0-3 months):** These providers often accommodate people with urgent accommodation needs. They include women's refuges, halfway houses, crisis respite services for the mentally ill, drug and alcohol rehabilitation programmes and night shelters.
- (2) **Short/Medium-Term Accommodation Providers (3-12 months):** These providers aim their services at people who require accommodation for a particular need, with the goal of independent living in the near future.
- (3) **Longer-Term Accommodation Providers (6+ months):** These providers supply accommodation with the expectation that clients could stay longer than six months or a year. The needs of these clients are generally more complex and therefore recovery takes longer before reintegration into the community is possible.

As well as accommodating the vulnerable in times of need and supporting them toward independence, another important function that NGOs provide is placing their clients into a more permanent housing solution. Often the clients return to their own dwelling or affordable rentals within the private rental market. Social housing is an important option if clients are eligible. If these three options are not available, then NGOs have difficulties and the clients stay longer with them than they should.

Diagram 1 shows how emergency and other temporary accommodation plays a role in the Christchurch housing market. As people move in or out of the private or social housing markets they may become homeless for a time, and may move into housing provided by NGOs until they are able to return to longer-term accommodation.

Diagram 1: Christchurch accommodation movements for vulnerable low-income people before the September 2010 earthquake



* possibly includes more than one bond for a property

Before the Christchurch earthquakes, the biggest accommodation provider for low-income vulnerable people was the private rental market. In total, there were over 10,000 new bonds lodged with rents less than \$300 per week in the 12 months before September 2010, an average of 857 per month. Because of the large number of rental properties, more affordable rents of less than \$200 per week were often available. An important component of private low-cost accommodation came from providers such as Wigram Lodge, holiday parks, or inner-city bedsits and boarding houses (generally rooms without their own bathrooms or kitchens, suitable for single people).

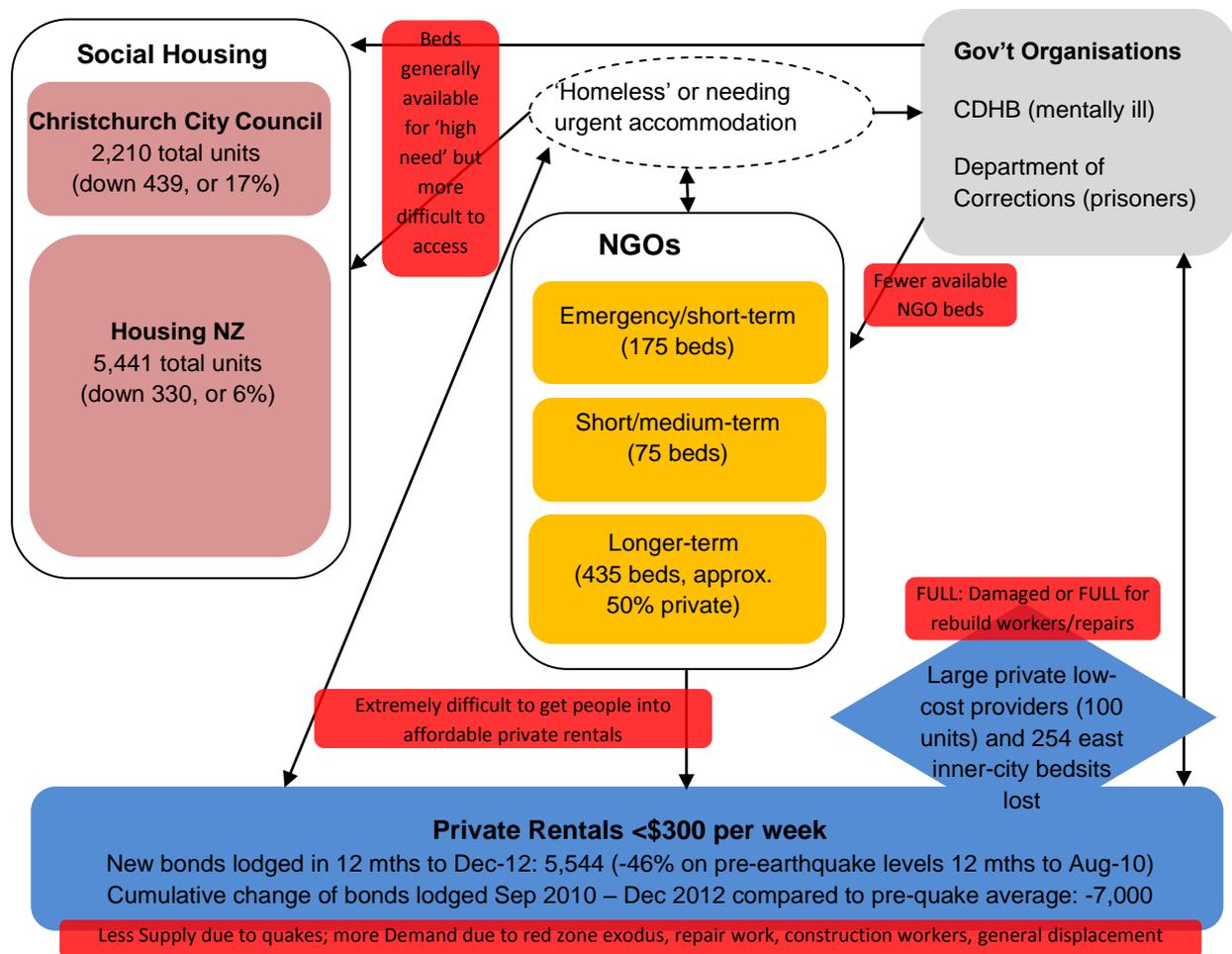
The total estimated supply of 704 beds provided by the NGOs was based on a telephone survey of 23 NGOs near the end of 2012.⁷ Although demand for NGO accommodation from the low-income vulnerable was strong before the earthquakes, with an average occupancy rate of 93%, short/medium-term accommodation demand was generally met. More permanent housing solutions were found through a combination of private market, social housing and longer-term NGO housing.

As Diagram 2 shows, the supply of accommodation has fallen dramatically for the lower-priced rentals and decreased for social housing providers. This has put extra strain on government and

⁷ The bed numbers exclude beds for children and exclude accommodation for the elderly, given that many large rest homes also house low-income elderly.

non-government organisations in providing appropriate accommodation for low-income vulnerable people.

Diagram 2: Christchurch accommodation movements for vulnerable low-income people at December 2012



NGOs have indicated that, as a result of a drop in lower-cost rentals in the private market and a loss of social housing capacity, they are finding it increasingly difficult to place clients into rental housing. There has also been an estimated loss of 254 low-cost inner-city bedsits and flats which traditionally housed single people within the inner-city.⁸

Those who are housed by NGOs on a short- or medium-term basis are remaining longer in this type of accommodation than before the earthquakes. As a result, NGOs report that they are near or at capacity for housing, and some have set up waiting lists for the first time. This makes it difficult to accommodate people who have new housing needs.

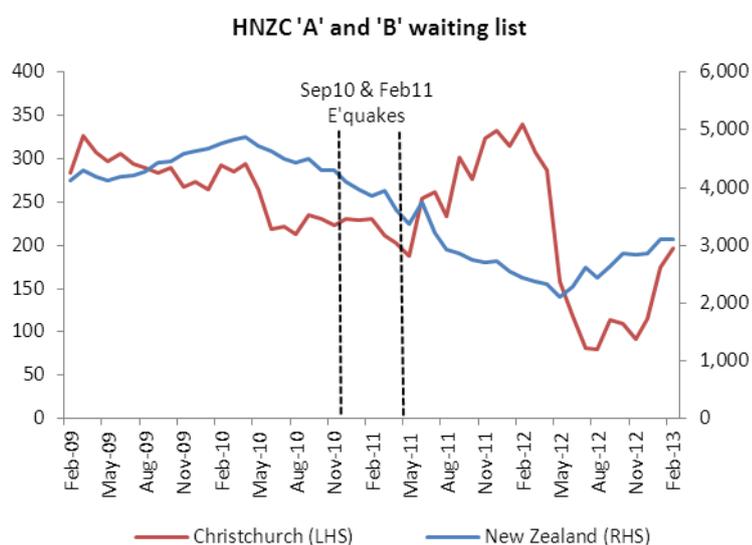
⁸ Anglican Life Social Justice Unit & Te Whare Roimata, 'City East Social Housing: Incentive Scheme Proposal', October 2012.

Housing demand

Unmet demand for social housing

HNZC maintains a waiting list for its properties, based on levels of assessed housing need. Categories A and B are those applicants with the most urgent housing needs. It is important to note that waiting lists do not include all those with urgent housing needs as some applicants may no longer meet the criteria.⁹ As shown in Graph 10, HNZC waiting lists for A and B applicants increased significantly from 211 at March 2011 to a high of 340 in February 2012, an increase of 61% over the 12 months. This upward trend was opposite to the national trend during this period. Between March and July 2012, the A and B waiting list reduced dramatically from 308 to a low of 81. However, despite completing 212 earthquake damaged houses in the second half of 2012, the number of people on the A and B waiting lists have increased to 197 as at February 2013.

Graph 10



Source: Housing New Zealand Corporation

Caution must be taken when interpreting 2012 HNZC waiting list trends, due to assessment and operational changes. In April 2012, HNZC revised its pre-assessment processes, using an 0800 number as the first point of contact for applicants rather than face-to-face interviews. Applicants who are assessed as having high housing needs (A or B categories) remain eligible for state housing. Applicants who are assessed as being able to access and sustain an adequate, suitable, available and affordable alternative to state housing are categorised as having moderate to low needs (C and D categories). People in the C and D categories are placed on a housing needs register and assisted to find alternative housing solutions through HNZC's Options and Advice Service. C and D category people in Christchurch may be placed into HNZC housing if those houses are not needed by higher-priority clients. Indications from qualitative interviewing have shown that some people in need of housing have found the process of applying through the 0800 number a barrier in requesting social housing, and therefore do not carry on with their application. It is possible that both of these

⁹ Data on people who do not meet the criteria is not captured as most of these people read the criteria on the internet or application form before they apply.

changes affected the number of people on the A and B waiting lists, but the extent of this cannot be determined.

Christchurch City Council (CCC) is the second-largest social housing provider for low-income tenants in Christchurch. The majority of their units are studios, one- and two-bedrooms. As at December 2012, 439 (or 17%) out of a total of 2,649 CCC social housing units were closed due to earthquakes reasons. This was due to a combination of red zone land, repairs or Detailed Engineering Evaluation (DEE) assessments. Despite being impacted by the ongoing DEE assessments, the CCC is working on rebuild and repair strategies to increase its supply of social housing units.

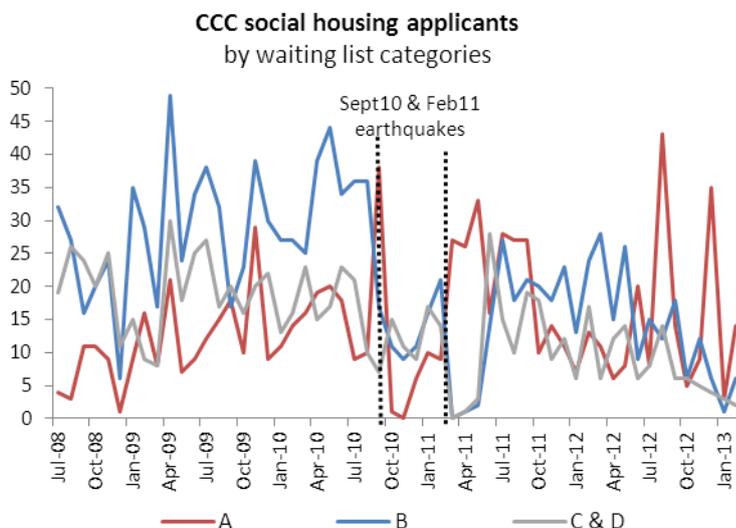
The CCC keeps records of the number of applications it receives for its social housing units that meet its criteria, and categorises them based on applicants' housing needs. The housing need and description of each category are detailed in the table below.

Table 2: CCC Waiting List Categories

Category	Housing Need	Definition of Need
A	Immediate housing needs	homelessness, current accommodation unsuitable or substandard, pending tenancy termination in less than 30 days
B	Moderate housing need	current housing overcrowded, pending tenancy termination in 30 – 90 days
C	Low-level housing need	applicants are eligible but do not meet the category A or B criteria
D	Low-level/no housing need	applicants are eligible however may be able to function in the private rental market

CCC stated that its criteria for waiting lists and category definitions have not significantly changed since 2003 (changes in criteria mainly related to inflation-related adjustments). This makes the tracking of CCC's A and B waiting list categories more reliable as an indicator of high housing needs within Christchurch.

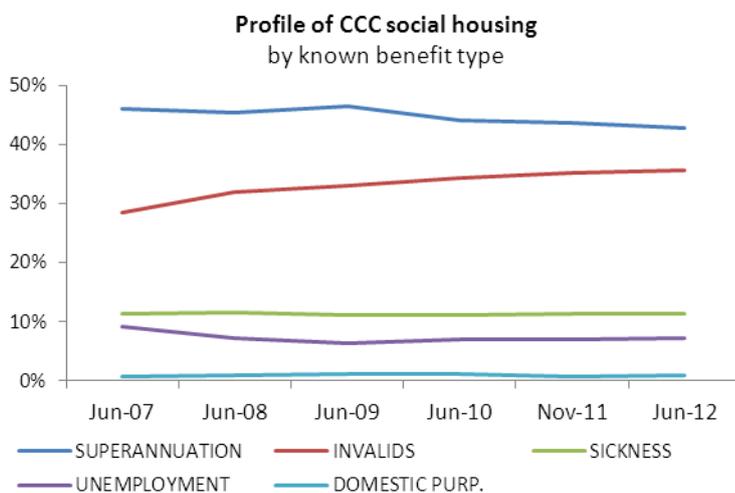
Graph 11



Source: Christchurch City Council

As shown above, the number of people classified as A or B has varied from month to month but was trending upwards before the September 2010 earthquake. In the six months after the February 2011 earthquake, the number of monthly applications received by CCC with 'immediate housing needs' (A) averaged around 26 per month, significantly higher than the number assessed as category A before the earthquakes. This reflects high demand from those with the most urgent housing needs immediately after the February 2011 earthquake relative to what CCC could supply. Since October 2011, the applicants for the 'A' category fell to around 14 per month with two spikes in August and December 2012. These spikes were supply-related with tenants being displaced following unfavourable Detailed Engineering Evaluation assessment reports. Although these tenants were rehoused by CCC within seven days, it highlights the continuing uncertainty CCC is facing due to the ongoing assessments of its stock. Despite this uncertainty, CCC has stated that it has some capacity to house eligible applicants who have immediate or moderate housing needs.

Graph 12



Source: Christchurch City Council

Most CCC social housing tenants receive government benefits. As Graph 12 shows, the majority of those whose benefit types were known in June 2012 received Superannuation (43%) or the Invalids Benefit (36%). A further 11% were receiving the Sickness Benefit, 7% the Unemployment Benefit, and only 1% the Domestic Purposes Benefit. This profile has not changed significantly since the earthquakes and reflects the fact that the majority of CCC social units are one- or two-bedroom. CCC provides units for families but the numbers of three- to four-bedroom units is limited compared to HNZA. This means that the majority of families requesting social housing rely on HNZA accommodation, for which they may no longer be eligible.

Demand for temporary or emergency accommodation

There is considerable demand for temporary accommodation in the greater Christchurch region. Calls made to 13 holiday parks showed that most were full and turning people away on a daily basis. Most of the requests come from construction workers looking for accommodation or people having their house repaired following late notice by their insurance company. However, they also receive some accommodation inquiries from low-income and vulnerable households. Due to full capacity and affordability issues, most requests have to be turned down. There is evidence that the holiday parks outside of Christchurch City are now accommodating an increasing number of low-income vulnerable people, often at discounted rates. One of the key issues for holiday parks is to make sure they keep some units available for tourists when needed.

Information on demand for temporary housing has come from the Canterbury Earthquake Temporary Accommodation Service (CETAS). CETAS set up temporary accommodation villages to help meet demand for short-term accommodation for those whose houses are being repaired or rebuilt as a result of the earthquakes. Current demand for the three CETAS temporary villages in Kaiapoi, Linwood and Rawhiti is strong. As at February 2013, occupancy rates were at 88% and there were 224 on the waiting lists. A majority on the list are waiting for information from their insurance companies about when their homes would be repaired, and when they will need to move into temporary accommodation. CETAS is currently working on expanding the number of private homes that are listed with them for temporary accommodation. Given that the majority of residential rebuild and repairs are yet to take place, demand for temporary villages is unlikely to decrease in the near future.

The number of 'accommodation assistance' requests received by CETAS averaged 115 per month in the second half of 2012. The number of requests rose to 149 in January 2013 and 188 in February.

Demand for temporary or emergency accommodation from the 'homeless'

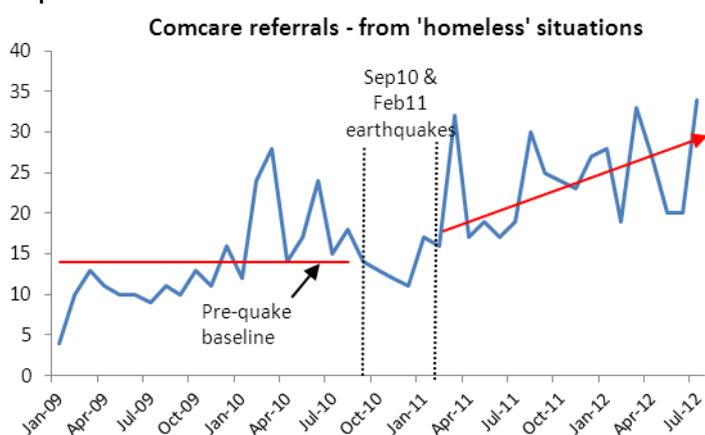
Comcare Charitable Trust, which places people with mental health issues into longer-term accommodation from referrals, recorded an increase in referrals for people who were 'homeless'. Comcare referral categories broadly align with the Statistics New Zealand definition of homelessness. Since the earthquakes, the predominant reasons for referrals have changed from people living in 'transitional supported accommodation' and 'homeless hotels' to living with others or moving from place to place and living in very damaged houses or with no facilities such as running water.

Table 3: Comcare referrals

Homeless Definition (SNZ)	Comcare Referral Categories	pre-quake proportion	post-quake proportion	Change in Proportion
Without Shelter	Rough sleeping (no shelter)	2%	1%	-1%
	Sleeping in car	1%	2%	1%
	Staying in improvised dwelling (makeshift dwelling/tent)	0%	0%	0%
	Night shelter	5%	3%	-2%
Living in Temporary Accommodation	Transitional supported accommodation	19%	6%	-13%
	Women's Refuge	1%	2%	1%
	Staying in camping grounds/ motor camps	3%	3%	0%
	Staying in homeless hostel	5%	1%	-4%
	Staying at a marae	0%	0%	0%
Sharing Accommodation	Living with another household/ Moving around from place to place	55%	65%	10%
	Living in crowded conditions (more than two people per bedroom)	5%	5%	0%
Uninhabitable Housing	Very damaged/no facilities such as running water	1%	8%	7%
	Living in substandard conditions (dampness/mould/rot)	3%	3%	0%
		100%	100%	0%

Since the February 2011 earthquake, the total number of referrals within these categories has trended higher, as reflected in Graph 13. In July 2012, the total number of referrals from 'homeless' people was 34, which was 143% above the pre-quake monthly average. Since the earthquakes, 'homeless' referrals comprised about one-third of all referrals.

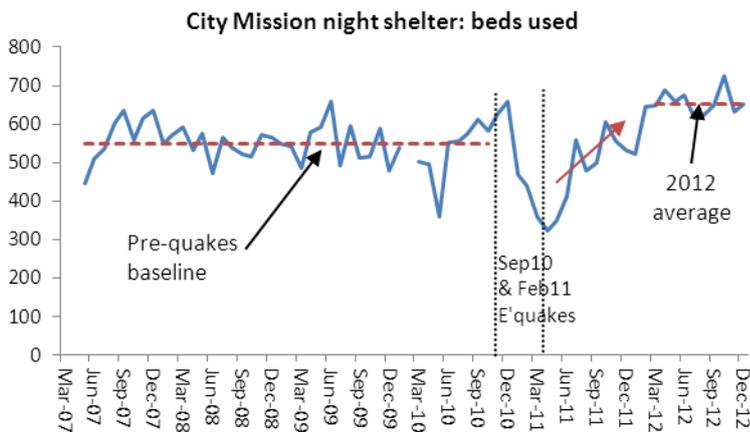
Graph 13



Source: Comcare Charitable Trust

The Christchurch City Mission provides short-term accommodation for men in their 28-bed night shelter. Data recorded by the Christchurch City Mission shows that the number of night shelter beds used per month dipped following the February 2011 earthquake and then increased through the remainder of 2011, peaking in August 2012 at 32% above the pre-earthquake baseline. During 2012, the night shelter's number of beds used was 19% above the pre-earthquake baseline. The average length of stay since the earthquakes increased from the pre-earthquake average of 9.5 to 12.7 nights in the second half of 2012, a 34% increase. This data reinforces qualitative information from the City Mission that men who stay have more complex health problems, both physical and mental, and are staying longer than previously. Due to increased demand, the City Mission has opened a night shelter with 10 beds for single, homeless women.

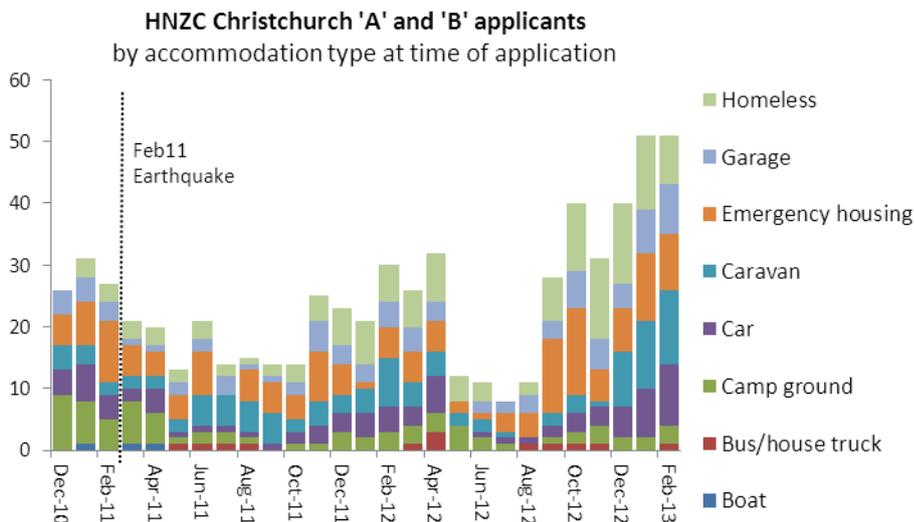
Graph 14



Source: Christchurch City Mission

In their assessment of accommodation needs, HNZC collects the type of accommodation an applicant is living in at that time. Using this data, it is possible to broadly match these people to the Statistics NZ definition of homelessness. Graph 15 shows the number of people from December 2010 classified by HNZC as living in 'non-housing temporary accommodation'. Although the numbers are relatively small, there is an increasing trend from end of 2011, similar to NGO data. After lower numbers recorded between May 2012 and August 2012, there has been an increase in the number of applications from households living in 'homeless' situations, as defined by Statistics NZ. In the six months to February 2103, 64 household applicants were defined by HNZC as living in 'homeless' situations and 58 were from 'emergency housing'. Over the same six-month period, a total of 102 household applicants were living in a car, caravan or garage and 13 were living in camping grounds.

Graph 15



Source: Housing New Zealand Corporation

The extent of housing insecurity for low-income and vulnerable households is also reflected in the number of times beneficiaries change their address. The available data for beneficiaries who have moved more than twice in the two years following the September 2010 earthquake shows that average movements doubled from 1.5 before September 2010 to 3.0. Of this group, 74% moved

more often in the two years after September 2010 than they did in the previous two years. The number of beneficiaries who have moved six times or more has increased 35% to 944, with 262 of these moves involving children. This data, which is likely to be conservative because it relies on the movements reported to MSD, shows there has been a significant increase in beneficiaries who are moving from place to place after the earthquakes.

Table 4: Canterbury beneficiaries who have moved twice or more since the September 2010 earthquake*

	Two years before Sept-10	Two years after Sept-10
Average number of moves	1.5	3.0
Beneficiaries who moved six times or more	698	944
Beneficiaries with children who moved six times or more	299	262
Beneficiaries who moved 10 times or more	109	114
Beneficiaries with children who moved 10 times or more	28	14

* for those beneficiaries who have records over the entire four-year period, (10,031 beneficiaries)

Source: Ministry of Social Development

Other indicators of need

The number of people receiving food bank parcels from the City Mission (Graph 16) spiked immediately after the February 2011 earthquake before falling below the pre-February earthquake baseline. From August 2011 onwards, the number of food parcels issued by the City Mission increased significantly. Some of this increase could be explained by the loss of the Methodist Mission food bank in the February 2011 earthquake, which increased demand on the City Mission. However, this would not explain all of the increased demand for City Mission food parcels seen in late 2011 and early 2012. The number of food parcels issued in December 2012 was the highest on record, exceeding the spike in March 2011.

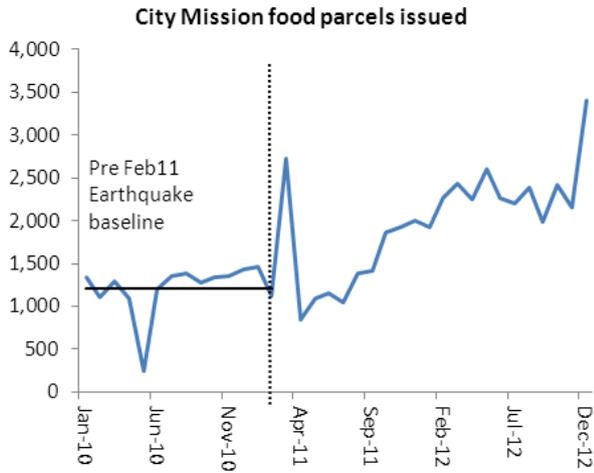
Data from the Waimakariri District Council (Graph 17) shows that the demand for food parcels in Kaiapoi increased in the 2011/2012 year from the 2009/10 pre-earthquake year. The demand for food parcels issued peaked at around 50 per month in the second half of 2011 and has since declined to around 30-40 per month.

Moving frequently to find housing

Case study participants described how they had moved frequently, sometimes out of the greater Christchurch area for brief periods.

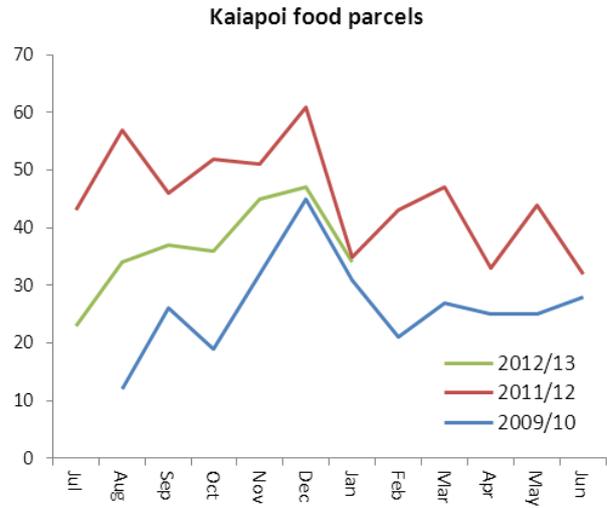
'I stayed for a week in a motel in Nelson and then I went to the Women's Refuge. I was there for six weeks and couldn't find anywhere so I had to go to the backpackers...you could only stay at the Women's Refuge for 2 months....HNZC didn't have anything going for single women so I stayed in two or three different backpackers....'cause the backpackers would get full so I had to keep going from one to the other...I did that for a good six to seven months. And then I was in at WINZ and had an alcoholic seizure and broke my nose. So I went'cause I couldn't stay at the backpackers I was at any longer – it was coming up to summer time ... so I went to the Salvation Army and they got me into Franklin Village.'

Graph 16



Source: Christchurch City Mission

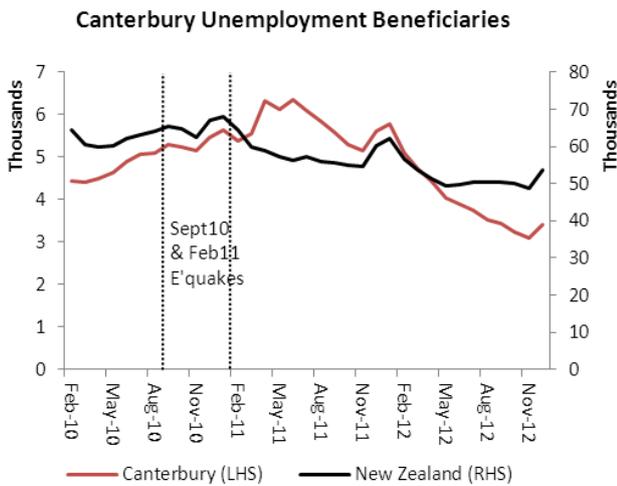
Graph 17



Source: Waimakariri District Council

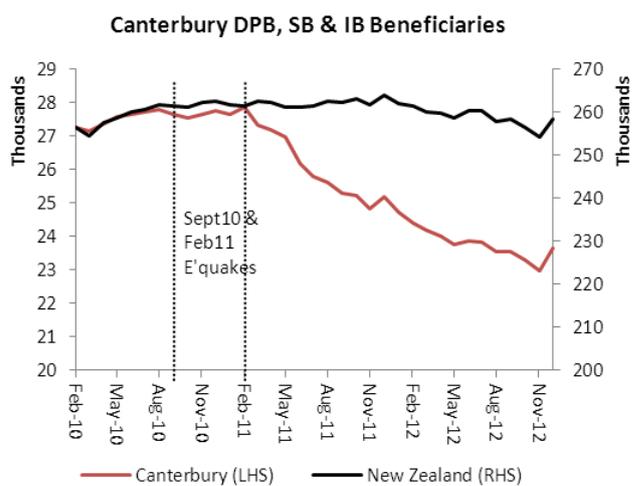
The number of people on Ministry of Social Development (MSD) benefits did not change significantly after the September 2010 earthquake. However the February 2011 earthquake significantly affected the dynamics of the people on government benefits. For example, the number of people on the unemployment benefit rose to over 6,000 after the February 2011 earthquake, mostly driven by a net transfer of 1,000 unemployment beneficiaries into the Canterbury region in April 2011. It is not known why unemployment beneficiaries moved into the area, but feedback from MSD staff suggests that they may have anticipated a chance of working on reconstruction projects. Between June 2011 and December 2012, the number of people on the unemployment benefit fell by 46% to 3,400, which may reflect increased employment, especially in semi-skilled jobs. Against the national trend, the number of people on the DPB, Sickness Benefit (SB) and the Invalids Benefit (IB) fell from 27,800 in February 2011 to 23,600 in December 2012, a decrease of 4,200 or 15%. Part of this decrease can be explained by the net migration out of Canterbury of 1,400 of these beneficiaries.

Graph 18



Source: Ministry of Social Development

Graph 19



Housing pressures in the near future (2013 - 2016)

In addition to the current excess demand in housing due to people exiting the red zone or uninhabitable houses, it is expected extra pressure will be placed on the housing market from the following three sources over the next three or four years.

Increase in residential population growth

It is expected that the greater Christchurch region will return to population growth in the very near future, with fewer people leaving and more people deciding to move into the region permanently. Statistics NZ has projected that the region's residential population will increase to 474,900 by 2016, an increase of 20,200 or 4.4% on its June 2012 estimates.¹⁰ If the greater Christchurch average of 2.5 people per dwelling from the 2006 Census is used¹¹, then an additional 8,100 houses will need to be built to keep pace with residential growth over the next four years.

Temporary accommodation for residential repairs and rebuilds

Another driver for higher demand is the need for temporary accommodation for home-owners or tenants who are having their house repaired or rebuilt, and for construction workers involved in the residential and commercial repair and rebuild work. It is difficult to estimate precisely when this demand will peak. However, most of the repair/rebuild work on residential properties is likely to take place over the next three years. At the end of June 2012, EQC had repaired about 18,000 properties, with about 80,000 or 80% repairs yet to take place¹². IAG, the biggest insurer in Christchurch, has stated that it aims to complete its repair/rebuild programme by the end of 2015.

Accommodation of construction workers

If, as expected, anywhere between 15,000 and 25,000 construction workers will arrive in the greater Christchurch region for the residential and commercial rebuild¹³, it is probable that the majority of them will arrive in 2013 and 2014 for work over the 2013 – 2016 period. In its August 2012 Canterbury Economic Outlook, Westpac estimated that earthquake building activity will begin to decline from early 2015¹⁴ while NZIER forecasts that total construction activity will peak in 2015.¹⁵ If these forecasts are accurate, then the demand for accommodation from construction workers will not begin to ease significantly until 2016.

¹⁰ Statistics New Zealand, Subnational Population Projections: 2006 – 2031 (October 2012 update)

¹¹ Statistics New Zealand, 2006 Census

¹² EQC Annual Report 2011-2012, page 7.

¹³ "CERA estimates an extra 17,000 construction workers will be needed in Christchurch over the next few years", Bill English, Budget 2012, <http://www.beehive.govt.nz/newsletter/competitive-economy-surplus-heart-budget> Department of Labour, *Employment Opportunities in Canterbury*, December 2011, page 34.

¹⁴ Westpac, 'Rebuilding a city: An update on developments in Canterbury', 16 August 2012, Figure 6

¹⁵ NZIER, *New Zealand Trends in Property and Construction*, Fourth quarter 2012, Figure 4.

Estimating the scale of housing insecurity

The information presented to this point has described the growing cost of housing and increasing demand for housing support in the greater Christchurch area, but it has not yet attempted to estimate the number of people now living without secure housing. It has demonstrated a reduction in housing for both rental and purchase as well as cost increases. As discussed, cost increases have been particularly significant for people on lower incomes. Service providers have seen increases in demand for support, including temporary housing and other forms of assistance. No reliable figures are available for the number of people who have lost access to secure housing, but overall increased financial pressures on those with lower incomes makes it likely that an increasing number lack stable and secure housing. The remainder of this report attempts to estimate the scale of the problem, with lower and upper bounds for the number of people living without secure housing.

Any person living in insecure housing is considered to be homeless, defined in terms of safe and secure housing and not just a lack of shelter. Statistics New Zealand defines homelessness as 'living situations where people with no other options to acquire safe and secure housing: are without shelter, in temporary accommodation, sharing accommodation with a household or living in uninhabitable housing.'¹⁶ Another definition of homelessness differentiates between primary, secondary, and tertiary homelessness. Primary homelessness refers to people who have no shelter or have only improvised shelter. Secondary homelessness refers to people who move between temporary shelters, such as refuges, emergency accommodation, or homes of friends or relatives. Tertiary homelessness involves people who live in single rooms in hostels or boarding houses without their own bathrooms, kitchens, or security of tenure.¹⁷

How and why people have insecure housing

Research shows that people become homeless for different reasons, including natural disasters. Homelessness can result from wider social and economic (macro-level) and individual (micro-level) factors. Macro-level factors can include national or global economic changes as well as natural disasters, and affect individual personal circumstances as people lose employment and/or face higher living costs. Micro-level factors affect individual circumstances, and can include a history of poverty, abuse, alcohol and drug use, mental disorders, or family violence.

Some people are subject to long-term or chronic homelessness, living without stable and secure accommodation for extended periods or repeatedly. It is often difficult for such people to break out of homelessness, and they are prone to ill-health due to their living conditions. The greater Christchurch region, like all of New Zealand, had part of its population in housing insecurity before the earthquakes. However, the number of people at risk of such insecurity has been exacerbated by the loss of employment and affordable accommodation following the earthquakes. The next section provides an estimate of the scale of insecure housing in the greater Christchurch region.

¹⁶ Statistics New Zealand (2009), New Zealand definition of homelessness, Wellington, New Zealand

¹⁷ DTZ (2008): Christchurch city—housing market assessment and social housing needs analysis

Baseline: housing insecurity before the earthquakes

To estimate the number of people who lacked secure housing before the earthquakes, we have drawn on two sources. Christchurch City Council commissioned a study in 2008 that estimated the number of people with unmet housing needs. The study provided an estimate of homeless people, including people without shelter or living in temporary accommodation such as hostels or boarding houses. It did not estimate the number of people living in unsafe accommodation or sharing accommodation with other households. The authors estimated that there were 270 homeless people in Christchurch at that time.

To estimate the number of people who were in overcrowded accommodation and lacked their own housing before the earthquakes, we drew on the 2006 Census. The Census estimated the number of households that were crowded according to the Canadian National Occupancy Standard, with too few bedrooms for the number of people in the house. Crowding levels for the greater Christchurch region were shown to be lower than the national average, with approximately 3% of households, compared to 5% nationally. This equated to 24,440 people living in 'crowded' dwellings in the greater Christchurch region in 2006.¹⁸ Within this group of crowded households, some were estimated to be short by two or more bedrooms, constituting what may be described as severe overcrowding. In 2006, there were 885 households in the greater Christchurch area that were short by two or more bedrooms, accommodating 5,690 people. These people made up 23% of the 24,440 people living in crowded conditions. Assuming that these crowded households have on average 3.9 people per dwelling who are not usual residents¹⁹, we estimate that in 2006 there were 3,480 people living in crowded households who lacked their own secure accommodation.

Adding the CCC estimate of homelessness to the Census-based estimate of people in overcrowded houses gives us a baseline estimate of 3,750 people in insecure housing before the earthquakes.

¹⁸ Source: Statistics NZ.

¹⁹ Statistics NZ estimate that there are 6.4 people per dwelling in 2+ bedrooms. Given the 'homelessness' definition does not include the normal residents of the dwelling, then the average person per dwelling of 2.5 is subtracted from this figure, resulting in 3.9 extra people on average who are defined as 'homelessness' due to living in shared accommodation. Due to rounding, estimates may not exactly add correctly.

Initial estimate of scale of housing insecurity since the earthquakes

There is no doubt that the number of people living in insecure housing in Christchurch has increased over the last three years. However, it is not possible to derive a single estimate of the number of people currently living in insecure housing in Christchurch.

In the absence of reliable statistics, the approach taken in this report has been to estimate a range within which the potential scale of the increase is most likely to lie. The range has been constructed by combining quantitative and qualitative insights from:

- the known reduction in housing stock and an estimate, based on this, of the number of people displaced from Christchurch
- estimates from housing bond data of the reduction in the stock of low-cost rental accommodation
- assumptions about the levels of increased crowded accommodation
- the overall trends in the data on housing supply and demand, set out earlier in this report
- the views of people, particularly in the NGOs listed in the attachment, who are working on a daily basis with people facing housing difficulties.

An estimate of increased crowding was generated from the loss of housing in the area, whether from the private market or social housing. A reduced level of demand resulting from population movement was also taken into account, based on population estimates from Statistics NZ to June 2012. The estimated shortfall of the supply of housing stock, net of population movements and new houses built based on residential building consent data²⁰, is 7,100. From this it is estimated that a net 16,050 people have been displaced²¹. A good proportion of these people would have found other accommodation that was not overcrowded. However, in doing so, some of them may have caused further displacement, especially for existing tenants, some of whom would be on low incomes.

Regarding the net loss of housing stock, it is assumed that all of the people who would normally rely on rentals of less than \$300 per week are now living in crowded dwellings, and one-third of the people who would normally live in the other lost dwellings are living in crowded dwellings. These assumptions result in 7,000 people (or 44% of those displaced due to the shortage of housing stock) currently living in crowding conditions. This is an estimated

Sharing accommodation

All case study participants experienced crowded living conditions after the earthquakes, living with friends or relatives. One slept in his car for six weeks while his two children slept in a friend's spare bedroom, after living with his children in a tent for six weeks. Another lived with her baby in a four-bedroom house, with a total of 12 people in the house.

²⁰ To account for the time frame for residential building consents being approved and the house being built and some not being built at all, a six-month delay was assumed as well as 7% of consents not resulting in a completed house.

²¹ Based on 2.26 people per dwelling from the 2006 Census and the estimated average number of people in lost rentals that were less than \$200 per week.

increase of 29% from the 24,440 baseline of crowding in the greater Christchurch region from the 2006 Census.²²

A proportion of the additional people displaced by lost housing may be living in severely-crowded housing or unsafe accommodation. Either option represents a lack of secure housing. Again, a range of estimates is provided. At the low end, it is assumed that severely-overcrowded houses make up the same proportion of crowded households (23%) that they did in 2006. The medium and high ranges assume that crowding has increased in intensity, with a greater proportion of households affected by severe crowding (lacking two or more bedrooms).

Discussions with staff members from NGOs revealed different views about the extent to which the numbers of people without shelter or living in emergency or temporary shelters have increased. There was a generally shared view, however, that the numbers had increased, and may have increased sharply (even doubling or tripling). These qualitative assessments from NGO staff were used to identify realistic scenarios for how much the CCC baseline may have increased. These scenarios range from a 50% increase to a 150% increase over the levels before earthquakes. These increases affect the number of people living without shelter or in temporary accommodation only, and do not affect the estimate of numbers living in heavily-crowded conditions.

A summary of the estimates is shown in the following table.

Table 5: Initial estimates of the scale of insecure housing in the Greater Christchurch region

	Low	Medium	High	Assumptions
2008 CCC estimate	270	270	270	Living without shelter or in temporary accommodation
2006 Census estimate of severely-crowded housing	3,480	3,480	3,480	People in crowded households lacking two or more bedrooms
Insecure housing baseline pre-earthquake	3,750	3,750	3,750	
Estimated increase in people without shelter or in temporary accommodation	135	270	405	Based on increases of 50%, 100%, or 150% over CCC baseline estimate which was derived from NGO data and interviews.
Estimated increase in people in severely-crowded accommodation	1,625	2,440	3,250	Based on estimated loss of housing and increases of 0%, 50%, 100% in the proportion of people in crowded households that are lacking two or more bedrooms (23%) from the 2006 Census
Post-earthquake initial estimate	5,510	6,460	7,405	

It must be emphasised that these figures are initial estimates. It is not possible to estimate the statistical confidence levels associated with these numbers. The need to rely on an estimated low – high range reflects the uncertainty inherent in the data. However, we believe that drawing on Census figures, information from NGOs, the estimated housing stock reduction, and quantifiable trends in housing availability gives a reasonable indication of the number of affected people in greater Christchurch.

²² This assumes no increase in crowding between 2006 and 2010 and the majority (57%) of the displaced population between 2010 and 2012 found accommodation that was not crowded.

Next steps

The material provided here draws on a range of sources and makes some clearly-stated assumptions, in order to provide an initial assessment by MBIE officials of insecure housing in the greater Christchurch area. MBIE will continue to consult with interested parties in the area, such as local government, the Canterbury Earthquake Recovery Authority (CERA) and NGOs. Officials will continue to monitor housing conditions in the greater Christchurch area, and will make further information available as and when appropriate.

Attachment: non-government organisations (NGOs) contacted

MBIE wishes to acknowledge the contribution made by representatives of the following non-government organisations. These groups provided generous support for the research, sharing information and providing access to individuals who could tell their own stories of their experiences since the earthquakes.

Christchurch City Mission
Christchurch Resettlement Services
Christchurch Women's Refuge
Comcare Charitable Trust
Elm Tree Lodge Charitable Trust
Home and Family Society
Housing for Women Trust
Idea Services
Ka Wahine Ki Otautahi Trust
Odyssey House
Otautahi Women's Refuge
Partnership Health Canterbury Te Kei o Te Waka
Pathway Trust
Presbyterian Support Holly House
Richmond New Zealand
Salisbury Street Foundation
Salvation Army
Sarona Community Trust
Shakti- Ethnic Women's Support Group
St John of God - Waipuna
Stepping Stones
Te Kaka Kura Trust
Te Roopu Taurima O Manukau Trust
Te Whare Roopu o Oterepo – Waltham Community Cottage
White Wings Charitable Trust
West Christchurch Women's Refuge
YWCA Community Development Centre

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