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Unsustainable, Dysfunctional, and Costly Cities for an Ageing New Zealand

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New Zealand Sustainable Cities Seminar

18 October 2017

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Our Cities:

- Two defining characteristics:
 - Environmentally unsustainable
 - Demographically dysfunctional
- Ill-adapted to meeting challenges presented by New Zealand's big trends:
 - Structural ageing
 - NZ's tenure revolution
 - Unaffordable built environments

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Cities Environmental Threat

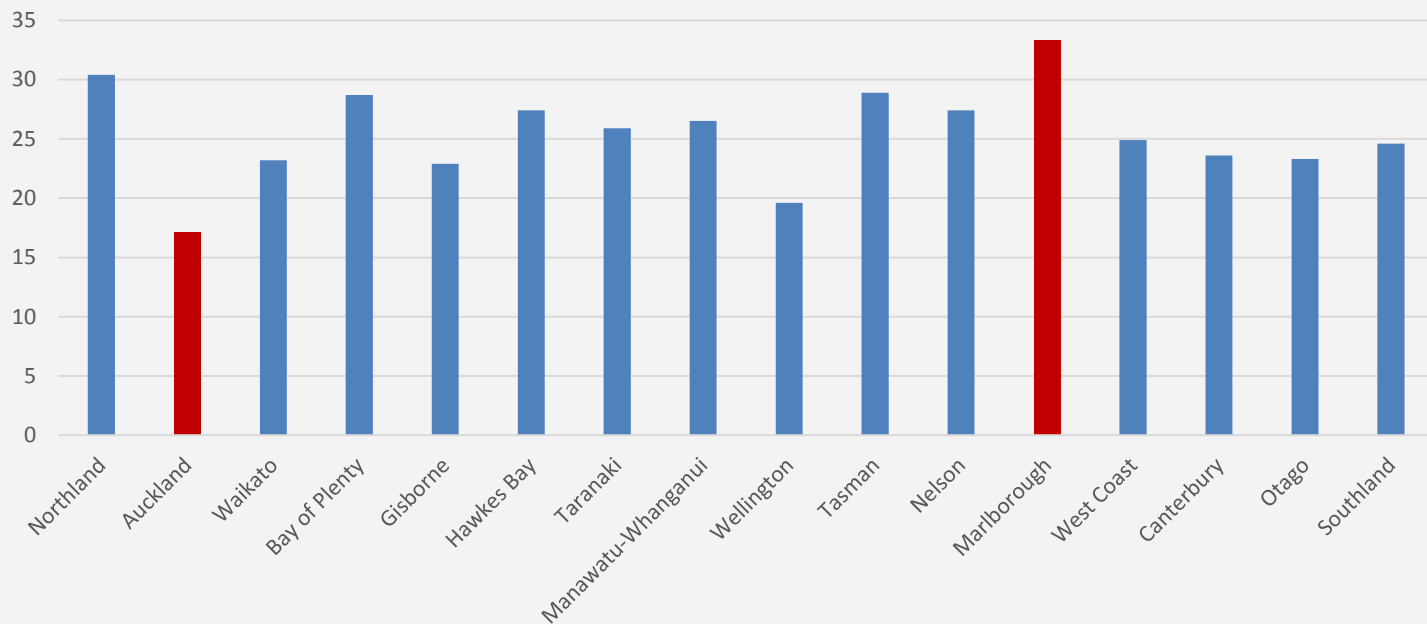
- Degradation and depletion of:
 - Soils
 - Fragile ecological systems – wetlands, coastlands, riparian verges
 - Water
 - Air quality
- Carbon hungry
- Thirst for expansion rather than retrofit
 - Shifting urbanism unlike shifting cultivation is not about renewal – we avert the eye from dilapidation and decline

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Old and Young in Our Regions

Old Age Dependency Ratio 2013 Census

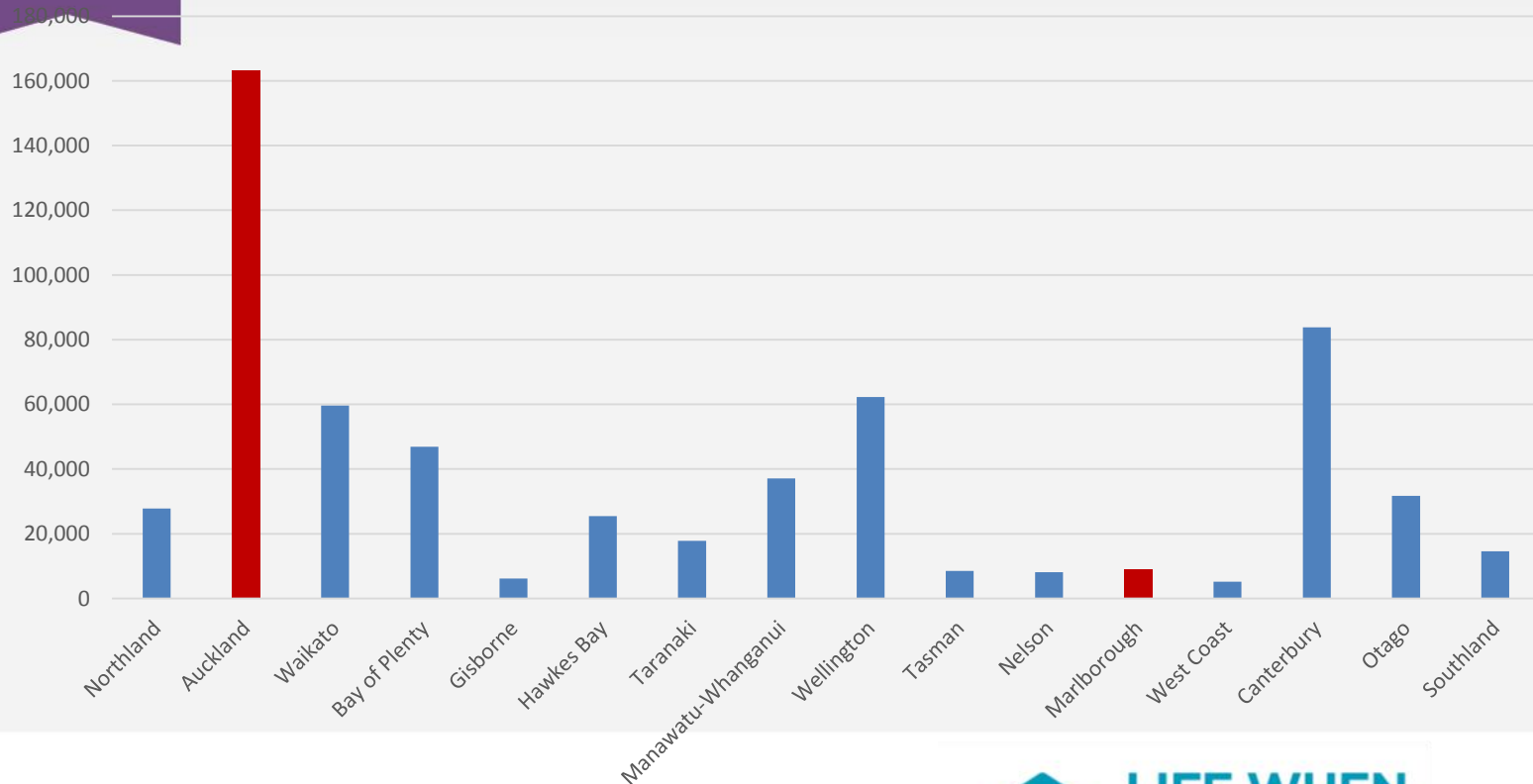


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Old and Young in Our Regions

Populations Aged 65+ Years 2013 Census



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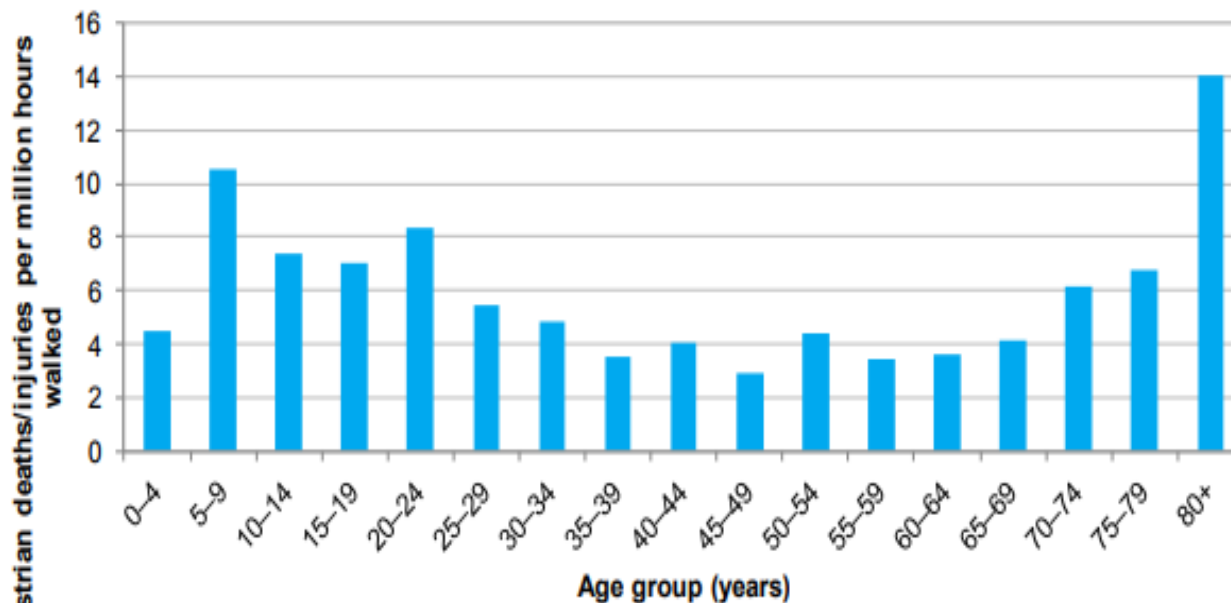
Demographically Dysfunctional

- ‘Car is King’ Towns and Cities:
 - Excludes:
 - Older people – by 2051 if current rates of licensing prevail over 300,000 older people will be unlicensed
 - Children and young people
 - Has:
 - Undermined public transport networks
 - Attenuated connectivity, increased travel times and costly infrastructure
 - Imposed burdens of transport cost on the most vulnerable households
 - Exposed old and young street users to risk
 - Kerb accessibility limited
 - Poor provision for cycles and mobility scooters
 - Driveway injury – 5 child deaths and 1 child admitted to Starship per fortnight with driveway injuries
 - Poor pedestrian crossing policing
 - Over-rapid crossing settings at lights
 - The driving addiction:
 - Over provision of parking and garaging allocation requirements in district plans
 - Under provision and maintenance of footpaths
 - Mobility scooters – footpath racers

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Pedestrian Deaths and Injuries



Source: Crash Analysis System, New Zealand Household Travel Survey (July 2008–June 2013)

Note: This data does not take fragility into account; that is the differing ability of different age groups to withstand the same degree of force in a crash

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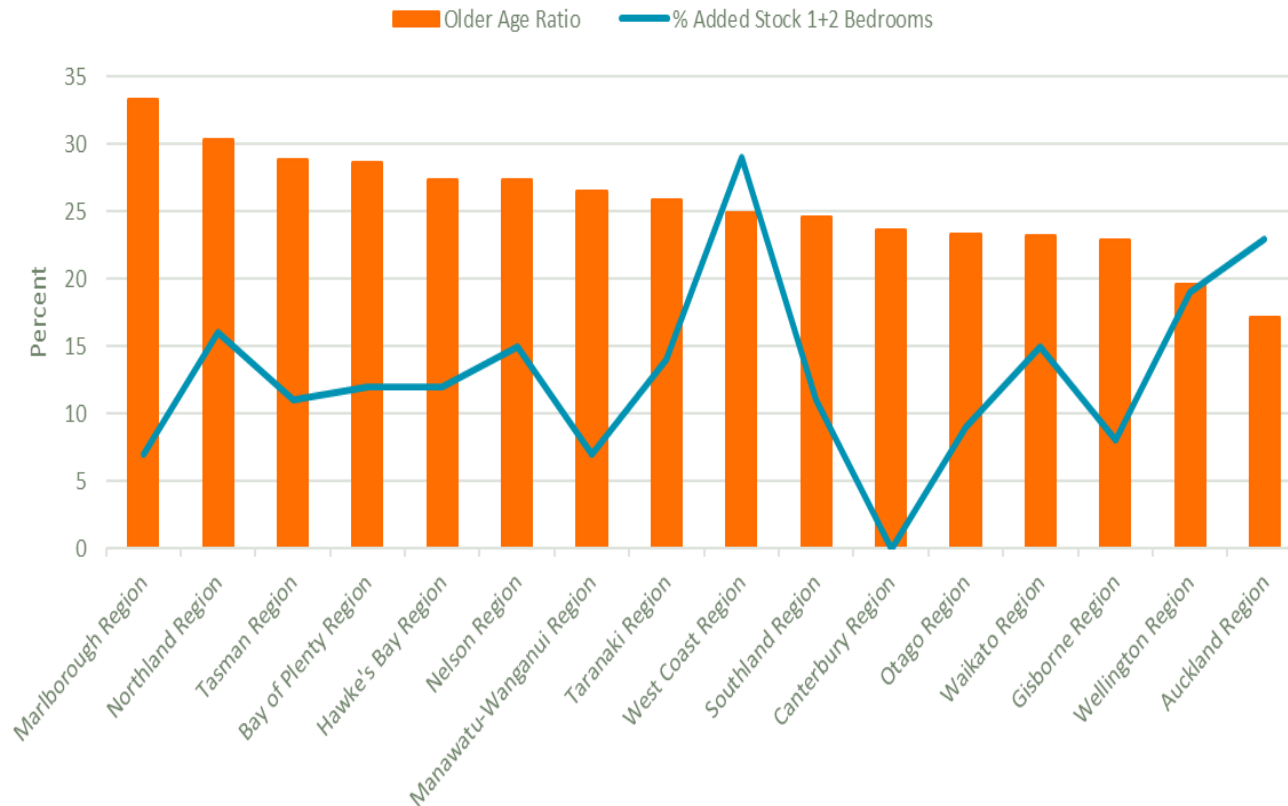
Demographically Dysfunctional

- Cities contain most of our housing stock
 - Stocks are marked by:
 - Little diversity
 - Increasing size and misalignment with household size and needs
 - Under-maintenance
 - Lack of functionality
 - New builds and renovations:
 - Built under a partial and inadequate code with accessibility and functionality:
 - excluded for residential buildings
 - poorly monitored in public buildings
 - Struggle to meet code
 - Often sited in environmentally fragile and risky spaces
 - Systemic problems (leaky building) leads to insecurity and dependence
 - Over-production for wealthier or higher income households

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Regional Older Age Population Ratios and % New Stock 1+2 bedrooms since 2001



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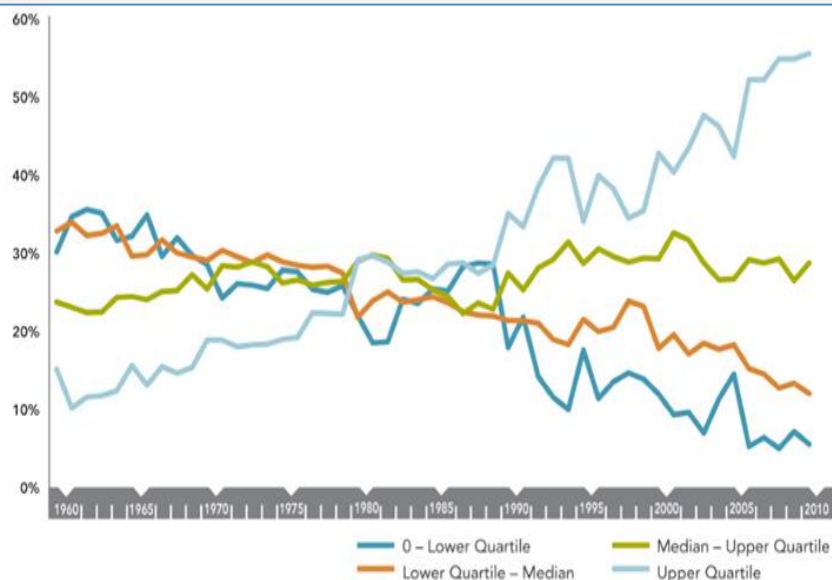
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Over-production for Wealthy

- Retirement villages
 - Auckland – 44% of NZ's RV development pipeline
 - Around 7,000 units in the development pipeline
 - Probable over-supply short/medium terms
 - Forecast demand for last year – 351 units
 - Industry supply year ending Nov 2016 – 545 units
 - Boom tailing off – 21% drop Summerset new and resales
 - Entering residential care to sustain sale and purchases
- Declining production of entry level dwellings:
 - New build value profile:
 - 1960s more than 35% of new-build in lower quartile.
 - 2003 8% new builds lowest quartile with >40% in upper quartiles
 - Declining investment in affordable rental stock

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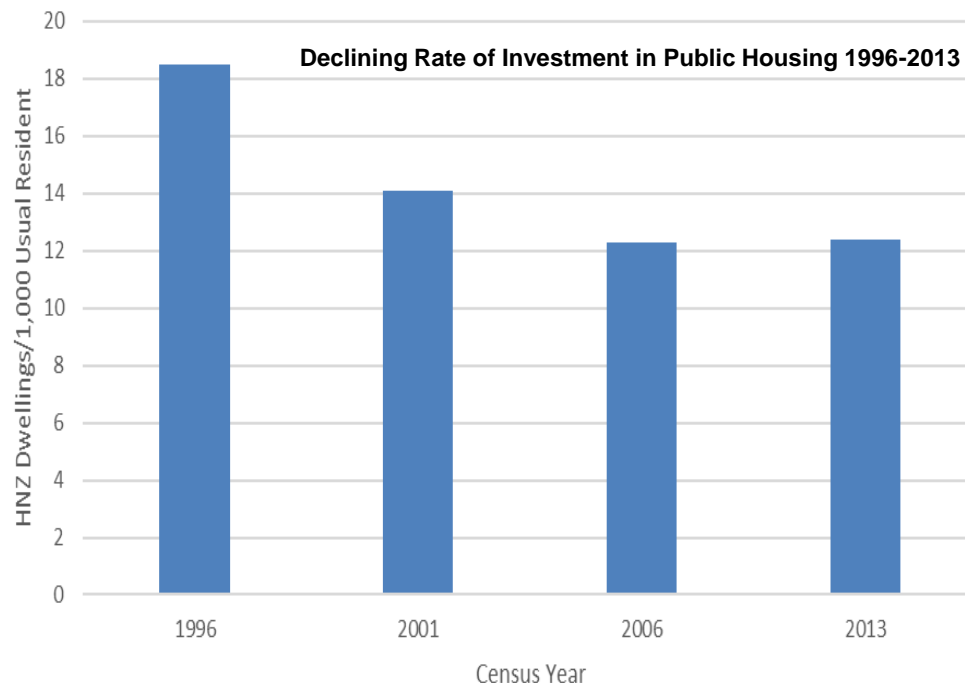
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Source: Productivity Commission calculation using QV data

Notes:

1. For each year, the data show the share of new houses that are valued within each quartile of the value distribution for the existing housing stock.



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Unaffordable Built Environments

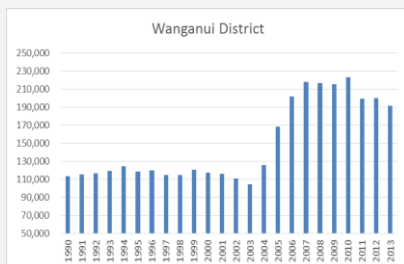
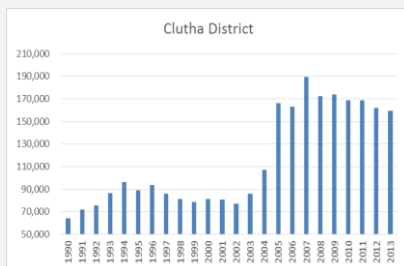
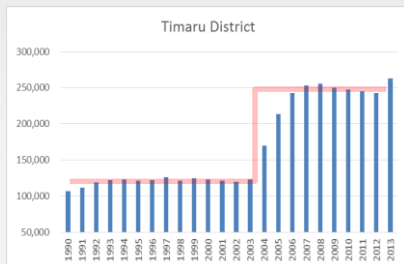
- Cities have become the:
 - Sites of unaffordable housing
 - Drivers of house price rises associated with:
 - Rate stress
 - De-coupling of condition and amenity from price
 - Valuation addiction among local authorities
 - Industry and household addiction to windfall gain
- Reflected in changes in tenure, concentrations of ownership, and land-hoarding
- Rising house prices feed intergenerational conflict – Older People are on the Pig's Back Thesis

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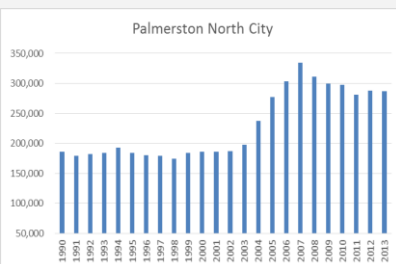
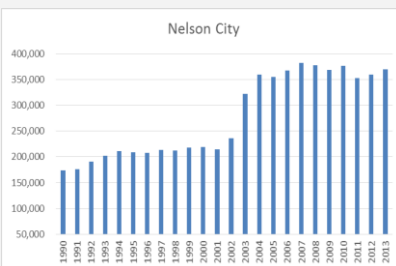
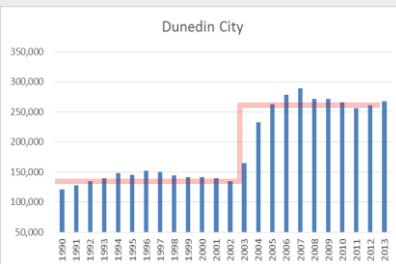
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House Prices – Auckland and Other Markets

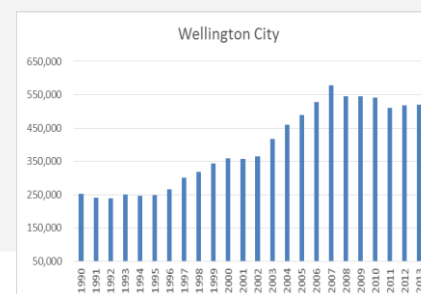
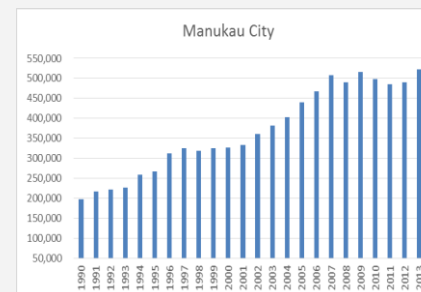
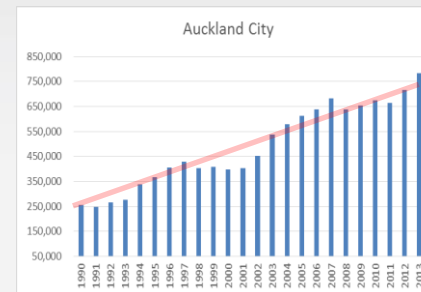
Rural Areas

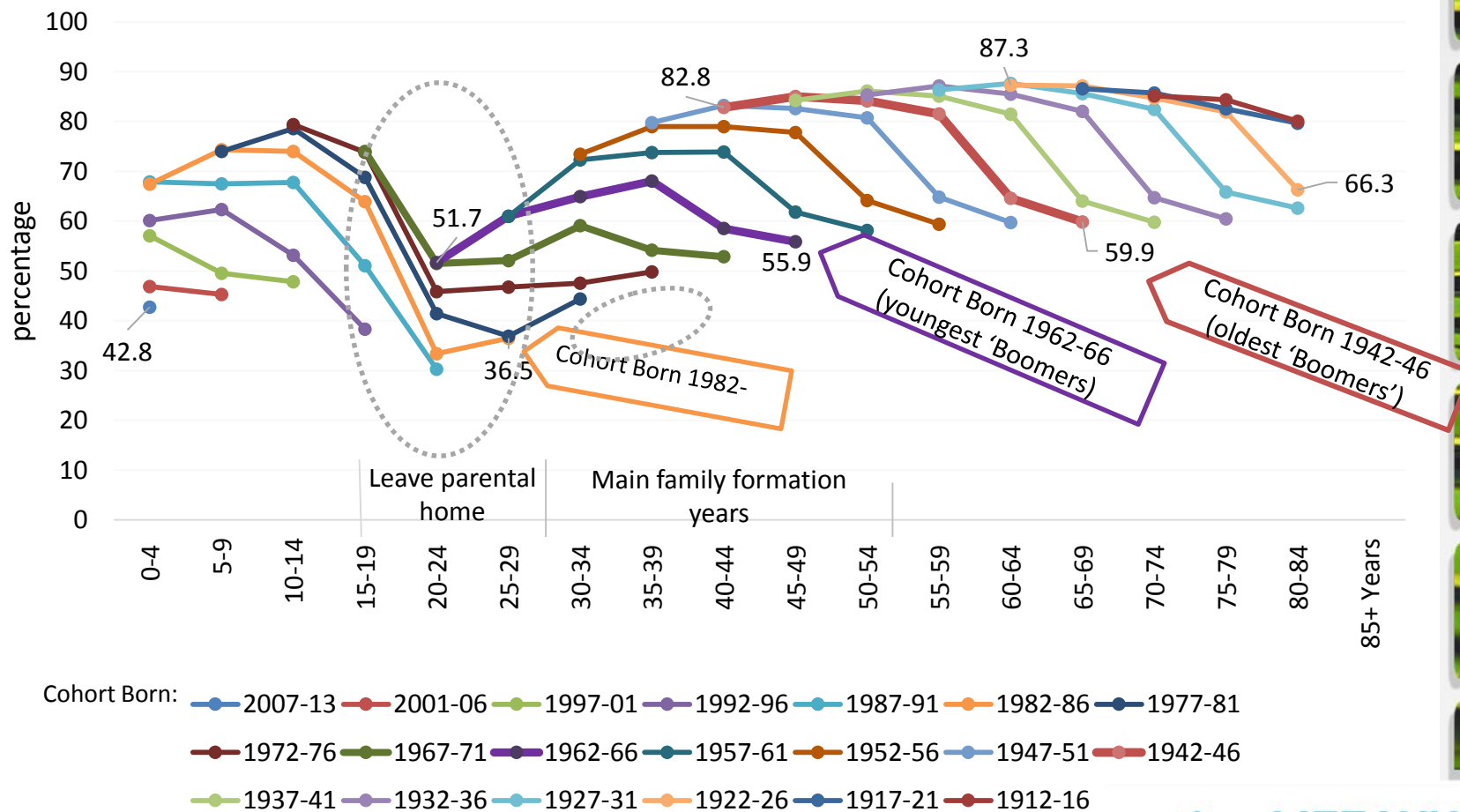


Small Cities



Large Cities

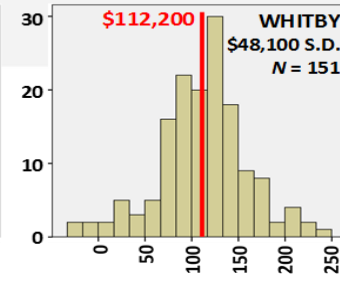
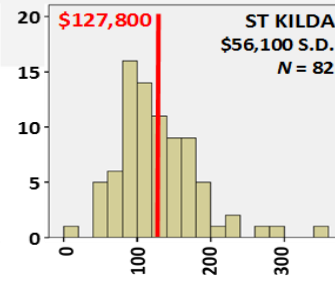
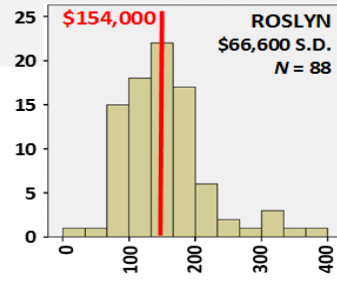
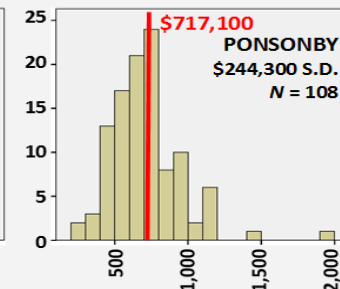
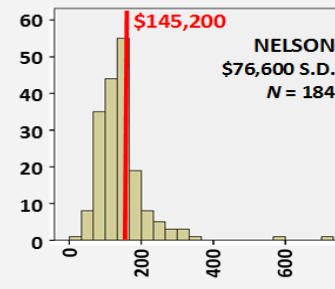
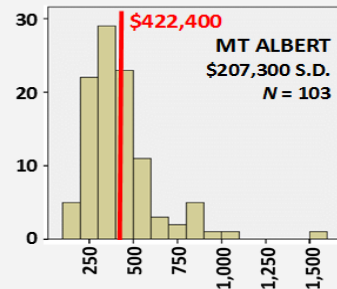
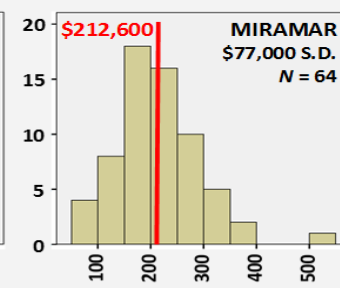
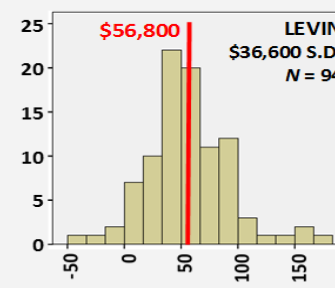
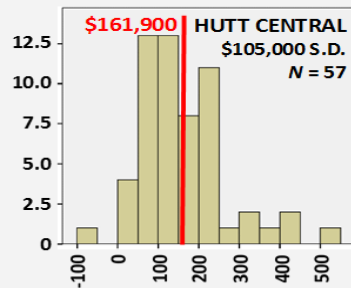
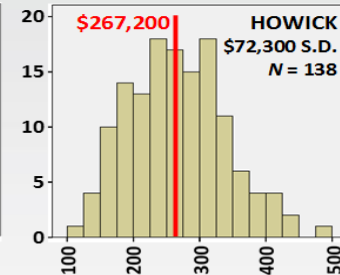
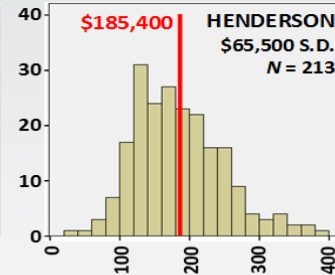
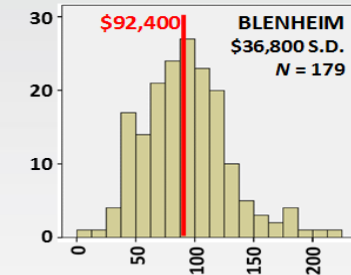


Home Ownership by Birth Cohort, **Total NZ**

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Pig's back? Capital Gain in Repeat House Sales



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Downsizing for Owner Occupiers

- Stock problems
 - Any stock alignment is largely embedded in the rise of RVs
 - Low cost house building resides in the community sector and HNZ
 - Neither target older people
 - Require tenure degradation
- Limited capital equity release
 - Sell high, buy high
 - Even in RVs capital required for RV LTOs rising – Auckland has just sold a LTO for over a million – calibrated with existing house prices (About 75% of current median)

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The Rental Alternative

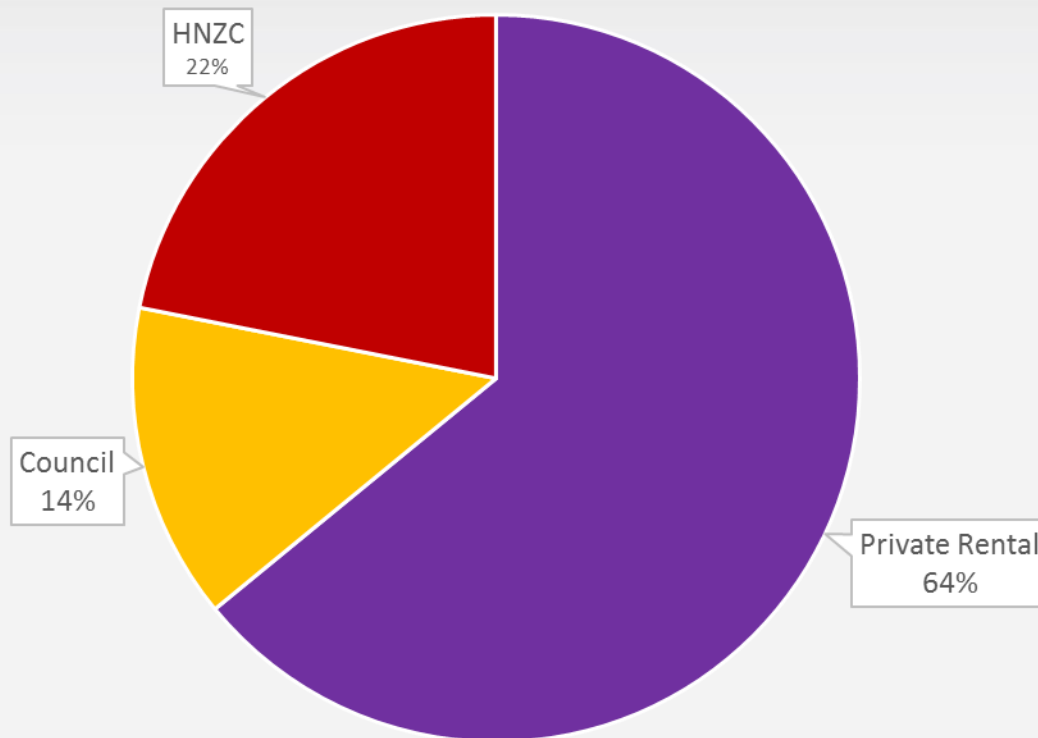
- Older people liked but not targeted by landlords except councils
- Tenure security is an issue for older people
 - Stock churn
 - Price pressure
 - Age-related eviction
- Stock problems
 - Too large
 - Not accessible
 - Poor thermal performance
- Tenancy access inhibited by the online application
- Affordability

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Landlords and Older Renters 2013 Census

The Private Rental Market
is the Major Provider of
Rental Accommodation to
Older People



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Affordable rents for superannuitants:

- \$90/wk – older people living alone
- \$134/wk – couples

Older
People on
the Pig's
Back Thesis

Wellington Market Rents		\$ Weekly 1 April 2017-30 Sept 2017			
Dwelling Type		1-Room	1-Bed Apt	1-Bed Flat	2-Bed House
Kilbirnie/Lyall Bay					
Lower Quartile				\$275	\$400
Median				\$295	\$450
Porirua East Waitangarua					
Lower Quartile					\$248
Median					\$310
Taita/Naenae					
Lower Quartile		\$137		\$195	\$300
Median		\$165		\$195	\$330

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From Vicious to Virtuous Cities

- Ageing – Wicked Problem or Awesome Opportunity
- Resolution lies in recognising the:
 - Distinction between taste, preference and addiction
 - Apparent and real costs/benefits of age-exclusionary and age friendly environments
 - Embedded contradiction:
 - Burdens of city failure are unevenly distributed and usually (but not always) fall mainly on least able to mitigate them
 - We are all in this together
 - It's more than a triple bottom-line

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Interweaving Age & Environment

- Encourage intergenerational flows
 - Low cost housing is critical
 - Better land and stock use
 - Care around inflexible land use mechanisms
- Age-friendly housing stock
 - Stock diversification – investment rather than command and control
 - Triage and favour universal design
 - Tenure diversification rather than tenure neutrality
- Compact and connected towns and cities
- Recovering from the addictions:
 - King Car
 - Rising house prices