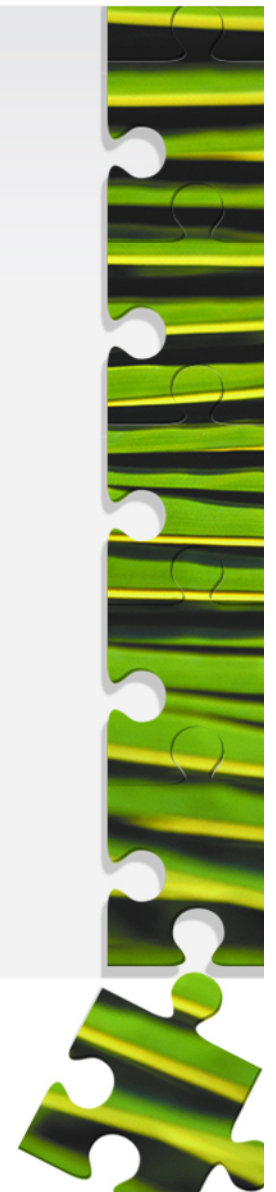


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Unsustainable, Dysfunctional, and Costly Cities for an Ageing New Zealand

Kay Saville-Smith (CRESA)
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

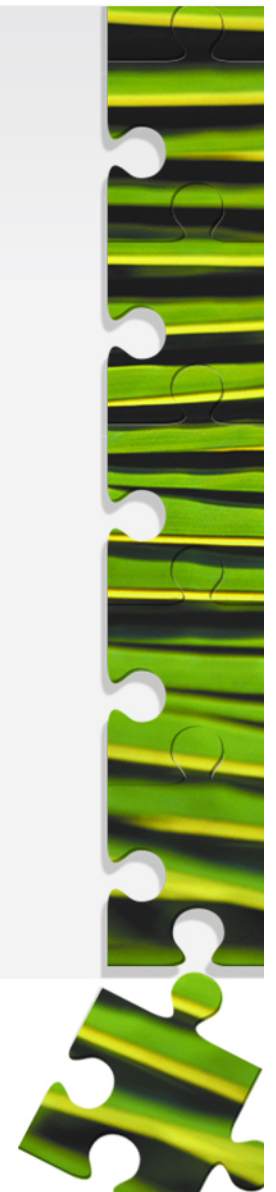


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Cities Environmental Threat

- 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

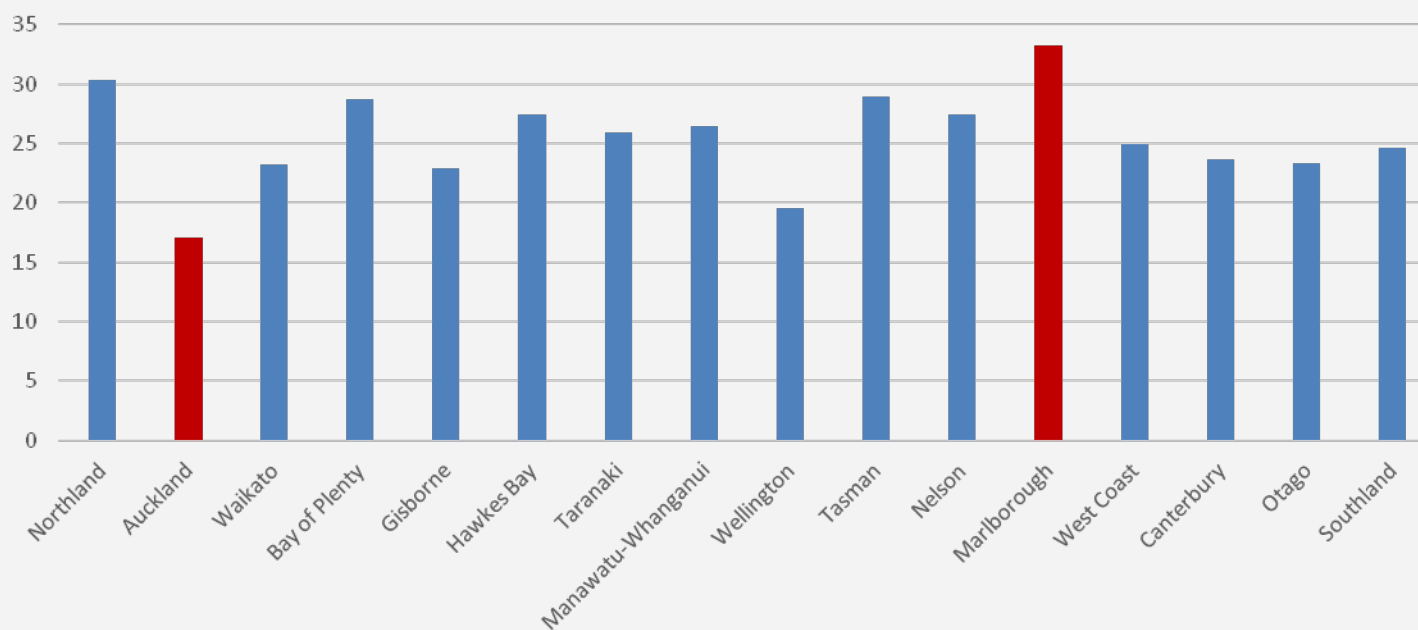


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Old and Young in Our Regions

Old Age Dependency Ratio 2013 Census

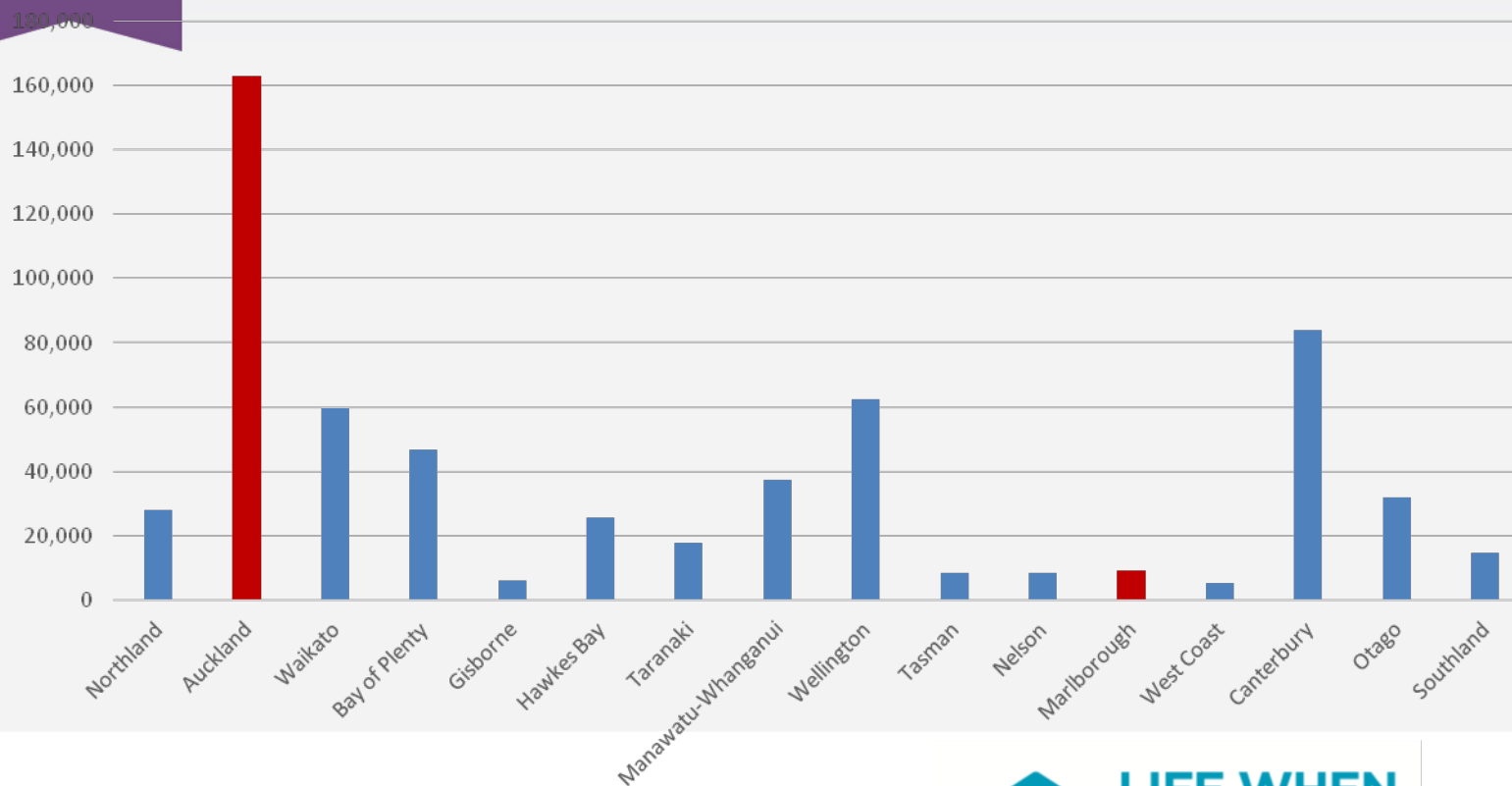


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Old and Young in Our Regions

Populations Aged 65+ Years 2013 Census

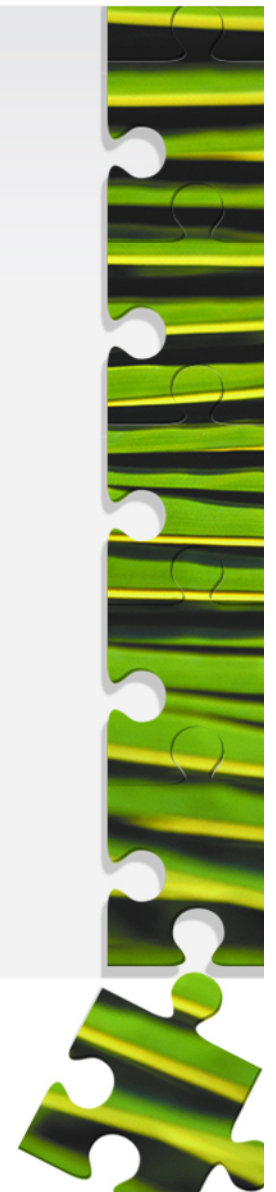


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Demographically Dysfunctional

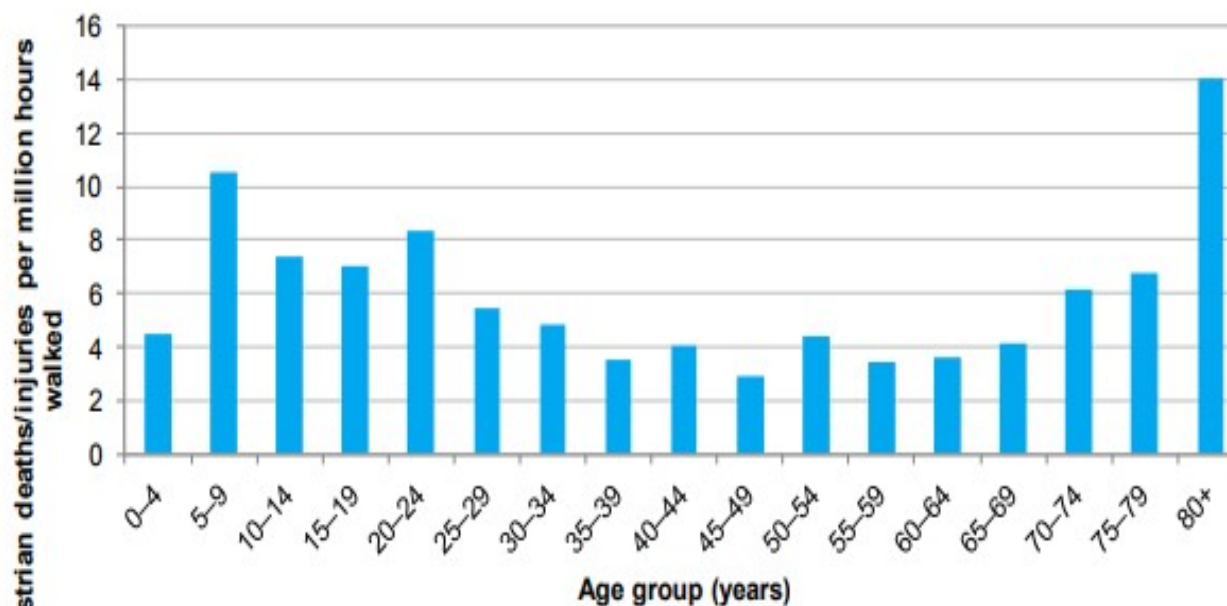
- ‘Car is King’ Towns and Cities:
 - Excludes:
 - Older people – by 2051 if current rates of licensing prevail over 300,000 older people will be unlicensed
 - Children and young people
 - Has:
 - Undermined public transport networks
 - Attenuated connectivity, increased travel times and costly infrastructure
 - 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

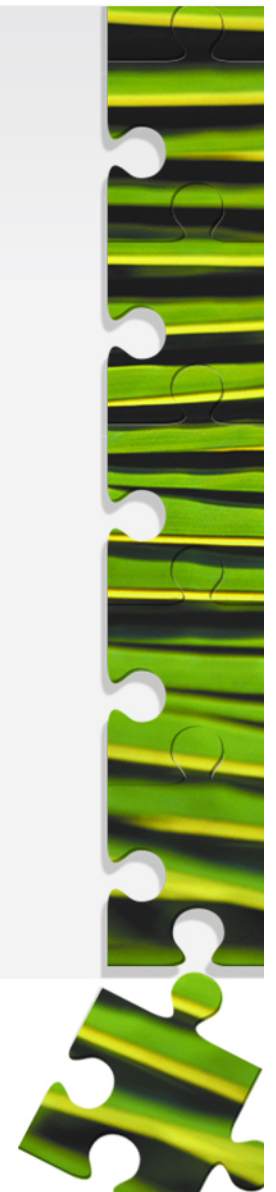


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Demographically Dysfunctional

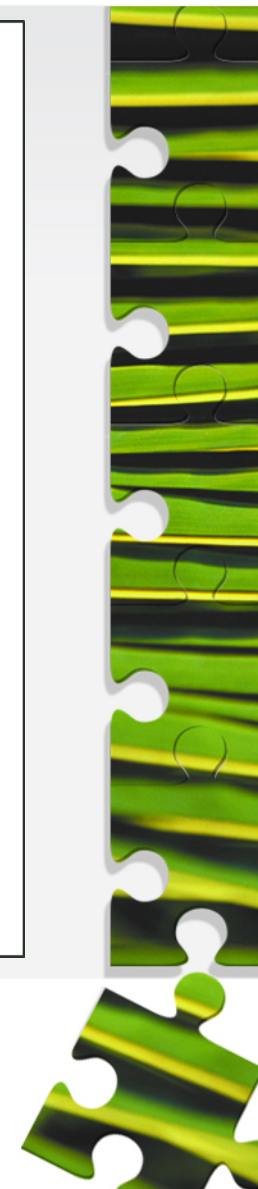
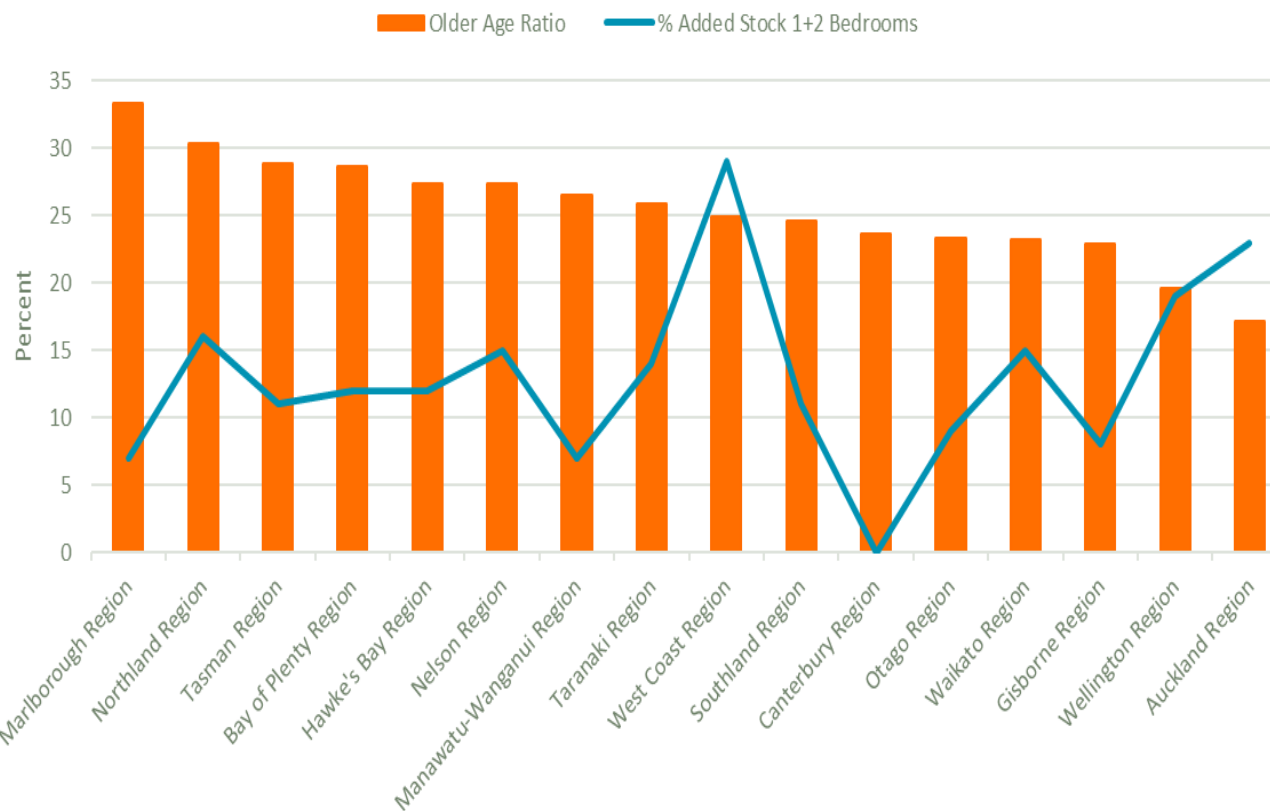
- Cities contain most of our housing stock
 - Stocks are marked by:
 - Little diversity
 - Increasing size and misalignment with household size and needs
 - Under-maintenance
 - Lack of functionality
 - New builds and renovations:
 - Built under a partial and inadequate code with accessibility and functionality:
 - 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

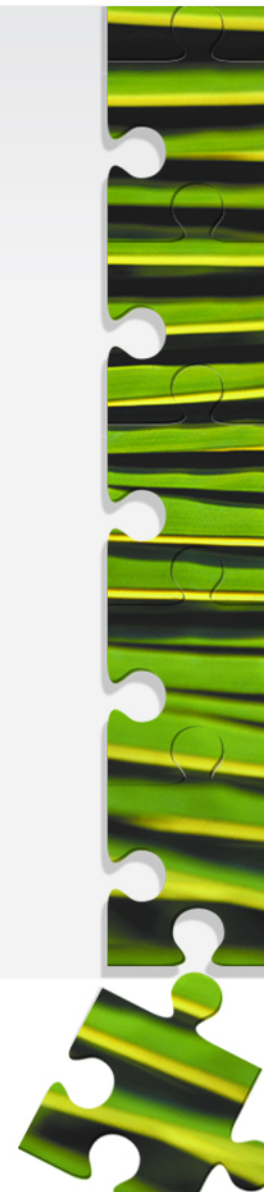


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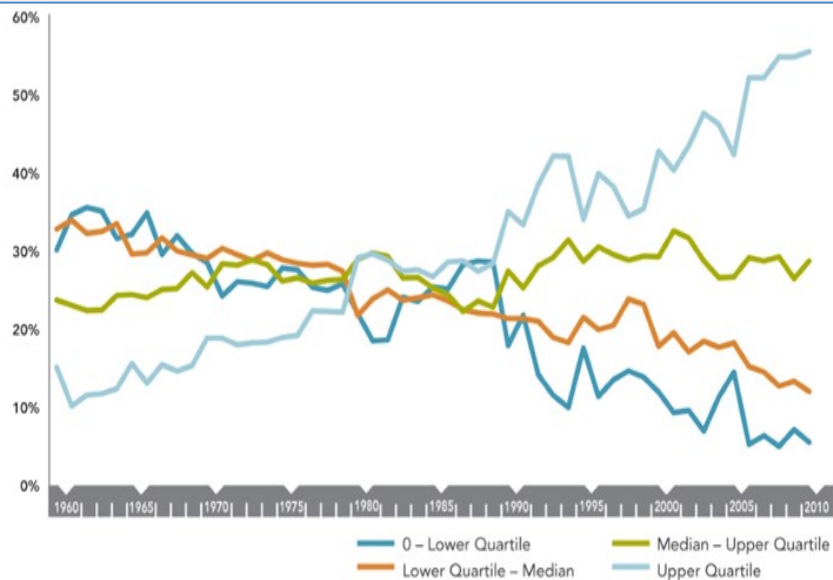
Over-production for Wealthy

- 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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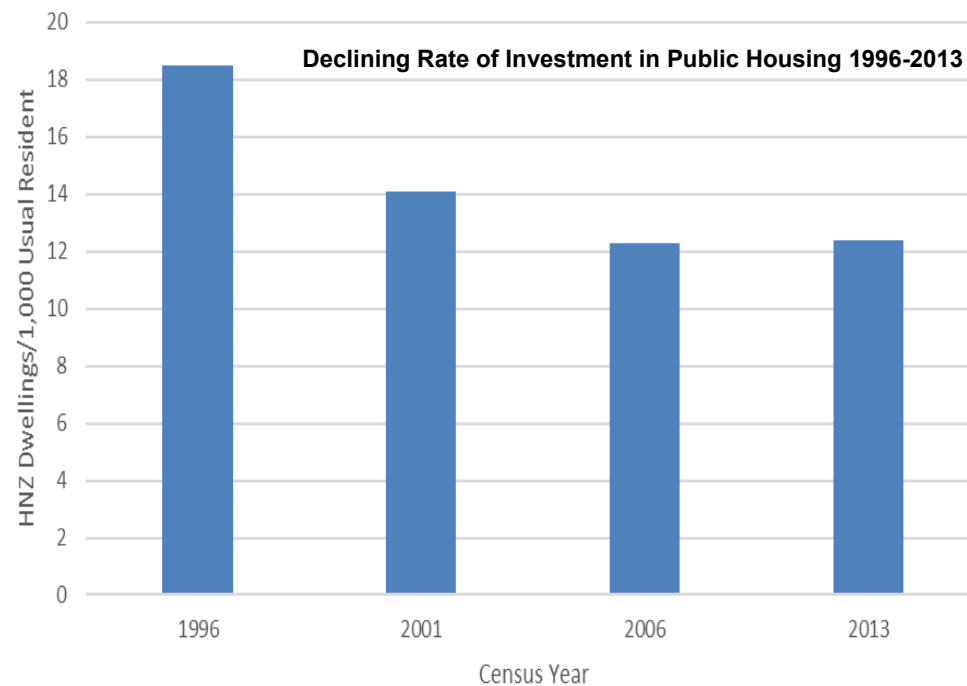


Source: Productivity Commission calculation using QV data

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.

Declining Rate of Investment in Public Housing 1996-2013

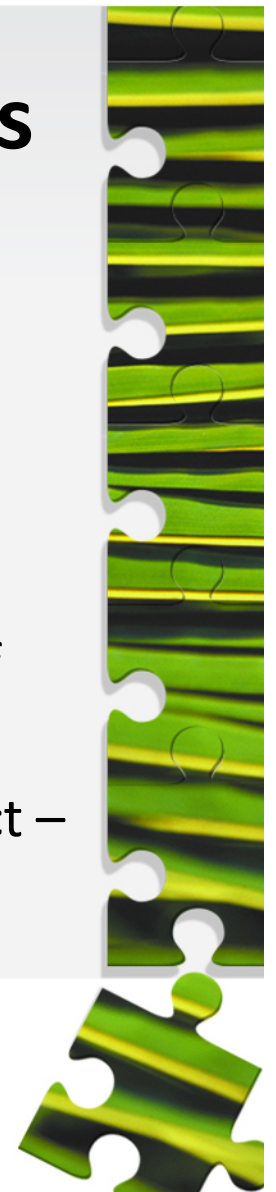


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Unaffordable Built Environments

- 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

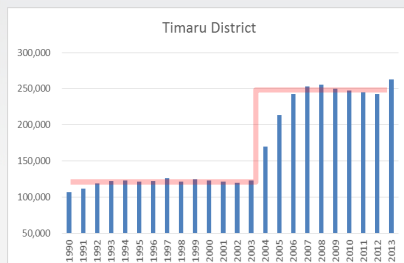


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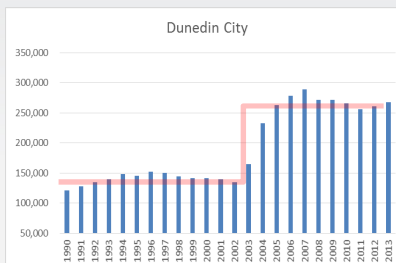
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House Prices – Auckland and Other Markets

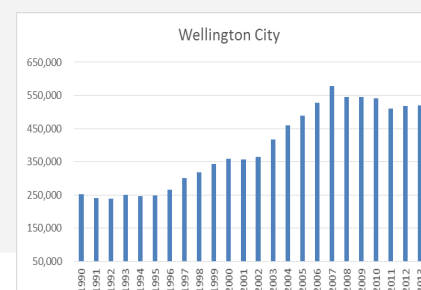
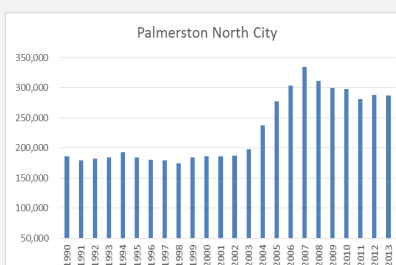
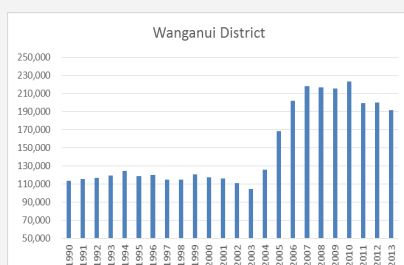
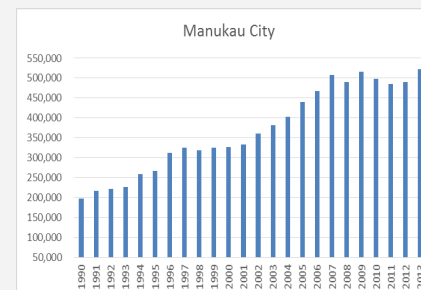
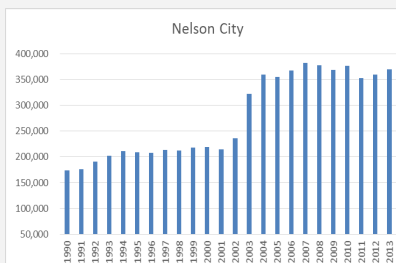
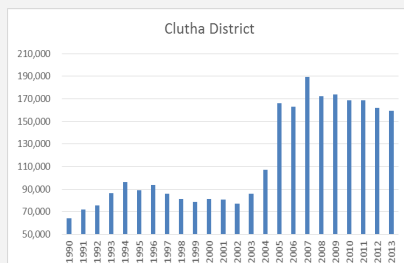
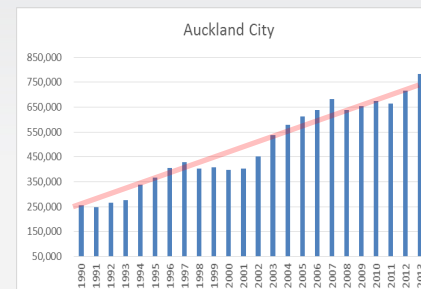
Rural Areas



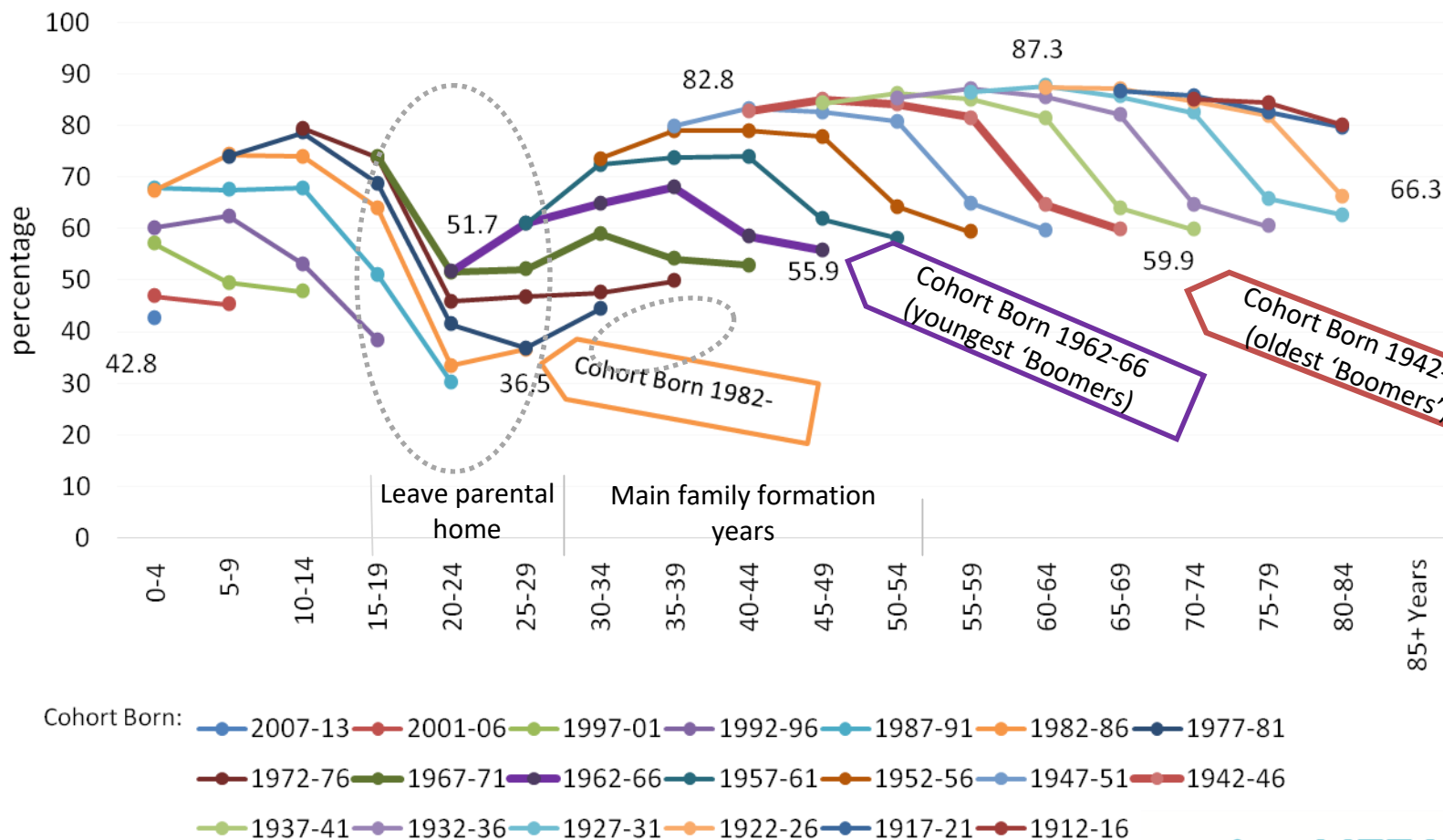
Small Cities



Large Cities



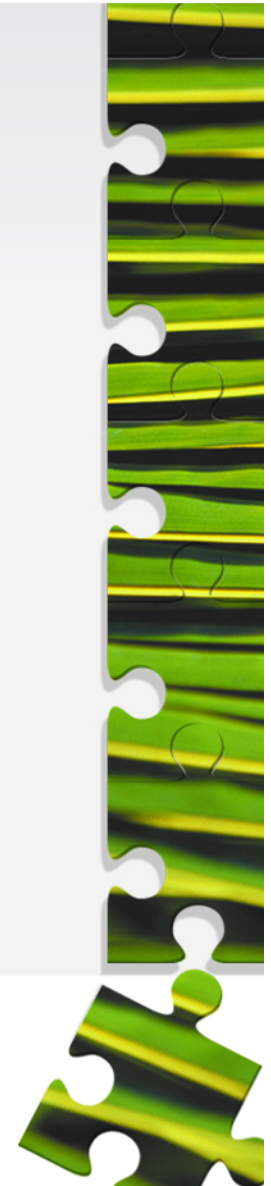
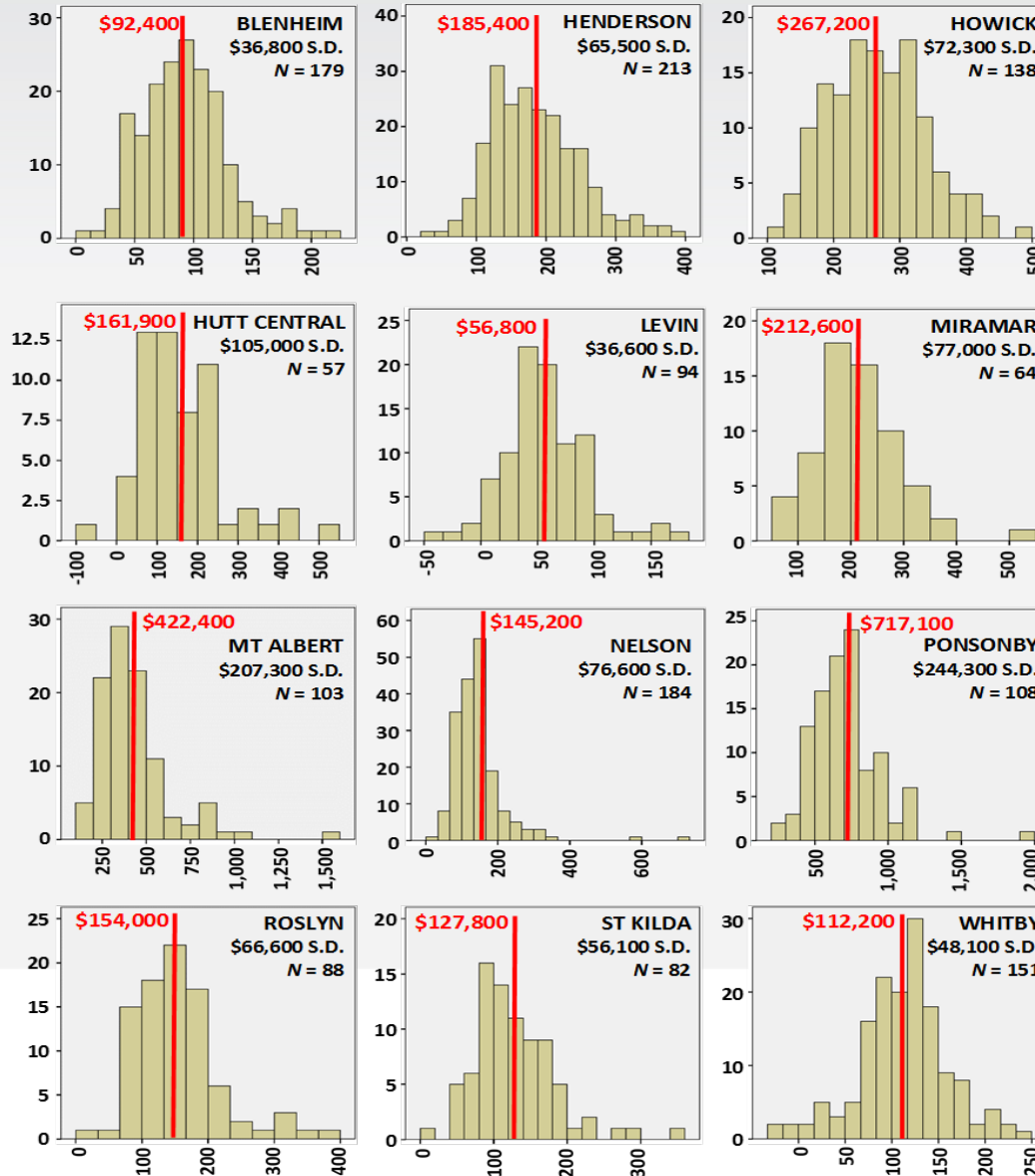
Home Ownership by Birth Cohort, Total NZ



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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

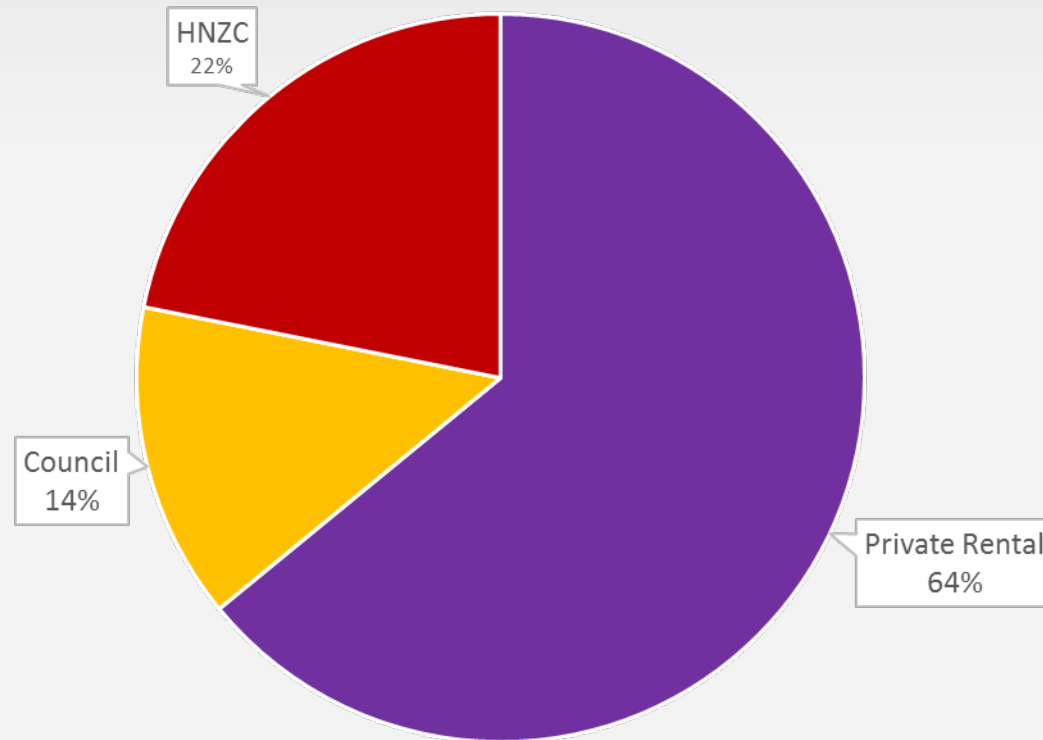


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Landlords and Older Renters 2013 Census

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



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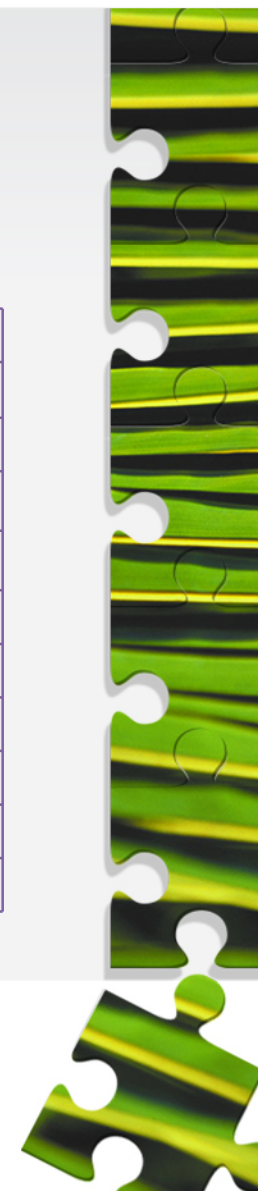
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Affordable rents for superannuitants:

- \$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

