

A third sector in New Zealand housing

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This paper aims to share with others progress towards establishing a visible and credible third sector in housing in Aotearoa/New Zealand. Government policy in Aotearoa/New Zealand has strongly emphasized home ownership since the beginnings of colonial government - and these policies have been reasonably successful. However, there has been a decline in home ownership, increased assertion by Maori of their right to tribal ownership, and a demand for a wider variety of housing than the traditional three-bedroom bungalow. Community groups are struggling to gain recognition of the need to address growing housing problems in non-traditional ways. This paper outlines current progress towards a viable third sector.

Providing a roof over everyone's head is increasingly problematic in countries with market-driven economies. This is painfully obvious in some of the world's biggest cities - Los Angeles, New York, and London. In Los Angeles people beg on corners as the stretch limousines drive by. And in Toronto, the churches take turns at opening their doors at night so that the homeless don't freeze to death on the winter streets.

By international standards, Aotearoa/New Zealand¹ has a good track record in housing. However, the 'New Zealand dream' of individual ownership is no longer achievable for increasing numbers of people. Home ownership levels are dropping, more people who own or rent, publicly and privately, are not suitably housed, the numbers of homeless are increasing and lifestyles and expectations are changing. The need for different and affordable housing structures is pressing. In this paper I tell the story of the New Zealand community's response to this problem.

What is Third Sector Housing?

In the 1990s, a network of community housing groups, under the umbrella name of the National Housing Association, began using the term *third sector*

¹ Aotearoa is a widely used Maori name for New Zealand. It means 'land of the long white cloud'.

housing to refer to groups who bring together public and private resources with the resources and knowledge of poor communities to meet their needs and dreams for affordable, appropriate and sustainable housing forms. We encouraged people to identify their own solutions and worked with housing groups, government and the private sector to make these solutions realities.

The National Housing Association was driven by key beliefs

- (a) that housing is an 'organic' part of people's lives. Its location affects people's relationships with neighbours, friends and family, their means of transport, and their work patterns. Its design affects children's ability to do homework, how secure they feel, household relationships, health and wellbeing. Both design and location affect people's ability to act in a way that is culturally appropriate to them. Who owns the house and land affects residents' sense of security and feelings of belonging;
- (b) that resources needed to be reallocated to restore health and wealth to communities that have been stripped of their assets;
- (c) That no matter how rich or poor you are, able or disabled, well or unwell you are, you should be able to have a reasonable say in where and how you live.

Housing cannot be meaningful 'social units of space' until they are part of a cultural context in which the house is a natural and attainable entity linked to people's needs, abilities, ambitions and expressive drives. The basic problem of housing is concerned with the creation of viable socio-economic environments which are capable of producing housing out of the human and physical resources of those environments.

Ramon Davis (1993:4)

In using the term *third sector housing* we expressed our wish to

- Empower communities to work together to develop methods of housing themselves appropriately and affordably
- Change the relationship between government, business and community to create a flow of resources and a combined decision making style

- Develop a holistic approach to housing. This includes working with people to develop housing appropriate for all parts of their lives and to that of their communities. It is housing that people have invested in themselves and for which they take responsibility where possible. It is housing that is placed in such a way as to enhance communication and healthy relationships in communities, that allows local economic activity and that enhances our environment.

The meaning shifts ...

As use of the term *third sector housing* spread in Aotearoa, the meaning changed. Government uses the term to refer to any non-government and non-private housing group.

Third sector providers are organisations such as church groups, charitable organisations and community groups. Located between the state and market sectors, third sector housing organisations use public and private sector resources to deliver housing. They provide an opportunity to help groups whose needs cannot be met by the state and who have difficulty functioning in the private sector.

Housing New Zealand Corporation (2003:14)

When the Labour Government came to power in 1999, they faced a major challenge in the housing area. The previous national government relied on an accommodation supplement to address all housing need and significantly reduced the standard and number of state houses. The Labour government set out to make state housing affordable again and to improve the quality of the stock. However, it realised that they could not spend enough to meet the need. They needed the community to help.

This move was welcomed by a wide variety of non-government, non-private providers. However the definition of *third sector housing* is still contested. Some see it as being inclusive of any community group with an interest in housing, from housing action groups to iwi² authorities, and supported accommodation to consumer-led housing associations. Others wish to limit it to those who provide housing. Whatever it comes to mean, the community acknowledges that it is necessary for political and financial reasons to work

² Iwi = tribe

together at present. But the 'battle' for control of the naming process is a power issue that reflects continuation of unhealthy relationships between government and the community.

Historical context

To understand the current situation with third sector housing in Aotearoa, we need to understand the two strands of housing history that contributed to shaping the current housing situation.

Maori

When Maori first arrived in Aotearoa, thousands of years ago, they had to adapt their housing to suit their new environment. What developed was housing built of native trees. Whare, as individual houses are known, were built in clusters around the tribal meeting place - the marae - as well as other buildings for specialist use, such as the pataka or store houses. The design of individual houses and the way they were grouped reflected the strongly held values of togetherness within the extended family and the village, the hapu³ decision making processes and the communal responsibility for care of jointly held land and each other. The design also addressed security needs.

The early British settlers tended to be whalers or traders who lived within Maori structures. However, by 1840 the number of settlers was growing and lawlessness amongst settlers was becoming problematic to Maori. The British and some Maori chiefs signed the Treaty of Waitangi in 1840 which guaranteed Maori continued rangatiratanga, or chieftainship (sovereignty), of their lands and people while making provision for the British to look after their own. It opened the way for the formation of a British government.

During the next sixty years war, disease, colonial policies and increasing numbers of British settlers took their toll on the Maori population and lifestyle. By 1900 the population was decimated and poverty settled in. Most Maori, however, continued to live in rural areas on their tribally owned land.

In the 1960s new government policies led to a migration of Maori into cities with the associated changes in housing and resulting changes in family

³ hapu = subtribe

dynamics. Some Maori became disassociated from their whanau (family) while others maintained strong tribal ties within the city.

While Maori never stopped battling for their rights under the Treaty of Waitangi⁴, long term poverty and government policies that were destructive to their culture contributed to a situation where proportionately more Maori than European have inadequate and inappropriate housing.

Today, many iwi authorities and urban Maori authorities are involved in housing issues as an integral part of their plans for caring for their own people. The Labour government provides some support for these developments.

Tauiwi

Tauiwi is a Maori term for people who have made New Zealand their home in the last 200 years.

Most of the early settlers were British. They brought with them experiences of dank, overcrowded, rental homes. Many yearned for control of their own homes and some succeeded in building their own homes (Ferguson 1994).

From the earliest days, successive governments promoted home ownership as the best way to live. A range of policies supported people into their own homes. While this was always the major focus of housing policy, most governments in the last century acknowledged that not everyone could attain this.

In 1906 the first public housing was built in Petone, an original settlement area near the now capital city of Wellington. These beautiful 'workers' cottages' are now historic places. Well constructed and individually designed they were too expensive for the workers who were meant to occupy them (Fill 1981). But they did mark the start of government's involvement in social housing.

⁴ The Treaty of Waitangi is the founding document of Aotearoa/New Zealand. It is a document that many iwi signed, along with the British Crown, allowing the British to set up government while Maori had continued 'tino rangatiratanga' (Chieftainship) over their lands and people.

In 1937 the government launched state housing as it is today. But until the 1960s public housing was only for the 'worthy' or 'deserving' poor, that is, primarily working men and their families. Maori, women and the elderly continued to struggle to meet their own needs. At this time, the focus shifted to those 'in need'. Central government provided cheap loans to local authorities to encourage them to build rental housing for those in need and the elderly. Even solo mothers began to qualify for social assistance.

Home ownership and public rental housing formed two of three major parts of the housing system in Aotearoa. The other major sector is the private rental market. Other forms of housing have always existed but in very small numbers. For example, the earliest supported housing for the elderly that I have traced is that provided by the Te Hopai Trust from 1886. The Crippled Children Society was formed in 1935 to care for, and sometimes house, disabled children. Church groups such as Presbyterian Support began housing the elderly from about the 1930s. The mentally ill and disabled institutions began closing in the 1960s and were replaced by group homes, boarding houses and independent arrangements. And in the 1960s and 1970s, cooperatives began to appear. However, most did not last. As the Maori movement to regain their rights under the Treaty of Waitangi escalated, so did their drive to gain recognition of the need to develop their own housing in ways that supported their ways of being. More recently, Pacific peoples in Aotearoa have begun to work towards developing housing models that suit their people also.

Why do we need a third sector?

In the late 1980s, free market policies resulted in increasing problems with housing affordability, a reduction in the pool of low cost housing - both public rental and privately owned - and an increase in the number of people who could not afford to buy their own home. The sale of state assets meant government's ability to redistribute resources was limited.

In the late 1990s, the following factors contributed to a significant change in the housing needs of the population,

- There is a smaller pool of affordable housing
- The number of people who own their own homes is dropping

- There are more households with 2 or more families in them
- Overcrowding is increasing with associated increases in health problems such as meningitis
- The standard three-bedroom bungalow is no longer suitable for the increasingly diverse nature of households and the altered ethnic/cultural makeup of the population
- More people are living in temporary and/or substandard accommodation
- There is increased awareness of environmental issues resulting in more people wanting houses that are environmentally friendly
- There is increasing diversity in living styles
- The population is aging.

Another factor impacting on housing is the student loan system (Pool & Sceats 2000). Students were a group of people who, as graduates, were likely to buy their own homes. But student debts now delay house purchasing. This is expected to affect people's ability to pay off mortgages before retiring. We already know that people over 65 most likely to be poor are those who are still paying rent or mortgages.

These factors suggest that traditional responses are no longer adequate. Aotearoa needs to diversify its stock and its methods of housing. It is time for Aotearoa to 'grow' its third sector.

Third sector infrastructure

As HCNZ figures demonstrate, housing provision by the third sector is a very small percentage of Aotearoa's housing stock. However, the increasing recognition that Aotearoa needs to diversify its housing solutions to meet the changing needs of the population has led to three new developments.

1. A third sector support organisation

In the 1980s and early 1990s there was a 'Housing Network' which brought together a wide range of housing activists, tenant unions and other groups with housing interests. After this collapsed, people-oriented housing organisations from different parts of the country met in Te Whanganui-a-Tara/Wellington to discuss possible solutions to the reduction of the pool of affordable housing, insecurity created by the marketising of public housing,

and the desire of some tenants to move away from a social welfare housing model. The groups discussed alternative forms of ownership and management. The outcome of the meeting was a decision to establish a national umbrella group called the National Housing Association to promote and support third sector housing. They aimed to work with people to end poverty through the medium of housing. This Association, and others, have been active in seeking the establishment of an organisation that can collate information about third sector housing options and use it for educational and political ends. There is widespread agreement that this type of organisation is needed, and in July 2003 government funding became available for this project. Meetings are currently underway to establish a broad-based organisation.

2. Funding support

While government has paid for supported accommodation for those with special needs, there has been almost no other funding available to groups wanting to take innovative approaches to housing provision. A previous Labour Government introduced support for cooperatives and investigated tenant participation options in state housing. However, these programmes quickly disappeared.

In 1999, The Tindall Foundation, a charitable organisation funded the founder of one of Aotearoa's biggest businesses, The Warehouse, brought together key community housing group leaders and offered support and sponsorship to create an entity that could provide resources and investment for community based housing projects. This led to the formation of the New Zealand Housing Foundation in 2002. The Foundation has succeeded in getting a number of housing projects underway over the last 12 months.

The New Zealand Housing Foundation is a charitable trust whose purpose is to support effective and affordable solutions to housing need. It does this through raising and attracting funds from all sources and providing grants, loans and/or investment in community housing projects that help low income persons and families obtain affordable housing. The Foundation supplies resources, funds and expertise.

The key strategy planks for the Foundation are:

Increase Emergency/ Crisis Supported Accommodation

Help break the cycle of homelessness. Support development of additional emergency/crisis accommodation, and ventures involving supported housing in major urban areas.

Affordable Home Ownership

Expand opportunities for low-income earners, who can afford it, to become homeowners. Lead and initiate new products that enable financial market and building industry participation, and results in putting people into their homes that would otherwise remain renters.

Community Housing Provider Sustainability

Enable the established Community Housing Providers to more effectively deliver housing solutions and over time become self sustaining.

Community Development and Renewal

Encourage and support community building and renewal initiatives specifically in Iwi communities and public housing estates.

Research Programmes

Actively influence Housing Research work for the built environment and housing sector.

Project Resourcing

Leverage support and resources from the public, private and not for profit sector to deliver these strategies.

Services To Initiate Projects

Provision of expert advice and assistance directly to Community Providers to convert ideas and opportunities into viable projects that receive support and produce real housing solutions.

The types of housing projects the Foundation will be involved in are:

-Funding and supplying resources to a Community Housing Provider to undertake the development planning and building of housing.

- Sharing ownership of a housing asset with a Community Provider or low-income household to assist them transition over time to outright ownership of the property. This will involve the identification and purchase of residential housing for the purpose of shared ownership and management of the asset over the long term.
- The direct provision of expert housing services to Community Providers to prepare project proposals and manage housing projects.
- Entering into partnering agreements and joint ventures with Community Providers/Trusts/Housing NZ Corporation/ and Iwi to provide resources (grants, loans, and investment) that builds capacity of the Community to improve the quality of existing housing estates. This might be done through refurbishment, redevelopment, new housing, and intensive management programmes.
- Creation of a revolving fund where the capital utilised for an initial project is eventually repaid overtime and made available for subsequent projects. Funds provided for projects will be at concession or subsidised return rates, sufficient to cover only administrative and operational costs.

The New Zealand Housing Foundation is one of two major contributor to development of a third sector in housing at present. An example of one of its projects is given in the case studies below.

The other major support for third sector housing is a new government package that became available in July 2003. The government created

- An innovation fund for third sector housing providers
- Funding for establishment of a third sector representative group.

Together with funding for local government initiatives, the package is worth \$63.093 million over four years. Forty-four percent of this funding is for capital development while the rest is for operating costs.

The government recognises that third sector groups are largely in their 'babyhood' by providing

- Support for development of proposals
- Funding for building of capacity in organisations
- Funding for demonstration projects

No funds have yet been distributed from this new fund so it is too early to tell how effective it will be in supporting third sector development.

In 2001 the government's housing department, the New Zealand Housing Corporation, created a Partnership Division that focuses on establishing partnerships with third sector groups. This Division will be responsible for managing the Innovation Fund.

Case studies of two third sector groups

There is no typical third sector group - simply a small range of generally very small initiatives. There are the international groups such as Abbeyfield and Habitat for Humanity who utilise particular approaches to housing. There are the providers of supported accommodation who are seeking new relationships with their consumer groups and government. There are Maori who have particular housing issues and approaches to solving these issues. Here I will focus on three New Zealand initiatives.

Locus Housing

Loc-us is a group of mental health consumers and other interested people who aim to

- Provide for mental health consumers and their whanau/family/friends a growing supply of affordable, appropriate and independent housing in the Wellington community
- Provide tenants with the opportunity to design housing that does not discriminate and meets their housing needs as they define them
- Promote a governance structure that encourages member involvement through a model of shared authority
- Promote recovery by creating a situation where members are able to have greater security and control over our housing.

Locus currently has eight rental properties and houses 12 adults, 5 children and 5 cats. It was established in 2001 under the stewardship of the Wellink Trust⁵. Until Locus establishes itself independently, the Wellink Trust provides the organisational and legal framework for Loc-us work. For example, it provides basic funding, acts as employer of the part-time

⁵ A large community organisation that provides supported accommodation and services to mental health consumers.

Housing Manager and provides an office. Wellink also 'loaned' two houses to Locus. Locus makes decisions about its structure, budget and housing allocation and management.

Locus adopted a housing association model. It has a management group that meets fortnightly. Its meetings are open to all members. Everyone has a right to speak and make decisions. However, where consensus is not reached, consumers make the decisions. There is room for involvement in everything from maintenance to making policy.

Why does it work? A recent evaluation of the project notes that tenants do not leave Locus housing. They know they can stay as long as they like and they do. They know the organisation is driven by consumers. They are able to choose a home that suits them - within the confines of what is available and affordable - but with more flexibility than they've had in the past.

Two key requirements consumers have of the organisation are

- (a) to separate housing from support
- (b) to be able to live with whom they choose.

Most Locus tenants have been in supported accommodation for the mentally ill. As such, they are assessed as having a particular level of need and allocated housing accordingly. When they get better they must shift. If they get sick again, they shift again. This is an unhealthy merry-go-round that consumers want to get off. This is the prime factor driving their decision to provide housing according to normal tenancy laws. There are two concessions that are made to people's mental health issues. One is that, when the organisation can afford to, we will have a 'guaranteed tenancy' for anyone who is hospitalised. The second is that the Housing Manager, who is also a consumer, has considerable experience as a mental health consumers' advocate, and can deal with unwell people's housing issues where a non-consumer might struggle for an appropriate solution.

One further factor that contributes to the success of Locus is the support it receives from its umbrella organisation, Wellink. As well as providing the legal framework, Wellink ensures that a member of its Board attends Locus

meetings, provides funding and employment support and an office for the Housing Manager and has loaned two houses to Locus.

The major difficulty facing Locus is finding funding for property ownership - funding that allows the organisation to have secure long term accommodation with a sufficient resource for its infrastructure. When it grows, it also needs to balance the need to keep the relationships among tenants and other members personal while becoming large enough to survive, even in an unfavourable political or economic climate.

Te Runanga O Te Rarawa

Te Runanga O Te Rarawa is a Maori organisation in the northern area of Aotearoa that formed partnerships with the New Zealand Housing Foundation, an educational provider and government in order to build new homes. The New Zealand Housing Foundation provided financial and organisational support; the education provider, UNITEC, provided teaching resources and a certification programme and Te Runanga O Te Rarawa provided facilities, funded materials and provided management support. Two houses were built over 35 weeks using an outreach carpentry training course for 25 local people, ranging from unemployed school leavers to mature students. Some of the trainee builders live in remote rural areas with no transport. So a 'course van' picks them up and brings them to training each day.

The houses are of good quality construction and meet all building standards. They were built on the training site campus and are to be relocated to their permanent sites within Te Rarawa's tribal area where they will be used as long-term state rental accommodation. The government's housing organisation, the Housing New Zealand Corporation, will purchase the completed houses on a turnkey basis and rent them under their social allocation system.

This pilot programme is part of Te Runanga O Te Rarawa's community housing development strategy and part of a response by government to substandard housing in the area. Poor housing contributed to several house fires in which both children and adults died. All partners in the programme say it has been very successful. The next stage for Te Rarawa is to use the

graduated students to build 10 to 14 houses using a similar model. The students will be progressively integrated into the business environment.

The project is managed locally by the Runanga. Vance Winiata from Te Rarawa says 'We're involving the community and upskilling the whanau⁶ so that they are able to repair their own homes and the homes of their extended families, as well as giving them opportunities for work. It is all part of a larger picture we are working towards.' The wider aim is to improve the social and economic development of the community.

The prime difficulty facing the runanga at present is the lack of adequate training facilities. To complete its housing strategy, the runanga needs to be able to train not only carpenters but plumbers, electricians and painters. The other difficulty is that the immediate need for housing outweighs the capacity and capability of the fledgling third sector infrastructure and the runanga to provide this housing - now.

Where to from here?

My vision is to create a situation where all New Zealanders become aware of a range of ways of housing themselves, individually and collectively; and where there is a vibrant, strong partnership between the public, private and community sectors so that groups and individuals can identify their housing needs and receive support to address these needs appropriately and sustainably. Ideally we will have a community bank that supports this work. I would like to see a situation where there is no discrimination between what is now called 'social' housing and other housing - all of which is social.

The next steps are

- (a) to develop a strong third sector housing organisation that can educate people about models, develop new models, work with groups to identify needs and solutions, and continually seek sustainable political, social and economic solutions to housing issues - especially for those with the least choice in housing
- (b) to continue to close the gaps between the public, private and community sectors

⁶ Whanau=family

- (c) To grow the funding pool - through government, through the private sector and through the community sector working together to pool resources
- (d) To continue to expand our experience of what models suit different people in our context.

The third sector in housing in Aotearoa is just beginning. Watch this space!

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