



**Registered Master Builders Association
of New Zealand Incorporated**

**Submission on the Long-Term Insights
Briefing on the implications of our ageing
population for our housing and urban
futures (LTIP)**

November 2022

The Registered Master Builders Association submission on the Long-term Insights Briefings on the long-term implications of our ageing population for our housing and urban futures (LTIP)

The Registered Master Builders Association (RMBA) welcomes the opportunity to provide this submission on the long-term implications of our ageing population for our housing and urban futures. Providing adequate and appropriate housing for our ageing population is a critical issue for our sector and New Zealand.

About RMBA

The RMBA represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Our sector is a key contributor to the New Zealand economy, with every \$1 million spent on house building supporting \$2.6 million across the wider economy. We are working hard to lead the change our sector needs. Ensuring we have the regulatory systems and processes which will enable us to build faster and better. We are supporting our members to grow their capability and business acumen to ensure a strong and healthy sector; to innovate and make the most of new technologies so we meet the climate change challenge; and to attract, train and retain skilled talent. We are proud to be New Zealand's best builders.

At Master Builders we are committed to transforming the sector and rebuilding our economy. We are focused on building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We want to ensure that the houses that we build now are accessible, affordable, and appropriate to the needs of our ever-changing society. We are building a better New Zealand.

Summary of the Long-term Insights Briefings (LTIB)

The LTIB has identified that *“our ageing population and its impacts on our housing and urban systems have been, and will be, profound and persistent.”* New Zealand's ageing population is expected to have significant consequences for Aotearoa's housing and urban systems, impacting the lives and housing conditions of young as well as old. Some commentary suggests New Zealand's ageing population is expected to become one of the biggest drivers of a continuing housing crisis in the decades to come if the housing supply is not improved.

To compound this issue our population is ageing both structurally and numerically:

- Stats NZ Tatauranga Aotearoa has identified that New Zealand is set to experience a dramatic increase in its ageing population, reaching 1.5 million seniors by the year 2056.
- This population, unlike other countries, will be highly diverse, with projections showing that by 2038, 51 percent of our population will be Asian, Māori and Pacific peoples, with Māori being the fastest increasing proportion of our aged 65+ population.
- There is high regional variance for both the proportion of seniors in the population (structural ageing) and actual numbers of seniors in the region (numerical ageing).
- Relevantly for our sector this projected growth in the ageing population will require 30,000 to 40,000 additional dwellings per year suitable for this demographic.

This LTIB has been developed to consider and respond to the needs and issues created by the ageing population. To limit the negative impacts of population ageing on New Zealand's social, economic, and environmental performance, the LTIB recommends ensuring Aotearoa's housing and urban development system can deliver:

- Affordable accommodation options with security of tenure for the increasing number of people who will rent into retirement.
- A diverse housing stock that caters to the functionality that seniors require to continue to live independently.
- Towns, cities, and neighbourhoods designed to make it easy for seniors to access all the amenities they need to support their wellbeing.

RMBA's position on the LTIB and the housing implications of New Zealand's' ageing population.

Overarching view

We support the briefing's intent to find solutions to mitigate the impacts that an ageing population will have on New Zealand's current and future generations. However, we note that New Zealand's housing and building and construction sector is already facing significant challenges and strong headwinds. RMBA understands that these pressures will only increase due to the projected ageing population impacts.

We are supportive of the need for buildings and dwellings to be designed and built in ways that will assist our ageing population and their specific needs. However, any changes will need to be designed and implemented in collaboration with the sector to ensure they are appropriate and enacted in ways that do not negatively impact the performance, productivity, and capability of the sector.

For changes to be effective in supporting both the ageing population and the construction sector, the below needs to be considered:

- Changes will need to be designed with the sector to ensure they are **fit for purpose and achievable**.
- Changes to promote the construction of elderly housing will need to be **buildable, affordable, and practical** without imposing a significant or increased compliance burden on the sector.
- The construction sector will need to be **supported, informed, and allowed to adapt at a practical level** throughout changes that will be implemented to improve elderly housing.
- Plans and policies developed to improve elderly housing will need to ensure that dwellings are **built within accessible communities for the ageing population** and **allow elderly access to services and amenities** they need.

Any changes will need to be designed with the sector to ensure they are fit for purpose and achievable

Housing tenure matters when tackling ageing population because the number of people, as well as the proportion of New Zealand's population entering their senior years as renters, is increasing significantly. More people ageing in rental housing raises issues around how to ensure the housing system and the construction sector delivers a sufficient supply of affordable and healthy liveable rental homes. We support the briefing's recommendation that providing a greater number of affordable rentals could ease affordability pressures and provide more certainty of housing costs and tenure for seniors who don't own their home. However, it is important to consider the liveability and health of these houses as the occupants age over time.

Changes will also need to be designed alongside the sector and impacts such as houses demand, and increased construction costs will need to be addressed. These implications will need to be considered when developing solutions, so that the sector is able to adapt and keep up with the changes implemented, while being able to deliver practical and realistic outcomes. Government agencies have a critical role to play in this environment by supporting and informing members of the sector. It is imperative that the sector is significantly involved in the design of changes that will affect their businesses and workload.

Changes to promote the construction of elderly housing will need to be buildable, affordable, and practical without imposing a significant or increased compliance burden on the sector

New Zealand's housing stock does not change quickly, and even in periods of intensive construction, new builds will make up only a small proportion of the total stock. As stated in the LTIB New Zealand will require the production of a more diverse housing stock to meet the needs of our ageing population. This can be achieved by innovating construction industry practices, planning, and developing. Dwellings can be built in ways that mitigate the effects of compromised mobility, limited sight and hearing, or cognitive issues. We support the briefing's proposal to diversify New Zealand's housing stock by incentivising universal design of the existing housing stock, requiring universal design in new builds, and continuing commissioning 'special housing' targeted to sets of people with disabilities or age-related disabilities.

We encourage a formal discussion and consultation of the universal design standards appropriate for New Zealand.

We also note that changes implemented to promote the construction of appropriate elderly housing will need to be buildable, affordable, and practical so that new policies and regulations can promote solutions rather than create additional barriers.

The construction sector will need to be supported, informed, and allowed to adapt at a practical level throughout changes that will be implemented to improve elderly housing

Construction businesses have been experiencing higher demand for building activity, while also facing supply-chain and product availability issues, higher labour costs, and skill shortages. Record high new dwelling consents issued and the demand for residential building activity are contributing to the rise in construction costs and may further impact the residential market and its ability to continue building at this pace. These issues are having a major impact on the sector and are likely to result in future project delays and additional costs, and a rise in delays in dwellings being built. For this reason, it is important that the sector is appropriately informed and supported of any changes implemented and their consequences. The sector will need to be provided with opportunities to adapt and evolve to be able to deliver successful outcomes to improve elderly housing.

Plans and policies developed to improve elderly housing will need to ensure that dwellings are built within accessible communities for the ageing population and allow elderly access to services and amenities they need.

Well-designed places can shift the disability threshold in the same way that well-designed houses can. Walkable, connected neighbourhoods with easy access to key amenities help improve an individual's functional capacity as they age. We support the briefing's proposal to ensure we create better, more accessible and connected age-friendly places from the outset, by keeping the ageing

population in mind while developing places. This will require planning approaches and policies that ensure elderly housing is built in age-friendly, walkable, and connected neighbourhoods, allowing elderly to access services and amenities they need.

We also note that social welfare, health, and infrastructure needs are also required in addition to appropriate housing. This is outside the scope of our membership; however, it is an important consideration when assessing the needs of the ageing population.

Our response to the specific questions in the LTIB

Housing tenure and housing costs

Are there implications of housing tenure and housing costs that we've missed?

Demand in affordable elderly housing

A significant barrier to developing affordable elderly housing is demand. While there is an increasing proportion of the population who are experiencing issues of housing affordability as they approach retirement, the issue is not sufficient to generate a market led response which would see development of this specific housing typology. This is primarily due to the cost of inputs into the development of residential housing and realised value uplift of the final product delivered to the market. These factors often mean that supplying affordable elderly housing is not a preferred development option. However, as the ageing population increases this may change in the coming years.

There is a potential for lowering the age of elderly accessing retirement villages. This option would result in more rentals and properties becoming available and perhaps a decrease in the costs of dwellings and buildings. This would also allow more of the ageing population to access housing options better suited to their needs earlier.

Consideration should also be given to more innovative and cost-effective consenting approaches to allow for multi or inter-generational living, such as the ability to have additional smaller dwellings or smaller units attached to main dwellings.

Increased costs in construction sector

Providing a greater number of affordable rentals for the elderly population will mean more dwellings being built per year, or improvements to our existing aged housing stock. In recent years, construction businesses have been experiencing higher demand for building activity, meaning that the sector is already stretched and under pressure.

The development of affordable housing options for elderly may also be impacted by continuing supply-chain issues, and higher labour costs experienced by the sector. Record high new dwelling consents issued and the demand for residential building activity are also contributing to the rise in construction costs and may further impact the residential market. These factors are expected to impact the prices of houses and rentals subsequently limiting their affordability and accessibility.

Regulatory changes and reforms such as the Consenting Review, the Commerce Commission Market Study into building supplies, Building Code Update, H1 Energy Efficiency and Emissions Reduction

are expected to impact prices of houses and rentals, threatening affordability for the elderly population.

Turning to climate change and the decarbonisation of the economy, the Government's climate change reform agenda released its first Emissions Reduction Plan as well as progressing its waste strategy. The new policies and regulations implemented will have a significant impact on the buildability and affordability of dwellings. This may result in additional and increasing rental and property costs in rental housing for the elderly population.

What are your views on whether and how different forms of housing tenures (rental, home ownership, intermediate) will support an ageing population?

We support the briefing's recommendation of addressing different forms of housing tenures to support the ageing population. However, when finding solutions for affordable housing we also need to address the roles of the Resource Management Act and regional councils.

The recently introduced Resource Legislation Amendment Bill 2015, recognising the importance of affordable housing supply, and the streamlining of the planning process, has the potential to influence the future supply of affordable elderly housing and provide the elderly with a range of housing options, including rental, home ownership, and intermediate, that are compatible with their lifestyle and income.

Recent proposed changes to the RMA identified changes that can assist with the development of affordable housing. This can be done by:

- Recognising the importance of enabling affordable housing. Councils will need to be more forward thinking and proactively plan to have enough residential and business land for development. This will ensure a sufficient supply of land to limit future increases in land prices.
- Enabling improved and efficient consenting to reduce development costs by rendering the process easier, more affordable, and streamlined across New Zealand's consenting authorities.
- Allowing subdivisions as a permitted activity unless the activity is restricted and considering widening the scope of consenting to different structures.

Councils need to be proactive and innovative when planning for new land supply to incorporate elderly into new living and town centre environments and ensure that the zoning and rules sufficiently provide for this housing outcome. By doing this, councils and the planning system will be able to effectively support the market response when providing affordable elderly housing supply and allow the construction sector to deliver practical solutions.

For the ageing population access to finances can also be affected by underlining family issues and conflicting dynamics. Although we cannot provide insights or a solution to this, we believe it should be an important aspect to consider when addressing affordability and financial issues among the ageing population. When addressing tenure, some community providers, iwi, and hapū could provide financial aid and support to elderly in need. Introducing and adopting a more te ao Māori approach within our communities and frameworks, where land is specifically selected and prioritised for elderly housing, has the potential to benefit and support the ageing population.

Consideration is also needed on the appropriateness of our existing housing stock pre-1970's, and how best to improve this stock to allow for an ageing population to remain in it for longer.

Housing stock and homes: buildable, affordable, practical houses

What do you see as the most important things to ensure our housing stock is fit-for-purpose for an ageing population?

Throughout their life, older people need housing that is appropriate to their needs, including affordability and accessibility, so that they can safely and easily move around their home, and have suitable connection to public or private transport. The elderly population requires assistance with maintaining, renovating, and adapting their homes, along with features that make it easier for them to live with reduced mobility. Housing to support ageing in place should include appropriate access, such as ramps and wide doorways to facilitate movement by wheelchairs. Special design features are required, especially in bathrooms and kitchens, such as flat-floor showers, grab-rails, and correctly located handles and switches. A significant portion of public rental accommodation for older people presents outdated amenities and is not well matched to current and future needs. Houses for older people should also provide energy efficiency as a priority, and initiatives such as home safety audits, fall prevention programmes, and fire prevention. These necessary features are part of the universal design, however its use is still very limited in New Zealand.

We also note that consideration should be given to resolving existing disparities in quality and infrastructure between retirement villages. This can have a significant impact on the wellbeing on some parts of the ageing population.

Are there any implications of population ageing for our housing stock and houses that we've missed?

Building new houses with universal design features

Universal design consists of making buildings accessible to all people of all abilities at any stage of life. It includes people using wheelchairs or other mobility aids, people with impaired vision and people who are elderly or very young. According to BRANZ research, it is considerably cheaper and less disruptive to build universal design features into a new home than to retrofit the same house later. The average extra cost of equipping a new house with universal design features while it is being built is nearly 10 times less than retrofitting the house with these features afterwards. For internal changes, about 80% of new houses require minor changes to layout, doors and strengthening of bathrooms fittings prior to construction. These changes result in around \$500 additional cost to the total new house costs. The other 20% of new houses require significant changes while keeping the same layout averaging about \$8000 per house. When changes are made to existing houses the costs are significantly larger, resulting in over \$15,000 per house for internal work and another \$7000 if ramps and other external access features are required.

The use of universal design features and accessibility in design is already widespread across the construction sector, however better frameworks can be developed to produce more informed quality standards for elderly services and features. We support wider consultation on this.

Neighbourhoods, towns, and cities: building withing the community and access to services

For our neighbourhoods, towns, and cities to support an ageing population, where should efforts be focused?

To address the immediate issue of affordable and appropriate housing options for elderly, greater innovation is needed to explore and implement planning solutions. Focus should be on creating outcomes that allow the elderly population to easily access services while remaining close to their communities. An example of this is policies and rules on the provision of elderly persons housing that some cities, such as Christchurch, have included within their district plans to facilitate more comfortable and secure conditions. These policies enable the construction of smaller dwellings at a higher density in suburban and medium density environments, allowing elderly to age in place, remain within their communities, and have easy access to services they require. From a planning perspective these provisions could enable the supply of affordable and accessible elderly housing in low density environments by providing greater flexibility to the market in the type of housing and densities it delivers targeted towards this specific demographic.

Under most City Plan rules, resource consents are required for elderly persons housing units (EPHU) due to the size limit of 80m². The process results in weeks and months delay, significant extra costs, and major consequences for the viability of the build's proposal. Consenting regulations and rules need to be revised to continue meeting the growing demand for EPHUs. The rules need to be related to what it is viable to build on the ground, including in relation to site coverage and outdoor living court requirements. Permitted status and clear rules that are not subject to interpretation are critical to deliver outcomes required and improve the consenting process.

However, practicality issues have been reported in smaller dwellings. In some cases, elderly residing in small to medium dwellings were forced to walk down several ramps of stairs due to fire alarms drills. Housing for elderly population needs to be affordable but also practical and accessible to the needs and requirements of an ageing population.

How should new developments be planned to promote integrated decision-making from strategic urban development to age friendly localities?

Promoting medium-density zoning

Across New Zealand, medium-density zoning of varying descriptions is becoming more common within urban areas. It represents a way to accommodate future population growth and the need for additional housing supply without the necessity to extend urban limits which can affect infrastructure and service delivery by local and regional councils. Providing for medium-density housing in areas with existing metropolitan and town centre environments gives residents the opportunity to live in a housing typology geared towards small to medium sized units with easy access to services, amenities, public transport, and retail. For the elderly, ease of access to services, amenity and community is a critical factor in determining appropriate places for housing this demographic. However, developing affordable housing for elderly in well-established urban environments is often unfeasible. This is due to land values and the potential uplift in value that could be achieved by targeting the higher end of the residential market.

The growth and success of this market and the potential future ability to deliver affordable housing outcomes for the elderly and wider population will require an ideological shift which sees these housing typologies become mainstream and a common occurrence in devising and implementing planning outcomes.

The role of regional councils

Through the setting of policy and plans, regional councils can set limits on the extent of urban areas to support future population and business growth. For the proposed RMA reforms to be effective in influencing development of affordable elderly housing, there is a need for councils to be proactive and innovative in how they plan for new land supply to incorporate elderly into new living and town centre environments and ensure that the zoning and rules sufficiently provide for this housing outcome. Councils will need to proactively masterplan new land supplies to ensure a range of housing typologies that enable people to transition within the same community and between different housing options as they age. Innovation in the policies and zoning outcomes applied through district and city plans will be required to promote appropriate elderly housing outcomes in low density and more affordable locations.

Are there implications of our neighbourhoods, towns, and cities that we've missed?

The solutions suggested could be influenced by various challenges facing the construction sector. As mentioned above, construction businesses have been experiencing higher demand for building activity, continuing supply-chain issues, and higher labour costs which are increasing the costs of the overall building activity. Record high new dwelling consents issued and the demand for residential building activity are contributing to the rise in construction costs and may further impact the residential market and ability to plan for affordable and appropriate elderly housing.

Cost escalation, the supply chain disruption (in concert with product availability and increasing product substitution), and skill shortages were identified as the three most severe challenges facing the sector and have the potential to negatively impact planning and construction of elderly housing.

Substantial delays are being felt across all stages of the consenting process – resource consent, building consents, building inspection and Code of Compliance consent. Both sector participants and homeowners are reporting substantial costs increases and disruption caused by unresponsive consenting processes. Consenting delays have the potential to negatively impact the construction and timeframes of developing elderly housing.

We thank you for the opportunity to make this submission.

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