



04
ANNUAL REPORT
05

CONTENTS

1	MISSION AND STRATEGIC GOALS
2	ACHIEVEMENTS IN 2004-05
3	CHAIRMAN'S REPORT
4	MANAGER'S REPORT
5	RESEARCH INVESTMENTS
9	RESEARCH PROMOTION
10	THE CHRANZ BOARD
12	FUNDING AND FINANCIAL INFORMATION



THE CHRANZ MISSION The mission of the Centre for Housing Research, Aotearoa New Zealand – Kāinga Tipu (CHRANZ) is to “Invest in rigorous, independent and relevant housing research to support policies and practices that meet New Zealand’s changing and diverse housing needs through sustainable, affordable, good quality and responsive housing opportunities”.

The CHRANZ approach to housing research takes in a holistic view embodied in its Māori name Kāinga Tipu. In this sense, the word “housing” embodies both dwellings and wider living environments.

STRATEGIC GOALS

CHRANZ is the leader in setting priorities in housing research and is an effective investor in rigorous, independent and relevant housing research.

1

CHRANZ will grow housing research capacity.

3

CHRANZ will develop a sustainable organisational model.

5

CHRANZ will encourage public, private and third sector stakeholders to invest in housing research.

CHRANZ will promote the use of housing research findings by public, private and third sector stakeholders in the housing sector.

ACHIEVEMENTS IN 2004/05	
	<ul style="list-style-type: none"> ■ Developed a strategic housing research framework to focus and guide its investments
	<ul style="list-style-type: none"> ■ Invested in six new housing research projects totalling \$563,000 (GST inclusive)
	<ul style="list-style-type: none"> ■ Established project-based funding partnerships worth \$255,000 (GST inclusive)
	<ul style="list-style-type: none"> ■ Published the results of three housing research scoping projects, which contributed to the development of CHRANZ's strategic housing research programme
	<ul style="list-style-type: none"> ■ Awarded three New Researcher Development Grants for postgraduate research into housing-related issues
	<ul style="list-style-type: none"> ■ Established rigorous research management processes
	<ul style="list-style-type: none"> ■ Developed the housing research stream at the Social Policy, Research and Evaluation Conference, November 2004
	<ul style="list-style-type: none"> ■ Further developed good stakeholder relationships (internal and external)

The upcoming year and beyond will see CHRANZ continue to deliver the housing research required to support effective policies and practices.



CHAIRMAN'S REPORT Housing is a core component of social infrastructure and has a major influence on the social and economic well-being of New Zealanders. It contributes to the quality of individual, family and community life, and there are strong relationships between housing outcomes and other social, economic and environmental outcomes.

The availability of suitable, affordable, good quality housing for New Zealanders is crucial, since housing is the fulcrum around which many social and economic factors are balanced. Providing such housing requires an understanding of the institutional, social and economic forces which shape the housing system.

Such an understanding is required by central and local government; housing, social and economic agencies; private sector participants; and community representatives whose activities impact on the housing market. Comprehensive, integrated, high-quality research is fundamental to that understanding.

The Centre for Housing Research, Aotearoa New Zealand (CHRANZ) was established to contribute to the research evidence base that is essential to the development of effective housing policy and interventions that are related to the realities of the New Zealand housing market. In meeting this role, the CHRANZ Board greatly appreciates the support of the Housing New Zealand Corporation (HNZC) Board.

The CHRANZ Board has continued to emphasise prudent governance, a strategic focus and the delivery of a robust, relevant housing research programme.

In 2004/05, its second year of operation, the CHRANZ Board undertook a review of CHRANZ's achievements to date and identified where any changes might be required to meet CHRANZ's goals. The Board agreed that CHRANZ had made good progress and had built on earlier successes – in particular, the delivery of high-quality, policy-relevant research within a strategic research framework, leveraging CHRANZ's resources through project-based funding partnerships and the extension of relationships with housing sector stakeholders.

Notwithstanding these achievements, the CHRANZ Board saw the need to make adjustments to its strategic approach in the upcoming year. These included extending CHRANZ's activity in support of growing New Zealand's limited housing research capacity, strengthening the effectiveness of commissioned research with an increased emphasis on the policy implications of research results, and the development of a sustainable organisational model for CHRANZ beyond its initial three years of operation.

In conclusion, the CHRANZ Board has built on its achievements in pursuit of the CHRANZ mission. CHRANZ Board members and staff have brought a high level of energy and commitment to their respective roles. The upcoming year and beyond will see CHRANZ continue to deliver the housing research required to support effective policies and practices.

CHRANZ's expanding relationships and partnerships with housing sector stakeholders remain a critical ingredient to CHRANZ meeting its goals.



MANAGER'S REPORT CHRANZ has continued to improve and expand its business activities with expenditure in the 2004/05 financial year of \$548,000 (GST inclusive).

CHRANZ's emphasis remains on three key outputs: housing research investment, housing research promotion and organisational services. CHRANZ's expanding relationships and partnerships with housing sector stakeholders remain a critical ingredient to CHRANZ meeting its goals.

HOUSING RESEARCH INVESTMENT

Over the twelve months to 30 June 2005, CHRANZ managed housing research investments to the value of \$563,000 (GST inclusive). These investments will be delivered across CHRANZ's 2004/05 and 2005/06 financial years with CHRANZ contributing \$308,000 and project-based funding partners contributing \$255,000.

CHRANZ's 2004/05 housing research projects were identified as best meeting CHRANZ's strategic research framework within the resources available. Projects included:

- Housing Choices for Disabled New Zealanders
- Intergenerational and Interfamilial Transfers of Wealth and Housing
- Housing Tenure Aspirations and Attainment
- The Future of Housing in New Zealand
- Māori Housing Experiences: Emerging Trends and Issues
- Affordable Housing in the Nelson, Marlborough and Tasman Regions: A Solutions Study.

HOUSING RESEARCH PROMOTION

CHRANZ's profile and housing research findings are established and growing, based on CHRANZ's research publication and promotion activities. This was supported by:

- The effective use of the CHRANZ website (www.chranz.co.nz)
- Quarterly updating of CHRANZ's housing research database
- The provision of quarterly Chairman's letters to housing sector stakeholders
- The launch of CHRANZ's Annual Report and research programme.

ORGANISATIONAL SERVICES

The CHRANZ secretariat has provided effective support to the CHRANZ Board and its sub-committees. CHRANZ has maintained, and where necessary improved, its internal processes, operations, capabilities and services. In particular, CHRANZ has made further improvements to the setting of its annual research investments and research quality management processes.

RELATIONSHIPS AND PARTNERSHIPS

CHRANZ's network of relationships has continued to expand, particularly across a range of key government agencies with a policy and research interest in CHRANZ's research programme. This includes CHRANZ's current project-based funding partners Te Puni Kōkiri, the Ministry of Economic Development and the Ministry of Social Development. Building Research has also contributed funding through the Building Research Levy. CHRANZ has begun to extend its relationships with community organisations with an interest in housing through the establishment of annual research workshops.

CHRANZ has established excellent working relationships with research providers. It is encouraging to report a sustained commitment amongst a handful of research organisations to the delivery of high-quality housing research.

TERRENCE ASCHOFF

MANAGER

CHRANZ

RESEARCH INVESTMENTS CHRANZ's key objectives were to:

- Set housing research priorities
- Invest in rigorous, independent and relevant housing research
- Invest in the development of housing research skills among new researchers.

RESEARCH PRIORITIES

The CHRANZ Board's 2004/05 housing research priorities were:

- The New Zealand Housing System
This includes the future of home ownership, affordable housing and housing stock suitability.
- Linking Housing and Social, Economic and Environmental Outcomes
This includes investigating connections between housing, labour markets and education and the development of sustainable settlements.

CHRANZ saw the sub-themes of the future of home ownership, affordable housing and housing stock suitability as the most pressing issues within the New Zealand housing system that require research and policy attention.

The provision of appropriate, affordable housing relies not only on an understanding of the workings of the housing system but also an understanding of the strong connections between housing outcomes and social, economic and environmental outcomes. An understanding of the interrelationships between housing, labour markets and education and the pursuit of sustainable settlements are important in this regard.

INVESTMENT IN HOUSING RESEARCH

CHRANZ commissioned six housing research projects over the last year to the value of \$308,000 (GST inclusive). CHRANZ has leveraged its research investments through the establishment of project-based funding partnerships to the value of \$255,000 (GST inclusive). These investments will be delivered across CHRANZ's 2004/05 and 2005/06 financial years.

CHRANZ makes its housing research investments and promotes the research results over an eighteen-month to two-year cycle. This is necessary because of the size and complexity of the projects that CHRANZ is now commissioning.

<p>Housing Choices for Disabled New Zealanders</p> <p>This scoping research identified a set of housing research projects that addressed the key issues identified as impacting on housing choices for disabled New Zealanders.</p>	<p>McDermott Miller</p> <p>Completed March 2005</p>	<p>\$30,000</p>
<p>Intergenerational and Interfamilial Transfers of Wealth and Housing</p> <p>This scoping research reviewed the current New Zealand situation on intergenerational and interfamilial transfers of wealth and housing and identified areas where there is a need for potential further research in New Zealand.</p>	<p>Business and Economic Research Limited</p> <p>Completed March 2005</p>	<p>\$8,000</p>
<p>Housing Tenure Aspirations and Attainment</p> <p>This research developed an understanding of the tenure aspirations of families/households; the trade-offs families/households have to make to achieve home ownership in terms of quality, style and location; the impact of these trends on the future demand for housing by tenure, type and region; and the potential impact that these trends may have for Government policy and consequent building industry workload.</p>	<p>DTZ New Zealand</p> <p>Completed June 2005</p>	<p>\$90,000¹</p>
<p>The Future of Housing in New Zealand</p> <p>This research aims to identify some plausible housing futures for the New Zealand housing sector in 2030. The research results will provide the basis for consideration by relevant stakeholders of a preferred future for the New Zealand housing sector and what is required to achieve that future.</p>	<p>Scion Research</p> <p>Due October 2005</p>	<p>\$30,000²</p>
<p>Māori Housing Experiences: Emerging Trends and Issues</p> <p>This research aims to provide a study of the housing experiences and aspirations of Māori communities to inform policy in the housing area and to link to other studies relevant to the situation of Māori.</p>	<p>Family Centre Social Policy Research Unit</p> <p>Due April 2006</p>	<p>\$60,000³</p>
<p>Affordable Housing in the Nelson, Marlborough and Tasman Regions: A Solutions Study</p> <p>This research aims to address the causes of, and solutions to, housing affordability problems in the Nelson, Marlborough and Tasman regions, in the context of labour market, economic and demographic developments.</p>	<p>Motu Economic and Public Policy Research</p> <p>Due June 2006</p>	<p>\$90,000⁴</p>

* GST inclusive

NOTES

1. Building Research contributed a further \$45,000 from the Building Research Levy.
2. Building Research contributed a further \$30,000 from the Building Research Levy.
3. Te Puni Kōkiri contributed a further \$60,000.
4. The Ministry of Economic Development contributed a further \$90,000 from the Regional Initiatives Fund, and the Ministry of Social Development contributed a further \$30,000 through the Work and Income regional office for Nelson, Marlborough and the West Coast.

NEW RESEARCHER DEVELOPMENT GRANTS

To encourage the development of new housing researchers, CHRANZ awards New Researcher Development Grants to support postgraduate research into housing-related issues.

Vulnerable Migrant Groups: A Housing Perspective	Susan Lilley Canterbury University Completed 2004	\$1500**
Buying a First Home: Generation X in the Auckland Housing Market	Amanda Findsen University of Auckland	\$2700**
The Home of Exile: Housing the Auckland Ethiopian Refugee Population	Zoe Meager University of Auckland	\$2500**
The Assessment and Evaluation of Emerging Trends in Supported Independent Accommodation	Max Reid Victoria University	\$2500**
The Impact of Sustainable Development on the Built Form of Urban Areas	Suzanne Vallance Lincoln University	\$2500**

* GST inclusive ** Funding from 2003/04 and 2004/05 financial years

Grants for the following research topics will be taken up in the 2005/06 financial year:

- The Impact of Urban Growth Boundaries on Affordable Housing in New Zealand
- Village People – The Changing Role of Retirement Villages in New Zealand’s Ageing Society
- Residential Density in Christchurch

RESEARCH RESULTS

<p>HOUSING TENURE ASPIRATIONS, LIMITATIONS AND CHOICE</p>	<ul style="list-style-type: none"> ■ The overwhelming majority of focus group participants aspired to be owner-occupiers in ten years' time. ■ The majority of 18-40 year old participants aspired to live in larger dwellings (villas rather than units), on large sections. ■ The trigger for the initial move into home ownership was closely linked to couple stability and the presence of two incomes in a household, which made house purchase affordable. ■ Reduced affordability in the face of rapidly appreciating house prices was seen as the key constraint on people's aspirations for home ownership. More specifically, income, and in particular the inability to save a deposit from current income, was seen as the key barrier to moving into home ownership. ■ In terms of trade-offs, families rated locations close to schools highly. Singles and couples prioritised locations close to work, specifically in Auckland because of traffic congestion. The desire for no or low maintenance homes was shared by all age groups.
<p>CHANGING PATTERNS OF HOME OWNERSHIP (1991 – 2001)</p>	<ul style="list-style-type: none"> ■ The probability that households in New Zealand will own their dwelling has been falling since 1991 even though the number of households actually owning has risen. The fall in ownership has disproportionately affected younger, low income households. ■ There is an emerging geography to home ownership resulting from the constraints on securing owner occupancy in the major cities. As ownership rates decline in the metropolitan centres, ownership rates have risen relatively in areas beyond the urban centres. ■ Increasingly, multi units are acting as substitutes for those unable or unwilling to enter the single unit dwelling owner-occupied market. ■ The time it has taken successive household cohorts to enter home ownership has lengthened.
<p>HOUSEHOLD DEMAND PROJECTIONS</p>	<ul style="list-style-type: none"> ■ The total number of households is expected to increase to 1,748,020 by 2016 or approximately by 20,500 households per annum between 2006 and 2016. Just under half of the total growth is projected to be in the Auckland region and 70% of the total growth in the upper half of the North Island. ■ The growth in the number of rented units between 2001 and 2016 is projected to be 206,490 units, whereas the growth in owned units is expected to be 101,230 units. ■ Older households, headed by someone 65 years and over, will increase from 319,650 (20.6% of all households) in 2006 to 423,840 (24.4% of all households) in 2016. ■ New Zealand's home ownership rate is projected to continue to decrease and fall to 61.8% by 2016. Home ownership rates are expected to decline across all regions; however, the rate of change is expected to vary. For example, Gisborne and Auckland are projected to have the lowest home ownership rates at 57.5% and 58.3% respectively and Southland and Tasman the highest at 69.5% in 2016. ■ The pressure on the building industry from projected household growth (excluding second homes not rented out) is unlikely to be greater than the levels of total demand over the last five years. The key issue is whether similar amounts of the required capital will be available if the outlook for the residential rental investment market softens.



RESEARCH PROMOTION CHRANZ's key objective was to promote the use of housing research findings by housing sector stakeholders.

OUTCOMES

1. The CHRANZ website (www.chranz.co.nz) remained a key communication platform, with an average of 383 visitors a month. The following information was provided:
 - The results of CHRANZ-commissioned housing research reports and postgraduate research reports (nine housing research reports and three postgraduate research papers)
 - Details of housing research work in progress
 - Links to CHRANZ's housing research database, New Zealand statistics, housing reports and analysis, key stakeholders and users, and international housing research sites
 - Housing research stream papers from the Social Policy, Research and Evaluation Conference, November 2004
 - CHRANZ's 2003/04 Annual Report and quarterly Chairman's letter to housing sector stakeholders.
2. CHRANZ held the inaugural launch of its Annual Report and research programme to housing sector stakeholders in September 2004.
3. CHRANZ promoted and supported the development of the housing research stream at the Social Policy, Research and Evaluation Conference, 2004. The research papers presented covered housing policy, housing affordability and community/cultural housing.



THE CHRANZ BOARD The permanent CHRANZ Board was appointed in August 2003 when the work of the Establishment Board ceased. The new Board took responsibility for CHRANZ, its staff and its housing research work.

In the medium term, CHRANZ remains an HNZC entity with the HNZC Board ultimately accountable for its activities. However, independent responsibility for CHRANZ's governance, strategic direction and investment decisions has been delegated to the CHRANZ Board. The CHRANZ Board is accountable to, and reports to the HNZC Board. The CHRANZ Manager is employed by HNZC and is accountable to the CHRANZ Board.

CHRANZ is currently funded by HNZC and is seeking alternative sources of funding for the future. A Memorandum of Understanding between the HNZC and CHRANZ Boards defines mutual roles and responsibilities, the level of HNZC support (research and organisational funding, plus access to administrative and support services), and is intended to contribute to the strengthening of the relationship between the two organisations.

The CHRANZ Board Members are:

		Term	Term Ends
Prof Nigel Haworth, Chairman	University of Auckland	Three years	25 August 2006
Mr Brian Donnelly	New Zealand Housing Foundation	Three years	25 August 2006
Dr Robin Kearns	University of Auckland	Three years (Reappointed 25 August 2004)	25 August 2007
Major Campbell Roberts	The Salvation Army, Auckland	Two years	25 August 2005
Ms Maryan Street	HNZC Board	Three years (Stood down April 2005)	25 August 2006
Mr Paul White	HNZC Board	Appointed April 2005	
Mr Sam Knowles	Kiwibank, Wellington	Two years	25 August 2005
Prof David Thorns	Canterbury University	Three years	25 August 2006
Ms Raewyn Stone	Manukau City Council	Three years (Reappointed 25 August 2004)	25 August 2007
Mr Rau Hoskins	Design Tribe and Unitec, Auckland	Two years	25 August 2005



.01 PROF NIGEL HAWORTH

.02 MR BRIAN DONNELLY

.03 DR ROBIN KEARNS

.04 MAJOR CAMPBELL ROBERTS

.05 MS MARYAN STREET

.06 MR SAM KNOWLES

.07 PROF DAVID THORNS

.08 MS RAEWYN STONE

.09 MR RAU HOSKINS

FUNDING AND FINANCIAL INFORMATION			
	2004/05	2003/04	2002/03
	(\$000)	(\$000)	(\$000)
FUNDING			
Appropriation		152.0	
HNZC	548.0	331.0	428.7
EXPENDITURE			
Output Class One – Research Investment	254.0	272.3	204.5
Output Class Two – Research Promotion	22.0	5.0	50.3
Output Class Three – Organisational Services	272.0	205.7	173.9
TOTAL EXPENDITURE	548.0	483.0	428.7

NOTES

1. This financial information does not constitute a financial statement. The financial processes and results of CHRANZ have been audited as part of the audit of the Housing New Zealand Corporation Group financial statements. This financial information has not been audited in its own right.
2. All amounts are GST inclusive.
3. The appropriation for research investigating Accommodation Options for Older People in Aotearoa/New Zealand is from the Cross Departmental Research Pool.

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