

Overview of affordability measurement



Otago
Regional
Council



26 October 2023

Affordability impacts more than just economic wellbeing

Improved financial security
Improved health outcomes
Improved equity outcomes



Social Wellbeing

Includes education, health, the strength of community networks, financial and personal security, equity of opportunity, and rights and freedoms



Cultural Wellbeing

Looks at the shared beliefs, values, customs, behaviours and identities

Reduced inequities
More discretionary income

Direct impacts on wealth and
disposable income



Economic Wellbeing

Looks at whether the economy can generate the employment and wealth necessary to provide many of the requirements that make for social wellbeing



Environmental Wellbeing

Considers whether the natural environment can sustainably support the activities that constitute healthy community life

Links between income
inequality and environmental
quality

What is affordable?



Measuring affordability

Councils can't see
the balance sheets
or tax returns of
their residents

You are close to
your community –
you know where
the big issues are

Rates are a tax on
wealth/property
not a tax on
income

Data availability

<p>MOST USEFUL <i>Up to date and granular</i></p> <ul style="list-style-type: none">• 2023 Census data - not available yet!	<p><i>Up to date and high level</i></p> <ul style="list-style-type: none">• Mortgage serviceability index• Rental affordability index• Household income (gross/disposable)• Household costs• Material standard of living measures• Child poverty statistics• Regional GDP by sector
<p><i>Out of date and granular</i></p> <ul style="list-style-type: none">• Deprivation index• Personal income by suburb• Employment by suburb• Demographics• Other 2018 census data	<p>LEAST USEFUL <i>Out of date and high level</i></p>

Measures of affordability

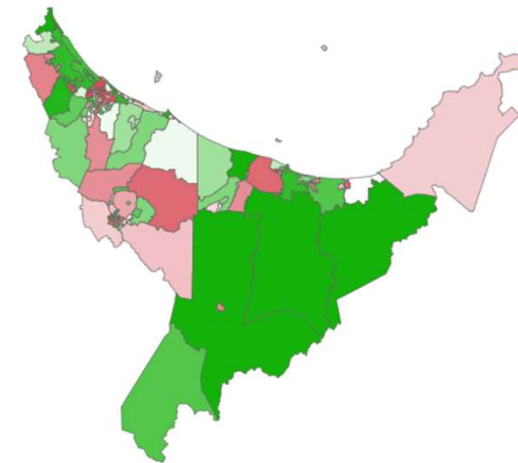
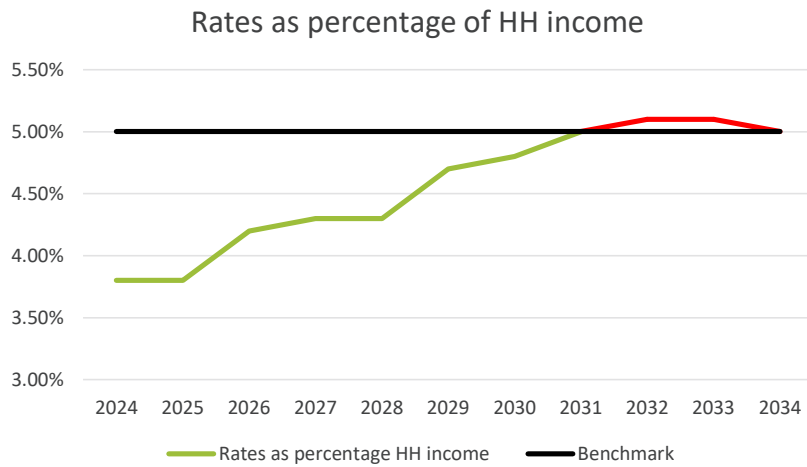
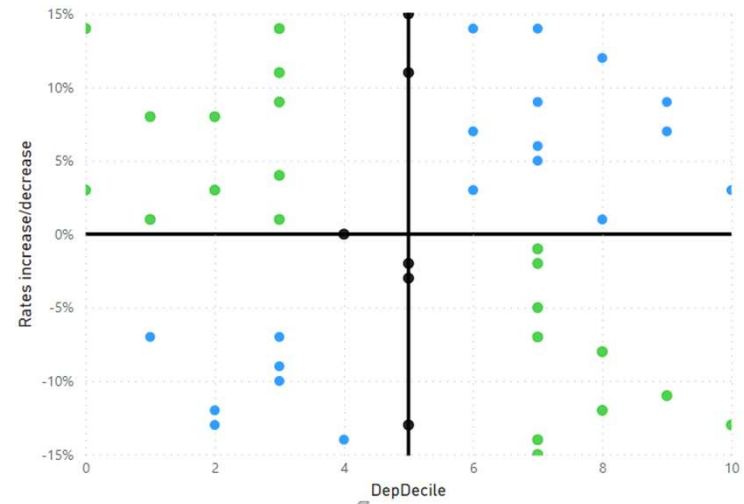
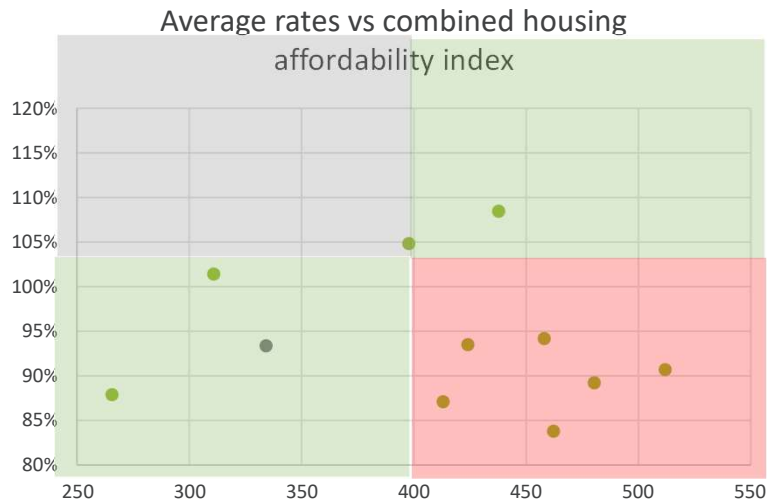
Qualitative

- Compared to deprivation indices
- Compared to housing affordability metrics
- Compared to age bands, household composition etc

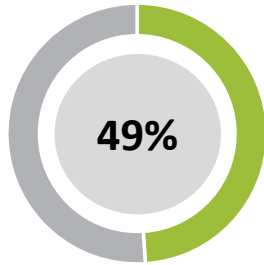
Quantitative

- Percentage of land value, capital value or improvement value
- Percentage of household or personal income
- Percentage of fixed incomes
- Percentage regional primary sector GDP

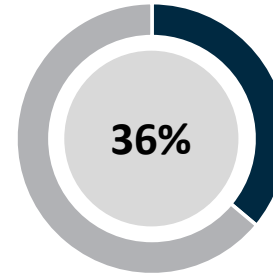
What we are measuring elsewhere



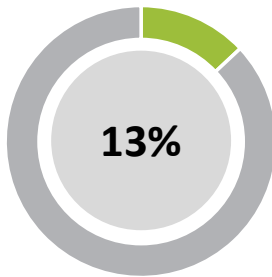
Affordability hits different for Māori



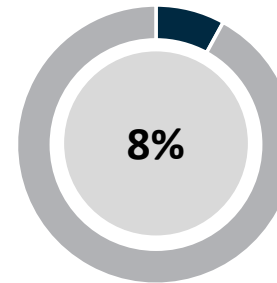
Percentage of Māori with Household Equivalized Income below \$41,300



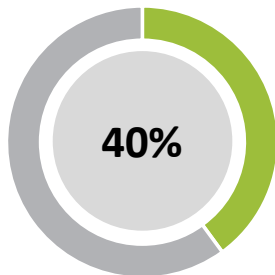
Percentage of General Population (excluding Māori) with Household Equivalized Income below \$41,300



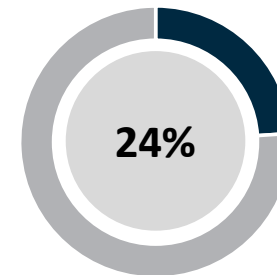
Percentage of people in lowest 40% of income that do not have enough money to meet everyday needs



Percentage of general population that do not have enough money to meet everyday needs

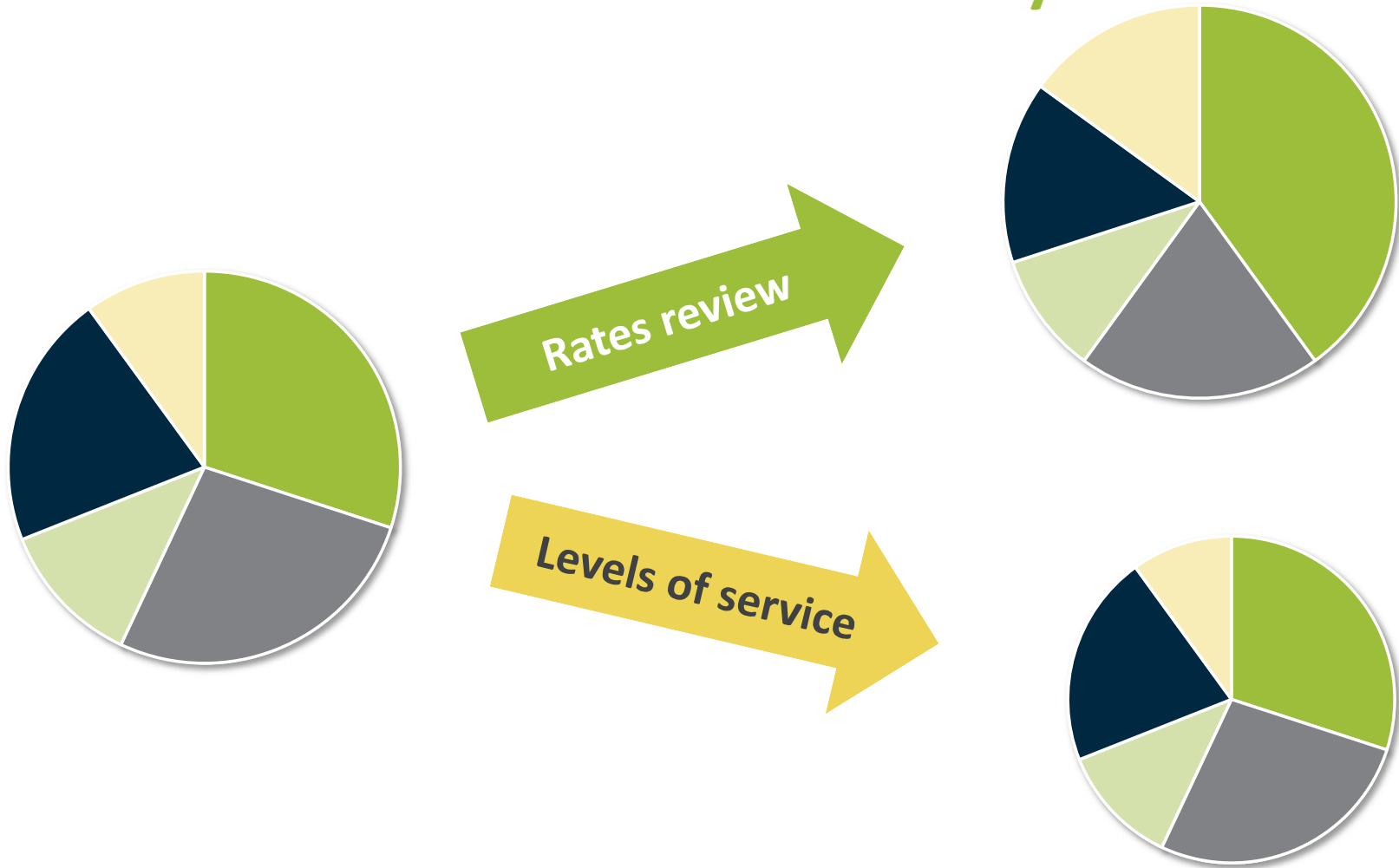


Percentage of Māori living in damp or mouldy home (2018)



Percentage of General Population living in damp or mouldy home (2018)

How council can influence affordability



Influence over affordability

Directly influences half of affordability equation

Indirectly influences other half of the affordability equation

Rates

Levels of service



Questions?

