

Keeping homes up to scratch

Most New Zealand houses need more upkeep than they are getting. Income and the length of home ownership show up in BRANZ research as factors in how well homes are maintained.

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MANY HOMEOWNERS are living in houses with a significant amount of outstanding maintenance. The last BRANZ House Condition Survey found the average owner-occupied house had about \$4,900 of immediate outstanding maintenance needs.

This is for work needing prompt attention to avoid further deterioration to the house, such as holes in the roof, walls and windows, and to address serious health and safety needs, for example, holes in the floor and extensive mould on the inside.

Approximately 79% of housing stock has one or more components in this poor to serious condition.

Some struggle with repair costs

Some households can afford this type of spending, but most of the lower-income owners struggle (see Figure 1).

Below about \$50,000 annual income, the repairs will be unaffordable from income - owners will need to use savings. An alternative is to spread the repairs over several years, possibly resulting in more

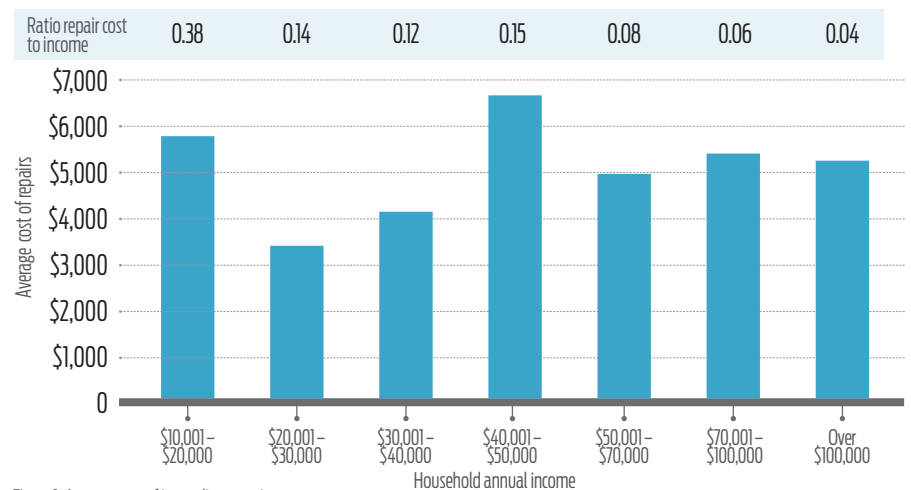


Figure 1: Average cost of immediate repairs.

deterioration, or do some work themselves.

Of particular concern are the \$10,000-\$20,000 income group, which has a high repair cost to income ratio. This group owns approximately 81,000 houses or 5% of the housing stock.

Demolition may be necessary

These houses could be completely lost due to decay unless some way of funding

their repair is found. Some will need to be demolished due to their very poor overall condition and poor location in declining settlements.

The normal demolition rate due to physical deterioration and economic obsolescence is about 1,500 houses per year for all New Zealand. We are looking at adding significantly to that rate unless other factors intervene to ensure maintenance is done. ➤

The three groups in the \$20,000 to \$50,000 income range also have quite high repair cost to income ratio and, in the case of the \$40,000 to \$50,000 group, the highest cost for maintenance. These groups need to fund the repairs out of savings, if possible.

Patch-up jobs may have to suffice

An alternative for financially constrained households is to only do the most urgent maintenance and patch up the rest rather than restoring the affected component to as-new condition.

This approach is not the most cost effective in the medium to long term as further repairs will probably be required earlier than if a proper job was done at the start.

Another solution may be to sell the house and move to a cheaper one, leaving the needed repairs to the next owner. Houses typically have several owners during their lives, and often a new owner will undertake the necessary repairs or the vendor borrows to fund repair work prior to sale.

Repair spending tapers off

The highest maintenance spending was found to be soon after purchase, and it slowly declines after this. The longer the occupancy is, the greater the difference between previous and planned spending (see Figure 2).

Whether the planned spending actually occurs is unknown, and while the planned expenditure increases after 4 years, it is still below the average needed.

The immediate repairs in Figure 2 are averaged across all owners, including those not needing any immediate repairs so is lower than the \$4,900 used earlier.

Money spent on weatherproofing

Does the high spending in the first year represent essential repairs or cosmetic work?

Figure 3 shows the main areas of work and suggests a mix just after purchase. Some essential weatherproofing work to the roof

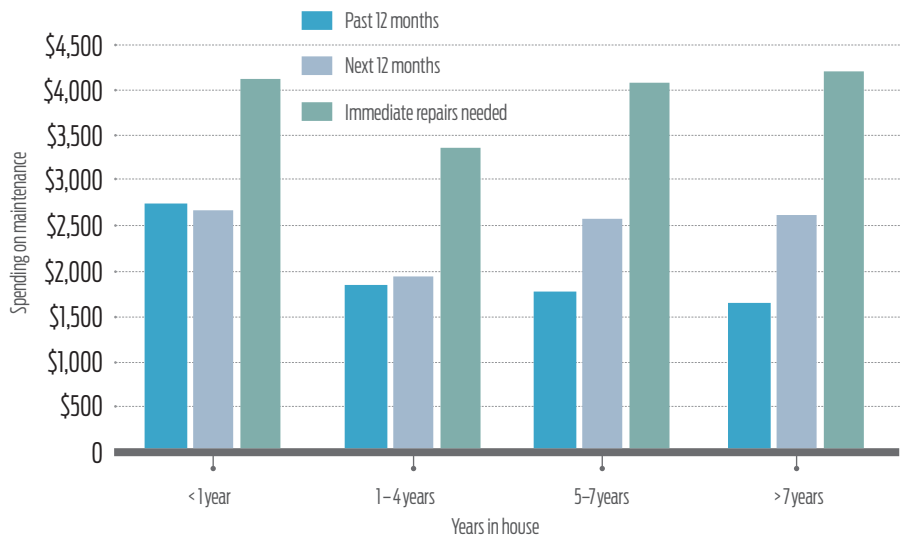


Figure 2: Average spending on maintenance. (Source: 2010 BRANZ House Condition Survey.)

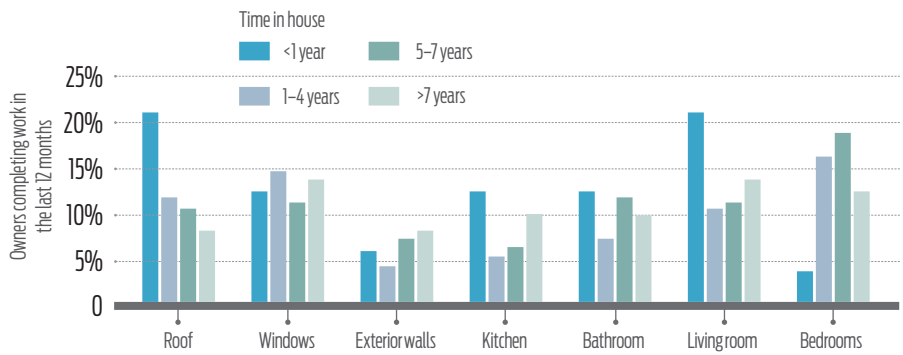


Figure 3: Type of work done by owners. (Source: 2010 BRANZ House Condition Survey.)

and windows is done in the first year of occupancy by well over 10% of new owners.

Living rooms, kitchen and bathroom also feature in the first year. These are probably done for aesthetic reasons rather than because of functional problems.

Bedrooms are the last to be upgraded, typically 5 to 7 years after moving in. Exterior walls have a low incidence of work, possibly because the vendor knows their condition is immediately obvious and needs to be in good condition for a sale.

House conditions declined

The preliminary report on the 2010 survey found that the average condition of houses

had deteriorated slightly from the 2005 survey but was the same as in the 1999 survey. There are sampling differences and the apparent changes are within the error margins so it is likely the overall stock is maintaining its condition.

However, there is a significant amount of outstanding maintenance, and owners need to be encouraged to first address the structural and envelope parts of their house - the claddings, windows and foundations - before spending on the more cosmetic items such as kitchens, bathrooms and living rooms. ◀

For more Details of the 2010 House Condition Survey are in BRANZ Study Report 264, available from the BRANZ Shop at www.branz.co.nz.