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GOVERNMENT POLICY AND HOUSING REHABILITATION
IN WELLINGTON:
A STRUCTURAL ANALYSIS

A THESIS PRESENTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE DEGREE
OF MASTER OF ARTS
IN GEOGRAPHY AT
MASSEY UNIVERSITY

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1982

ABSTRACT

Government intervention in the rehabilitation of housing stock in New Zealand, particularly through the introduction of the Community and Housing Improvement Programme, can be meaningfully analysed using a structuralist approach.

Housing is marketed as a commodity in the capitalist system. It therefore reflects those relationships which are inherent in the operation of that system. Housing has special attributes as a commodity and has different use values for different interest groups. The ability of some groups to achieve the use values they wish to derive from housing is a reflection of their social, political and economic power and the relative investment and accumulation opportunities that that use provides for capital, and not simply a matter of consumer preference.

Housing rehabilitation policy is therefore able to provide assistance to certain groups involved with housing, but cannot provide solutions to all interest groups as the uses to which these groups wish to put housing are seldom harmonious.

Government policy, as it has been put into practice in the three Wellington Neighbourhood Improvement Areas reinforces the existing inequalities in housing allocation. Government intervention in the housing market and the process of rehabilitation is an attempt to alleviate the most obvious hardships created by the operations of the capitalist system but it does not alter the basic structures from which these inequities arise.

Housing policies designed to alleviate the problem of deterioration of older housing stock cannot provide

solutions to other housing problems, including those faced by the lower socio-economic groups. As long as housing is treated as a commodity it will provide opportunities for capital gain to diverse interest groups.

ACKNOWLEDGEMENTS

I would like thank those members of the Valuation Department, the HCNZ and the WCC Town Planning Department who assisted me in collecting the data for this study. In particular, I wish to thank Mr P. Healy (Town Planning Department) and Mr D. Burt (HCNZ) for the time, effort and information they gave, which enabled me to undertake this study. The final interpretation of this information is entirely my responsibility.

I am very grateful for the support and interest shown by Brent Wheeler and Geoff Thomas during the past year. Brent, for his positive comments and for answering my numerous questions concerning the computing aspects of the study. To Geoff, my sincere thanks for the encouragement, patience and constructive criticism given throughout the development of this thesis and for still managing to retain your sense of humour against great odds.

To Donna, for all the times you listened to my ramblings, thank you.

Finally I would like to thank my family for the love, interest and support they have given me throughout my years at university.

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CHAPTER ONE

INTRODUCTION

PROBLEM IDENTIFICATION

This study explores the relationship between the social structure and spatial form of the New Zealand city through the examination of housing. Particular emphasis is placed on the process of rehabilitation of housing stock and on the links between individual decisions to take part in this process and the decisions made at national levels, especially Government decisions. Accordingly the study focuses on the social and spatial outcomes of Government intervention in rehabilitation, namely the implementation and operation of Neighbourhood Improvement Areas (NIA's) under the Community Housing and Improvement Programme (CHIP) introduced in September 1979. This programme is the most recent official response to residential urban renewal in New Zealand. The three NIA's in Wellington city were chosen for detailed examination. These were the Constable Street NIA (Newtown), Epuni Street NIA (Aro Valley), the Mt. Victoria NIA (Mt. Victoria). (Figure 1-1).

METHODOLOGY

A structuralist methodology was employed in the study, which allowed the examination to go beyond pure description in the direction of the underlying processes which, it is held, influence social and spatial form. The essential quality of the structuralist method lies in its attempt to study not the elements of a whole, but the complex of relationships that connect and unite those elements. (As Harvey (1973) outlines, society is viewed as a whole of interacting and related structures). Furthermore, the

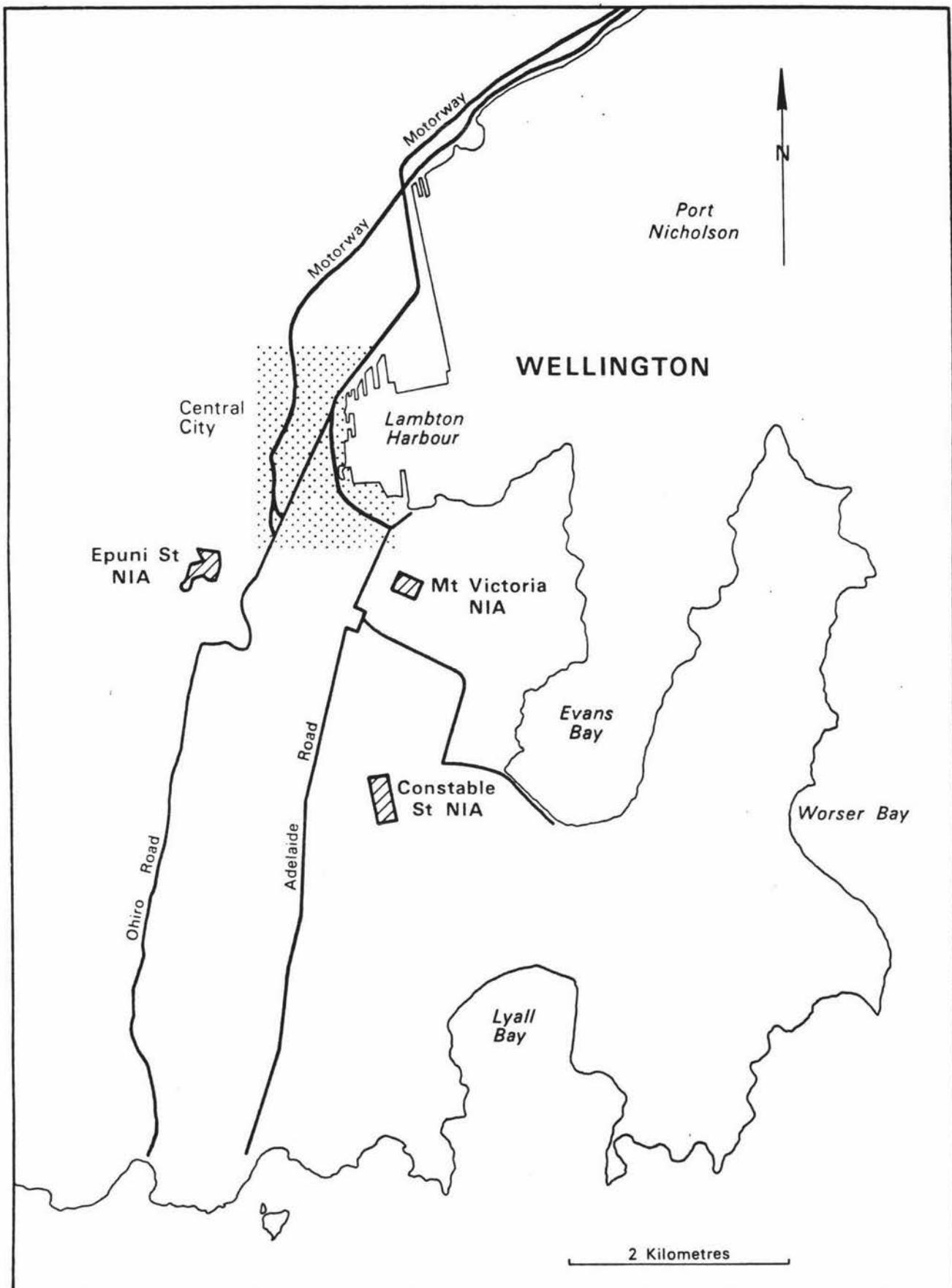


FIGURE 1-1: Location of Wellington Neighbourhood Improvement Areas.

structuralist method recognises that the relationships between elements are continuously undergoing change through which the whole structure becomes transformed. At the same time, however, the whole structure also tries to shape the elements so that they preserve and perpetuate the general structure. For example, the capitalist system can be seen to attempt to transform its intrinsic elements and relationships in a manner which continues to preserve and perpetuate that system. Each element, for example housing, also exhibits the characteristics of the whole structure because "it is the locus of a set of relationships within the totality" (Harvey, 1973, 289). In this way the structuralist approach attempts to discover the forces of transformation which continually restructure society. These forces cannot be considered in isolation, and are not always complementary.

Housing therefore, cannot be examined as an independent variable, amenable to improvement and equitable allocation by housing policy alone. By implication neither can the rehabilitation of housing stock be examined in isolation. In this study housing and the process of rehabilitation are therefore examined not only in relation to the role of the consumer of housing, but equally importantly through their relationships with a number of other elements, including: the distribution of income; the role of Government and other groups associated with housing production and allocation; the structure of the finance market; the landuse planning system; the institution of private ownership of housing and land; and to the circulation and accumulation of capital.

In addition these relationships are acknowledged to be both continually changing and contradictory. An example of this is the relation between production and distribution in capitalist society, both of which are necessary to the maintenance of the capitalist system but at the

same time come into conflict with each other. Capitalism continues to increase its productive ability, which conflicts with another basic element of the market economy, the distribution and allocation of scarce resources. In other words the market system is based on conditions of scarcity which conflicts with the tendency toward over-production. This tendency being the result of continual if uneven increases in productive ability. This conflict may be temporarily resolved through the creation of scarcity in another part of the system, but the tendency of capitalist production to overproduce will again lead to conflict and consequent crisis, as the elimination of scarcity would cause the market economy to collapse.

As housing is primarily provided by the market system it must also reflect those relationships which are conceived in the operation of that system. It is not unexpected then, that housing is produced and allocated on a basis of scarcity, which reflects the consumers ability to pay for this commodity. The ability of individual consumers to take part in the process of rehabilitation is also seen to be related to the functioning of the market system, and to the existence of various mechanisms in that system for the creation of scarcity.

Government intervention in housing is not only seen to be a direct economic intervention but a social and political one as well. As it is examined in this study Government intervention is seen as a mechanism which is active in preserving and perpetuating the basic structures of capitalism. For example, by intervening in the process of rehabilitation Government is actively promoting the growth of owner occupied housing. Encouraging owner occupation, it has been argued, results in greater political stability and social control (See Ambrose, 1977; Harvey, 1973; Stone, 1977).

Taking into account the numerous and complex relationships involved in the structures of capitalism as they affect housing and the process of rehabilitation the only methodology seen as suitable is the structuralist approach. It is the aim of this study, therefore, to identify and examine these relationships and structures and to investigate the conflicts, contradictions and transformations that occur within and between them, with particular emphasis on the recent intervention by Government in the process of the rehabilitation of housing stock.

DEFINITION OF TERMS AND ABBREVIATIONS USED

Rehabilitation:

The term rehabilitation as it is used in this study is defined as being the process of returning and/or maintaining a house over 50 years of age to its near new condition, retaining as much of the original architectural character of the house as possible. In this study the operation of the Community and Housing Improvement Programme is seen to encourage the process of rehabilitation of housing stock.

Gentrification:

The process of rehabilitation of housing stock, particularly in large urban areas has often been termed gentrification. Gentrification is defined as the process of converting working class areas of the city into middle-class neighbourhoods through the rehabilitation of housing stock. The use of the term gentrification conveys several pre-conceived ideas. These ideas include the changing socio-economic status of an area when rehabilitation of housing stock occurs. It is by no means certain that the rehabilitation of housing stock always causes changes in socio-economic characteristics of an area. Secondly

gentrification has been referred to by both the news media and research literature (e.g. Porter, 1979) as a 'back to city movement' of suburban dwellers. These associations have come under increasing criticism (Smith, 1979, 539) as there is not always evidence to support the occurrence of either of these events when housing stock is rehabilitated.

The use of the term gentrification when used in association with the rehabilitation of housing stock, is therefore seen to convey a number of expectations which do not always take place with the rehabilitation process. In this study the rehabilitation of housing stock is seen as a whole process of which gentrification may be one part. Gentrification is therefore examined in this study as only one possible element of rehabilitation.

CHIP - Community and Housing Improvement Programme:

The CHIP is the latest residential urban renewal programme in New Zealand. It is designed to encourage and assist individual homeowners, builders and developers, and local authorities to improve the condition and utilization of existing housing stock, concentrating in particular on those areas where most physical, economic and social benefit can be obtained. The CHIP was the outcome of a policy review undertaken by the Housing Corporation of New Zealand in 1978 and gained Government approval in June, 1979.

NIA - Neighbourhood Improvement Area:

NIA's are definitive areas established under the CHIP by agreement between local authorities and the Housing Corporation of New Zealand with approval conditional on the support of local residents. These areas are the focus for much of the CHIP's activity and special financial

assistance is available to home seekers, builders and developers, and local authorities to construct, purchase and/or improve dwellings within these boundaries.

CURA - Comprehensive Urban Renewal Area:

The CURA's were established under the 1969 amendment to the Urban Renewal and Housing Improvement Act (1945). They were administrative devices in much the same manner as the NIAs which have now replaced them. Additional assistance was provided for projects in established CURA's and Reclamation areas, with the aim of encouraging local authorities to develop and implement long term programmes for the redevelopment of older residential areas. This legislation and the operation of CURA's were orientated toward long term renewal of housing stock by clearance and redevelopment rather than the rehabilitation of housing stock.

HCNZ - Housing Corporation of New Zealand

NHC - National Housing Commission

WCC - Wellington City Corporation

CHAPTER TWO

HOUSING AS A COMMODITY

The city can be viewed as a built environment which is a "complex, composite, commodity comprising innumerable different elements" (Harvey, 1978, 115). This built environment can be separated conceptually into fixed capital articles for production (e.g. factories, highways, railways) and consumption fund articles to be used in consumption (e.g. roads, houses, parks) (Harvey 1982). Land & Improvements built onto it are thus commodities in the capitalist system, that is they are suitable for consumption (use) by individuals through the outlaying of an exchange value. These commodities have two-fold aspect. Firstly they have a value in utility (use value) and secondly they have a value in the power of purchasing other goods which their possession (through private ownership) conveys (exchange value) (Harvey, 1973). These two characteristics are interdependent; that is as commodities they only have exchange value because of their use value, but they have use value to their owners (at least in part) in their ability to be an exchange value. Both land and housing have special attributes as commodities and these attributes depend upon the particular interest groups operating in the property market and on the social and economic conditions at any given point in time. Land and housing as commodities have several distinctive characteristics.

SPECIAL CHARACTERISTICS OF HOUSING AS A COMMODITY

Harvey (1973, 157-159) has outlined six distinguishing characteristics of the commodities of land and improvements thereon. Firstly land and improvements are fixed in space and cannot be moved around. This absolute location of any one portion of physical space gives monopoly

privileges to the person who has the rights to determine use at that location. This characteristic when institutionalised as private property has important consequences for urban landuse theory.

Secondly land and improvements are commodities which no individual can exist without. Human beings need shelter of some type in order to survive and an individual cannot exist without occupying some area of physical space.

The third important characteristic of land and improvements thereon is that both of these commodities change hands relatively infrequently. Although they are constantly in use they take on the form of a commodity very infrequently, especially in certain sectors such as public facilities and the stable sectors of the owner-occupier housing market.

Fourthly, land is permanent and improvements have a long life expectancy. These traits and the rights of use attached to them through the institutionalisation of private property provide the opportunity to store wealth.

The fifth aspect of land and improvements is not exclusive to just these two commodities but it is important to the functioning of the financial institutions and the capitalist state. Market exchange occurs at an instant in time but use extends over a considerable period of time. Rights of use for a relatively long period of time are purchased by a large outlay at one point in time. Therefore financial institutions play a very important role for the land and property market to function in a capitalist society.

Lastly land and improvements have numerous different uses, which are not necessarily mutually exclusive for the user. These use values are not always the same for all people in comparable conditions. For example the various use values of housing include providing; shelter, privacy,

location near workplace, location near retail opportunities and as a means of storing and enhancing wealth.

All of these characteristics have consequences for the investment process and the circulation of capital. Investments in the built environment, including housing, are generally large scale, long lasting, often difficult to price in the ordinary way and in many cases open to combined uses by all capitalists.

THE ROLE OF HOUSING IN THE CIRCULATION OF CAPITAL

In order to facilitate the movement of capital into investment in the built environment there must be a surplus of both capital and labour in comparison to current production and consumption needs at one time period. The relations outlined above constitute the primary circuit of capital as defined by Harvey (1978). The built environment is part of the secondary circuit of capital. (That is the flow of capital into fixed asset and consumption fund formation). Conditions such as these arise periodically in the primary circuit of capital through what is recognized as an inherent contradiction within this circuit. This contradiction arises from the actions of individual capitalists each seeking to make an excess profit. These actions when brought together run counter to their collective interests as they result in overaccumulation. (That is, too much capital is produced in aggregate compared to the opportunities to employ that capital):

"One feasible, if temporary solution to the overaccumulation problem would therefore be to switch capital flows into the secondary circuit" (Harvey, 1978, 107)

The consequences of investing in the built environment which result from the special characteristics of land and improvements emphasise the necessity of the existence of a functioning capital market and a state willing or forced to finance and guarantee long-term, large scale projects, in order for capital to flow into the secondary circuit. All the desire or aspirations to invest in the built environment by individual capitalists may amount to nothing unless funding is available in the area for that particular type of investment.

Mortgage capital is a prerequisite for the overwhelming majority of individuals wishing to invest in the built environment. Therefore the switch of resources to investment in the built environment cannot be realized without a money supply and credit system which creates "fictional capital" before actual production and consumption, underlining the importance of consumer credit, housing mortgages and the like:

"Since the production of money and credit are relatively autonomous processes we have to conceive of the financial and state institutions controlling them as a kind of collective nerve centre, governing and mediating relations between primary and secondary circuits of capital" (Harvey, 1978, 107).

It has already been seen how individual capitalists tend to generate states of overaccumulation in the primary circuit of capital. As pressure builds either the accumulation comes to a halt or alternative investment opportunities are found in the secondary or tertiary circuits of capital. Investments in science and technology and a wide range of social expenditures including health, education, police and welfare are part of the tertiary circuit of capital. The tendency toward overaccumulation is accordingly transferred but not expelled from the system. Overaccumulation is transferred into over-

investment in the secondary and tertiary circuit of capital. This over-investment is the direct result of the needs of capital rather than the needs of people. Manifestations of the tendency towards overaccumulation, therefore appear in the secondary and tertiary circuit because the potential for productive investment within a particular sphere is exhausted. This can be seen in the operation of the housing market in New Zealand.

Until recently the process of suburbanization provided numerous opportunities for investment in the built environment and in the secondary circuit of capital. This process opened up the housing sector as a means of accumulation through commodity production. The pursuit of what was a relatively new and more productive form of capital investment (dictated by the search for relative surplus value) accelerated the devaluation of the old. (In this instance, turn of the century housing):

"Capitalist development had to negotiate a knife-edge path between preserving the value of past capital investments in the built environment and destroying those investments in order to open up fresh room for accumulation". (Harvey, 1977, 273)

The construction of new housing and the process of suburbanization facilitated such an opportunity for accumulation. It now appears, however, that there has been over-investment in suburban housing, the rates of return on investment in this sphere having dropped. This is evidenced by the decrease in new house construction over the last decade (Figure 2-1). Reasons cited for this drop in the rate of suburbanization and new housing construction include the increasing cost of new housing, a net outflow of population from New Zealand and a slower rate of population growth (CHIP Seminar Background Paper, 1982). It is suggested in this study, however, that it is the inherent tendency to overaccumulate in the

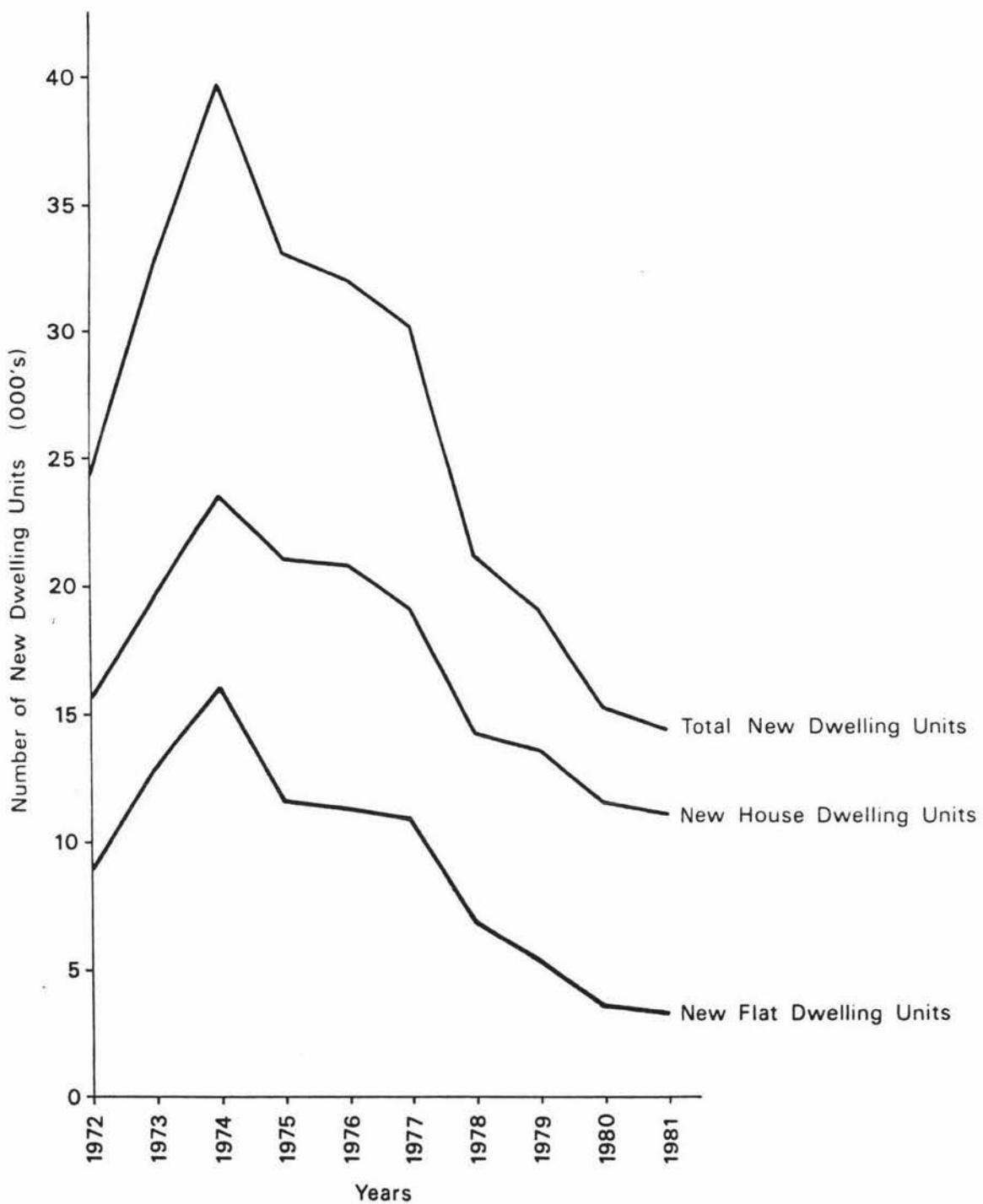


FIGURE 2-1: New Dwelling Units Constructed in New Zealand, 1972-1981

Source: 1977, 1981 New Zealand Official Year Books

capitalist system which has manifested itself in the lower returns for investment in new suburban housing. This statement is supported by the increase in household formation (a basic factor in housing demand) from 923,257 households recorded by the 1976 Census of Population to 1,004,300 households recorded by the 1981 Census of Population, while the actual population growth rate has decreased. As an aid to accumulation the process of suburbanization is thus no longer able to fulfill this need of capital. Having recognized this deficiency in New Zealand the suggestion was made that housing policy be directed towards the management and preservation of the existing housing stock rather than preoccupation with new construction:

"Scarce investment finance could be redirected into more productive sectors of the economy" (CHIP Seminar Background Paper, 1982, 4).

This statement in itself underlines clearly the reason for Government involvement in the process of rehabilitation of older housing stock. The reason for this inducement is to attend to the needs of capital, (thus perpetuating the process of accumulation), rather than to attend to the needs of people. As the production of new housing and the process of suburbanization no longer fulfills this function, the process of rehabilitation replaces it in what Harvey (1978, 113) has termed a "geographical switching crisis", that is the switching of flows of capital from one place to another. This means that although capital is still flowing through the commodity of housing in the built environment, it has at the same time necessitated a major restructuring of the mediating institutions in order to open up this new channel for productive investment and the realization of surplus value.

It is suggested then that changes in policy and approach with regard to mortgage finance, urban renewal schemes and the future of older housing stock by financial and state institutions, and the construction industry is a response to the demands of capital rather than the demands of individuals for housing. The process of rehabilitation is therefore inextricably tied to its ability to present sufficient opportunities for the accumulation of capital.

HOUSING: REASONS FOR REHABILITATION

There is an apodictic need for the rehabilitation and improvement of portions of New Zealand's housing stock. Whatever the original quality, all buildings are subject to physical wear and decay and therefore require some level of maintenance over time (Smith, 1979). Decay and deterioration of housing is also related to the depreciation of the exchange value of housing. This depreciation in turn results from the operation of land and property markets in the capitalist system. For example, if all housing was continuously maintained from construction, (which in itself would require a more equal distribution of income to enable owners to pay for maintenance), the result would be damaging for the capitalist system as a whole. Housing as outlined earlier has a considerable life span. This means that once constructed, housing and the land used for it disappears from the investment land market for a long period. If these houses remain in owner occupation this effectively means that

"to the property industry... two forms of profit that might otherwise be derived from the development process (rental income and capital gain) are excluded from the time when the freehold of the site passes on to an owner occupier".
(Ambrose, 1977, 59)

Continual maintenance of these houses therefore would reduce the opportunities for institutions and developers to invest in the land and property market, not only in rental properties and the expansion of commercial and industrial interests, but also in the continued construction of new housing. It appears, therefore, to be in the interests of those involved in the property industry and in the interests of capitalism as a whole to encourage the devaluation and deterioration of housing in certain areas. In doing this the capitalist system provides itself with further avenues for investment. Firstly in the suburbanisation process, as those individuals who can afford to will move to areas of more recent or new housing where their investment in housing is not exposed to declining values. Secondly further investment can then be made through the process of redevelopment of those areas exhibiting declining house values. Buildings change ownership and financial institutions can now provide mortgages to landlords, commercial enterprises and industrial interests. Landlords, as outlined later in this study, often undermaintain their rental properties. This leads to further depreciation of the value of housing in the area concerned, whether maintained by remaining owner occupiers or not. (This does not necessarily mean a depreciation in the associated land values). Thus housing in such areas eventually possesses little exchange value. This does not mean that such housing has little use value in terms of shelter. Financial institutions thereby gain rational business reasons for not financing mortgages for owner occupiers in these areas, while encouraging the process of owner occupation elsewhere in the city, where a higher rate of return can be found.

In addition, there has been a considerable amount of evidence tabulated in recent years overseas which outlines the role financial institutions can play in 'redlining' certain areas within cities. (Harvey, 1973;

Smith, 1979). Red-lining refers to the deliberate withdrawal of financial support for the housing market in certain areas by financial institutions, which results in the depreciation of the exchange value of that housing.

Smith (1979) outlines two other factors leading to the depreciation of housing values. The first of these is "style obsolescence" which he sees as a secondary stimulus of depreciation augmented by the process of need creation. While new styles and ways of living continue to be created (e.g. modular homes, suburbanization) and purported to provide better living conditions, scarcity will be maintained. The dilemma of potential overaccumulation is in part resolved by the creation of new life styles, which allows further investment in the built environment. The other factor Smith outlines as involved in the depreciation of housing values is the technological innovation and change occurring in the work process. These advances allow similar housing structures to be produced at a lower cost than would otherwise have been possible. Examples of these advances include factory fabrication of parts and truss frame construction. For the capitalist system to take advantage of these factors the value of existing housing must, however, be reduced.

Thus the need for rehabilitation of portions of housing stock results not so much from the physical obsolescence of that housing but from its economic obsolescence. This economic obsolescence occurs as part of the transformations which the capitalist system experiences as it attempts to reproduce itself. The implementation of housing improvement policy can therefore be seen as an attempt at resolving, albeit temporarily, structural contradictions and problems which arise out of the operation of the capitalist system.

APPROACHES TO THE STUDY OF REHABILITATION

As rehabilitation has become increasingly evident in inner city residential areas, inquiries centred on the examination of this process have burgeoned. A large number of these inquiries have distinguishing features. They focus on a detailed description of the individuals taking part in the process (e.g. Cybrinsky, 1978; Gale, 1979) with the general viewpoint that consumer preference or demand is the over-riding factor in explaining the process (e.g. Lipton, 1977; Sumka, 1979). The major criticism of these inquiries has been that such work on residential processes has been preoccupied with consumer choice and spatial patterns - spatial fetishism - and has given insufficient scrutiny to the allocative systems which are the antecedents of both pattern and process, (see Gray, 1975). These inquiries have been further criticised on the grounds that they serve fairly limited analytical objectives, (see Ambrose, 1977; Harvey, 1973; Smith, 1979).

Comments of the above nature necessitate a discussion on changes which have occurred in the area of urban landuse theory. The discussion underlines the growing trend in geography to study the determinants of urban land-use rather than continuing to concentrate on the mapping and measuring of spatial patterns which result from urban land-use and changes in that use.

The prevailing theories of urban land use to date are widely known, these being the concentric zone, multiple nuclei and sector theory. These undeservedly renowned theories are nothing more than generalised descriptions of land-use patterns in urban areas, which concentrate on use-value characteristics. As generalised descriptions these models can provide some important information, but to explain the structure of a city from this basis is far from sufficient despite the claims of writers like Hipkins (1981).

These theories 'explain' urban land-use in terms of availability (supply) of land and housing but fail to explain what or who determines this availability. Various methods exist for generalising statistically about the macro-patterns of urban land-use, including research in factorial ecology, social area analysis and Wilson's (1970) highly intricate entropy maximising formulations:

"All these formulations, however, amount to sophisticated analyses of patterns of use which differ in degree, but not in kind, to those expressed in a land-use map or in a description of daily activity as it unfolds in the life-support system that is the city".

(Harvey, 1973, 161)

Other positivist theories purporting to explain urban land-use patterns are the trade-off theories (Alonso, 1964; Mills, 1967; Wingo, 1961). These theories put forward the view that the locations of urban land-uses are determined not by availability but by demand. In this way trade-off theories focus upon exchange-value characteristics. Demand is seen as determined by a trade-off between the costs and the benefits of a particular site and the individual is presumed to exhibit utility-maximising behaviour, assuming a given distribution of income. Once again there is no explanation as to what or whom creates demand or what or whom directs and changes it as for example in the relatively recent process of rehabilitation.

These models provide some insights into the allocative systems which underly the formation of the urban structure, but tell us little about how a given distribution of income comes about, and what this given distribution of income can mean within the social and economic structure of a capitalist economy.

Mellor, (1973), for example in Britain has pointed out that the decline in rental housing and of small-scale landlords has little connection with any fall in demand for rented housing as such. He shows that it depends more on the superior alternative outlet for small savings offered by building societies supported by the investment and planning decisions of local and national authorities and the consequent formation of housing opportunities and goals. The trend to owner occupation is therefore presumably related as much to this shift in investment and resources as to the changing preferences of the consumer. Investment in such alternatives depends on the surplus value (profit) which is offered by the various investment opportunities. The investment decision depends at least in part therefore upon the opportunity cost of capital invested in housing as opposed to all other forms of investment, and the availability of mortgage finance.

The trade-off theories, like those theories focusing on use-value characteristics, therefore fail to analyse supply and demand of urban land as interdependent factors and furthermore they provide a myopic view of the numerous agents involved in the determination of urban land-use. Supply and demand accounting overlooks questions of the type of institutional constraints placed on supply and the ability to demand, the difference between demand and need and, in the hunt for a manageable modelled structure, imposes idealistic equilibrium assumptions (Duncan, 1976).

The limitations of these approaches to the study of urban structures was probably first recognized in geography by the 'welfare' geographers who, although more concerned with the problems visible in many city structures than with patterns of urban land-use, were still investigating

how the problems were manifest in space. Massive amounts of detailed work appeared on various relevant issues; for example the location and expansion of the black ghetto (Albaum, 1973; Morrill, 1966), access to social services, and the location and housing situations of minority groups. While geographers gained further understanding about who gains, who loses, and who decides, they were still not much further ahead in their ability to explain how such power relationships were formed.

It was as Peet (1977, 15) stated

"The idea of the academic acting as advocate for the poorest and powerless groups in Society".

What was still being examined was the visible evidence and product of the allocative systems which are embedded in the underlying structure of capitalist society. It is only within the last decade that analysis and explanation have begun to focus behind empirical reality rather than on the surface level of the observable. This has allowed some geographers to go beyond pure description of what they perceive or experience in the direction of an understanding of the underlying processes which, it is held, have considerable influence over spatial form. Ambrose (1977, 39) underlines the necessity for such an approach

"... [any] study of urban land use changes should be based on an examination of the workings of agencies which are actually bringing about city redevelopment. These agencies include estate agents, property developers local planning authorities, and... central government departments... if we pay no attention to these important processes, which actually and literally change the face of our cities and countryside, we leave ourselves in a very unsatisfactory position. We shall be mapping and describ-

ing in laborious detail, distributions which we conceive to be the end product of processes which we hardly conceive at all".

The methodology of the logical positivists is therefore rejected in this study as it attempts to reduce extensive practical problems to narrower technical problems which are detached from the social, economic and political structure of which they are an inherent part. The city after all is the physical embodiment of the social, economic and political system in which it evolves and cannot be meaningfully analysed in isolation from that system.

This writer sees merit in Lambert and Filkins' comment (quoted in Duncan, 1976, 12) on consensus assumptions. (These are views which assume society is held together by consensus over certain central values, and that problems and conflicts result from temporary lags and difficulties can be removed by enlightened policies):

"to conduct research into choice and preference in what is clearly an excessively constrained and competitive housing market is merely the indulgence of an ideology which promises but cannot deliver".

The more recent theoretical inclination by some geographers as outlined above is to view society in terms of different groups having different life chances and acting under constraints of varying severity. These different life chances and abilities to act under certain operating constraints exhibited by individuals are related to the functioning of the capitalist system. Harvey (1975, 356) outlines how these different abilities and the inequities between groups of individuals arise

"The forces of class structuration under capitalism are identical to those contained in the dynamics of capitalism, hence arises the necessary relation between the evolution of capitalist societies and the evolution of social configurations".

These dynamics of capitalism have built on the primary force of class stucturation in capitalist society, that is the power relation between capital and labour. Further forces of class structuration have arisen because of the necessities generated by the need to preserve the processes of capital accumulation. These necessities include technological innovation and the associated increasing division of labour, shifts in social organization and consumption classes, the creation of authority relations. (In other words, the evolution of authority roles in production for example managers and foreman and the like, without which capital accumulation would face an impenetrable barrier of fixed demand which would result in over production and crisis)

Therefore, in this thesis, the barriers of eligibility and status which control access to superior life chances and choice with respect to participation in housing purchase and rehabilitation are examined in relation to the functioning of the capitalist system. Housing situations and opportunities need to be examined as one element within a total system under transformation. This approach is more likely to lead to an understanding of process and to explanation than those approaches which consider housing systems or parts of housing systems as separate entities from the structures within which they develop and take shape.

To summarize, the distinguishing features of the commodities of land and improvements thereon have been shown to have particular importance for the examination of housing in a capitalist system. Investment in housing, including the rehabilitation of housing is a concrete expression of Harvey's (1978) analytical term "the secondary circuit". As such housing and the process of rehabilitation of housing can be examined as elements within a continually changing totality, rather than as elements separate from those social, economic and political structures in which they develop. In addition the element of housing is seen as providing an effective tool for stabilizing and preserving the social structure of the market based capitalist system. In any study concerned with housing and housing patterns, the decision and investment environments in which households make housing choices must be identified. This allows a greater understanding of the patterns of allocation of housing found over space. The special characteristics which housing exhibits as a commodity together with the contradictions and conflicts which arise in the operation of the capitalist system serve to direct and constrain the actions of interest groups involved in housing. These decisions and actions made by different interest groups in turn create the decision and investment environments within which individual homeseekers act.

CHAPTER THREE

STRUCTURED INTERESTS IN HOUSING AND HOUSING REHABILITATION

The operation of the housing market and consequently the process of rehabilitation are both conceptualized in this study as being structured by diverse interest groups acting within the overall structure of relations comprising the capitalist system. The interest groups identified in this study include exchange professionals, landlords, developers, the construction industry, financial institutions, local and central Government and lastly, acting within the constraints produced by these groups, the consumer who attempts to exert his or her preference for housing. These individual preferences are not prerequisites in the way that availability of funds, building permits, zoning changes and the ability to obtain finance are, as preferences can be socially created (see Smith, 1979). This does not mean to say in some naive way consumer preference is a totally passive effect caused by production. The relationship is symbiotic but it is a symbiosis in which production and accumulation of capital dominate over consumer preference.

Each of the interest groups identified has a distinctive way of determining use value and exchange value of housing and land, due in part to the distinguishing features of housing and land and in entirety to the functioning of the capitalist system (Harvey, 1973, 163-166). These features have particular importance in those moments when use value and exchange value come together to make commodities out of land and housing, because it is at these moments that decisions occur regarding the production and allocation of these commodities, (which in turn

structure the decision environment of the consumer). The various ways these different interest groups determine the use and exchange values of housing are outlined below, with particular emphasis on central and local Government intervention in both housing and the process of rehabilitation.

CONSUMERS

The consumers of housing use the various aspects of housing according to the degree to which they can express their desires and needs. The consensus view sees this use of housing as people exercising individual preference for where they reside and what type of housing they live in, preferences said to follow group norms and experience. For example people who see themselves as working class therefore see themselves as being suitable for those areas and homes thought appropriate by society in general to the working class:

"If class interests really are coincident, as the consensus view would seem to suggest, why is any landuse regulation necessary? If, on the other hand, regulation exists to arbitrate between different uses (and interests) competing for the same site, in what sense can any planning decision be said to be in the general interest?"

(Ambrose, 1977, 48)

The view this study takes, however, sees a society where different groups possess different abilities to exert their 'preference' and act under constraints of varying severity. It outlines the need to understand how a given distribution of these 'abilities' comes about, and what this distribution means in terms of the allocation of consumers to housing, especially housing involved in

rehabilitation. Owner occupiers are fundamentally interested in use values, but insofar as dwellings have a use in storing wealth they are also interested in exchange value. The interests of owner occupiers also change over time. At the time of sale owners have a primary interest in exchange value, paying real estate agents to maximise this, while the rest of the time use value predominates. Tenants are in a different position where the house provides them with a use value, but the exchange value goes to the landlord. All residents of housing do have a common interest however, which is to obtain use values through the outlaying of exchange values.

EXCHANGE PROFESSIONALS

Exchange professionals include real estate agents and lawyers. They operate in the housing market to obtain their use value on housing through the outlaying of exchange values. Exchange professionals seldom contribute to the use value of the house. It is in the interests of this group to maximise the revenue obtainable from the buying and selling of houses, as professional fees are a percentage of the transaction value. Thus the volume and rate of transactions is vital to their survival. Exchange professionals therefore, have a vested interest in the housing market.

Exchange professionals can play an active role in interfering in the processes of supply and demand. Williams (1976) in his work on Islington supports this interpretation. He found exchange professionals to be important actors in the 'gentrification' of the area, advertising the attractions of the neighbourhood and older housing and persuading existing landlords and owners to sell. Furthermore as the estate agent has a direct interest in maximising the price of any particular sale, he acts

as a filter, facilitating or restricting individual or group access to housing depending upon their ability to gain funds to finance housing purchase. For example the encouragement of higher prices in an area means individuals with higher incomes and more social and political power become the potential owners of such housing, while those groups in society with less 'ability' to gain mortgage finance must look elsewhere in the city to house themselves.

LANDLORDS

Landlords operate to a large degree with exchange value as their goal. Professional landlords consider the house as a means of exchange. Housing or shelter is exchanged for money. Landlords do not use the house as a use value for themselves in terms of shelter, but find use value in the opportunity housing provides to make a profit through the provision of shelter for others.

Landlords are also intricately involved in the housing market, as any changes occurring in the operation of this market will influence the decisions they make concerning individual's shelter in order to retain or increase their profit. The landlord has the ability to withdraw considerable resources tied up in land and buildings if it is to his advantage to do so. Landlords also have the power to change the use of these resources in order to realize greater profit. For example, it may be more propitious for a landlord to sell a house occupied by tenants to an individual owner occupier, in a certain area where housing has become 'popular' for owner occupation. This gives the landlord an opportunity to release funds which may then be more profitably invested elsewhere.

Furthermore, since landlords use buildings for different purposes than owner occupiers, a different pattern of maintenance is likely to occur. As long as a landlord can still command a return from a property, in the form of rent, he has less incentive for carrying out repairs. Owner occupiers on the other hand are both consumers and investors and act to protect their investment and shelter through continuing maintenance.

PROPERTY DEVELOPERS AND THE CONSTRUCTION INDUSTRY

Property developers and the housing construction industry are concerned with the creation of new use values for others in order to obtain exchange values for themselves. As a group they consequently have a strong interest in suburbanization, redevelopment and rehabilitation. An example of this involvement in rehabilitation in New Zealand is illustrated as a stated benefit of the CHIP, which was to provide additional work for the building industry in the light of the "continued contraction in the demand for new housing" (CHIP Seminar Background Paper, 1982, 5).

The social values of the interests of property developers and the construction industry may be incongruous with those of local residents affected by the operations of these parties, which are the result of actions to increase the profit obtainable from a site, or from a whole area:

"The main role of the developer is to change the use of a site to one with a higher value... In a society where there is unequal access to resources and power there is no reason to think that the values thrown up in the market place in any way correspond to social values about the sort of world we want to live in. Hence the real question

is what values, or more precisely whose values, should predominate in questions about the ownership of land".

(Falk, as quoted in Ambrose, 1977, 54)

FINANCIAL INSTITUTIONS

Trading banks, building societies, finance companies, insurance companies and the like play a leading role in the functioning of the housing market, because of the distinguishing characteristics of housing mentioned earlier in the chapter. Nearly all urban construction, landlord operations and owner occupancy draw heavily on funds from these sources. These funds could be used both in other places and for other types of investment. In most cases the managers of these funds will seek to hire them out for the highest possible return. Essentially then, these institutions are concerned with gaining exchange values through financing opportunities for the creation or procurement of use values for others.

In general, financial institutions are involved in more than one area of investment. They may invest in overseas development, the stock exchange and in industrial or commercial landuses as well as residential. In this manner financial institutions can have considerable influence over allocating land to uses. In terms of Harvey's (1978) model of the circulation of capital in a capitalist system these institutions also direct the relations and flows of capital from the primary to secondary circuit.

In addition, through financing the creation or procurement of shelter for others, financial institutions also influence the assigning of individuals to different types and locations of housing. The policies of these lending

agencies structure the environment in which individual home makers make decisions. Several studies in Britain and America (e.g. Boddy 1976; Harvey and Chatterjee 1974; Williams 1976) have confirmed the view that different lending institutions with different policies structure the residential patterns in a city. Williams (1976) and Boddy (1976) for example both found that building societies were cautious in lending to lower income groups, on older or unconventional types of property and on property in certain areas of a city. Obviously these constraints operating in the housing market will have considerable influence on who lives where.

CENTRAL AND LOCAL GOVERNMENT

Past a certain threshold point shortages in housing supply and decreases in living standards tend to spark off political objections and action, and state intervention in the interest of political stability. There is also a need under the capitalist system to provide shelter (among other necessities) in order to maintain the continued reproduction of a healthy stable labour force. Thus the Government is also interested in the creation of shelter for individuals in order to achieve various other types of use values for the state.

Several writers including Ambrose (1977) and Roweis (1981) would argue that the state has in the past and does at present play an interventionist role, seeking to achieve conflict containment

"... and to mediate in the obvious contradiction between the interests of the capitalist producers of new development, who want the highest possible profit on their activities and the users of the development, who want the best possible housing and environmental stand-

ards at the lowest possible rent or price". (Ambrose, 1977, 70)

Offe (1978) when examining the role of the welfare state in the capitalist system reasons that welfare expenditure by the state, including that on housing, is essential in order to mitigate the most noticeable hardships created by the capitalist mode of production and distribution. In this way the unrest that may otherwise result is partially defused.

Offe (1978) sees the welfare state as in no way representing a structural change of capitalist society but argues that the welfare state tries instead to counterbalance new problems which are the byproducts of industrial growth in a capitalist society:

"...the inherent institutional constraints of a capitalist economy confound every effort of the welfare state to solve its internal difficulties".

(Offe, 1978, 289)

It will be illustrated subsequently in this study that the New Zealand Government's attempt to improve the condition and utilization of existing housing stock through the implementation of the CHIP and the 'social advantages' expected to result from this programme, reflect at least some of these qualities which Offe outlines. In trying to solve problems of housing the programme is beginning to defeat its own aims and benefits and the problems it hoped to solve have only been transformed into problems elsewhere in the system rather than eliminated.

The Government is not only involved directly in the housing market through the provision of state housing, the

implementation of programmes similar to the CHIP, and the funding for owner occupancy managed by the HCNZ, but also indirectly through the constraints it places on financial institutions and the aid it gives to the building industry. The requirements of the Government on financial institutions (e.g. trustee and private savings banks, finance companies, building societies and life insurance companies) to invest in Government securities limits the involvement of these lenders in the mortgage market, as do the controls on interest rates. Although such measures may be considered necessary, it must be realized that by enforcing them, further constraints and changes result which continue to influence and manipulate the housing market:

"In addition, variations in Government housing loan conditions and stock holding requirements on financial institutions continued to be used to induce changes in the level of housing activity".
(National Housing Commission Five Yearly Report 1978, 77)

The New Zealand Government also influences the building industry through various means:

"Some Government expenditures are specifically for building construction or in some cases entail the release of funds to private agents for building construction".

(O'Malley and Ashley-Jones, 1980, 2)

Examples of this type of influence include building projects budgeted in the public capital works programme and the lending of funds by the HCNZ to private individuals for housing construction and to a lesser degree housing improvement.

Harvey (1973, 166) underlines that

"Government also imposes and administers a variety of institutional constraints on the operation of the housing market".

Zoning, landuse planning controls, and the approval of building permits are some of the more noticeable institutional constraints, apart from those constraints produced by the lending policies of the HCNZ funds.

The landuse zoning system limits the availability of land for each of the several kinds of land development uses acknowledged by the system. Specific areas are 'protected' from specific types of land development for a number of reasons (e.g. the maintenance of green belts). One of the predictable results of this system however is that the price of development land in these delineated areas will increase because of the workings of the law of supply and demand. Creating scarcity by restricting the supply of land usually bids up the price of that land. This concept of scarcity is intrinsically linked to the functioning of the capitalist system. Scarcity¹ is produced and controlled in capitalist society. Scarcity leads to wealth through the market exchange system while the preservation of the market exchange system requires that scarcity be maintained. In terms of Harvey's (1978) model of the circulation of capital, the creation of scarcity helps to allay overaccumulation and switching crises.

If scarcity is removed the market economy, the source of productive wealth under capitalism, will breakdown. Capitalism however, as outlined earlier is forever increasing its productive capacity. To settle this conflict many institutions and mechanisms have evolved to ensure that scarcity does not disappear. The landuse planning system is therefore one of these institutions geared to the maintenance of scarcity.

Ambrose (1977, 71) points out the general distributional effects of the scarcity created by the landuse planning system, and of the resultant "planning based" increases in the value of land:

"Vendors of development land have profited considerably; house builders have in most circumstances protected their profit margins as the land passed through their ownership; and the eventual house purchasers, the users of housing have paid more than they would have done in a system devoid of the 'planning-based' increment in values. This appears to be a clear regressive effect, benefiting the owners of land and capital at the expense of the non owners. This is presumably not the State's intention". (Ambrose, 1977, 71)

The landuse planning system has not therefore altered the generally unseen processes of the extraction of surplus value and capital accumulation. To the contrary, it has been seen to aid these unseen processes by increasing land values and helping to restrain certain self defeating tendencies manifest in property circulation.

The points made above are not necessarily an argument for the elimination of the planning system. By focusing however, on maps and patterns rather than balance sheets, the landuse planning system has dealt with the matter of regulating land development as if it were only a material rather than a financial matter. Landuse planning as it stands within the present capitalist system is not a sufficient tool for accomplishing a socially just and responsible use of land. Landuse planning may appear and has claimed to do just this, but working within the capitalist system it succeeds only in promoting that system, a system based on inequalities and scarcities. To echo Hoover (1968, 260) planning frequently makes an ideal out of the status quo which is objectionable

"if we believe the status is nothing to quo about".

Furthermore by relying on the simplistic descriptive 'theories' of urban landuse for explanation, (in New Zealand urban landuse planning seems to have favoured the concentric zone model, accepted by the Urban Renewal Study Group (1966) and the Commission of Inquiry into Housing (1971), planning structures the city further in this manner. This structure or 'explanation' is merely the reflection of social processes and allocative devices of which the planning system as a whole appears to have little comprehension. Concentrating on 'theories' of the city produced by the capitalist mode of production, planners (in local and central Government) can only perpetuate this system and apply 'band-aid' measures to the problems that arise in the city, rather than relating to the source of these problems. Planning by its position within the capitalist system and the landuse 'theories' it makes use of is limited to dealing with "problems in the city rather than of the city". (Levan quoted in Harvey, 1973, 22).

Olsson (1977) rejects the idea that planning has value neutrality, and argues that planners have failed to recognize the ideological basis of their methodology. He underlines the unquestionned acceptance by planners of the capitalist social organization which is implicit in orthodox urban theory.

"Contrary to popular mythology, planning did not bring socialism, in fact it became a sophisticated weapon to maintain the existing control under a mask of rationality, efficiency and science".

(Goodman, 1972, 212)

Planners have been confined to manipulating pieces of welfare policies "born in the rhetoric of human compassion" (Goodman, 1972, 211), whose final outcome, however, was to reinforce the position of those groups and processes which already determined the social conditions of those individuals in society with little command over resources:

"Forecasting the future of an urban system requires a thorough understanding of the processes generating change and a realistic evaluation of the direction in which the social system as a whole is being moved by those processes".

(Harvey, 1973, 94)

At present the planning system via both local and central Government does not appear to have an understanding of those processes and agents directing change, including it would seem, itself. Until the processes, agents and direction of change are recognized, just control over social and spatial organization within a city cannot be claimed to be a goal, far less an achievement, of planning. The ability of plans and policies within a capitalist system to generate change must be recognized, but furthermore this change must not be expected to occur in the direction anticipated or planned for, even when policies have the highest social objectives.

This discussion has outlined the often conflicting and contradictory interests among the various groups and individuals associated with housing, in capitalist society. Each interest group views the use of housing in a different manner, which is the result of the relationship housing as a commodity has to the capitalist system. These different and often conflicting use values of housing mean that not all groups and individuals are

able to use housing in the manner they wish to. Where conflicts in the use of housing arise, some individuals and interest groups will have to compromise, others may be able to exert their particular preferences and some will have little or no chance to express their preferences. The ability of some groups to achieve the use to which they wish to put housing is a reflection of their social political and economic power. Government intervention in the housing market is an attempt to alleviate the most obvious hardships created by the distribution of this power in capitalist society, but without altering the basic structures from which these inequalities originated.

The conflict of interests among groups and individuals regarding the use of housing, indicates that any programme or policy associated with housing in a capitalist system is able to provide assistance to specific groups rather than all groups involved with housing. Thus in attempting to solve housing problems, 'solutions' apply to some interest groups (not all) and therefore will create further problems for those interest groups whose use of housing conflicts with that of the groups benefiting from the assistance.

FOOTNOTES:

1. Scarcity refers to scarcity of exchange value but not necessarily use value. For example there may be plenty of housing available to buy or rent but it may be difficult to sell or hire out profitably and in addition some groups may not have the ability to buy or hire these use values.

CHAPTER FOUR

STATE INVOLVEMENT IN REHABILITATION THROUGH THE CHIP

The previous chapters have outlined the position housing occupies as a commodity in the capitalist system, the conflicting relationships which arise from this position, and the major interest groups which help to structure the operation of the housing market. The process of rehabilitation was also seen to be intricately involved in the capitalist system and to be influenced by various interest groups, all with their own particular motive for being included in the rehabilitation process. By undertaking certain policies and decisions these interest groups influence the decisions an individual homeseeker can make. In this study the CHIP is identified as a mechanism by which decisions made at national and local Government level concerning the process of rehabilitation are linked to individual localized decisions. The programme as it operates within NIA's is examined not only to illustrate how these links occur but also how the implementation of the programme itself structures the decision and investment environments of individual homeseekers and different interest groups.

Government intervention in the process of rehabilitation through the CHIP is seen as one way in which the state mediates relations between the primary and secondary circuits of capital. That is, by examining the operations of the CHIP and NIA's, the manner in which Government gets involved in the circulation of capital and aids the preservation of the capitalist system can be illustrated. It is argued that this intervention in the process of rehabilitation will result in outcomes contradictory to at least some of the aims and social benefits the programme is trying to achieve. That is

social and spatial inequities will continue to occur in the housing market in spite of, or even because of intervention in the process of rehabilitation.

The CHIP is the most recent approach to urban renewal activity in New Zealand. It reflects the increased emphasis, both overseas and locally, on rehabilitation and conservation of housing as opposed to large-scale clearance and redevelopment. It is not deemed necessary to outline the development of legislation associated with urban renewal in New Zealand as this has been admirably done by both Moody (1979) and MacDonald (1981).

Common factors which do appear from these discussions on urban renewal policy in New Zealand include the numerous changes in approach to urban renewal that have occurred with each change in Government policy and the apparent failure of each of these approaches to solve the problems of unsatisfactory housing conditions. Another common denominator of these urban renewal policies has been the obligation placed on local authorities to carry out the policies of urban renewal. This obligation has increased under the introduction of the CHIP. Decentralization of Government intervention in this manner can be seen as a method of depoliticising housing issues.

How do these Government decisions concerning urban renewal relate to the decisions of individuals acting in the housing market and to changes in residential landuse patterns? In the typical micro-economic models of housing markets and residential landuse, it is assumed that income is the relevant determinant of housing choice. Stone (1977), however, points out that it is in fact the ability to obtain mortgage finance for housing and to pay the interest on that mortgage, that is for the vast number

of individuals the immediate determinant in housing 'choice'. The 'ability' of individuals to undertake these two requirements is dependent upon the individuals position in the labour market, and equally important upon the policies of lending institutions. Different institutions have well-defined policies with respect to eligibility, deposits and repayments as well as to the location and type of housing they are willing to lend on. Government housing policies also intervene in these respects and play a major role in the moderate to low income sectors of the population. In New Zealand the Housing Corporation's prime role has been to assist individuals in purchasing their first home and also to provide assistance for those on low incomes. (National Housing Commission Five Yearly Report, 1978).

In this context the CHIP and the consequent formation of NIA's can be seen as a Governmental mechanism for allocating funds for the process of rehabilitation. It is imperative therefore, to outline the CHIP policy and the methods used to allocate the associated funds, to illustrate how this policy plays an important role in structuring the housing decision and investment environments for individuals and aids the reproduction of the capitalist system.

THE IMPLEMENTATION OF POLICY

The CHIP gained Government approval in June 1979 and the programme came into force on 1st of September 1979, initially for a three year period after which it would be reviewed. The two major objectives of the programme were, firstly, to improve the condition and utilization of the existing housing stock and urban facilities and secondly, to ensure that residential renewal activity is fully integrated into urban development and management

strategies at the local, regional and national levels. It was also stated that a number of other advantages could flow from this type of urban renewal programme, including the social advantages of housing young families with relatively low incomes close to employment, existing shopping, education and social facilities and in established communities. It was surmised that financial pressure on these families would also be reduced by their being able to "purchase existing houses which are cheaper and already developed" (CHIP Seminar Background Paper 1982, 4).

The CHIP handbook (HCNZ, 1979) further outlined what the HCNZ termed as measures aimed at achieving these objectives which included.

- 1) To increase the range of Government urban renewal assistance available to local authorities, builders and developers, and private home owners.
- 2) To encourage specifically the protection, improvement and maintenance of existing houses and neighbourhood amenities.
- 3) To concentrate on residential urban renewal in those areas where most physical, economic and social benefit can be obtained.
- 4) To streamline the delivery of urban renewal assistance to communities and individuals.

NEIGHBOURHOOD IMPROVEMENT AREAS

NIA's provide the focus for much of the CHIP activity and maximum CHIP assistance is available in these areas. As an administrative device the NIA replaces the CURA

and the Reclamation Area of the Government's previous urban renewal programme. A NIA is established by agreement between local authority, local community and the Housing Corporation and becomes operative when approved by the Minister of Housing. Approval is conditional on the support of local residents (how this is measured is not outlined) and a commitment by the local authority to undertake and support some activities in the area such as establishing a housing improvement advisory service, undertaking area improvements or providing community housing.

The criteria outlined by the HCNZ (CHIP Seminar Background Paper, 1982, 6-7) for establishing a NIA include the following:

- 1) "NIA's should be those residential areas which have become most unprofitable for mainstream private investment". In other words those residential areas where housing has little or no exchange value, but still has a use value in terms of shelter.
- 2) "NIA's should be areas in which resulting visible changes will be catalytic in stimulating further private investment". This indicates an expectation that change will occur in NIA's which will allow greater surplus value to be gained from housing by different interest groups. There is, however, no acknowledgement arising from these directed changes for individual home seekers. Thus a NIA could be interpreted as a vehicle for initiating further capital accumulation.
- 3) "NIA's must be confined to residential areas where planning policies confirm the continuance of that use for at least the next 20 years". This criterion

indicates that although NIA's may be one method of decreasing overaccumulation (Chapter Two) through providing further investment opportunities, these opportunities then disappear for at least 20 years, and unless there is a change of policy other avenues for investment such as commercial or industrial uses cannot be undertaken in the area.

- 4) "NIA's may be areas particularly suited to the inclusion of public rental housing". The production of public rental housing in New Zealand is associated with providing for the needs of low income groups unable to finance themselves into owner occupied housing or private rental accommodation. It is argued in this study that the establishment of a NIA results in increased relative hardship for low income groups seeking either rental or owner-occupied housing in that area. Therefore this criterion could be interpreted as taking housing opportunities away from low income groups on one hand and on the other hand providing further housing for these groups. In undertaking this complex manoeuvre opportunities are provided for further capital investment and accumulation both in the construction of new public housing and in the exchange, financing, and undertaking of improvements, of old housing stock.
- 5) "NIA's should have 50 percent of their properties requiring some degree of upgrading".
- 6) "The HCNZ feels that 125 housing units form the kind of community of interest which will work most successfully". This criterion has in practice ranged from 32 houses in the initial Campbell Street NIA (Palmerston North) to 275 houses in the Charleston NIA (Christchurch).

Since the initiation of the CHIP until the 14th September 1982 there have been 42 NIA's approved, the average size of these being 109 houses. There has been a wide range of responses to the CHIP in terms of territorial authority sizes and the response of smaller centres has been considerably greater than under previous urban renewal approaches. This is undoubtedly because of the source and amount of finance available, the scale of the programme and the appeal of the CHIP to both liberal, well-meaning planners and to local and central politicians who see the community appeal and impact of this 'positive' approach to urban renewal.

Assistance available through the CHIP falls into 3 main groups: local authorities; builders and developers; and private home owners, landlords, and first home buyers. Assistance available within NIA's through the CHIP is outlined below. (The CHIP also provides assistance for home improvement outside NIA's, but not to the same extent as available within a NIA. The CHIP Handbook (1979) and CHIP Background Seminar Paper (1982) provide an outline of the CHIP assistance available outside NIA's).

GOVERNMENT ASSISTANCE WITHIN NIA'S

1) Local Authorities

Within NIA's local authorities can receive grants from the HCNZ for half the cost of setting up a home improvement advisory service, up to a maximum of \$10,000 per annum. Grants for half the costs of area improvements up to a maximum of \$200 per unit in a NIA are also available. For losses incurred in land purchase and clearance and in the value of the cleared site grants can also be obtained of \$4,000 maximum per unit. (This is for two or more units).

Grants are also available to local authorities to cover 60 percent losses on house purchase and rehabilitation of up to \$14,000 per unit.

Loans are also available to the local authorities from the HCNZ. These include loans for area improvements up to \$50,000 at the current local authority rate of interest and loans at 3.5 percent interest for construction costs occurring when building community rental housing. Loans for the total cost of property purchases which may be used for pensioner housing, community rentals, and own your own units are available also. There are further loans for the total cost of purchase and rehabilitation of properties and for residential land development costs, both at current local authority interest rates.

2) Builders and Developers

Builders and developers may receive redevelopment grants within a NIA against losses in land purchase and clearance and in the value of the cleared site up to \$4000 maximum per unit. (This is for two or more units). There are also loans available to builders and developers within a NIA for home improvements up to \$12,500 at 9 percent interest with income related concessions.

3) Private Home Owners, Landlords and First Home Buyers

Individuals in this category can obtain home improvement loans of up to \$12,500 at 9 percent interest with income related concessions. Purchase loans are also available to first home buyers of up to \$18,500 with 12.5 percent deposit and 9 percent interest rate. Under the July 1982 Housing Package 'modest' income households may qualify for a \$25,000

maximum loan for purchase with 12.5 percent deposit.

First home buyers are also able to obtain a \$31,000 loan in order to purchase a certified rehabilitated house . The terms of this loan are a 9 percent interest rate and a 12.5 percent deposit. Furthermore there are loans to first home buyers to build (irrespective of income) where an existing house is suitable only for demolition. All improvement loans have a repayment period of up to 15 years and all purchase loans have a repayment period of up to 30 years.

Since the July 1982 Housing Package, all interest rates are reviewable annually (previously they were reviewable triennially) to a maximum of 9 percent and all loans are reviewable after 10 years although repayments are still based on either the 15 year or 30 year table mortgage.

THE CREATION OF A DECISION ENVIRONMENT

There are no fixed maximum or minimum income limits for loan applicants within a NIA, however, there are some boundaries which guide the allocation of loans to individuals. Firstly, the applicant must have the ability to repay the loan with interest, which as outlined earlier is dependent on their position in the labour market and also on the assessment by the HCNZ of an applicant's 'ability'. (Income for loan applicants is generally taken to be the principal wage of a household and is not based on a combined wage where there are two or more income earners). Secondly the house the loan is to be taken up for must offer sufficient security (i.e. it must be a good investment should the applicant be unable to continue his/her repayments, so that if foreclosure

occurs the HCNZ can regain, at least, the amount of capital lent in the first place). Thirdly the applicants must be first home buyers in order to receive a purchase loan and they must be able to show that they need to borrow the money and have no sources of capital elsewhere that they could use.

Loans for home improvements will only be granted for 'worthwhile' improvements, and funds will not be lent for refurbishing a kitchen or bathroom if the structure is considered unsound (e.g. if the piles or roof need replacing).

Interest rates on loans in NIA's can be adjusted, depending on the circumstances as long as the security of the house remains.

Although it appears that there are no rigid rules or policies applying to the allocation of funds in a NIA, it is considered that the guidelines set out above create a decision and investment environment within which both individuals and interest groups decisions are constrained. These constraints arise partly because of the method of allocating funds to applicants. Notwithstanding the claim of no maximum or minimum income limits and the relative flexibility of the programme the granting of loans is still based on the ability to repay. This ability naturally limits the type of individual able to take advantage of these loans. In the same way, but for a different group of individuals, the clause referring to access to other sources of finance also constrains the type of individual able to take advantage of these funds for housing.

In addition to these constraints the actual establishment of a NIA itself contributes toward the formation of

further limits on individual home seekers. By restricting the supply of housing able to gain special loan assistance the establishment of a NIA creates scarcity. Older style housing (which predominates in NIA's) is naturally limited in supply, however, by giving special attributes to this type of housing in particular areas this relative scarcity is intensified. This, as mentioned earlier, bids up the price of the land and housing concerned, which further limits the type of individual able to purchase such property. Thus the establishment of NIA's forces up land values as well as house values, even if properties remain in poor condition.

The capital gain expected through the proposed formation of a NIA also results in the bidding up of prices. Purchases and sales may occur in an area where it is anticipated a NIA may be established in order to take advantage of future capital gain through the improvement of the area. Such actions are contrary to the stated benefits of the NIA concept. This expected capital gain also attracts the operations of speculators, estate agents and developers whose main interest in housing is to obtain greater surplus value. Developers are already encouraged to work in NIA's by the special assistance the CHIP offers them.

Lastly in a programme designed to encourage investment in owner occupation, it seems likely that rental accommodation in the NIA's will decrease, which will increase competition for rental accommodation and also increase the relative hardship of those individuals seeking rental accommodation.

Naturally the formation of a decision environment in this way also influences and is influenced by other interest groups involved in housing. The degree of this

influence in a single NIA is outlined in Chapter Five.

Under the constraints operating in the formation of the decision environment of a NIA it is expected that those individuals taking part in the process of rehabilitation and taking advantage of the special assistance available under the CHIP will exhibit certain identifying characteristics. In addition it is expected that the characteristics of these individuals will not resemble those anticipated by the programme as benefiting from the establishment of a NIA. That is, it is not expected that young families with relatively low incomes will be the predominant group involved with HCNZ loan allocation in NIA's.

It is also postulated that the collective actions of these individuals operating within the constraints associated with a NIA will result in changes in the socio-economic status of the area, changes in tenancy patterns in the area and changes in the value of properties whether rehabilitated or not. Although these changes may alter the spatial patterning of residential areas within a city, they are not seen as altering the basic socio-economic structure of society, rather they reinforce those differences and inequities that already exist. If these expectations are confirmed then the operation of the CHIP and NIA's do not contradict the self-preservation requirements of the capitalist system, but rather are a good example of the contradictions and conflicts that emerge when welfare housing policies are applied within a capitalist market economy.

FOOTNOTES:

1. For homes rehabilitated in an approved manner by builders or local authorities the HCNZ will certify their suitability for lending.

CHAPTER FIVE

GOVERNMENT INTERVENTION IN PRACTICE: THE CASE OF THE WELLINGTON NIA's

Three NIA's were chosen to examine the outcomes of Government intervention in the process of rehabilitation. At the time of the study they were the three operating NIA's in Wellington City; the Constable St NIA (Newtown), the Epuni St NIA (Aro Valley) and the Mt Victoria NIA (Mt Victoria).

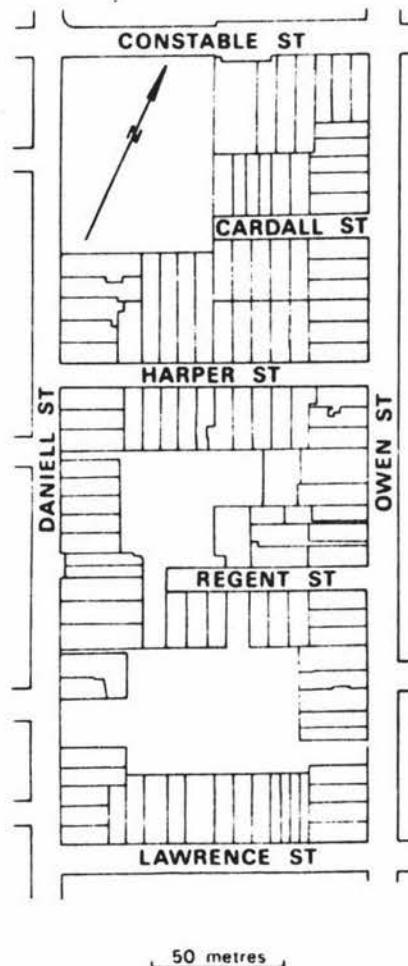
LOCAL AUTHORITY AND HCNZ INVOLVEMENT

As a prelude to the examination of the social and spatial outcomes of the allocation of Government funds within the three NIA's, an account of the local authority and HCNZ involvement in the three areas is presented. Information on the initiation and operation of the NIA's and local authority involvement within the areas was gathered by examination of the appropriate files held by the Wellington City Corporation (W.C.C.) Town Planning Department. (September 1982).

Constable St NIA

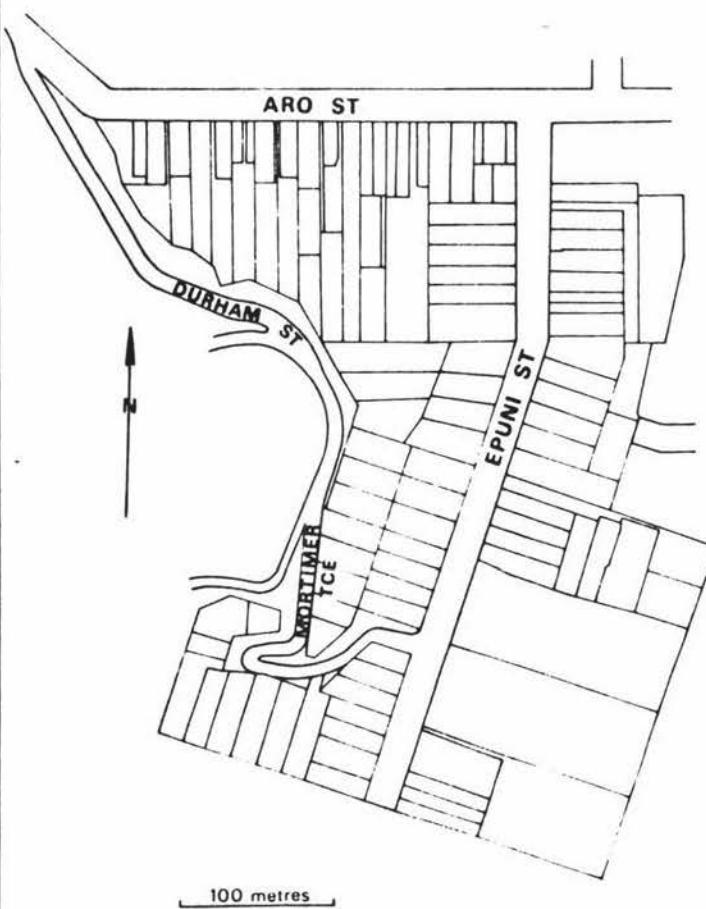
The Constable St NIA (Figure 5-1a)) in Newton commenced operation in October 1979. The area contained at that time 107 dwellings. Reasons for the establishment of all three Wellington NIAs are varied but each area was thought by the WCC to exhibit signs of social and physical stress, poor housing, low income residents, and poor general amenity but with potential for improvement. (Correspondence with City Planner). In conjunction with these factors the Constable St NIA had also been

CONSTABLE STREET
N.I.A.



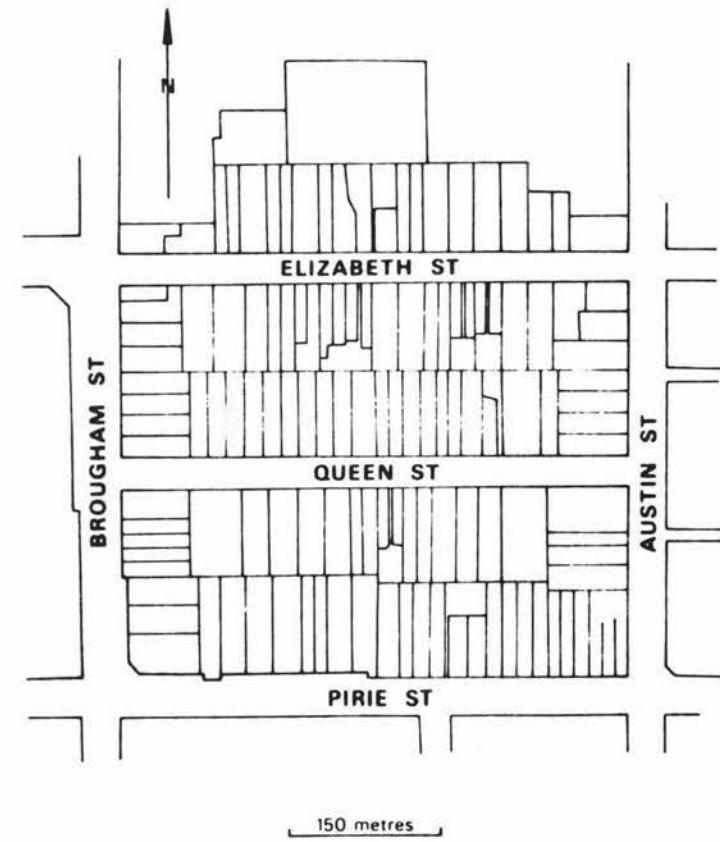
(a)

EPUNI STREET
N.I.A.



(b)

MT. VICTORIA
N.I.A.



(c)

FIGURE 5-1: Wellington Neighbourhood Improvement Areas

a proposed CURA.

The WCC activity in the area has included the outlaying of approximately \$25,000 on street planting and upgrading of footpaths in Lawrence, Harper, Cardall, Regent and Daniell Streets and the purchase of a vacant section in the area at a cost of \$4,000 for the development of a neighbourhood pocket reserve. A Renovation Advice Office was also established in Newtown by the WCC and staffed with architectural and planning personnel.

The HCNZ has renovated one dwelling and the WCC two dwellings in the NIA. One dwelling in the area has been demolished and three new units have been built. The programme officially closed on the 30th September 1982 after operating for three years and at that time several more applications from householders for financial assistance had been lodged with the HCNZ local branch.

Epuni St NIA

The Epuni St NIA (Figure 5-1(b)) in the Aro Valley also commenced operation in October 1979. In addition to the reasons cited earlier for the establishment of the NIA's, the WCC had previously been committed to a CURA scheme in the area, operating since 1977 and CHIP through the establishment of an NIA was seen by the WCC as a beneficial way to carry out the CURA. The Epuni St NIA contained, at the time of introduction, 98 dwellings.

There has been approximately \$14,000 spent on street planting in the area, including a street planter constructed at the intersection of Aro and Epuni Streets. Further planting was planned for the area at the time of writing this thesis. Major street and footpath repair was underway in Mortimer Terrace during this period also.

Three dwellings in the NIA have been demolished and a total of six new dwellings erected, four by the HCNZ and two by the WCC. The WCC has also been involved with the renovation of three houses in the area, of which two have subsequently been sold. The HCNZ has purchased one dwelling for renovation and rental.

The WCC has also established a Renovation Advice Office in the Aro Valley, staffed in the same manner as the Newtown Office. The scheme was completed in February 1983, after operating for just over three years.

Mt Victoria NIA

The NIA in Mt Victoria (Figure 5-1c)) has been operational since May 1981 and is programmed to run for three years. Considerable interest by the Mt Victoria Residents Association and the Mt Victoria Progressive Association, as well as individual property owners, undoubtedly aided the establishment of the NIA in Mt Victoria. These groups saw CHIP as offering varied assistance and a low-key positive approach to urban renewal which they felt was suitable for some of the "depressed areas" in Mt Victoria (Mr T. Bartley President, Residents Association).

The area chosen for the NIA was seen as the most 'disadvantaged' area of large size within Mt Victoria, and contained approximately 140 dwellings and two large blocks of flats (WCC surveys in the area showed that 75 percent of the dwellings were in need of upgrading, 40 percent of these requiring major works).

Since the introduction of the NIA, WCC has undertaken street planting in Elizabeth Street and proposes to erect seating and some further planting at the corner of Brougham and Pirie Streets. The feasibility of a suggest-

ed partial street closure of Queen Street was being investigated by the Council's Traffic Engineer at the time of writing.

The Wellington Housing Trust¹ and the WCC have undertaken a demonstration renovation on the dwelling at 60 Elizabeth Street, which is one of the two houses owned by the Wellington Housing Trust in the NIA. The property is to be used to provide rental accommodation for low income families. The WCC has also established a neighbourhood Renovation Advice Office in the NIA and has investigated the possible acquisition and upgrading of several properties in the area, which at present are part of an estate administered by the Public Trust. The WCC has also approached the owners of a large vacant site in the area as regards the future use of the site.

The grants and loans made by the HCNZ to the WCC for the activities in the NIA's have been in accordance with the type of assistance available to local authorities outlined in Chapter Four. This outline indicates a high degree of involvement in and commitment to the CHIP and the establishment of NIA's by the WCC. It also illustrates the links made between Government decisions and the decisions subsequently made by local authorities, as the responsibility for housing is handed down from Government to the local authorities.

SOCIAL AND SPATIAL OUTCOMES

Data Sources

Information was obtained regarding the length of residence, age, income and occupation of the principal wage earner and the household structure for those households involved in Government induced purchase and/or rehabilitation

of housing in the three NIAs. These characteristics of the principal wage earner (subsequently defined as head of household) were selected as they were considered important factors in an individual's ability to take part in the purchase and/or rehabilitation of housing, especially those characteristics which indicate socio-economic status (i.e. income and occupation). Information was also obtained concerning the type and size of loan approved, the age of the dwelling and the tenure of the dwelling.

Information on the CHIP loan applications in the three NIA's was acquired in October 1982, from files held by the HCNZ, the WCC Town Planning Department and the Renovation Advice Offices. More than one source of data was utilized as not all the relevant files held by the HCNZ could be located by the researcher. This was because a number of files were in use elsewhere for time periods of up to several weeks. In two cases only the size and purpose of the loans were known and several discrepancies were discovered between the HCNZ and WCC information. These discrepancies are outlined at the relevant point in the discussion.

Number and Type of HCNZ NIA Loans

Table 5-1 outlines the type and number of loans in each NIA at the time of study according to the HCNZ information and the WCC information. There are several discrepancies between the two data sources. These may partly be a result of the approval of loans which occurred in the 2½ weeks interval between the examination of the HCNZ files and the WCC information. This does not account for every case however, as WCC data included the approval of some loans granted earlier in the operation of the NIA's which the author found no record of with the HCNZ.

TABLE 5-1: TYPE OF LOAN AND NIA

Area Type of Loan	Constable St NIA		Epuni St NIA		Mt Victoria NIA	
	HCNZ	WCC	HCNZ	WCC	HCNZ	WCC
Purchase	15	15	21	24	9	9
Improvement	16 ¹	19 ¹	17	23	12 ²	12 ²
Construction	2	2	1	1	0	0
Total	33	36	39	48	21	21

Note 1: Two improvement loans went to a developer to improve three properties

Note 2: One improvement loan went to a developer to improve two properties

For the loans approved in the Constable St NIA 23 dwellings(according to HCNZ)(27, WCC) of the total 107 in the area were involved with construction, purchase and/or improvement loans. Seven of these dwellings received both purchase and improvement loans, and three dwellings were involved twice, firstly with improvement loans to developers and subsequently with purchase loans to owner occupiers. In addition to this the WCC disclosed that there had been six substantial private renovations in the area since the introduction of the NIA, including one by a landlord.

The number of dwellings involved with construction, purchase and/or improvement loans in the Epuni St NIA totalled 27 according to HCNZ (32, WCC), with 12 (14, WCC) of these dwellings being approved both purchase and improvement loans. Two dwellings were involved with loans twice, when change in ownership occurred. Seven substantial private renovations are also known to have taken place in the NIA since its introduction.

In the Mt Victoria NIA there have been 17 dwellings involved with either purchase or improvement loans with five of these dwellings being approved both purchase and improvements. In addition to this the Wellington Housing Trust has been approved loans to purchase and improve two dwellings in the NIA.

All but three dwellings involved with HCNZ NIA loans, were over seventy years old. Four dwellings associated with the loans were used for rental accommodation, the remainder were owner occupied.

Under the constraints operating in establishment of the decision and investment environment of a NIA it is expected that those consumers of housing able to make

use of the funding resources available in such an environment will exhibit certain identifying characteristics relating to their degree of command over these resources. The characteristics of the population under study gathered by collating the two groups of available information are examined below.

Characteristics of HCNZ NIA Loan Applicants (Excluding Developers)

The information collated on the characteristics of household heads in dwellings approved with construction, purchase and/or improvement loans is given in Tables 5-2(a) to 5-7. From Table 5-2(a) it can be seen that the largest single income group involved are those household heads who earn between \$15,000 and \$19,999 gross per annum. This group represents nearly one third of the total population examined. A considerable proportion (20.3 percent) of the total population under study earn in excess of \$20,000 gross per annum. While it is acknowledged that there may be a greater representation of lower income groups than is usually present in the approval of loans for housing, the proportion is still relatively small, particularly when compared to the proportion of low income groups resident in the corresponding suburbs according to the 1981 Census (Table 5-2(b)). Twenty four of the total 69 households under study were known to be double-income households. The distribution of income groups is seen to be different from that income group expected to benefit from the programme, that is, the lower income earners.

Reference to Table 5-3(a) reveals that the largest single occupation group of the population under study was the professional occupation group. This group represented just over half of the total population examined, that

TABLE 5-2(a): INCOME GROUPS AND NIA

Income Group	Area	Constable St NIA	Epuni St NIA	Mt Victoria NIA	Total
\$1 - \$4,999	2	8.7%	0 0	0 0	2 2.9%
\$5,000-\$9,999	3	13.1%	10 31.3%	1 7.1%	14 20.3%
\$10,000-\$14,999	6	26.1%	9 28.1%	3 21.4%	18 26.1%
\$15,000-\$19,999	7	30.4%	8 25%	6 42.9%	21 30.4%
\$20,000-\$24,999	5	21.7%	5 15.6%	3 21.4%	13 18.8%
\$25,000 Plus	0	0	0 0	1 7.1%	1 1.5%
Total	23	100%	32 100%	14 99.9%	69 ¹ 100%

Note 1: The income for one household was not recorded

TABLE 5-2(b): 1981 CENSUS INCOME GROUPS FOR MALES OVER 15 YEARS AND CENSUS AREAS

Income Area	Census Area	Newtown East	Aro St - Nairn St	Mt Victoria (West)	Wellington City Total
\$1 - \$4,999		14.8%	21.6%	14.1%	14.1%
\$5,000-\$9,999		26.1%	19.8%	19.6%	16.9%
\$10,000-\$13,999		30.8%	19.8%	22.9%	22.3%
\$14,000-\$17,999		9.9%	12.2%	12.1%	15.9%
\$18,000-\$24,999		4.3%	6.4%	8.8%	13.8%
\$25,000 Plus		2.1%	1.7%	5.3%	8.1%
Not specified		12.0%	18.5%	17.2%	8.9%
Total		100%	100%	100%	100%

SOURCE: Department of Statistics (Census of Population and Dwellings, Bulletin 6, 1981)

TABLE 5-3(a): OCCUPATION GROUP AND NIA

Area Occupation Group	Constable St NIA	Epuni St NIA	Mt Victoria NIA	Total
Admin/Managerial	1 4.2%	4 12.5%	0 0	5 7.1%
Professional	10 41.6%	16 50%	10 71.4%	36 51.4%
Clerical	1 4.2%	3 9.4%	0 0	4 5.7%
Skilled	7 29.1%	4 12.5%	2 14.3%	13 18.6%
Semi-skilled	1 4.2%	3 9.4%	2 14.3%	6 8.6%
Unskilled	0 0	0 0	0 0	0 0
Retired	3 12.5%	0 0	0 0	3 43.%
Beneficiary	1 4.2%	2 6.2%	0 0	3 4.3%
Student	0 0	0 0	0 0	0 0
Total	24 100%	32 100%	14 100%	70 100%

TABLE 5-3(b) 1981 CENSUS MALE OCCPATION GROUPS AND CENSUS AREAS

Census Area Occupation Group	Newtown East	Aro St- Nairn St	Mt Victoria (West)	Wellington City Total
Admin/Managerial	1.8%	3.2%	6.3%	7.3%
Professional/Tech	9.9%	25.3%	20.7%	22.2%
Clerical and related	12.8%	14.7%	16.9%	17.2%
Sales	5.3%	5.7%	7.9%	8.7%
Service	8.2%	8.3%	9.9%	7.4%
Agric/Forestry/ Fishermen	1.6%	1.7%	0.8%	1.2%
Production/ Transport/ Labourer	54.3%	33.3%	31.9%	32.1%
Other ¹	6.1%	7.8%	5.6%	3.9%
Total	100%	100%	100%	100%

SOURCE: Department of Statistics (Census of Population and Dwellings, Bulletin 6, 1981)

Note 1: Includes new workers seeking work, not reporting any occupation and inadequately described occupations

is 51.4 percent of all household heads who have been approved loans to buy or renovate in the NIA's had professional occupations. The semi-skilled, retired, unemployed and beneficiary groups were represented in much smaller proportions.

The Administrative/Managerial, Professional, Clerical and Skilled occupation groups totalled 82.9 percent of the study population. (It should be noted that 63.9 percent of the professional occupation group earned in excess of \$15,000 gross per annum). Viewed in this manner, the representation of professional occupations is unproportional, not only in terms of a programme expected to help lower income families remain in or buy into NIAs, but also when compared with the distribution of occupation groups in Wellington City and the corresponding suburbs, as shown by the 1981 Census (Table 5-3b)).

While it is acknowledged that these are only crude comparisons due in most part to the different groupings given to occupations and incomes, there is a demonstrably disproportionate representation of certain groups associated with loan approvals.

Just over one third (36.6 percent) of the households approved HCNZ loans in the NIAs are single person households (Table 5-4). Couples without children, and couples with children are represented in equal proportions. The Epuni St NIA has a relatively high proportion of solo parent households associated with loan approval. The households which are defined for the purposes of this study as non-family, that is households with no children represent exactly 60 percent of the total number of households. Again these outcomes are not in accordance with the type of household structure expected to benefit from the operation of CHIP and NIA's.

TABLE 5-4: HOUSEHOLD STRUCTURE AND NIA

Household Structure \ Area	Constable St NIA	Epuni St NIA	Mt Victoria NIA	Total
Single	10	12	4	26
Couple	4	5	7	16
Couple with children	5	8	3	16
Extended family	3	0	0	3
Solo parent	1	7	0	8
Landlord	1	0	0	1
Total	24	32	14	70

The most prevalent age group actively involved with loan approvals in the NIAs was that for household heads aged between 25 and 29 years of age (Table 5-5). This group represented 34.3 percent of the total population examined. This result confirms one of the characteristics of individuals the programme expected to benefit, that is those individuals in younger age groups.

As shown by Table 5-6 nearly two thirds (65.8 percent) of the total population examined were new residents in their respective NIA's. That is these individuals had resided in the areas within the NIA's only since the introduction of each NIA. Long-term residents, including those known to be tenants before the introduction of the NIA and who subsequently bought their rental accommodation, totalled 28.8 percent of the households receiving loans.

Table 5-7 provides a breakdown of the number of improvement loans by length of residence. Just over half the improvement loans went to new residents in the NIA's. Tables 5-6 and 5-7 therefore indicate that the majority of activity induced by Government intervention is undertaken by households which are new to the NIA's. Long-term residents are less involved, perhaps because they have maintained their properties over time or have no desire to undertake another mortgage. This influx of new residents also indicates that change must be occurring in the areas, as when one group of people moves in another must move out. It is not denied that change would and does occur in these areas anyway, however this type of change has been shown to be directed and constrained, allowing certain groups to take part while hindering the actions of other groups in seeking housing and the changes do not conform to the expected benefits of the CHIP.

TABLE 5-5: AGE GROUP AND NIA

NIA Age of Household Head	Constable St NIA	Epuni St NIA	Mt Victoria NIA	Total
16 - 19 years	0	0	0	0
20 - 24 years	5	6	0	11
25 - 29 years	5	13	6	24
30 - 34 years	2	3	6	11
35 - 39 years	6	3	1	10
40 - 49 years	2	6	0	8
50 - 59 years	1	1	0	2
60 years plus	3	0	1	4
Total	24	32	14	70

TABLE 5-6: LENGTH OF RESIDENCE AND NIA

Length of Residence \ NIA	Constable St NIA	Epuni St NIA	Mt Victoria NIA	Total
New Residents	15	22	11	48
Long-term residents	9	9	3	21
Landlord/Developer	2	1	1	4
Other ¹	0	0	1	1
Total	26	32	16	74

1. Householder who had owned a property in the NIA for a considerable time, but only resided in it personally since the NIA was established.

TABLE 5-7: LENGTH OF RESIDENCE OF APPLICANTS RECEIVING HOME IMPROVEMENT LOANS AND NIA

Length of Residence NIA	Constable St NIA	Epuni St NIA	Mt Victoria NIA	Total
New Resident	6	10	8	24
Long-term resident (including former tenants)	9	10	2	21
Long-term owner but only recent resident	0	0	1	1
Total	15	20	11	46

It has been outlined earlier in the study that the creation of a NIA brings its own set of operating constraints. Certain individuals and groups are regarded as being 'able' to overcome these constraints and take advantage of the loan monies and services a NIA can offer while other individuals and groups, although perhaps expressing the same preferences do not have the same ability to overcome the constraints. These abilities reflect the individual's socio-economic status in society (and the particular use value these individuals and groups see housing as fulfilling).

It is clear from the information gathered on the recipients of Government purchase, improvement and construction loans in the three NIA's that there is a highly structured relationship between household characteristics (in particular those which reflect socio-economic status, i.e. income and occupation) and the availability of these mortgage funds. The most prevalent group of recipients identified and therefore those individuals more able to express their preferences for housing are those individuals with professional occupations, middle to high incomes (that is over \$15,000 gross per annum), living in non-family households, aged between 25 and 29 years and who took up residence in the study area after the introduction of the NIA. Thus although the CHIP through the operation of the study NIA's may have aided the purchase and improvement of housing for the group identified above, and to a smaller extent skilled, clerical administrative and managerial, middle income individuals, it appears to have failed to provide these same opportunities for those who are unskilled, retired or beneficiaries and have low incomes.

From these results it is concluded that the 'ability' of individuals to take part in the Government induced constructions, purchases and improvements within NIA's is indeed related to their socio-economic status and its

accompanying command over resources. As outlined in Chapter Two in order to maintain a capitalist society, class structuration must also be maintained. The results of the CHIP evident in the three Wellington NIA's to date are not surprising when reviewed in this light. A programme such as the CHIP can only perpetuate inequities in housing because it operates within the existing set of social relations which have produced those inequities and that set of social relations has evolved with the development of the capitalist system.

The outcomes of the CHIP in the three NIA's are reflected spatially as well as socially. The NIA's were originally chosen as improvement areas because they exhibited signs of physical and social stress, had poor general amenity, were, in general, inhabited by lower income residents and housing conditions were poor. The physical results of the programme in these three areas have indeed been successful in improving the condition of a considerable number of existing dwellings, either directly or through spin-off effects. The social outcomes of the programme are also evident spatially. The three study areas must now reflect the characteristics of the individuals who have been able to participate in the Government induced purchase, improvement and construction of housing. The characteristics of these individuals are thought to be quite different from those exhibited by the majority of residents in the areas before the introduction of the NIA's². It can be justifiably argued that the operation of the three Wellington NIA's have brought changes to the type of people living in these areas. The improvement programme through its operating constraints, is viewed as a method of allocating certain groups of people to certain places. The main group being allocated to the NIA's is the professional, middle to high income group identified earlier, and if the NIA's were in reality chosen

for the reasons cited, (including the presence of lower income groups), then change must be occurring as the two groups of residents are very different. Thus the programme can be seen firstly to be improving the condition of housing and the neighbourhood environment by encouraging the upgrading of older housing stock, and secondly to be 'improving the community', if changing the composition of the population is taken to mean improvement. The results of the programme in the three areas do not indicate a general improvement in housing conditions of individuals who were resident in the areas before the NIA's were introduced.

Tenure Change and Property Values

Thus the establishment of NIA's, by their very nature spatially structure the city in terms of their mortgage activities, that is, only certain areas within a city can offer this particular form of loan finance, which has its own set of operating constraints. Thus the establishment of a NIA must change the spatial form of the city. Furthermore by changing the spatial form of the city the prices of accessibility to housing for different groups seeking accommodation must also change.

According to a WCC Town Planning Department survey in September 1981, investigating ownership patterns in the three NIA's, some changes in these patterns have occurred. Seventy percent of the dwellings in the Constable St NIA remained owner-occupied over the period February 1976 to March 1981. Nearly 30 percent of the dwellings in the NIA changed ownership over the five year period with three-quarters of the property sales occurring from September 1979 to September 1981 being purchases by owner occupiers.

In the Epuni St NIA over the same five year period owner occupied housing rose from 53 percent (52 properties) of all properties to 58 percent of all properties, the increase having occurred mainly in the last two years. A subsequent report from the same source stated that between September 1981 and March 1982 a further increase in the number of owner occupied dwellings occurred, resulting in 72.2 percent of all properties in the NIA being owner occupied.

According to the same surveys the number of rental properties in the Mt Victoria NIA increased over the period March 1981 to September 1981, which had been the trend in the area for some time. Over the period September 1981 to March 1982 however this trend reversed with five properties that were previously rental being sold to owner occupiers.

These results show that for the Epuni St and Mt Victoria NIA's changes in the patterns of tenure of accommodation are occurring with increases in the numbers of owner occupied properties and decreases in the numbers of rental properties. The Constable St NIA reflects the high proportion of owner occupied dwellings present before the NIA was introduced. This outcome should have been expected to occur under a housing programme which promotes owner occupancy. Although the numbers concerned may not seem large it must be remembered that at the time these surveys were undertaken both the Epuni St and Mt Victoria NIAs were only part way through their operating times. Furthermore, while a rental property may house several individuals and often contains more than one dwelling unit, owner occupied properties may house only one or two individuals and are usually one complete dwelling unit. Thus the loss of rental accommodation is often more severe than the actual number of properties lost implies. The six rental units constructed by the HCNZ

and WCC in the Epuni St NIA may go some way toward compensating for the loss of rental accommodation in this area as may the WCC building activity in the vicinity of the Mt Victoria NIA. If this trend continues in the two areas however, as it is expected to in a programme which encourages owner-occupation, then access to rental accommodation will become increasingly difficult for those individuals unable or unwilling to take part in the private ownership of property.

It could be argued that because tenants in some instances (four cases are known) have bought the houses they were previously renting, the loss of rental accommodation is not as important as it first appears. This argument together with the observation that some rental accommodation in these areas consists of substandard batches which people 'really shouldn't live in anyway', does not alter the fact that by encouraging owner-occupation in areas where there has been considerable rental accommodation in the past, competition for rental accommodation can only increase and the relative hardship of those groups with little or no bidding power must therefore also increase.

This problem is compounded when viewed with a second change in the prices of accessibility caused by the establishment of a NIA. Sources from within the Valuation Department, HCNZ, and the real estate profession noted that with the establishment of a NIA, house prices rise very quickly in the area:

"Property values reflect the improvements that have occurred and are now approximately double what they were at the start of the programme". (WCC File No 20/36/2 Constable St)

If this is only a partial result of the creation and operation of a NIA, then surely it is at odds with the original intentions of the programme. Increasing property values means that instead of making established housing for owner occupation, more attractive for lower income groups, these groups will be increasingly shut out of the process originally intended to aid them. Owner occupation has always been more difficult for low income groups in society to achieve because of their relative political and economic power, and properties that may have been within these individuals 'ability' to acquire either as privately owned or rental accommodation are now either being priced beyond their reach or taken out of the rental market. In the operation of the CHIP within NIA's improvement of properties increases to a certain extent the use value of a property, but more significantly it increases the exchange value of the property, which decreases the opportunity for low socio-economic groups to take advantage of the enhanced use value. This result is corroborated with the identification of the characteristics of those individuals actively involved in the NIA's, outlined earlier.

Furthermore, not only have the prices of houses in NIA's increased, but the costs of improvements have also risen:

"Costs of renovating an existing dwelling at Newtown and Aro Valley with trade labour has over the past three years at least doubled from the situation where renovation costs were between one third to one half of the initial market value of the property, to the situation today where the renovation costs are equal or in excess of the market value of the property".

(WCC File No 9/32/1, Vol 3)

This result of an actively promoted housing improvement policy further constrains the type of individual able to take part in housing purchase or improvement in areas of older style housing. This has also meant an increase in the costs for privately financed improvers as well as for those individuals involved in Government financed improvements. Thus the extent to which individuals can be involved in housing purchase and improvement has become, in NIA's anyway, even more dependent upon their income, and therefore their position in the labour market.

This does not mean that without the presence of the CHIP and the NIA's these individuals would have been able to achieve home ownership and/or improvement more easily, but that the presence of the CHIP has reinforced the existing inequities in society in terms of housing opportunities. It is also difficult to demonstrate the changes that state intervention has introduced compared with what would have happened had the state remained uninvolved in housing production and distribution of housing funds, and the types of housing provision which may have arisen can only be speculated on.

The only lower income groups who may have gained from the programme are those who owned housing in a NIA before it was so designated and then subsequently sold their properties at a higher price than would otherwise have been possible if the area had not become a NIA.

Finally, although improvement to housing has occurred in each NIA, albeit involving new residents to a greater extent than long term residents, it must be remembered that housing decay is a continuous process and should be dealt with through continuous measures of improvement or clearance rather than 'band-aid' procedures. There is in fact a major contradiction arising in the formation of any such improvement policy, where improvement policy

is a market oriented form of state intervention, seeking to stimulate market processes while at the same time overlooking those very market relations in a capitalist system which have helped cause housing decay.

The CHIP may have improved housing conditions for some individuals but for whom, and with what results is another matter. The expected outcomes of the programme included the following:

"A number of other advantages flow from this type of redirection... the social advantages of housing young families on relatively low incomes close to employment, existing shopping, education, health and social facilities and in established and relatively balanced communities. Financial pressures on these families would be further reduced by their being able to purchase existing homes which are cheaper and already developed".

(CHIP Background Seminar Paper, 1982, 4)

These statements seem somewhat unrealistic in the light of the results discussed in this chapter and do no more than point out the contradictions between the intentions of policy set in a capitalist system and the outcomes of the implementation of such policy.

FOOTNOTES:

1. Wellington Housing Trust is a voluntary group set up in response to the changes that were seen to be occurring in the inner city of Wellington. The aims of the Trust are to provide low cost long-term rental housing for those on lower incomes; promote the renovation and retention of housing in Central Wellington; involve tenants and trust in co-operative decision making, and to moniter and comment on both local and national housing policy.
2. At this stage it would have been desireable to examine the Census mesh block data covering the three NIA's, to compare the characteristics of the resident 1976 population with the characteristics of the 1981 population. This information however was not available from the Department of Statistics at the time of writing this thesis.

CHAPTER SIX

MT VICTORIA NIA SURVEY RESULTS

SURVEY OBJECTIVES AND EXECUTION

It was pertinent to this study to identify individuals taking part in the process of rehabilitation other than just those involved through Government intervention, the information available from official sources has for this area of inquiry, severe limitations. For example, the undertaking of improvements on a dwelling is not always recorded officially, either because planning or building permission was not necessary or it was not sought. In addition, data held by the Valuation Department, although recording comments on improvements undertaken on a dwelling, had last been reviewed in 1979. Apart from these limitations, visual observation of the exterior of dwellings did not necessarily reveal evidence of internal renovations to the dwellings. Information not liable to the above limitations could only be obtained by means of a questionnaire field survey of residents in all dwellings located in an area where rehabilitation of housing was known to be occurring (a copy of the questionnaire used can be found in Appendix A). It was not feasible within the resources available to survey all three NIA's in Wellington and the Mt Victoria NIA was chosen arbitrarily for further examination.

The total population in the Mt Victoria NIA at the time of survey was 183 households contained in 139 dwellings. (This is according to Valuation Department Data, updated by the survey fieldwork). This population figure does not include the 22 households contained in the two large blocks of relatively new flats within the NIA. These

households were excluded from the survey as the age of the buildings greatly reduced the likelihood of their involvement with rehabilitation for some considerable time.¹

The objectives of the survey, broadly, were; to identify all residents associated with the undertaking of improvements on their properties; to identify other housing purchase and improvement loan sources present in an area of rehabilitation; to identify the decision and investment environments structured by these sources; to identify unimproved dwellings, and to seek evidence of gentrification.

The survey was conducted over an extended time period (16th August to 23rd September, 1982) with both evening and weekend calls undertaken to minimise non-contacts. Of the 183 households defined as the survey population, 127 (69 percent) were successfully interviewed, 23 (13 percent) refused to participate and 29 (16 percent) could not be contacted. Four dwellings remained empty for the duration of the survey.

LOAN RECIPIENT CHARACTERISTICS

Each applicant for a loan is considered individually by a lending agency and may be the recipient of more than one loan from one or more sources. In the discussion which follows loans are analysed along with the attributes of all adult respondents resident in households which received loans. (Thus for this part of the analysis the term respondent only refers to this particular sub-group of survey respondents). The attributes of some respondents will be counted more than once in the following analysis as they are associated with more than one loan. (Certain variables in the questionnaire were treated as multi-

response variables, this accounts for the difference in total responses between tables of these variables and those of variables treated in the normal way).

The source of all housing loans and the identification of respondents associated with these loans was undertaken to observe the way different lending institutions influence the allocation of people to places and help to preserve the existing social and economic structure. For the 127 households interviewed 28 had applied for and been approved one or more housing loans to enable them to purchase and/or improve dwellings in the area. Twelve of these recipient households had one loan approved, 10 recipient households had two loans approved each and six recipient households had three loans approved each. Thus a total of 50 loans had been approved in the Mt Victoria NIA including those offered by the HCNZ under the NIA scheme. The distribution of these loans according to source is given in Table 6-1. The HCNZ NIA loans were the most prominent source of loan for owner occupied housing, with trading banks being the second most active source of loan in the area. Solicitors mortgages also played a relatively important role as a source of housing loans in the NIA. All other sources of loans appeared to take only a small role in investment in owner occupied housing.

TABLE 6-1: FREQUENCY OF LOANS BY SOURCE

Loan Source	Frequency
HCNZ NIA	17
Trading banks	14
Solicitor	7
Other HCNZ	4
Private	4
Post Office	2
Finance houses	1
Building Societies	1
Total	50

Tables 6-2 to 6-7 outline the occupation groups, income groups, educational status, age groups, household structures and previous residences of the recipient respondents. From these tables various patterns emerge which appear to reinforce not only those patterns associated with the operation of NIA's (see Chapter Five) but also reflect the basic social and economic inequities of the capitalist system.

For those respondents associated with the three main loan sources (i.e. HCNZ NIA loans, trading bank loans, solicitors loans) the main recorded occupational group was the professional group. Semi-skilled and unskilled occupational groups represented a very small proportion of recipient respondents.

The largest single income group recorded by the recipient respondents was that of \$14,500 to \$19,499 gross per annum. The most frequent income group associated with solicitors mortgages was lower, at \$9,500 to \$14,499 gross per annum, but the other two main sources of loans were associated mainly with respondents who earned \$14,500 to \$19,499 gross per annum. These figures indicate the ability of certain individuals to gain mortgage finance, whilst individuals in other groups obviously are unable to gain these forms of finance. Otherwise, those individuals who earn low incomes and have less skilled occupations would presumably be as frequently associated with loan finance as any other group. Furthermore the dominant \$14,500 to \$19,499 income group identified in this study is not considered to be representative of a lower income group which the NIA scheme was expected to benefit.

The majority of recipient respondents associated with the three main loan sources had university educations. If teachers college and technical institute training are considered tertiary education then this proportion rises

TABLE 6-2: OCCUPATION GROUP AND LOAN SOURCE

Occupation Group Loan Source	Admin-Managerial	Profess- ional	Clerical	Skilled Trade	Semi Skilled	Un- Skilled	Un- employed	House Wife	Total
HCNZ NIA	4	19	2	5	0	0	0	1	31
Trading Banks	4	16	2	3	0	1	1	1	28
Solicitors	1	4	3	1	1	1	0	0	11
Other	1	14	6	2	0	3	2	0	28
Total	10	53	13	11	1	5	3	2	98

TABLE 6-3: INCOME GROUP AND LOAN SOURCE

Income Group \ Loan Source	HCNZ NIA	Trading Banks	Solicitors	Other	Total
0 - \$4,499	1	1	0	2	4
\$4,500-\$9,499	2	2	2	7	13
\$9,500-\$14,499	5	3	4	5	17
\$14,500-\$19,499	13	9	1	6	29
\$19,500-\$24,499	3	4	3	2	12
\$24,500-\$29,499	3	3	1	3	10
\$29,500 Plus	2	2	0	1	5
Total	29	24	11	26	90 ¹

Note 1: There were eight refusals to answer this question

TABLE 6-4: EDUCATIONAL STATUS AND LOAN SOURCE

Educational Status \ Loan Source	HCNZ NIA	Trading Banks	Solicitors	Other	Total
Secondary school	9	11	4	8	32
Teachers College	2	1	0	0	3
Technical Institute	3	3	0	3	9
University	17	13	5	14	49
Other Tertiary	0	0	0	1	1
Total	31	28	9	26	94 ¹

Note 1: There were four responses of not applicable to this question (e.g. Educated overseas)

TABLE 6-5: AGE GROUP AND LOAN SOURCE

Age Group \ Loan Source	HNZ NIA	Trading Bank	Solicitor	Other	Total
15 - 19 yrs	0	1	0	4	5
20 - 24 yrs	5	3	2	4	14
25 - 29 yrs	12	9	1	3	25
30 - 34 yrs	10	8	3	10	31
35 - 39 yrs	1	1	0	0	2
40 - 49 yrs	2	4	5	7	18
60 yrs plus	1	0	0	0	1
Total	31	26	11	28	96 ¹

Note 1: There were two refusals to answer this question

TABLE 6-6: HOUSEHOLD STRUCTURE AND LOAN SOURCE

Household Structure \ Loan Source	HNZ NIA	Trading Bank	Solicitor	Other	Total
Couple	6	6	0	0	12
Couple and children	3	3	2	4	12
Couple, children and others	1	1	0	0	2
Non family shared	2	1	0	2	5
Non family single	4	2	3	6	15
Solo parent	1	1	1	0	3
Couple and others	0	0	1	0	1
Total	17	14	7	12	50

TABLE 6-7: PREVIOUS RESIDENCE AND LOAN SOURCE

Previous Residence \ Loan Source	HCNZ NIA	Trading Banks	Solicitors	Other	Total
Same street	1	0	2	0	3
Mt Victoria	1	1	2	2	6
Other inner city	2	5	0	3	10
Suburbs	7	6	0	4	17
Commuter zone	3	2	1	1	7
Outside Wellington City	2	0	0	2	4
Outside N.Z.	1	0	2	0	3
Total	17	14	7	12	50

considerably. It appears then that those individuals with a lower educational status are less likely to be granted approval of purchase or improvement finance within the NIA than those of considerably higher educational status.

The largest single age group of recipient respondents was that of 30 to 34 years, with those aged between 25 and 29 years being the second most frequently stated age group associated with loan finance in the NIA. It is also clear that those recipient respondents associated with HCNZ NIA loans were on the whole in the younger age groups, which is accordant with one of the identifying characteristics of the type of individual the scheme expected to benefit.

The most frequent household structure associated with loan approvals from the three main sources was that of a non-family single household.² If married or de-facto couples without children are considered to be non-family then the proportion of recipients whose household structure is non-family is considerably more. This outcome is contrary to that expected by the operation of the NIA programme, which was to encourage young families to establish homes in NIA's.

For the 50 loans approved, 40 percent went to households who had lived in the area less than one year. A further 24 percent went to households who had been residing in the area between one and two years. The majority of HCNZ NIA, trading bank and solicitors loans thus went to relatively new residents. Only three loans were approved to applicants who had lived in the area for 10 or more years. This indicates a recent influx of owner occupiers, as not many households who had been approved loans had resided in the area for more than two years. Thus as these properties have changed ownership the population of the

area has changed. The area for the NIA was chosen because it exhibited signs of physical and economic stress, lower income residents and a depressed state among other reasons. The analysis above shows that there are changes occurring with new residents moving into the area who are identified by their middle to high incomes, professional occupations, non-family status, and tertiary educations. The area must therefore reflect the characteristics of these individuals which are somewhat different from the residents previously thought to reside there.

Previous studies have often associated gentrification and the 'back to city' movement with the process of rehabilitation. The single largest group of recipients in this analysis had previously resided in the outer suburbs of Wellington City. This indicates there had been some movement back to the central city. It should be noted however that not only were the numbers being examined small, but there was also a significant number of recipients who had previously resided in an inner city suburb other than Mt Victoria. To make an accurate statement on the 'back to city' movement as a part of the process of rehabilitation would require more detailed analysis on a larger scale than was possible in this study.

LOAN CHARACTERISTICS

Tables 6-8 to 6-11 provide information on the characteristics of the loans approved by various sources in the NIA. The majority of loans granted were for \$10,000 or more. Overall the HCNZ NIA loans were most frequently between \$10,000 and \$14,999, while loans from the trading banks were most frequently in the \$15,000 to \$19,999 bracket. This distribution of loan size reflects the more active role of the HCNZ in providing improvement loans of up to \$12,500, whereas all trading bank loans

TABLE 6-8: LOAN SIZE AND LOAN SOURCE

Loan Source Loan Size \	HCNZ NIA	Trading Bank	Solicitor	Other	Total
\$1,000 - \$4,999	1	0	0	0	1
\$5,000 - \$9,999	0	1	1	1	3
\$10,000 - \$14,999	12	0	2	5	19
\$15,000 - \$19,999	3	5	2	3	13
\$20,000 - \$24,999	0	3	1	2	6
\$25,000 - \$34,999	0	1	0	0	1
Total	16	10	6	11	43 ¹

Note 1: There were seven refusals to answer this question

TABLE 6-9: LOAN PERIOD AND LOAN SOURCE

Loan Source Loan Size \	HCNZ NIA	Trading Bank	Solicitor	Other	Total
1 - 4 yrs	0	3	5	2	10
5 - 9 yrs	0	5	0	1	6
10 - 14 yrs	0	1	1	2	4
15 - 19 yrs	13	1	0	1	15
20 - 29 yrs	2	0	0	1	3
30 yrs plus	1	0	0	4	5
Total	16	10	6	11	43 ¹

Note 1: There were seven refusals to answer this question

TABLE 6-10: REASON FOR LOAN AND LOAN SOURCE

Reason for Loan \ Loan Source	HCNZ NIA	Trading Bank	Solicitor	Other	Total
Purchase	3	9	7	8	27
Improvement	11	0	0	2	13
Both purchase and improvement	2	5	0	1	8
Total	16	14	7	11	48¹

Note 1: Two respondents refused to answer this question

TABLE 6-11: LENGTH OF RESIDENCE AND LOAN SOURCE

Length of Residence \ Loan Source	HCNZ NIA	Trading Bank	Solicitor	Other	Total
Up to 1 yr	7	5	3	5	20
2 yr	5	5	1	1	12
3 yr	2	2	0	4	8
4 yr	0	2	1	1	4
5 yr	1	0	0	1	2
6 - 9 yrs	0	0	1	0	1
10 - 14 yrs	1	0	1	0	2
20 yrs plus	1	0	0	0	1
Total	17	14	7	12	50

were approved for reasons of purchase or purchase and improvement rather than specifically for improvement (Table 6-10).

All HCNZ loans were undertaken for a period of at least 15 years. Half the trading bank loans were for a five to ten year period and all but one of the solicitors loans were for less than a five year period. (Solicitors loans usually had the option of renewal at the end of the initial term). This means that the majority of recipients must repay in monthly installments for at least five years, their loans, plus interest, for investment in shelter. These mortgage payments are usually a large proportion of total occupancy costs for the recipient.

The mortgage system can be seen as a mechanism which helps ease the difference between increasing housing costs and homeseekers incomes and also supports investors and investment in housing. The longer-term, low downpayment mortgage (such as those offered under the CHIP) has attempted to ease the difference between housing costs and incomes in several ways. Economically it has lessened monthly payments for a given loan size and reduced the amount of personal savings needed to buy and politically it has "promoted the illusion of ownership through the reality of debt" (Stone, 1977, 165).

Monthly payments are not only determined by the characteristics of loans but also by the exchange value of houses. If the CHIP through the introduction of NIA's, increases the exchange value of housing in NIA's as it has been shown to do (see Chapter Five), then the present mortgage size restrictions under this policy will soon, if not already, be inadequate and buyers will have to seek extra finance elsewhere. The other solution would be to increase the size of loans available through CHIP. Both these actions would however result in larger mortgage repayments perhaps

over an even longer period than at present, since the longer a repayment period the larger sum a borrower's income can support. This would mean that the type of individual able to buy in these areas would be further limited and the trend toward middle class resettlement be further intensified.

The information examined above provides an outline of the respondents resident in recipient households within the Mt Victoria NIA. A description of the loans associated with these recipient households is also given. After examining this information it is evident that the policies and operations of financial institutions and other loan sources, albeit on a smaller scale, are similar in outcome to the pattern of housing allocation identified as occurring under the CHIP in the three Wellington NIA's.

The respondents most frequently associated with loan approvals to purchase or improve property, as identified in this study, are individuals with professional occupations, middle to high incomes with tertiary educations, aged between 25 and 34 years, either single or couples, and in general were previously resident in the suburbs of Wellington City. These results support the conclusions drawn in the previous chapter concerning the geographical manifestation of the structured relationship between household characteristics and the availability of mortgage funds. That is for all loan sources including the HCNZ, there is a definite relationship between the availability of mortgage funds and socio-economic status. Individuals with middle to high incomes, professional occupations and tertiary educations are most able to obtain loan monies to become actively involved in housing purchase and improvement. The NIA must therefore reflect the characteristics of these individuals which are quite different to the characteristics of individuals in the area previous to the establishment of the NIA. As the NIA was chosen

because, amongst other factors, it exhibited signs of physical and social stress and contained low income residents, the operation of the NIA scheme and the policies of financial institutions can both be seen as agents of change in terms of the socio-economic context of the area and the spatial form of the city. It is also obvious that other sources of loan finance for housing have not provided opportunities for the lower socio-economic classes in society to buy in the Mt Victoria NIA any more than the HCNZ has done. Thus while the financial institutions can be seen to allocate certain groups of people to the area, the action of the HCNZ in the NIA has intensified the content and direction of this process.

It is concluded that involvement of individuals in the process of rehabilitation in an area is constrained by the actions of various lending agencies, resulting in change in the socio-economic character of that area. This alteration however cannot accurately be termed gentrification. As argued earlier, this alteration of socio-economic character of an area is a result of the need to create further avenues for capital investment and accumulation rather than a response to the housing needs of individual homeseekers.

DWELLING CHARACTERISTICS

Characteristics of the dwellings within the Mt Victoria NIA were sought to identify the types of dwellings involved in rehabilitation and to identify any groups of dwellings which were in a deteriorated state. Using the information gathered from the Wellington Regional Office of the Valuation Department in September 1982, an outline of the characteristics of dwellings housing the interviewed population in 1974 and 1979 was drawn. This was updated to 1982 by the survey fieldwork. The age distribution of dwellings is given in Table 6-12. The majority of

households interviewed resided in dwellings built in 1919 or earlier. This indicates the older age of most of the dwellings concerned.

TABLE 6-12: AGE DISTRIBUTION OF SURVEY DWELLING UNITS

Age Group	Frequency
Prior 1900	3
1900 - 1909	54
1910 - 1919	40
1920 - 1929	9
1930 - 1939	4
1950 - 1959	5
Age uncertain	8
Not recorded	4
Total	127

The number of one unit dwellings increased from 66 in 1974 to 70 in 1979 and to 79 in 1982. The number of two, four and five unit dwellings decreased over the period 1974 to 1982, and the number of three unit dwellings remained the same. This change in dwelling unit numbers indicates a trend toward owner occupancy, as multi-unit dwellings (usually) indicate rental accommodation and single unit dwellings are in general owner occupied.

The condition of both the structure and roof of the dwellings under study is given in Table 6-13. The conditions recorded by the Valuation Department for 1979 are compared to the conditions recorded by the interviewer in 1982. Although the methods used to evaluate condition were naturally different, this allowed gross changes to be recorded whilst subtle differences of evaluation were ignored. This data indicates that rehabilitation has not occurred on a large scale in the area, as while the

TABLE 6-13: CONDITION OF DWELLING UNITS, 1979 AND 1982

	Category	1979	1982
Condition of Structure	Good	23	26
	Average	62	63
	Fair	28	30
	Poor	8	8
	No one condition	1	0
	Condition Not Recorded	5	0
Condition of Roof	Good	18	20
	Average	75	77
	Fair	23	27
	Poor	5	3
	No one condition	1	0
	Condition Not Recorded	5	0

number of dwellings with poor roof condition have decreased the number of dwellings in good structure and roof condition have only marginally increased. This indicates that the improvements undertaken in the dwellings have either been small or have served to maintain the condition of the dwelling rather than improve it.

IMPROVED DWELLINGS

Table 6-14 outlines the involvement of the survey dwellings with improvements or nonimprovements both before the respondents were resident in the dwelling and since they have been resident there. From this table it can be seen that a considerable number of dwelling units have had some type of improvement undertaken on them over the past years. There is also a significant number of dwelling units which have had to the best of the respondents' knowledge no improvements undertaken on them for some considerable time. In other words while some dwellings have been involved with improvement others have been left to deteriorate. (Reasons for this pattern will be discussed later in the chapter). For those dwellings where no improvements were undertaken, the most frequent response given for not undertaking improvements was that the respondents did not own the dwelling and therefore saw little point in undertaking improvements themselves.

Table 6-15 shows the reasons stated by households for undertaking improvements (there were nine non-responses to this question). Twenty four households gave more than one reason for improving. Three of the households concerned with improvements to their dwelling unit were tenanted households who upgraded their dwellings in exchange for the deferral of two or three weeks rent.

TABLE 6-14: RESPONDENTS' KNOWLEDGE OF PREVIOUS AND PRESENT IMPROVEMENTS

Knowledge of Improvements	Time Before Respondent's Residence	Since Respondent's Residence
Improvements undertaken	45	66
No improvements undertaken for a considerable time	62	60
Don't know	17	0
Not applicable ¹	2	0
Total ²	126	126

Note 1: Two households whose respondents had resided there since birth.

Note 2: There was one refusal to answer both these questions

TABLE 6-15: REASONS STATED FOR UNDERTAKING IMPROVEMENTS

Reason	Frequency
Necessary maintenance	18
Maintain condition	23
Improve condition	20
Loan condition	2
Improve exchange value	5
Enjoy renovating	1
Alter decor	6
Conversions	3
Landlord improvements	4
Total	82

As can be seen from the table the main reason for undertaking improvements was in order to maintain the condition of the dwelling. Improving the present condition of the dwelling and necessary maintenance to make the dwelling habitable were the two other most frequently stated reasons. These results also indicate that for some respondents anyway, rehabilitation and improvement has been an on-going process, rather than the sudden renovation of a deteriorated dwelling.

The type of improvements undertaken were grouped into five categories (Table 6-16). Structural improvements to the interior of a dwelling included relining, replacing interior joinery, knocking out interior walls and replacement of floor timbers. Structural improvements to the exterior included reroofing, repiling and replacement of exterior timber. Structural additions included the additions of extra rooms, additions of windows for extra lighting and ventilation and the construction of garages or carports. Interior refurbishing included rewiring, installation of basic amenities in bathroom, kitchen and laundry, repainting and wallpapering. Exterior refurbishing included sanding of exterior wood, repainting and sheathing.

There were 148 improvements recorded undertaken since the present respondents' residence and of these, 85 were reported as being undertaken in the last two years and a further 31 between three and five years ago. For these 148 improvements 69 were undertaken by the owner of the dwelling, 60 by professional tradesmen, seven by owner and professional tradesmen and the remainder either by tenants or friends of the present owner.

TABLE 6-16: TENURE OF DWELLING UNIT AND TYPE OF IMPROVEMENT

Type of improvement	Freehold ¹ (20 Dwelling Units)	Mortgaged ¹ (23 Dwelling Units)	Rental ² (40 Dwelling Units)
Structural interior	8	10	16
Structural exterior	15	18	13
Structural additions	9	5	5
Interior refurbishing	21	9	28
Exterior refurbishing	15	9	16
Total	68	51	78

Note 1: Improvements undertaken in the last 10 years by present residents

Note 2: Improvements undertaken by present or past owners over the last 10 years

The characteristics of individuals in owner occupied housing involved with improvements to their dwelling unit in the last 10 years are examined to identify any patterns of improvement or groups of improvements present in the NIA. This analysis does not include the characteristics of residents in rental dwelling units improved in the last 10 years, or of present residents in owner occupied dwelling units improved in last 10 years by a previous owner. At one stage it was hoped to contact landlords regarding their operations, types of improvements, reasons for improving or not improving and intentions for improvement and/or sale of their NIA properties. This line of investigation became impractical due to time constraints.

Each undertaking of an improvement is considered separately and each dwelling unit may have been subject to more than one improvement. In the subsequent examination improvements are analysed along with attributes of all adult respondents resident in the improved dwelling units. This means that the attributes of some respondents will be counted more than once if they are associated with dwelling units which have undergone more than one improvement. The individuals examined are divided further into those resident in freehold properties and those resident in mortgaged properties.

Tables 6-17 to 6-20 give the income groups, occupation groups, age groups and household structures for the respondents associated with each improvement undertaken on a dwelling since their residence, and within the last 10 years. Two distinct patterns of improvement are in existence. Residents in freehold dwellings associated with improvements are typically on low incomes, retired, over 60 years of age and have a non-family household structure (i.e. they are either single or couples). Furthermore all the residents in freehold properties had lived in

TABLE 6-17: INCOME GROUPS OF RESPONDENTS RESIDENT IN IMPROVED DWELLING UNITS

Income Group	Freehold Dwellings	Mortgaged Dwellings	Total
\$1 - \$4,499	12	2	14
\$4,500 - \$9,499	15	6	21
\$9,500 - \$14,499	5	9	14
\$14,500 - \$19,499	2	13	15
\$19,500 - \$24,499	0	4	4
\$24,500 - \$29,499	0	5	5
\$29,500 - \$99,999	0	3	3
Total	34	42	76 ²

Note 1: Improved dwelling units refers to all owner occupied dwellings whose present residents have undertaken improvements on them in the last 10 years.

Note 2: There were 13 refusals to answer this question.

TABLE 6-18: OCCUPATION GROUPS OF RESPONDENTS RESIDENT IN IMPROVED DWELLING UNITS

Occupation Group	Freehold Dwellings	Mortgaged Dwellings	Total
Admin/Managerial	1	3	4
Professional	2	26	28
Clerical	4	5	9
Skilled Trade	1	8	9
Semi skilled	3	0	3
Unskilled	2	2	4
Unemployed	2	2	4
Housewife	0	2	2
Retired	26	0	26
Total	41	48	89

TABLE 6-19: AGE GROUP OF RESPONDENTS RESIDENT IN IMPROVED DWELLING UNITS

Age group (years)	Freehold Dwelling	Mortgaged dwelling	Total
15 - 19	1	3	4
20 - 24	2	7	9
25 - 29	1	11	12
30 - 34	0	12	12
35 - 39	1	2	3
40 - 49	3	7	10
50 - 59	5	2	7
50 plus	28	1	29
Total	41	45	86 ¹

Note 1: There were three refusals to answer this question.

TABLE 6-20: HOUSEHOLD STRUCTURE OF RESPONDENTS RESIDENT IN IMPROVED DWELLING UNITS

Household structure	Freehold Dwellings	Mortgaged dwellings	Total
Couple	7	6	13
Couple with children	4	5	9
Couple with children and others	0	1	1
Non family shared	0	3	3
Non family single	5	6	11
Solo parent	1	2	3
Couple with others	2	0	2
Other	1	0	1
Total	20	23	43

their dwellings for a long period of time. For the 20 freehold dwellings which had improvements undertaken on them, in the last 10 years while their present owner was resident there, a total of 68 improvements had been carried out.

On the other hand residents in mortgaged dwellings associated with improvements have, in general, middle to high incomes and professional occupations, are between 25 to 34 years old and live in a non-family household. There were 23 mortgaged properties which had improvements undertaken on them in the last 10 years while their present owner was resident there. For these 23 dwellings a total of 51 improvements had been carried out.

Although in both cases the numbers examined are small, two distinct patterns of improvements and improvers emerge. It is suggested from this evidence that individuals associated with improvements in freehold dwellings have carried out long-term continuous upkeep of their dwellings in order to maintain its condition over the years. Those individuals in mortgaged dwellings on the other hand, are usually more recent residents in the area and have usually undertaken major rehabilitation of their dwellings in order to make the dwelling habitable and improve its general condition. Thus two types of improvement have appeared. Firstly there is the on-going maintenance which all buildings require in order to minimize their rate of deterioration. Secondly there is the undertaking of major improvements required on dwellings which have not been subject to on-going maintenance and have fallen into a state of disrepair.

RENTAL DWELLINGS

A total of 74 households were residing in rental or leased accommodation in the survey population. Forty of these households reported that there had been improvements undertaken on their dwelling unit in the last 10 years, either while they were resident there or before they lived there. The types of improvement undertaken are recorded in Table 6-16. The conditions of the majority of rental dwelling units as recorded by the interviewer in 1982, were not assessed to be of the same standard as the majority of owner occupied dwelling units. For example 27 of the 74 rental dwelling units were considered to have fair condition structures, compared to three of the total 50 owner occupied dwellings. Table 6-21 provides the distribution of dwelling unit conditions for rental accommodation compared to owner occupied accommodation.

For the 27 rental units recorded as having fair structures, 12 were administered by agencies and a further nine by landlords who resided either in the outer suburbs of Wellington City or completely outside the City area. For the 10 rental units described as having good structural condition, six were administered by landlords living in Mt Victoria.

Six of the 20 rental units recorded as having fair roof condition were administered by agencies and a further eight of these units were administered by landlords living either in the outer suburbs of Wellington City or completely outside the City. For the nine rental units recorded as having good roof condition, six were administered by landlords living within Mt Victoria, four of those residing in the same street as their rental property.

TABLE 6-21: CONDITION OF DWELLING UNIT AND TENURE (1982)

	Condition of Dwelling Unit 1982 ¹	Rental Dwelling Units	Owner Occupied Dwelling Units
Condition of Structure	Good	10	16
	Average	31	30
	Fair	27	3
	Poor	6	1
Condition of Roof	Good	10	10
	Average	43	33
	Fair	20	6
	Poor	1	1

Note 1: Three dwellings were recorded as having no single overall condition

This summary of the condition of dwelling units housing the survey population supports the argument made earlier in Chapter Two concerning the different patterns of maintenance ensuing from landlords use of housing compared to that made by owner occupiers' use of housing. It appears that this pattern of under-maintenance by landlords is particularly conspicuous when rental units are administered either by an agency or by a landlord who resides at a considerable distance from the location of his rental properties.

Those landlords living in the same vicinity as their rental properties appear in general to maintain the condition of these properties to at least an average standard. For the 20 rental dwellings in the NIA administered by landlords residing within Mt Victoria 17 had at least average structural and roof condition. From conversations with tenants while administering the questionnaire it was revealed that in general most tenants felt their dwellings could be improved and expressed a desire for this to occur. Their position however reflects basic property relations, with tenants being unable to force an improvement in their living conditions, but at the same time often unable to find or afford more desirable accommodation elsewhere.

There is no avenue through the operation of the CHIP in a NIA to make individual owners improve their dwellings, and it is not suggested here that this should become the case. In order, however, to make improvement of housing stock worthwhile it seems necessary to further encourage improvements to rental accommodation as this type of housing in particular has reflected long term undermaintenance and deterioration.

PROPERTY DEVELOPERS AND SPECULATORS

There was one HCNZ NIA loan to an acknowledged property developer in the Mt Victoria NIA to improve the condition of two rental properties. There is evidence, however, of further operations of developers and speculators in the area. Another developer was identified as operating in the area through the survey questionnaire. This developer had purchased two properties immediately after the area became a NIA and was in the process of improving the dwellings for subsequent sale. The presence of this developer in the area had only occurred because the NIA was established there, as the developer felt that without the introduction of the NIA investment in the properties would have been too risky.

From information gathered at the Valuation Department evidence of speculation also arose. Nine properties in the NIA could be regarded as having been used for purposes of speculation within the last three years. Furthermore all these properties were referred to in the survey questionnaire by long term residents, as being subject to the operations of speculators. These nine properties had all changed ownership at least twice in the last three years, always at a considerable increase in sale price (often double the previous sale price) and usually with little or no improvements undertaken on them between sales. Three of these properties were multi-unit rental dwellings. For example one property sold in 1980 for \$37,000 and then again in 1981 for \$65,000. Another property sold early in 1981, just prior to the NIA being introduced, for \$27,000. Three months later it sold for \$33,600 and a month later for \$40,000. The condition of this particular property was still only fair at the time of the survey. A third property sold for \$16,500 late in 1979, then in 1981 just before the NIA was introduced it sold for \$21,000.

and 7 months later it sold again for \$41,000. The present owner was undertaking major improvements to upgrade the condition of this dwelling at the time of the survey.

Thus although some of the speculative operations occurred before the introduction of the NIA, it is argued that the establishment of the NIA has supported the operations of developers and speculators. This is due to the increase in property values which has been seen to occur with the establishment of the NIAs in Wellington, which allows speculators and developers to reap greater surplus values on their operations than they could previously have done.

RESIDENTS COMMENTS CONCERNING THE NIA

One hundred of the 127 households interviewed had some knowledge of the NIA operations, the remaining 27 had no knowledge of the area being a NIA. The main source of knowledge concerning the NIA was found to be the WCC pamphlets to residents outlining the establishment and operations of the NIA. News media and contacts with other individuals who were making use of the assistance offered by the scheme in the Mt Victoria NIA or another NIA, were two other frequently stated sources of knowledge.

For the 127 households interviewed 72 had considered residing or buying in areas other than that area which is now the Mt Victoria NIA and 68 of these would have either preferred to live elsewhere, or had no definite preference. Fifty-three of the 127 households did not consider other areas when searching for accommodation, (for two households the question was not applicable).

Table 6-22 shows the comments made by households on the NIA scheme according to tenure of accommodation. The majority of households felt the scheme was either a good

TABLE 6-22: RESPONDENT'S COMMENTS ON THE MT VICTORIA NIA AND TENURE OF DWELLING UNIT

Tenure Comments	Freehold Owner occupied	Mortgaged Owner Occupied	Rental/Leased	Other	Total
Good scheme	11	12	25	2	50
Reservations	8	14	22	0	44
Poor scheme	2	1	2	0	5
Insufficient knowledge	1	1	25	0	27
Total	22	28	74	2	126 ¹

Note 1: There was one refusal to answer this question.

idea or had reservations about the implementation of the scheme. Examples of reservations voiced by households about the scheme included comments on the changes taking place in the area since the NIA was established. Rising property values, conversion of rental properties to owner occupied, increasing turnover of properties and the changing composition of the population were the most frequently mentioned changes. A number of residents voiced concern at the loss of low income, ethnic minority families in the area as rental properties were sold to owner occupiers. The diversity of the area had been the main attraction for many of these residents to live in the area themselves and they felt that the changes now occurring were toward a white, homogenous, middle class population.

Older, long term owner occupiers felt the scheme had come too late to be beneficial to them personally, as they did not have the desire or the ability to pay back loan monies at this stage in their lives.

Other respondents questioned the expenditure on street beautification (although they liked the idea) when they thought other areas of improvement such as repairing foot-paths and streets and improving street lighting to be of greater importance at this stage. In conjunction with this it was mentioned several times that more should be spent on trying to get owners of rental properties to upgrade these dwellings. Many residents felt that if these dwellings were improved the area would be much more pleasant to live in and the need to encourage owner occupation would not be so great.

Thus it appears from the survey data analysed and the comments made by residents that there are different patterns of improvement within the NIA congruent with different groups operating in the NIA. Owner occupiers

in freehold properties have in general maintained their dwellings and improved them over a long period of time with cash outlays. They are usually identified as being retired, lower income groups and long term residents. Owner occupiers in mortgaged dwellings are more recent residents in the area and in general are endeavouring to upgrade and improve their properties. The characteristics of these individuals (including middle to high incomes and professional occupations) enables them to undertake costly improvements and renovations, either through the uptaking of a loan or through private capital. Thirdly there is a large number of rental properties in the area, a significant number of which exhibit signs of deterioration and decay. These properties if upgraded would alleviate the problem of deteriorating housing in the NIA considerably. As mentioned earlier however, this can only be achieved by two methods, one is unlikely and the other will have compounding problems for tenants and low income homeseekers in general, which although not necessarily manifest in the same area may well result in overcrowding and exploitation elsewhere in the city. The extent of improvement then is tied not only to the owner's socio-economic status and his place in the labour market, but also to the use owners derive from their properties.

Thus the operation of a NIA can be seen as a method of structuring the decision and investment environment not only for individual homeseekers but for other interest groups such as speculators, developers and financial institutions. This structuring of the environment results in conflicting and contradictory uses of housing which reflect those contradictory relationships inherent in the capitalist system.

FOOTNOTES:

1. The WCC data recorded 222 households in the NIA including those in the two new blocks of flats. The difference between this figure and that recorded by the researcher is likely to be the result of changes occurring in household formation in the area and failings on the part of the researcher to locate all households in the area.
2. Note the discrepancy between the figures for household structure associated with HCNZ loans and those figures for the same group in Chapter Five, the cause of which is unknown.

CHAPTER 7

CONCLUSION

The Community and Housing Improvement Programme has been widely accepted in New Zealand as a programme for rehabilitating older housing stock. In the process of improving housing conditions this programme purports to result in various social advantages for certain groups in society, namely low income, family households. This thesis does not negate that the implementation of the CHIP has improved the physical condition of housing in the three NIA's studied, however, it seriously questions the outcomes of such policy for individual home seekers, especially for young families and lower socio-economic groups.

Housing in New Zealand has been influenced by numerous factors, the most important of these being its relationship to capital circulation and accumulation. As part of this circulation system, housing reflects the relationships, contradictory and otherwise, which are inherent in the structures of capitalism. These relationships may be exhibited in different forms at different times and places but their fundamental natures remain unaltered. It has been argued in this study that the latest policy attempt at urban renewal in New Zealand has resulted in the preservation and perpetuation of those structures and relationships which have guided the distribution and allocation of housing stock to date.

Housing exists in capitalist societies not only to fulfil the basic human need for shelter but also as a commodity, providing an opportunity for investment and the procurement of surplus value. Surplus value can be obtained through the production, allocation, exchange and rehabilitation of housing and it is those interest groups

most able to take part in these four processes which are able to appropriate this surplus value. As a commodity, housing provides diverse and often conflicting uses for different individuals and interest groups. For example, the conflicts arising between the individual home owner seeking to obtain a desireable property at the lowest possible price or rent and those groups who, in order to gain the maximum surplus value, wish to sell or rent at the highest possible price (e.g. developers, real estate agents and landlords). In this thesis these conflicts and contradictions have also been seen to arise with the involvement of various interest groups in the rehabilitation of housing stock.

The attempt at widening the range of urban renewal activity in New Zealand by encouraging the rehabilitation of existing housing and the improvement of inner city residential areas has introduced a further set of operating constraints for certain groups seeking housing, whilst opening avenues for further investment and procurement of surplus value for other groups with interests in the built environment.

Government intervention in the rehabilitation of housing stock as examined in the three Wellington NIA's has altered the composition, socially and economically, of the population of these areas and therefore has also altered the spatial form of the city. Until recently these areas have been associated with lower socio-economic status residents, the provision of rental accommodation (at least in the Mt Victoria and Epuni St NIA's) and housing which had low exchange value. Government strategy to improve the condition of housing has encouraged greater owner occupation in these areas. Furthermore the lending policies associated with the CHIP and the NIA's have assisted in allocating certain types of individuals to specific places. Intervention in this manner, in one

NIA at least, has reinforced the pattern of allocation of housing and housing funds exhibited by other lending institutions operating in the area.

The intervention of Government in the process of rehabilitation has within the three Wellington NIA's, encouraged the establishment of a middle class neighbourhood of owner occupiers. This has occurred not only as an outcome of the Government's lending policy but also through the increase in property values which has occurred in the areas. This increase in property values is due not only to the physical improvement of particular dwellings and the neighbourhood in general but also to the enhancement of scarcity value and the creation of secure investment opportunities for those seeking capital gains. One result of this has been to put the prospect of owner occupation in these areas beyond the means of lower socio-economic groups. Furthermore the loss of rental accommodation that has occurred with the operation of two NIA's in Wellington (and is likely to continue to do so under a programme which encourages owner occupation) increases the difficulties faced by tenants, especially those tenants with little ability to exercise choice preference. The establishment of NIA's therefore, spatially structures the city by creating relative scarcity and through this creation of scarcity, altering the accessibility of housing in these areas for different groups.

In addition to the outcomes outlined above the operation of the CHIP especially within the NIA's has provided financial institutions and other lending bodies with further areas which can now be considered safe for investment in housing. That is the establishment of a NIA brings with it the assurance of a continuance of residential use in that area for at least the next 20 years without the threat of clearance or commercial and industrial invasion. In addition to this the introduction of a NIA also

means the establishment over time of a population of residents who because of their household characteristics, (especially their socio-economic status) present far less risk as mortgagors than the previous residents of the area.

The increase in property values that is associated with the establishment of a NIA also attracts the operations of property speculators, developers and real estate agents whose main interest in housing is to obtain surplus value in the form of capital gain. In this manner, by allowing greater surplus value to be gained through the commodity of housing, Government intervention in the process of rehabilitation supports the operations of speculators, developers, solicitors and real estate agents in the housing market. While further evidence needs to be gathered on the operations of these groups, what information there is indicates that they are involved in the functioning of NIAs.

Government through the implementation of the CHIP within NIAs has, whether unconsciously or consciously, overlooked the spatial and social implications of this programme. In other words, in the conception and implementation of this programme there were few explicit statements about relationships or processes but rather a number of different assumptions couched in simplistic 'rational' formulations. The programme has encouraged the protection, improvement and maintenance of existing houses particularly within certain areas where it was thought the most physical, economic and social benefit could be obtained. Once introduced into such an area however, the programme has limited the types of groups able to take advantage of these benefits to the extent that the majority of those taking part are not lower socio-economic status, family households. Social, physical and economic benefits may have been obtained; but the question remains - obtained for whom?

The documented outcomes of the establishment of NIA's also contradict the CHIP objective concerning better utilization of housing stock, if utilization is seen in terms of increased use value of housing as shelter and as allowing more equal access to this improved housing for all home seekers. If, however, better utilization of housing stock is interpreted as providing the opportunity for certain interest groups in society to obtain greater surplus value and to allow the reproduction of the social and economic structures of the capitalist system then this objective is attained.

Housing improvement policy produces healthy neighbourhoods where once there was decay, profit where once there was relative poverty and from this it is often concluded that intervention in the rehabilitation of housing has had a 'good result'. What is not recognized is the nature of the process of improvement or rehabilitation, and its true result, the production of surplus value and the accumulation of capital. The interventionary role of Government and to a smaller extent the role of financial institutions in this process offers insights into the general role and interest of these groups in the circulation and accumulation of capital. The actions and decisions of both these interest groups thus determine the relations and flows of capital from the primary circuit of capital to the secondary circuit.

It is clear that a highly structured relationship has evolved with the operation of the CHIP in NIA's. That is the relationship between household characteristics (especially socio-economic status) and the availability of mortgage funds for purchase, improvement and construction in the Wellington NIA's. A second structured relationship has also evolved in at least the Mt Victoria NIA, that is the relationship between tenure patterns and patterns of improvement. This relationship highlights

the different patterns of maintenance associated with the different use of housing by interest groups, particularly the differences between landlords' properties, long term residents' properties and the properties of new residents in the area. Instead of regarding the encouragement of individual participation in the process of rehabilitation as working on the basis of a consumer preference system, intervention in the process of rehabilitation can be seen as a mechanism whereby class relations and inequities and property relations already evident in the capitalist system are maintained.

The CHIP and the establishment of NIA's are an attempt to resolve the problems of deteriorating housing which were brought about by the operation of the capitalist market system and the position of housing in that system as a commodity. This attempt has been shown to alter the relative importance, meaning, value and accessibility of the housing it is concerned with and in doing so it has created another set of conflicts and inequities.

The intervention of the State in rehabilitation cannot simply be seen as a result of rising costs of new housing and a slowing of population growth. The oversupply of suburban housing has resulted in a falling rate of return for investment in this sector of the built environment. Switching to the rehabilitation of existing housing and the improvement of inner city residential areas provides an alternative direction for investment, albeit not to the extent which the suburbanization process has provided in the past. After all, it is only recently that the need for rehabilitation has been acknowledged and the 'value' of deteriorating older inner city housing been recognized. Before this, the fortunes of older inner city housing stock were left to the operations of the land and property market and the clearance schemes. Thus Government intervention in the process of rehabilit-

ation can be seen as a response to the needs of capital and investment rather than as an altruistic response to the need to improve the living conditions of human beings. That the process of rehabilitation of older inner city housing stock was taking place in some areas before Government intervention is not denied (Thorndon and Ponsonby are two often cited New Zealand examples) Government intervention, however, has not only helped to accelerate the pace at which this process occurs but has also provided constraints within which individual homeseekers must act. The limits on the exercising of consumer preference have already been outlined; these new constraints placed on the exercising of preference have a spatial expression, in that housing in certain areas previously economically accessible to certain groups has been transferred to a different market.

It is necessary to understand the structured relationships which exist among various interest groups before a true appraisal of the likely outcomes of any policy and any changes to existing policy can be made. For example the introduction of suspensory loans for the elderly has been suggested as one method of improving the housing conditions of this group (who are usually long-term residents) in the NIA's. (At present the majority of housing improvement loans in the 3 Wellington NIA's have gone to new or recent residents). Suspensory loans however may not prove to be any more popular with elderly and retired residents than the loans available at present. The private ownership of housing and land provide the opportunity to store wealth. Elderly residents may have no desire to bequeath their accumulated wealth to their families if they are also bequeathing a mortgage debt which may require the sale of the property to repay. Furthermore in order to repay the loan and to obtain as much surplus value as

possible the properties concerned would be priced as highly as possible, limiting the potential buyers of such property to those in higher socio-economic classes.

An increase in the amount of funds available under the CHIP and within NIA's may seem another feasible solution which would allow more individuals to take part in the rehabilitation of housing. This alternative would not however ensure that lower socio-economic groups gain access to these funds to any greater extent than the present policy has done.

Enforcement of improvements to rental dwellings, where applicable, is another suggestion of particular importance when the undermaintenance of rental dwellings is considered. At the start of an improvement programme landlords of rental dwellings identified as needing upgrading could be made aware of the assistance available to them. Failure to make use of this and given the willingness of the tenant to have his house improved other arrangements could then be set in motion. The owner could be made to sell his house either to the tenant (who then has an obligation to improve) or to the local authority which is dutybound to carry out improvements within a certain time limit. These measures would require a much greater level of resource allocation and control by Government than at present. The solution would only be temporary however as the results become manifest in the increased rental charged by landlords for improvements (confining would-be tenants to a more exclusive group), increased owner occupation of areas previously under rental accommodation and enlargement of an already sizeably debt-encumbered middleclass. These results would still reflect the social and spatial inequities arising from the production, distribution and allocation of housing in a capitalist system.

Measures such as those described above may appear to solve some of the immediate problems but, at their best, they represent tinkering with a system which has produced the need for rehabilitation in the first place and continues to produce inequities in the allocation of housing to individual home seekers.

In addition, strategies aimed at resolving the outcomes of the CHIP and the establishment of NIA's are conflicting as it means Government would be acting to mitigate the results of its past intervention. In the meantime however Government faces a conflict within the CHIP, that is by achieving the objective of the physical improvement of housing stock other objectives and expected benefits within the same programme, including improving the housing standard of lower socio-economic groups and the better utilization of existing housing cannot be met. Problems are being shifted elsewhere by the operation of this housing improvement policy, rather than being eliminated. The problems of housing faced by low socio-economic status groups may no longer exist within the NIA's but the need to provide a good standard of housing for this group has not dissolved, and will reappear in those areas where low income groups now find themselves forced to reside. These lower socio-economic groups may, if the present trend continues, find themselves pushed further away from the city centre, thereby increasing their transport costs and resulting in either the undermaintenance of their housing (if owner-occupiers) due to financial constraints or in overcrowding (if in rental accommodation) in order to meet the costs of living. Thus the lower socio-economic classes could become trapped in the suburbs in much the same manner as they were originally trapped in the inner city.

The higher socio-economic status groups have more economic choice and are more able to express their preferences within the constraints operating in the allocation of housing than the lower socio-economic groups who must take up whatever is left after everyone else has exercised their choice. Urban renewal, whether it be in the form of clearance or improvement merely shifts the problem of inequities in housing allocation around.

To eliminate the problems concerned with housing and improvement outlined in this study the conditions which give rise to these problems need to be eliminated. If total housing stock is regarded as a social rather than a private good, as Harvey (1973, 139) suggests, then some of the problems associated with housing inequities are eliminated. In the private market where housing is a commodity as well as a necessity the value of housing is not only measured in terms of use as shelter but also in terms of the surplus value it can return in market exchange, which may be affected by numerous external factors including the decisions made by Government and financial institutions. As long as housing is treated as a commodity and is consequently capable of returning a profit, conflicts and contradictions among the various interest groups associated with housing will continue. Furthermore housing as an element of a whole will continue to reflect those basic socio-economic and spatial inequalities inherent in the capitalist system.

Whilst the elimination of housing as a commodity may be the only long term solution to the problems of housing inequities it is unlikely that this will occur. Other steps could be taken, however, to allow a more equitable distribution of housing stock. In other words, steps which would help to increase the use value of housing in terms of shelter and at the same time decrease the exchange value of that housing. At present any increase

in the use value of housing as shelter also means an increase in the exchange value thereby limiting the type of individual able to take advantage of the enhanced use value. The introduction of a capital gains tax or property tax to limit the activities of property speculators and developers could be one method of reducing the exchange values of housing as it would reduce the attractiveness of this form of investment. Restrictive rent controls to protect tenants who may otherwise be exploited by landlords could be another means of lessening the inequities in housing allocation. This method however ignores the inequities between owners and renters.

It is not possible to provide an answer to the problems of housing, or a policy appropriate for all interest groups. What this argument should do and may have done is point research in the direction of the possibility that it is the operation of the capitalist market system and the functioning of housing as a commodity within that system that is at fault.

Thus, in the light of the evidence produced in this thesis it is concluded that Government intervention in the process of rehabilitation must be seen as a mechanism to aid the return of capital rather than people to inner city areas.

APPENDIX A

MOUNT VICTORIA NIA HOUSEHOLD QUESTIONNAIRE

Address: _____

Household Record House No.
No. No.

			1		
1					7

How many people are living in this household?

8

- 1) Adults?
2) Children (<15 yrs)?

9

3) What is the structure of the household?

- 1. Couple
- 2. Couple with children
- 3. Couple with children and other persons
- 4. Non-family shared
- 5. Non-family single
- 6. Solo-parent

10 4) How long have you been living at this address?
(years)11-12

5) Where did you live previously?

13

6) How long do you intend to live here?

- 1. Indefinitely
- 2. More than 5 years
- 3. 4-5 years
- 4. 2-3 years
- 5. 1 year
- 6. < 1 year
- 7. Don't know

14

7) If less than 5 years, why do you intend to move?

- 1. Job related move
- 2. Family related move
- 3. Desire to live elsewhere
- 4. Desire for better/bigger house
- 5. Build own home
- 6. Capitalize on investment made in this house
- 7.
- 8.
- 9.

15

What is your age?

- Q.8) Husband
 9) Wife
 10) Respondent
 11) Resp.
 12) Resp.
 13) Resp.

16-

 -27

How would you classify your occupation?

- | | |
|---------------------|---------------|
| 1. Admin/Managerial | Q.14) Husband |
| 2. Professional | 15) Wife |
| 3. Clerical | 16) Resp |
| 4. Skilled Trade | 17) Resp |
| 5. Semi-skilled | 18) Resp |
| 6. Unskilled | 19) Resp |
| 7. Unemployed | |
| 8. Housewife | |
| 9. Retired | |

28
 29
 30
 31
 32
 33

Where is your workplace located?

- | | |
|----------------------|---------------|
| 1. Mt Victoria | Q.20) Husband |
| 2. Central City | 21) Wife |
| 3. Suburbs | 22) Resp |
| 4. Outside Wgtn City | 23) Resp |
| 5. At home | 24) Resp |
| 6. Mobile | 25) Resp |

34
 35
 36
 37
 38
 39

Who is your employer?

- | | |
|----------------------------|---------------|
| 1. Govt. Dept. | Q.26) Husband |
| 2. Educational Institution | 27) Wife |
| 3. Local Body | 28) Resp |
| 4. Private Firm | 29) Resp |
| 5. Self | 30) Resp |
| 6. Other | 31) Resp |

40
 41
 42
 43
 44
 45

What is your highest educational qualification?

- | | |
|------------------------------|---------------|
| 1. Secondary | Q.32) Husband |
| 2. Teachers Training College | 33) Wife |
| 3. Tech. Institute | 34) Resp |
| 4. University | 35) Resp |
| 5. Other Tertiary | 36) Resp |
| | 37) Resp |

46
 47
 48
 49
 50
 51

Can you give me an idea of total income?
(before tax)

Q.38) Husband \$_____,000
 39) Wife \$_____,000
 40) Resp \$_____,000
 41) Resp \$_____,000
 42) Resp \$_____,000
 43) Resp \$_____,000

52-

-63

44) Is this home?

1. 5 bedroom house/flat
2. 4 bedroom house/flat
3. 3 bedroom house/flat
4. 2 bedroom house/flat
5. 1 bedroom house/flat
6. Single Bed-sit

64

45) Is the household accommodation

1. Owned without mortgage
2. Owned with mortgage
3. Rented or leased
4. Loaned
5. Free with job
6. Other

65

46) If, rented can you tell me how much rent
you pay? (weekly)

\$_____

66-68

--	--	--

and

47) Can you tell me the owner's name, and provide
me with a contact number and address?

69

48) If owned, is this the first home you have
owned?

1. Yes
2. No

70

Household No.	Rec.	House No.
---------------	------	-----------

			2		
--	--	--	---	--	--

1-	7
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49) Have you applied for any finance to purchase, improve, construct or renovate this house?

1. Yes
2. No

If Yes; then

8

50) Who did you apply to for this finance?

1. Housing Corp. under scheme running in NIA
2. Housing Corp. (including capitalizing Family Benefit)
3. Bank
4. Building Societies
5. Post Office
6. Solicitor
7. Finance Houses
8. Private Mortgage

51) Was this application accepted?

1. Yes
2. No

52) If No, do you know why you were turned down? (May be more than 1 reason)

1. Insufficient security
2. Low-income
3. No regular job
4. Too much capital
5. Previous loan with Housing Corp. in last 5 years
- 6.
- 7.
- 8.
- 9.

53) Can you tell me the size of this loan?

\$,000

54) What security was required for the loan?

1. House
2. Car
3. Monetary Deposit
4. Insurance Policy
5. Other _____

55) What is the interest rate on the loan? (%)

56) How long has the loan been undertaken for?
(Years)

57) What was the reason for undertaking the
loan?

1. Purchase
2. Improvement
3. Both 1 and 2
4. Construction (new home)

Q.	50	51	52	53	54	55	56	57

9-20
21-32
33-44

58) Do you have knowledge of any improvements/
alterations/renovations undertaken on this
house before moving here?

1. Yes
2. No

45

59) Have any improvements/alterations/
renovations been undertaken since you
have lived here?

1. Yes
2. No

46

60) If No, outline reasons for not undertaking
such measures?

1. Lack of finance
2. House in good condition-upgrading unnec.
3. House past upgrading
4. Poor investment - rather put money into
something else
5. Don't own the house
6. _____
7. _____
8. _____
9. _____

47-48

Household No.	Record No.	House No
------------------	---------------	----------

			3			
1						7

61) If yes, can you outline what these were?

1. Structural alterations/improvements to interior
2. Structural alterations/improvements to exterior
3. Structural additions to house
4. Interior refurbishing
5. Exterior refurbishing

62) Do you consider these measures to be

1. Major changes
2. Minor changes

63) Who undertook these measures

1. Previous owner
2. Present owner
3. Professional tradesmen
4. Both 1 and 3
5. Both 2 and 3
6. Tenant
7. Don't know

64) How long ago were these improvements, alterations, renovations undertaken?
(years)

	61	62	63	64	
Previous					8-12
Present					13-17
					18-22
					23-27
					28-32
					33-37
					38-42
					43-47
					48-52
					53-57

65) Where applicable:

What were your reasons for undertaking these improvements/renovations/alterations?

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

--	--	--

58-60

66) Could you tell me the price of this house when you purchased it?

\$,000

--	--	--

61-63

67) Date of purchase? 19

--	--

64 65

68) If you put this house on the market tomorrow what would you see as being a realistic asking price?

\$,000

--	--	--

66-68

69) Why did you decide to buy/reside in this particular area? (Order of priority).

- 1.
- 2.
- 3.

--	--	--

69-71

70) Have you knowledge of the NIA scheme operating in this area which is being run by the Local Authority and the Housing Corporation?

1. Yes
2. No

72	
----	--

71) If Yes, did you have knowledge of this scheme before moving here?

1. Yes
2. No
3. Not applicable

73	
----	--

72) If Q.69 = Yes, where did you gain knowledge of this programme?

74

73) Owners only.

Would you have decided to buy here if this programme had not been operating?

75

1. Yes
2. No

74) If No, why not?

- 1.
- 2.
- 3.
- 4.

76

75) All residents

At the time that you moved into this house did you consider other areas?

77

1. Yes
2. No

76) If Yes, was the Mt. Victoria NIA your first choice?

78

1. Yes
2. No

77) If No, where would you have preferred to live?

1. Outer suburbs Wgtn City
2. Inner suburbs Wgtn City other than Mt. Victoria
3. Mt. Victoria - not the NIA
- 4.
- 5.
- 6.

79

1			4				7
			Household	Record	House No.		
			No	No			

78) As a resident in the Mt. Victoria NIA, could you tell me how you feel about this housing and improvement programme?

8-10

79) Age of house

1. Prior 1900
2. 1900-1909
3. 1910-1919
4. 1920-1929
5. 1930-1939
6. 1940-1949
7. 1950-1959
8. 1960-1980
9. X - Principle structure consisting of several portions erected in different decades.

11

80) Condition of Structure

- | | | |
|-------------------------------|------------|-----------------------------|
| <input type="checkbox"/> 1979 | 1. Good | 12 <input type="checkbox"/> |
| | 2. Average | |
| <input type="checkbox"/> 1982 | 3. Fair | 13 <input type="checkbox"/> |
| | 4. Poor | |

Condition of roof

- | | | |
|-------------------------------|------------|-----------------------------|
| <input type="checkbox"/> 1979 | 1. Good | 14 <input type="checkbox"/> |
| | 2. Average | |
| <input type="checkbox"/> 1982 | 3. Fair | 15 <input type="checkbox"/> |
| | 4. Poor | |

81) Number of units

- | | | |
|------|--------------------------|-----------------------------|
| 1974 | <input type="checkbox"/> | 16 <input type="checkbox"/> |
| 1979 | <input type="checkbox"/> | 17 <input type="checkbox"/> |
| 1982 | <input type="checkbox"/> | 18 <input type="checkbox"/> |

82) Current valuation

1974	\$,000
1979	\$,000

19-20	<input type="checkbox"/>	<input type="checkbox"/>
21-22	<input type="checkbox"/>	<input type="checkbox"/>

83) Total No. of Sales

23

84) Number of Sales in last 5 years

24

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