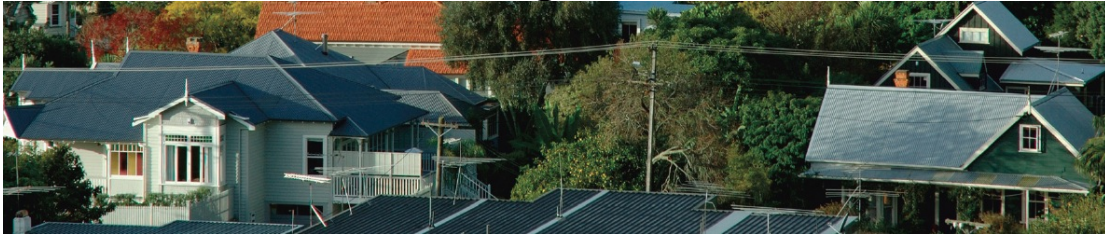


5th Australasian Housing Researchers' Conference



17-19 November 2010, University of Auckland, New Zealand

The Contribution of Housing Policies to Social Polarisation in Auckland

Alan Johnson

Social Policy Analyst

Social Policy & Parliamentary Unit

The Salvation Army

This paper attempts to consider concepts of social polarisation in the context of the social landscape of the Auckland region of New Zealand. The paper begins by briefly rehearsing the literature around social polarisation and then considers the extent of such polarisation in the Auckland region of New Zealand. The paper then seeks to find a relationship between this polarisation and housing policy settings.

The idea of social polarisation

The idea of social polarisation appears in the literature around cities and urban development in the early 1980's. This polarisation was noted or predicted as an outcome of the restructuring of the global economy in so-called global cities. Through this restructuring financial capital became concentrated into a handful of major cities which led in turn to what Friedman and Wolfe (1982) describe as "*the polarization of ...social class divisions*" (p.322).

Saskia Sassen (1991) developed this idea of social polarisation further in her studies of global cities which were focused mainly on the experiences of Los Angeles and New York. She suggested that the rapid growth in the financial and business services sectors in urban economies alongside the loss of manufacturing jobs "*brought about changes in the organisation of work, reflected in a shift in the job supply and polarization in the income distribution and occupational distribution of workers*" (p. 9). This polarisation of incomes, as Hamnet (1994) noted "*is linked to changes in housing demand leading to a gentrification of parts of the inner city and to a concentration of the less skilled in the less desirable parts of the housing market. Thus, occupational polarisation is accompanied by growing social, tenurial and ethnic segregation*" (p401).

Hamnet (1994, 1996) however disputed Sassen's thesis of social polarisation on two counts. Firstly he has suggested that her concepts of social polarisation are ambiguous. For example he claims that Sassen is not clear about whether polarisation is about occupational structures or income distributions and whether the polarisation is absolute – in that the numbers of people at the top and bottom are increasing, or, relative – in

terms of the share of the population at the top and bottom. Hamnet usefully refers to the work of Marcuse (1989) and his important definitional point that the idea of polarisation implies a distribution which is “becoming increasingly bi-modal” (p. 699). Marcuse for example uses the images of an hourglass and an egg to illustrate this point of bi-modality. In essence polarisation might imply a hollowing out of the middle – that the population fractures into two groups one richer than before and the other poorer.

Hament’s second criticism of Sassen’s thesis of social polarisation is that the empirical evidence does not support this fracturing process. Hament suggests that Sassen’s analysis has been a “slave to New York” and that its experience (along with that of Los Angeles) is driven by high levels of immigration and the place which immigrants find themselves in the urban order. Hamnet analyses census data from London to illustrate the point that occupational change in that city has been one of professionalisation rather than polarisation.

Hamnet then goes on to argue that the different experiences of countries and cities resulting from global economic restructuring can be explained in part by differences in their welfare state regimes. The sharpest difference in these experiences is between that of the United States with its very residual welfare state and those of Scandinavia with what almost amounts to a corporatist state. With virtually no welfare safety or minimum wage legislation, the United States’ experience of globalisation has been the emergence of what Esping-Anderson (1993) and his colleagues refer to as a “*large service class proletariat*” (p.23) made up of the young, uneducated and recent migrants many of whom are undocumented. On the other hand in countries with a comprehensive welfare state, the occupational outcomes of globalisation have been what they refer to an enlarged “*welfare state client class*” (p.19) comprising what they describe as the “*outside surplus population*” which are those unable to enter employment, early retirees, the long-term unemployed and others subsisting on welfare benefits.

If the analyses and interpretations of Hamnet and Esping-Anderson are valid, the question of social polarisation becomes one of the relative fortunes of each of these new “classes”. Certainly the middle, and in particular the middle class, have not disappeared as a strict interpretation of the polarisation thesis would suggest they would. Rather a new bottom class or underclass has been invented and the children of the working class have become middle class and moved into jobs which are described and perceived as being more managerial and professional in nature- hence Hamnet’s professionalisation thesis.

Social polarisation as defined by a polarisation of occupational structures or of household incomes does not automatically imply spatial segregation of the rich from the poor or more commonly of the poor from the non-poor. Hamnet acknowledges “*in capitalist cities social divisions generally go hand in hand with spatial segregation via the operation of the housing market and the pricing mechanism*”. (p. 1409). The reality is that such spatial polarisation or segregation is commonplace and has been in cities in New Zealand, Australia and in other western countries for more than a century. A visual survey of the housing stock in the older suburbs of many cities will illustrate this as will the lived experience of most city dwellers.

If we accept that the spatial segregation of various economic classes or ethnic groups within an urban area is common place and essentially a natural outcome of how urban land markets operate, the unresolved question is why we should care? A subsequent question if we establish that we should or do care is that of whether or not this segregation is changing in ways in which we should care about?

Urban segregation or spatial polarisation is generally seen to be of some policy interest because of the neighbourhood or area effects. Atkinson and Kintrea (2001) describe area effects as “*the net change in the contribution to life-chances made by living in one area rather than another*” (p.2278). The idea of that neighbourhoods might effect an individual’s life chances stems from the seminal work of William Julius Wilson (1987) who suggested that the isolated social environments of neighbourhoods with high concentrations of poverty encouraged deviant or dysfunctional social behaviours. Such a view has a

lineage back to the work and ideas of early criminologists such as Edwin Sutherland and his differential association thesis that criminal behaviour was learned from those around you.

A review of empirical studies by Ellen and Turner (1997) indicated that there are “six distinct mechanisms through which neighbourhood conditions may influence individual outcomes: quality of local services, socialization by adults, peer influences, social networks, exposure to crime and violence and physical distance and isolation” (p.836). They conclude that neighbourhoods do matter in terms of influencing an individual’s life chances but that these “neighbourhood effects are generally much smaller than the effects of observed family characteristics (such as parents’ income, socioeconomic status or educational attainment)”(p.834). They suggest that the evidence is inconclusive when it comes to identifying which neighbourhood characteristics have the most impact of an individual life chances and on the relationship between these neighbourhood characteristics and the family characteristics which might contribute to individual failure or success.

Such conclusions are not helpful for the development of policies which aim to reduce the entrenched and repeating poverty which exists in some urban and rural communities in New Zealand. While family characteristics may be more influential than neighbourhood effects, what policy interventions are necessary to strengthen these characteristics in families that do have them and what can be done for the families that don’t have them? Furthermore, if families without these desirable characteristics become highly concentrated within a neighbourhood or community so that their behaviours and attitudes become normalised when does it become a neighbourhood problem and not a family problem?

Auckland and its poor neighbourhoods

Auckland is New Zealand’s largest city with a population of just under 1.5 million people and an annual population growth rate of around 1.6%. While Auckland is home for just over one third of New Zealand’s population it is the centre for about half of its population growth. Two thirds of this population growth is from natural increase while the remainder is from international migration and not internal migration from other parts of New Zealand.

By any accounts Auckland is not a global city and in fact it lives in the shadow of Sydney which arguably is a global city and is less than three hours flying time from Auckland. Notwithstanding its lack of global city status Auckland has suffered the same de-industrialisation and employment shifts as most western cities. In particular during the late 1980’s and early 1990’s, as the New Zealand economy was liberalised and trade protections dismantled, Auckland suffered both the loss of manufacturing jobs in import substitution industries such as footwear, clothing and electrical goods and the loss of manufacturing jobs in resource based industries, such as forest products and meatworks, as these plants mechanised and shifted closer to the source of their raw materials.

New Zealand has a fairly comprehensive welfare system although it is not as generous as many of those in western European countries. New Zealand also has minimum wage legislation which avoids the sweatshop working conditions which are seen in countries such as the United States. Furthermore New Zealand’s welfare system extends to providing supplementary income to working families to address some of the problems of the working poor.

These welfare and labour market policies mean that the “outside surplus population” generally comprises those in the “welfare state client class” rather than the “large service class proletariat” to coin Esping-Anderson’s definitions. This being said there is a population of workers most of whom are young and/or recent migrants and who work in shops and restaurants or as cleaners and labourers who can be defined as being in this service class proletariat. Most of these workers don’t qualify for supplementary income support either because they don’t have dependant children or because of their residency status.

The New Zealand Government's Ministry of Social Development measures poverty rates in two ways. One way is through Statistics New Zealand Household Economic Survey which compares household incomes and makes estimates of relative poverty based on these incomes relative to medians. The other way is through the Economic Living Standards Indicator survey which measures material hardship. Both surveys show a consistent pattern of poverty and hardship.

Most of the poor in New Zealand are those relying on welfare benefits for their income. Perry(2009) reports that around half those living on such benefits are living in relative poverty or with material hardship (see Table p.128)

One the basis that welfare dependency is the most reliable indicator of relative poverty in New Zealand the 355 census area units (CAUs) of the Auckland region were sorted according to the proportion of households receiving a welfare benefit as their main source of income. The 10% of CAU's with highest rate of welfare dependency in the 2001 census were selected and the changing fortunes of these CAU's or neighbourhoods between 2001 and 2006 form the basis of the analysis reported below.

With the exception of just one CAU (Walmsley in the suburb of Mt Roskill) the remaining 34 CAUs are located in continuous band stretching from Tamaki (4) southwards through the South Auckland suburbs of Otahuhu (1), Mangere (9), Otara (9), Manurewa (8) and Papakura (3). It is worth noting that 34 of the poorest 35 CAUs in 2001 still remained in the bottom 35 CAUs in 2006 with the broad geographical distribution of disadvantage in Auckland remaining the same.

Table 1 below summarizes the changing position of the poorest of 10% of neighbourhoods in Auckland over the period 2001 to 2006

Table i : Comparisons of the selected social indicators for the poorest CAUs and the Auckland Region

	2001	2006
Share of region's usually resident population	10.9%	10.7%
Share of region's occupied dwellings	7.7%	7.6%
Mean household size – 10 poorest CAUs	4.1 pph	4.2 pph
Mean household size – Auckland region	3.0 pph	3.0 pph
Home-ownership rate – 10 poorest CAUs	42.6%	40.1%
Home-ownership rate – Auckland region	63.6%	63.8%
Share of region's owner occupied dwellings	5.3%	4.8%
Share of region's rented dwellings	12.6%	12.6%
Share of regions state houses	41.4%	38.3%
Share of regions welfare beneficiary households	19.0%	20.3%
Dependency rate – 10 poorest CAUs	49.4%	45.8%
Dependency rate – Auckland region	20.6%	17.2%
Share of region's Maori population	23.5%	22.4%
Share of region's Pacific population	41.2%	40.8%
Share of local population who are Maori	23.8%	22.1%
Share of local population who are Pacific	50.4%	52.0%

Share of region's households with 5 or more people per dwelling	18.9%	19.1%
---	-------	-------

In summary these statistics show the following principal outcomes

- Rates of welfare dependency in Auckland's poorest neighbourhoods are two and half times the regional average with just under half the households in such neighbourhoods relying on a welfare benefit as their main or only source of income.
- This benefit dependency became slightly more concentrated over the period 2001-2006 although this increase was against a background of a buoyant economy and declining rates of unemployment which saw benefit dependency rates in Auckland region fall by around one tenth.
- Nearly three quarters of the people living in the poorest tenth of Auckland's neighbourhoods were either Maori or Pacific people. Over the period 2001-2006 the proportion of Maori declined slightly while that of Pacific people increased to compensate. Nearly one in four Maori living in Auckland lived in the poorest ten percent neighbourhoods while more than four in ten Pacific people did.

In terms of housing related outcomes the following points are also worth noting:

- That poorer neighbourhoods predictably have larger households but over the period 2001 to 2006 these got slightly larger overall while household sizes for the rest of the region remained quite static. Poorer neighbourhoods' regional share of larger households also grew slightly
- That home ownership rates in poor neighbourhoods are about two thirds of the rates regionally and in poor communities this rate fell slightly while it changed very little across the region as a whole.
- The increase in the numbers and rate of renting occurred through private investment rather than through development of public rental housing.

The role of housing policy in polarisation

The snapshot provided above in Table 1 shows a position of some social polarisation with some indications that this polarisation got relatively worse between 2001 and 2006. These indicators include those suggesting that there were increasing concentrations of crowded houses and increasing concentrations of welfare dependency albeit that these increases were relatively small.

The segregation of urban areas by economic status and on the basis of ethnicity, occupation or religion is a well known feature of urban settlement. The literature around urban segregation has not sought to examine the causes of this segregation but rather either to describe it in detail (see for example Massey 1990) or to assess its impacts – normally in terms of the area effects or neighbourhood effects discussed above. The literature around neighbourhood effects essentially covers the externalities of poverty on neighbours and neighbourhoods but does not discuss the links between such externalities and the spatial separation of the poor from the non-poor. While there is for example ample evidence that the poor not only live with their poverty but with the poverty of their neighbours; there has been no discussion of why the non-poor choose to avoid the externalities of poverty -such as crime and grime. Such a discussion might be seen as being quite trivial because it might be argued that there is no rational reason why the non-poor, if they are simple utility maximising folk, would choose to experience the local externalities of poverty such as crime and grime.

Early urban theorists have suggested that there is something natural about the way in which cities segregate. Park (1915) for example proposed that *“the subtler influences of sympathy, rivalry and economic necessity tend to control the distribution of population (p.579)*. McKenzie (1924), perhaps the first urban ecologist, suggested that a *“plant ecologist is aware of the struggle for space, food and light upon the nature of plant formation but the sociologist has failed to recognize that the same processes of competition and accommodation are at work determining the size and ecological organisation of human community” (p.288)*.

It may well be that factors which are innate to human nature and in human relationships such as sympathy and rivalry, competition and accommodation determine that cities become socially and economically segregated as Park and McKenzie have suggested. If this is so it is reasonable to suggest that markets and policies mediate and perhaps moderate segregating forces within cities rather than causing this segregation. The most obvious way in which this is done is through housing and education (Butler and Hamnet, 2007) and via the mechanisms of prices and perhaps political power.

An overview of New Zealand's housing policy

Homeownership is the dominant tenure in New Zealand with around just under two thirds of homes being owner-occupied in some form or other.(Morrison, 2008 pp12-14). Since the early 1990's New Zealand has tended to follow a neo-liberal model housing policy model (Dodson 2006). This approach initially relied on the use of demand subsidies through an income supplementation payment known as the "Accommodation Supplement" along with a residual and diminishing role for public rental housing which was run through a state owned enterprise known as Housing New Zealand. This approach led to growing public concern for housing related poverty so soon after its election in 1999, the Labour Coalition Government re-introduced an income rent based policy for tenants in public rental housing through a supply subsidy to Housing New Zealand. During its tenure from 1999 until 2008 the Labour Government engaged in a very modest public housing building programme adding 4,500 houses between 2001 and 2007 to provide 64,800 publicly owned rental units in 2007 and 2,600 managed under leases from the private sector (Housing New Zealand Annual Reports).

Demand subsidies through the Accommodation Supplement have continued to the present with over 293,000 such transfers being paid in June 2009 (Ministry of Social Development, 2010 p.105) of which 62% or 182,000 were tenants, 45,000 were owner-occupants and 46,000 were boarders. Based on figures from around the time of the 2006 census, approximately 56% of all tenant households were receiving some form of state subsidy for their housing and it is possible that the proportion of tenants receiving state support may have risen since on account of the numbers receiving support having risen by 30,000 households (2009 figures).

This support has been expensive, costing taxpayers around \$1.7 billion in 2009/10 or approximately 3.5% of Government's core social spending. In the five years to June 2010 the cost of these housing subsidies rose 50% in nominal terms. (New Zealand Government Budgets)

A hidden financial and economic cost to New Zealand's housing policies is that around the favourable tax treatment of residential property investment which until recently was exempt from any comprehensive capital gains tax and was permitted to claim tax deductions for depreciation on an asset which was generally appreciating. The result has been that an investment class estimated to be worth \$200 billion in 2008 generated an operating loss of around \$500 million and tax credits of \$150 million (Tax Working Group p.25) If such investment had been taxed at the risk free rate of return, as recommended by the Tax Working Group in 2001(McLeod 2001 p.29), it could have been expected that residential property investors would have paid around \$2.3 billion in income tax rather than claiming \$150 million in tax credits as they did in 2008.

New Zealand's home-ownership policy is quite minimal, involving a mortgage insurance scheme known as Welcome Home Loans. More recently this policy area has been expanded with the provision of access to personal savings in the Kiwi Saver scheme to purchase a first home with some matching grants from Government. Since the roll out of the Welcome Home Loan programme in September 2003 and to June 2009, Housing New Zealand which operates the scheme has provided mortgage insurance for 4,670 home

loans (Housing New Zealand Annual Reports). Based on Reserve Bank mortgage data this figure represents just 3% of the mortgage market.

In summary New Zealand's housing policy is almost entirely made up of demand subsidies for private sector tenants and supply subsidies to the Government's supplier of social rental housing. The expansion of the social rental housing stock has relied in part on some capital funding from Government (\$798 million 2002-2009 \$517 million net of tax - HNZA Annual Reports) as well as Housing New Zealand's own operations (\$251million in retained earnings 2002-2009). As a result of this investment, the share of the national housing stock made up of public rental housing remained constant between 2001 and 2006 at around 4.3%.

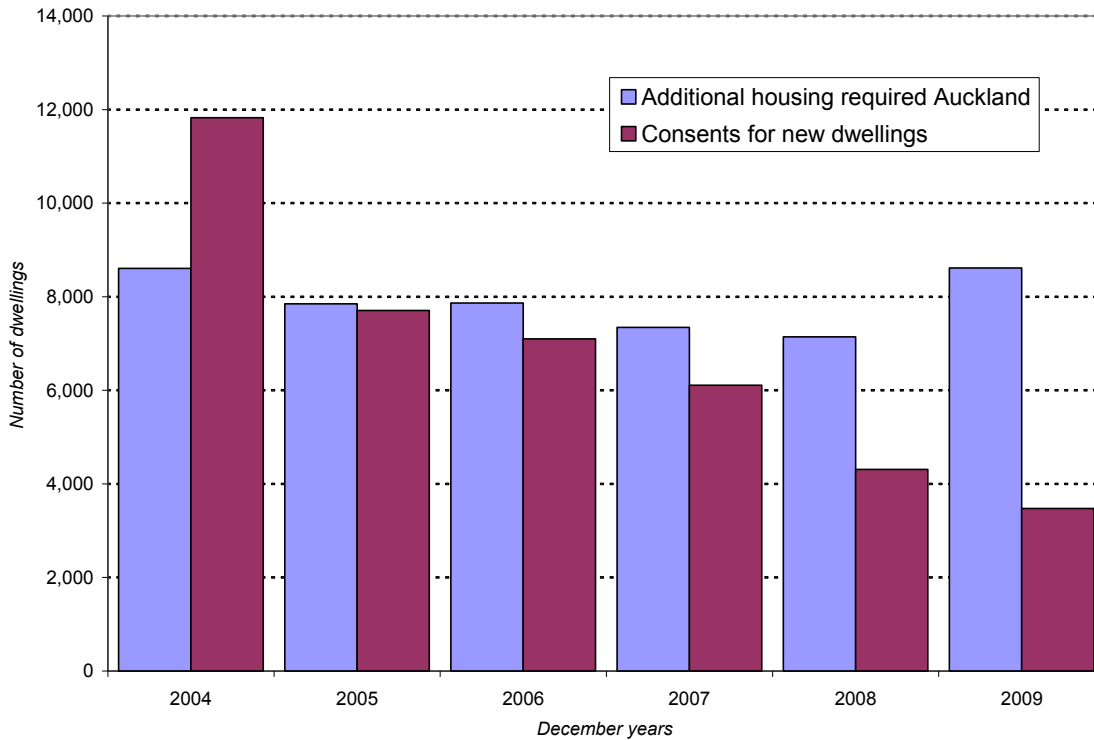
Outside of these capital subsidies and the resulting provision of additional social housing units, the State is unconcerned about the adequacy of New Zealand's housing stock to meet housing need. There is no public agency responsible even for monitoring such adequacy let alone working toward addressing housing need. Granted, Housing New Zealand has a specific focus on Auckland's housing market and has even developed an Auckland housing strategy to direct its operations. However, as discussed above, these operations have been driven by the Government's limited willingness to contribute additional capital for new housing building and by Housing New Zealand's limited ability to generate funds within its own operations to do so. Most of Housing New Zealand's new stock acquisitions have been in Auckland and with just 45% of its stock or just over 30,000 residential units being in Auckland in 2009 (Housing New Zealand 2009 p.41), an increase of about 5,000 units since 2003.

The effects of housing policy on Auckland's poorest neighbourhoods

The analysis below is an attempt to determine what role housing markets and housing policies played in the changing fortunes of the poorest one tenth of Auckland's neighbourhoods during the period of 2001 to 2006. The analysis considers changing household sizes, residential mobility and tenure change and makes comparisons for changes in these factors for the whole of Auckland and for the poorest 10% of CAUs.

The lack of any policy concern for the adequacy of the housing stock to meet housing demand and alongside this an almost complete reliance on the market to provide has led to a mismatch between new supply and new demand in high growth areas and especially in Auckland. Figure 1 below illustrates this mismatch to some extent.

Figure 1: Housing demand and additional dwellings built in the Auckland Region 2004-2009



This comparison is fairly crude and simply compares the number of consents for new dwellings issued with the number of new dwellings which would be required if the estimated population increases were to be accommodated at the household size which prevailed at the time of the 2006 Census (just under three people per dwelling). Allowing for some replacement building and based on the assumption that the average household size of around three people per dwelling is adequate, Auckland requires an additional 8000 new dwellings per year to keep up with population growth which has averaged 22,500 people per year over the past five years (Statistics New Zealand sub-national population estimates). Rates of new house construction in Auckland have been considerably less than this and in fact there is a deficit of 10,000 dwellings over the past five years if this assumed average household size is applied. Half this deficit is in South Auckland.

However even before the current recession and downturn in building activity, there is some evidence that the housing situation in Auckland's poorest neighbourhoods and suburbs was deteriorating; at least in terms of household size. Figure 2 below compares changes in average household size between 2001 and 2006 for Auckland's 355 census area units (CAUs). This comparison is against the mean household size for these CAUs in 2001 and is framed around the regional mean household of size of 2.9 people per dwelling

Figure 2: Changes in mean household size for Auckland neighbourhoods 2001-2006

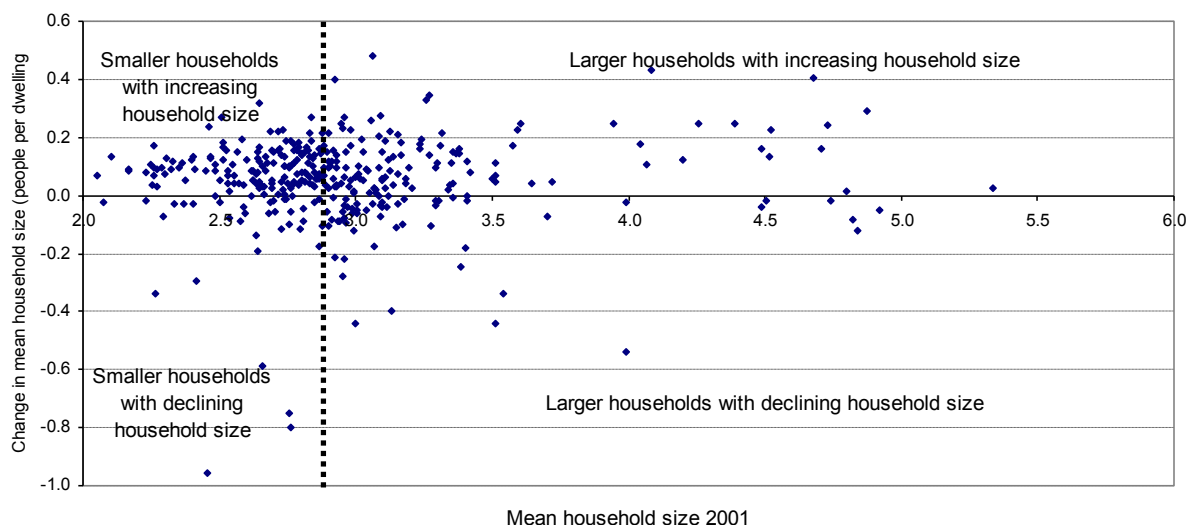


Figure 3 below makes this comparison just with the poorest 10% of Auckland CAUs.

Figure 3: Changes in mean household size for poorest Auckland neighbourhoods 2001-2006

This analysis shows that most of the poorest 10% of neighbourhoods in Auckland not only experienced average household sizes which were on average 40% larger than the average for the rest of Auckland but that the majority of these neighbourhoods (26 out of 34) actually experienced increasing household size. Although average household size increased slightly across the whole region the increase in the poorest neighbourhoods was greatest as shown in Table 2 below.

Table ii : Changes in mean household size in Auckland Region 2001 & 2006

	2001	2006
Poorest 10% of CAUs	4.07 pph	4.21 pph
Remainder of Auckland CAUs	2.83 pph	2.88 pph
All Auckland Region	2.92 pph	2.98 pph
Ratio poorest 10% to remaining 90%	1.44 pph	1.46 pph

Figure 4 below compares changes in tenure between 2001 and 2006 with the proportion of rented housing for each CAU in Auckland in 2006. This comparison has been framed by the regional averages of a 0.6 % increase in rented tenure between 2001 and 2006 (the horizontal line) and the regional average share of the housing not owned by its occupants of 36%. Such a framing allows us to consider changes in relative terms as follows.

Consolidating homeownership – areas with relatively high levels of owner-occupation with increasing proportion of this form of tenure

Gentrifying neighbourhoods – areas with relatively high levels of rental housing but with increasing proportions of homeownership

Increasing landlordism – neighbourhoods with relatively high levels of homeownership but with an increasing proportion of rental tenure suggesting a replacement of owner-occupiers with landlords

Consolidating landlordism – neighbourhoods with high proportions of rental tenure and with still further increases in the proportions.

Figure 4 Tenure change in Auckland CAUs 2001 and 2006

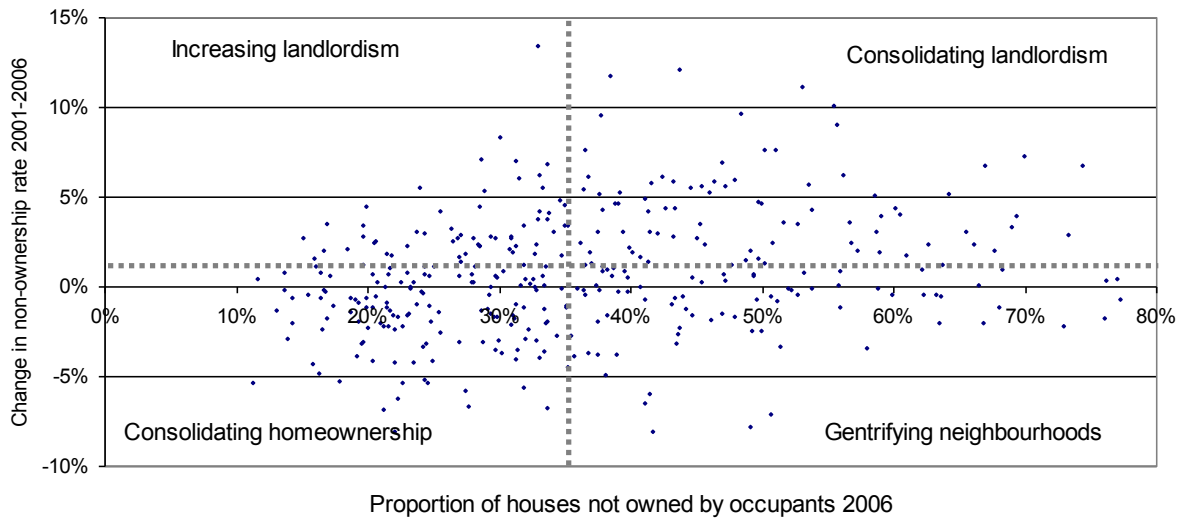
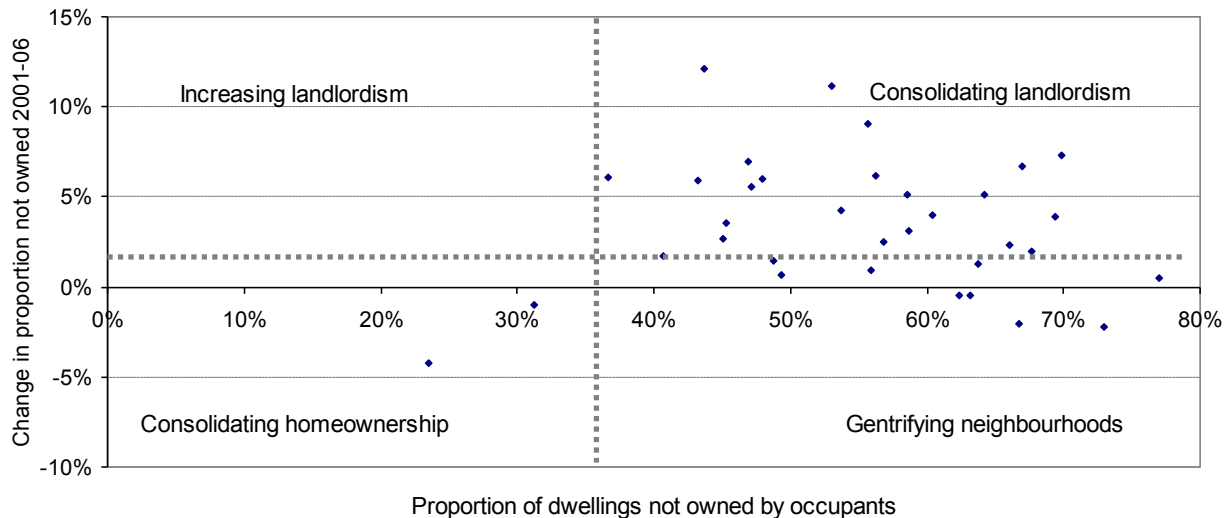


Figure 5 presents this same analysis just with data from the poorest 10% of CAUs. The majority of these neighbourhoods (28 of 34) fall into the category of consolidating landlordism with two neighbourhoods falling into the consolidating homeownership category and four into the gentrifying neighbourhood category.

Figure 5: Tenure change in selected Auckland CAUs 2001 and 2006



An analysis of the quantitative changes in the rental housing stock for the poorest 10% of Auckland neighbourhoods and for the remainder of Auckland is provided on the table below. While the most of the growth in the Auckland rental housing stock (90%) has taken place outside of the poorest neighbourhoods, almost all (94%) of the growth in the housing stock in the poorest neighbourhoods has occurred through growth in the stock of rental housing in these neighbourhoods.

Although the census data on state rental housing does not appear very reliable, the data provided above in Table 1 would seem to suggest that the proportion of Auckland's state rental housing located in these poorest neighbourhoods has remained static or even declined. This suggests that the increase in rental housing in these poorest neighbourhoods has been driven by private investment in rental housing rather

than public investment in social housing. This also suggests as well that any increase in concentrations of welfare dependency and perhaps of other indicators of inequality and deprivation are not the result of public housing policies but rather of market forces supported by housing policies which support private investment into rental housing.

Table iii : Changes in rental housing stock in Auckland Region 2001 & 2006

	2001		2006		Rental growth as % of total stock change
	Rental housing stock	Total housing stock	Rental housing stock	Total housing stock	
Poorest 10% of CAUs	17,150	30,000	19,200	32,200	94%
Remainder of Auckland CAUs	122,350	361,850	138,950	403,950	40%
All Auckland Region	139,200	391,850	157,600	436,100	42%

Perhaps the brightest housing related picture which can be painted for Auckland's poorest neighbourhoods is around the question of residential mobility. Figure 6 below compares levels of residential mobility for Auckland CAUs with their proportion of rental housing in order to build a further quadrant of categories around regional averages. In this case the quadrants are those of neighbourhoods which have high rates of mobility and high proportion of rental housing, high rates of residential mobility and low proportions of rental housing, low rates of residential mobility and high proportions of rental housing and finally low rates of mobility and low proportion of rental housing. As Figure 6 suggests the tendency (although not one supported by a high degree of correlation) is for mobility to increase with increasing proportions of rented housing. Auckland neighbourhoods can essentially be broken into two types – those which are relatively stable in terms of the turnover of residents and which have relatively high rates of owner-occupation and the complete opposite; those with high mobility rates and high levels of rental housing. We would in fact expect such a relationship given that owner-occupation is a more permanent tenure form which requires longer-term commitments from occupants.

Figure 6: Residential mobility v tenure Auckland CAUs 2006

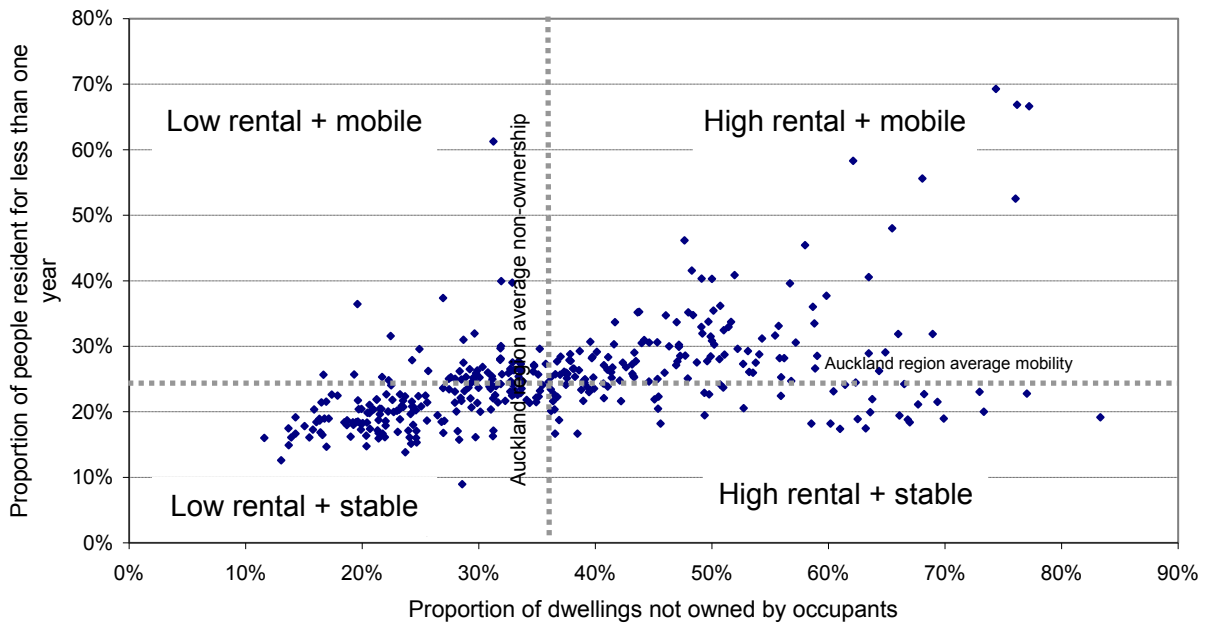


Figure 7 provides the same analysis just for the poorest 10% of Auckland's CAUs

Figure 7: Residential mobility v tenure for selected Auckland CAUs 2006

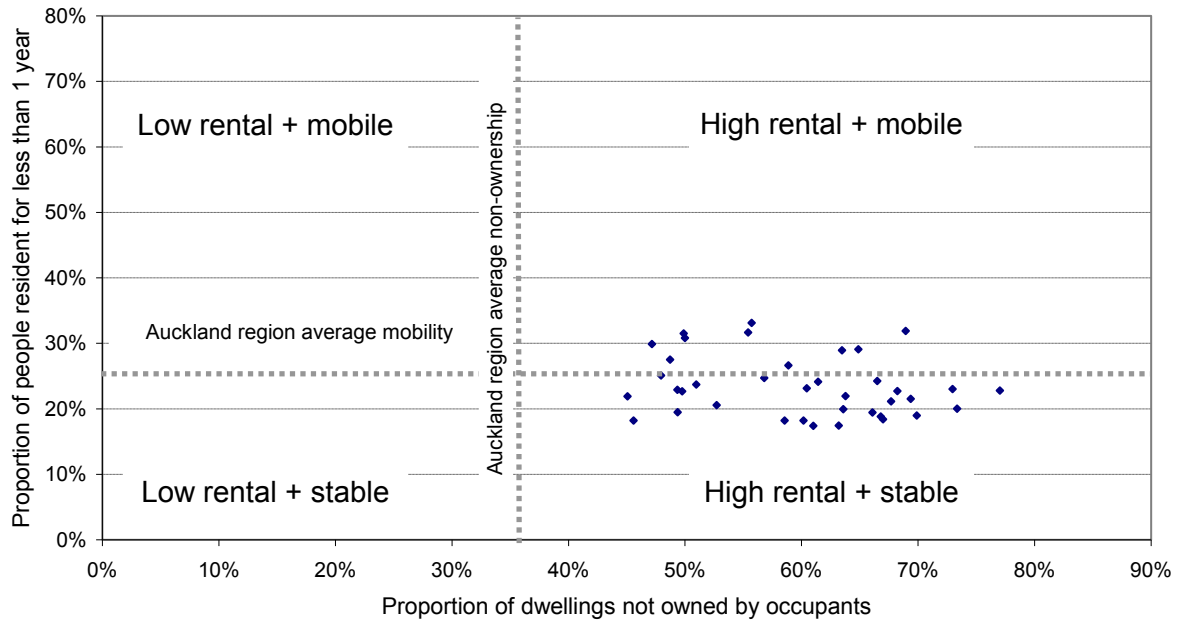


Figure 7 indicates that the poorest neighbourhoods fall outside the pattern of high proportion of rental housing implying higher levels of residential mobility and that in fact most of these poorer neighbourhoods (24 out of 34) are relatively stable communities with low levels of residential mobility. While it has not been tested, in part because of the unreliability of data on the tenure of state rental housing, it seems likely that this relative stability of poorer neighbourhoods is on account of the high proportions of state rental housing in these areas and due to the fact that the heavily subsidised rents which are offered to most state tenants are a strong reason for them to stay for a long time.

Conclusions

This analysis has attempted to identify both the extent of social polarisation in Auckland and to look for evidence that this polarisation is becoming more entrenched. As well this analysis has attempted to identify the role which housing markets and housing policy might play in either exacerbating polarisation or in determining the experiences of households living in these poorer communities.

There is clear evidence that Auckland is quite polarised socially. While the poorest 10% of Auckland's neighbourhoods make up less than one in twelve of the Region's households, these neighbourhoods represent one in five of Auckland benefit dependent households. This concentration increased slightly between 2001 and 2006 which was a period of economic expansion and declining welfare dependency.

While it has not been tested, it would seem reasonable to attribute most of this concentration of welfare dependency and of the relative poverty which is associated with this dependency, on the high concentrations of social housing in these neighbourhoods. The poorest 10% of neighbourhoods are the location for around 40% of the Region's public rental housing and given the eligibility criteria for gaining access to this housing it would seem inevitable that it is occupied by households which are benefit dependent. This concentration of poverty through the provision of social housing is not however an unusual characteristic of most urban landscapes.

There is some evidence however that the most dynamic changes in the poorest neighbourhoods were not the result of public housing policy decisions but of private investment decisions. The declining rates of home-ownership in these neighbourhoods and the growth in the stock of rental houses cannot be attributed to Housing New Zealand moving in but rather to private investors buying up owner-occupied houses as well as new houses for renting out to relatively poor households. As suggested above this investment has been supported tacitly by housing policies which provided rent subsidies for private tenants and which created a very favourable tax position for such investment.

One of the biggest limitations of this analysis is the age of the data. A great deal has happened since 2006 particularly in terms of reversing economic fortunes and continuing migration; both of which appear to be rapidly changing the face of Auckland's neighbourhoods. Hopefully this analysis can provide a useful basis for examining data from the 2011 census so that we are able to better understand the different fortunes of communities in response to changing economic conditions and quite dynamic demographic change.

In any future analysis it is important to use the lens of social polarisation as a tool for viewing changes in the urban landscape of Auckland. Analysis at a census area level allows us to consider important local variations which are often missed in broader analysis at a ward or sub-regional level. For poor people the local neighbourhood is often a defining feature in their lives. This means that gaining a better understanding of the circumstances of these neighbourhoods, especially around housing, education, employment and crime, is important for policy makers who are interested in addressing both the causes and consequences of urban poverty and deprivation.

That poverty and deprivation in Auckland is highly concentrated into just four suburbs (Tamaki, Mangere, Otara and Manurewa) suggests that there may be another Auckland story which is seldom heard except in the grim statistics of educational failure, welfare dependency and crime. This story is not entirely one of choice for the people living in these communities as their position is often determined by public policies which either directly concentrate problems or else allow the market to do so through private investment decisions many of which receive public subsidies.

The concept of social polarisation is a useful for casting light on this story as it implies a future which is at best unhelpful and at worst frightening. The value of such a concept will be tested over the next two years as new data from the 2011 census becomes available and as data on educational achievement becomes standardised and publicly available. The theory of social polarisation would suggest a growing division between the poor and the non-poor. For us in New Zealand the challenge is what we do about it.

Reference list

- Atkinson, R & Kintrea, K 2001, 'Disentangling Area Effects: Evidence from Deprived and Non-Deprived Neighbourhoods', *Urban Studies*, vol. 38, no. 12, pp. 2277-2298.
- Butler, T & Hamnett, C 2007, 'The Geography of Education: Introduction', *Urban Studies*, vol. 44, no. 7, pp. 1161-1174.
- Dodson, J 2006, 'The “Roll” of the State: Government, Neoliberalism and Housing Assistance in Four Advanced Economies', *Housing, Theory and Society*, vol. 23, no. 4, pp. 224-243.
- Ellen, IG & Turner, MA 1997, 'Does Neighborhood Matter? Assessing Recent Evidence', *Housing Policy Debate*, vol. 8, no. 4, pp. 833-866.
- Esping-Andersen, G 1993, *Changing Classes: Stratification and Mobility in Post-Industrial Societies*, Sage Publications Ltd, London.
- Friedmann, J & Wolff, G 1982, 'World City Formation: An Agenda for Research and Action', *International Journal of Urban and Regional Research*, vol. 6, no. 3, pp. 309-344.
- Hamnett, C 1994, 'Social Polarisation in Global Cities: Theory and Evidence', *Urban Studies*, vol. 31, no. 3, p. 401.
- Hamnett, C 1996, 'Social Polarisation, Economic Restructuring and Welfare State Regimes', *Urban Studies*, vol. 33, no. 8, p. 1407.
- Housing New Zealand Corporation 2006, *Annual Report 2005/2006*, Housing New Zealand Corporation Wellington.
- Housing New Zealand Corporation 2009, *Annual Report 2008/09*, Housing New Zealand, Wellington.
Available from:
<http://www.hnzc.co.nz/hnzc/dms/7F2A3AABB23174BEEA66D2AB39EAD188.pdf>.
- Marcuse, P 1989, '“Dual City”: A Muddy Metaphor for a Quartered City', *International Journal of Urban and Regional Research*, vol. 13, no. 4, pp. 697-708.
- Massey, DS 1990, 'American Apartheid: Segregation and the Making of the Underclass', *The American Journal of Sociology*, vol. 96, no. 2, pp. 329-357.
- McKenzie, RD 1924, 'The Ecological Approach to the Study of the Human Community', *American Journal of Sociology*, vol. 30, no. 3, pp. 287-301.
- McLeod, R, Patterson, D, Jones, S, Chatterjee, S & Sieper, E 2001, *Tax Review 2001: Final Report*, New Zealand Government, Wellington.
- Ministry of Social Development 2010, *Statistical Report for the Year Ending June 2009*, Ministry of Social Development, Wellington. Available from: <http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/msd14528-statistical-report-2009-web.pdf>.

Morrison, PS 2008, *On the Falling Rate of Home Ownership in New Zealand*, Centre for Housing Research, Aotearoa, New Zealand. Available from: <http://www.chranz.co.nz/pdfs/falling-rate-home-ownership-in-nz.pdf>

Park, RE 1915, 'The City: Suggestions for the Investigation of Human Behavior in an Urban Environment.', *American Journal of Sociology*, vol. 20, no. 5, pp. 577-612.

Sassen, S 1991, *The Global City: New York, London, Tokyo*, Princeton University Press, Princeton.

Tax Working Group 2010, *A Tax System for New Zealand's Future: Report of the Victoria University of Wellington Tax Working Group*, Victoria University, Wellington.

Wilson, WJ 1987, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*, University of Chicago Press Chicago, Chicago.

