Effects of workers' accommodation in Christchurch

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Overview

To understand the size and scale of the workers' accommodation needs as they relate to housing pressures (the private market and social housing) in the greater Christchurch area, it is necessary to get an indication of trends in supply, price and affordability of construction workers' accommodation in the region.

A shortage of temporary accommodation has become a real concern for many construction organisations engaged in repairs and rebuild in Christchurch. A research initiative from the Resilient Organisations research programme responds to this concern by surveying construction companies about their accommodation demand and also asked accommodation providers about the supply.

Evidence from both construction companies (demand) and accommodation suppliers (supply) provide insights into the complexity of accommodation needs and how they interact and respond. Resilient Organisations aims to present up-to-date qualitative and quantitative data on what the shortages will be – short-term or long-term, across demand organisations (engineering, construction, building suppliers, other services industries), supply sectors (tourism operators, private rental market, commercial housing market) and at varied income levels.

Recent and Current Work

In February 2013, Resilient Organisations published a report entitled *Myths and Realities of Reconstruction Workers' Accommodation*. The report summarised the accommodation options into three categories:

- **Short-term relocation/secondment** (weekly or fortnightly fly in and out): These workers tend to use commercial facilities including short-to-medium term apartments, townhouses, motels, hotels, B&Bs and a few of them in home stays;
- **Longer-term relocation/secondment** (more than 6 months): These workers aim for places with cooking facilities and access to workplace and community services. As of end of 2012, these accommodation needs were met by private rental market and company purchased houses;
- **Potential permanent relocation/transfer**: Many of workers recruited from overseas and some of those relocate from other parts of New Zealand have an expectation to live in Christchurch on a potential permanent basis. The needs of these people are generally more complex. A short

period of temporary solutions was provided by companies (commercial accommodation, rental properties and company-owned houses) until they find their own housing. Therefore, securing accommodation for these people takes longer before integration into the community is possible.

Follow-up investigation by Resilient Organisations in April and May 2013 has involved surveying of 26 motels, 6 motor camps and holiday parks in Christchurch, and detailed interviews with 29 accommodation providers (3 holiday parks, 2 Bed & Breakfast, 1 hotel, 19 motels, 2 property managers and 2 homestays).

Preliminary analysis is showing the following patterns:

- Movement of some construction companies from the option of renting accommodation to purchasing new homes or building company owned temporary units for out-of-town workers
- Movement of some construction companies from the option of housing their staff at daily charged tourist facilities to placing them in short-to-medium termed rental properties
- Movement of some construction workers from high priced rentals to private low-cost accommodation such as holiday parks, backpackers, inner-city bedsits and other boarding houses

From surveying the commercial accommodation providers, Figure 1 below presents a snapshot of commercial beds split in motels and holiday parks for workers who are involved with the Canterbury rebuild (W), homeowners (H), tourists (T) and others (O) in 2011, 2012, and 2013.

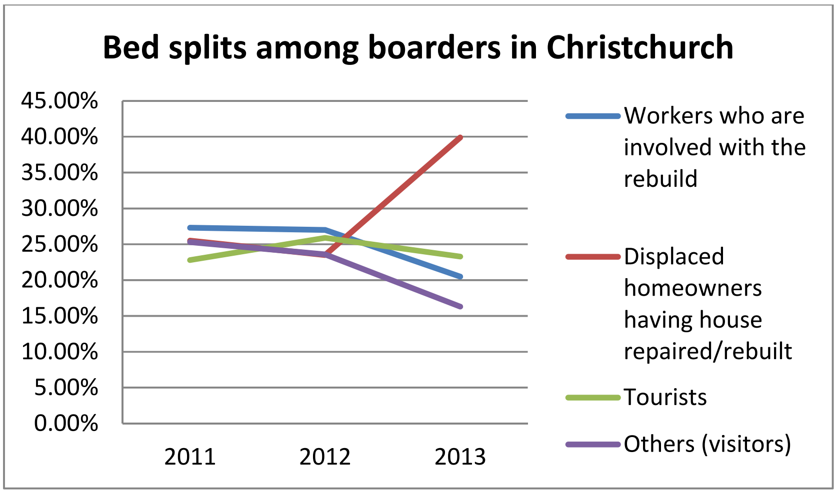

Figure 1: Bed splits among boarders in Christchurch

- Following the September 2010 earthquake, construction workers along with displaced home owners who were having emergency repairs or permanent repairs and rebuild became a dominant group of guests taking up half of the capacity in motels.
- The most significant increase in the number of displaced homeowners staying in motels since 2012 could reflect a combination of a decrease of rental supply, increasing demand from residents leaving the red zone and increased residential repairs in the same period.

- Average occupancy rates in motels were within a range of 40-50% on pre-earthquake levels whereas the post-earthquake occupancy rate rose up to an average of 80%-95%. Earthquake-related corporate travellers and displaced home owners largely contributed to this increase.
- The number of rebuild-related workers staying in motels has decreased since 2012 as companies were looking for more cost-effective housing solutions.

Interviews with construction organisations and accommodation providers also identified a number of trends that are likely to drive demand for low-cost accommodation in the construction sector:

- During the period from the second half of 2012 to date, sampled motels and holiday parks received increased enquiries from local people (displaced home owners and former social housing renters) and migrants who cannot find reasonably priced rental accommodation.
- During the same period, however, enquiries from construction companies have decreased. There is a drop in number of construction workers staying in motels as they are finding it increasingly difficult to afford. Although some motels provide discounted weekly rates, the choice of placing workers into motels was not considered by companies as financially viable.
- The shortages of accommodation were most pronounced at the trades level of construction companies. Affordability and accessible spaces for parking work vehicles were reported by construction workers, particularly most builders and tradespeople, as top two priorities when they look for accommodation.
- As a result, construction workers have a strong preference for holiday parks, motor camps and backpacker lodges as most allow for parking flexibility and the rates are relatively cheaper compared to other commercial options. However, there is a lack of large private low-cost accommodation providers in Christchurch (current capacity includes 17 holiday parks and 15 backpacker lodges).

Key Observations

This preview of Resilient Organisations' follow-up investigation on workers' accommodation in Christchurch reinforces the need to explore other options for providing accommodation support for construction workers. This work adds value to MBIE's statistical mapping[1] on housing pressures in Christchurch by providing empirical evidence on how the shortage of accommodation for construction workers might affect the lower end of the housing market. In the context of Christchurch's current housing pressures with inflated rents and purchase price, it is likely that additional government and industry effort is needed to support the construction sector if the projected increase in rebuild works in 2014 and 2015 is to be achieved.

This work is undertaken with funding from Resilient Organisations and BRANZ. The in-depth data analysis and reporting from this recent survey of accommodation providers is in progress. On-going monitoring of, and solutions for, construction sector accommodation needs is required and Resilient Organisations aims to release the full report in July.

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[1] Ministry of Business, Innovation and Employment (MBIE), Housing pressures in Christchurch: A summary of the Evidence, April 2013