

Older People and the Rental Market in the Western Bay of Plenty Sub-region: emerging themes and issues from in-depth interviews

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Executive Summary

Some headline themes are emerging from the in-depth, semi-structured interviews with older renters, service providers and housing providers who have participated in the work in the Western Bay of Plenty sub-region to date. The following themes and issues have been identified:

- Movement from owner-occupation to renting is not uncommon. Financial shock, divorce or loss of partner seem to be key precipitating factors.
- There is some evidence of tenure insecurity, with older renters moving, not because they choose to, but because of unaffordable rent, or the house is sold and the tenancy is no longer available.
- Both service providers and older renters identify the biggest issue facing older renters is unaffordable rents. Because of older people's generally fixed, lower incomes, they have less choice on the rental market.
- Some providers cited examples of older clients living in rental dwellings in very poor and unsafe condition.
- Some older renters find applying for a tenancy very stressful.
- Market information and application processes are heavily reliant on the internet, and this disadvantages many older people seeking tenancies.
- There is little fit-for-purpose rental accommodation for older people. Housing providers that focus on older tenants have waiting lists.
- Some older people residing outside the area appear to be interested in moving to rental accommodation in the sub-region.
- Housing pressures affecting all age groups are resulting in some older people providing accommodation for their younger relatives. This can pose financial and tenancy risks to the older person.
- Papakāinga housing is an important stock for older Māori of the rohe. The papakāinga stock is diverse, consisting of a combination of older, ill-suited stock along with recently built, fit-for-purpose rental accommodation that has often been co-designed with kaumātua.
- Some private landlords may be interested in providing housing for older people. There appears to be low awareness among landlords and property managers of older people's demand for rental accommodation.
- There is potential for working with housing providers and property managers to develop best practice tools and information around the provision of rental accommodation for older people.
- There is potential for council bodies to liaise with, learn from, and support Māori housing developments and aspirations.

These themes will be further explored in interviews conducted in the sub-region later in the year as part of the "Life When Renting" Ageing Well research programme.

1. Introduction

This report presents information from interviews with older tenants, housing providers and managers, and other service providers conducted in late 2016 and early 2017 in the Western Bay of Plenty sub-region. More interviews will be conducted in the sub-region later in the year as part of the “Life When Renting” Ageing Well research programme.

Those interviewed – housing and social service providers, as well as older renters – were keen to talk about housing issues in the sub-region. We were invited into homes and offices, and met at cafés for interviews and discussions. For us, this strong interest demonstrated that rental housing is a ‘hot’ topic for all those engaging with older renters and the provision of and search for appropriate rental accommodation.

The report is structured as follows:

- Section 2 summarises the report *Older People and the Rental Market in the Western Bay of Plenty Sub-region*, compiled for PATAG in November 2016. This report provides a broader context on the rental market and raised some issues about the impacts of the rental market on older tenants.
- Section 3 profiles the older tenants and reports on issues identified by them.
- Section 4 outlines the views of service providers.
- Section 5 outlines the views of housing providers and property managers.

2. Older People and the Rental Market Report

In the Western Bay of Plenty sub-region, the 2013 census indicated that the number of renters aged 65 and over is 2,820, of which 417 are Māori. Tenants comprise 9.2 percent of those aged 65 years and over living in the sub-region. However, older Māori are more reliant on the rental market; older Māori tenants make up 31 percent of Maori residents aged 65 and over in the sub-region.

Most older renters live in the Tauranga City Council area. Across the sub region, just over two-thirds of older renters are aged 65-74 years and almost one third are aged 75 years and older. The main source of rental accommodation is the private market. Overall, 78.5 percent of older renters with a stated sector of landlord¹ live in private rentals. A further 10 percent of older renters in the sub-region with a stated sector of landlord live in a Housing New Zealand (HNZ) dwelling. Almost 10 percent of older renters with a stated sector of landlord live in council housing.

Nationally, council tenants tend to be older, and are more likely to have a disability, than older tenants in private landlord or HNZ accommodation. In the sub-region, 56.3 percent of council tenants aged 65 years and over are aged 75 and over. In the private rental sector, 37 percent of tenants aged 65 years and over fall into the 75 years and over age group. Among HNZ tenants aged 65 and over, 38 percent are aged 75 years and over.

The rental market report outlined key issues faced by older renters including:

- Unaffordable rents. Any older person reliant on NZ Superannuation / Veteran’s Pension would find rental prices for one and two-bedroom properties unaffordable, including

¹ ‘Stated sector of landlord’ means that the person has identified the landlord sector. A very small proportion (about 5%) of respondents aged 65 and over do not state the landlord sector.

council and community housing properties. In the sub-region, 1,262 people aged 65 years and over who were renting received the Accommodation Supplement (AS) to help with their housing costs (at 30 September 2016). This constitutes around 54 percent of older tenants in the sub-region (excluding HNZ tenants who pay an income-related rent). The AS does not meet the unaffordable rent gap as it is only a partial subsidy.

- Small numbers of stock specifically cater for the needs of older tenants. Such stock is more likely to be found in council and community housing provider stock than in private rental stock, where over three-quarters of older tenants in the sub-region reside.
- The most recent national house condition survey, which included a representative selection of rental stock, showed that rental stock is in poorer condition than owner-occupied stock, and that private rental stock is in the worst condition.

Conversations with a small number of older renters identified several themes including:

- Public perceptions of tenants, including older tenants, as ‘second class citizens’.
- Mixed positive and negative experiences of private landlords and property managers.
- Experiences of restrictions on activities in their home, due to tenancy conditions.
- Poorly insulated, damp dwellings.
- For some older renters the standard notice period for termination of a tenancy, of 90 days (or 42 days in certain circumstances) is difficult and stressful.
- Tenure security is not necessarily about having a long lease, or renting in a particular landlord sector. It is equally about having a good relationship with the landlord, being able to make small changes, do repairs and decorate, and having an affordable rent.

3. Older tenants

Since the *Older People and the Rental Market* report was compiled, further interviews have taken place. To date, 15 older renters have been interviewed. Of those, four identify as Māori. Their ages range from the early 60s to mid-80s. Seven are aged 75 and older.

Of the 15, five are employed, either part-time or full time. Three people aged over 65 are employed.

3.1 How they became renters

All except one of the interviewees have owned a home as an adult. The most common reasons for leaving home ownership were:

- Financial shock caused by loss of a business due to the global financial crisis, loss of investment due to collapse of finance companies, debt incurred through lending to family or inability to pay the mortgage.
- Changes in personal relationships, such as marital break-up or death of a partner.
- Transfer of housing asset to children to ensure inheritance.
- Desire to return to live in close proximity to children and/or their marae.

Often there was a combination of the above reasons. In addition, one person had moved to Tauranga as a result of the Canterbury earthquakes. Another had chosen to sell their home and rent in order to release equity. One person in their 80s, who had moved from home ownership recently, did so because they felt unable to live fully independently in their large family home, with the responsibilities of upkeep.

Immediately prior to renting, the majority had been owner-occupiers. However, subsequent to leaving home ownership, four had lived with family and then moved to a rental. None of

those interviewed consider that they currently hold, or can acquire, sufficient financial assets to own a home. Even those working do not see home ownership as possible, because of high purchase costs and rising rents which preclude saving.

3.2 Years renting and moves

Interviewees include those in the private rental market, in council pensioner housing, not-for-profit community housing and papakāinga. All except three have rented for five years or more. Five have rented between 5-9 years, and seven have rented for at least 10 years (see Table 1). Seven have not changed their rental tenancy within the last five years. Three have moved once, while five have moved twice within the last five years (Table 2).

Table 1: Length of time renting

Number of years renting since home ownership	1-4 years	5-9 years	10 years or more
Number of renters	3	5	7

Table 2: Number of rental tenancy changes within the last five years (2012-17)

Number of moves	0	1	2
Number of renters	7	3	5

The main reasons for moving from the previous rental to their current rental are:

- The dwelling was sold and the new owner did not want tenants.
- The dwelling was wanted for the landlord or landlord's family.
- Rent in the previous dwelling was unaffordable.

Most feel they did not have a choice of rental when they moved. This was because they had an upper limit on what they could pay, there was stiff competition for rentals and they had very limited time to find accommodation.

3.3 Rental costs

Among those interviewed, weekly rents range from a low of \$90 per week for a two-bedroom dwelling let by a papakāinga housing provider, to a high of \$490 per week for a three-bedroom dwelling let by a private landlord. In comparison, current lower quartile rents vary in the sub-region, from a low of \$300 per week in Kaimai/Te Puke to a high of \$420 per week in Papamoa.²

Some interviewees reported financial stress. While they manage their rental costs, living costs such as transport, power, food, medical expenses or unexpected bills can put a strain

² This is for the previous six month period, 1 September 2016 – 28 February 2017, across all dwelling sizes. Lower quartile rent means the weekly market rent comprising the lower 25% of rents. Three-quarters of rents are above the lower quartile rent. See Tenancy Services Bond data <https://www.tenancy.govt.nz/rent-bond-and-bills/market-rent/>

on their finances. Continuing to work in paid employment or running a business are strategies for managing housing and living costs. However this can be precarious.

Those living in papakāinga housing considered that they were very well catered for, with some of the cheapest rents. In addition, they had transport provided, regular outings, invitations to be involved in community activities, and regular visits from those on their Trust Board. These provide enriched tenancy services that also help with managing living costs.

3.4 The housing that older renters want

Older renters' housing wants appear to be similar to those expressed by older owner-occupiers, including:

- Space and storage.
- Safety.
- Ability to control indoor climate (warm in winter and cool in summer).
- Accessibility, for example, few or no steps and reachable cupboards.
- Garaging for a car or mobility scooter.
- Affordable housing costs.
- Security of tenure.

Older renters also want to be able to personalise the dwelling, and indeed interviewees reported doing many things to make their house a home, including displaying personal items, gardening, and painting.

Interviewees identified a range of features they consider would improve their current dwelling, including:

- Better heating.
- Safety catches on windows.
- Covered entrance to house.
- Storage.
- Eliminate dampness.
- Accessible shower.
- Accessible entrance.
- Upgraded appliances.

There was notable high satisfaction among tenants in two-bedroom papakāinga housing. This housing was built fit-for purpose for older people, having been co-designed with them, and included lifetime design features such as level entry and accessible shower. Residents were also supplied with appliances.

3.5 Tenancy problems

Some interviewees identified tenancy problems that they have experienced, either in their current or previous rental. These include:

- Loss of bond when moving from one rental to another.
- Appliances not working, including the oven.
- Landlord is slow to do repairs and maintenance.
- No tenancy agreement.

4. Service provider perspectives

Four social service providers and five Maori stakeholders (including Maori social service providers and iwi and hapū representatives) have been interviewed. Some noted that, while the number of older renters is a small part of their client base, they are becoming more visible.

The service providers identified various reasons why people move from home ownership to renting. These reasons are similar to those identified by older renters themselves. The most common reason identified by providers was the loss of home ownership through financial shock and stress. This included the loss of investments through the collapse of finance companies, provision of financial assistance to children which results in debt for the older person, and loss of money in scams. The second most common reason for moving out of home ownership is related to personal relationships, including domestic violence, marriage break-up and death of the partner.

Providers also identified downsizers from owner-occupation moving into a rental. Some of those intend to buy another home, but find that it is beyond their means. Other downsizers deliberately choose to rent, although this appears to be a very small group. Providers identified another small group of renters who have lost their home in the Canterbury earthquakes, have moved to Tauranga and for various reasons have not returned to home ownership. Providers also suggested that some older people currently living with family, not always by choice, may end up as renters.

Māori providers emphasised the importance of older Māori renters being able to live close to their home marae. They described the need to modernise older papakāinga stock and increase the existing modern papakāinga stock. They also described similar housing issues to those above, although they thought that those issues largely impacted upon Māori originating from outside the region.

Providers report that the two most common reasons for older tenants moving are that their rent has become unaffordable, or that the house is sold and the tenancy is no longer available. These are involuntary moves.

Providers reported a range of housing issues affecting older renters:

- The most common issue is unaffordable rent. The inability to afford rent is often exacerbated by personal debt. Single people reliant on one household income are especially restricted in their ability to pay rent. Rental unaffordability also becomes a problem for couples if one partner requires residential care and the person remaining in the rental cannot afford the rent on their own.
- Few rentals, especially affordable rentals, are available. Providers are aware of waiting lists for council and not-for-profit housing. Some providers receive queries from older home owners and tenants living in other areas who want to move to Tauranga and rent. They also receive enquiries about rental accommodation from local people with elderly parents wanting to move to Tauranga.
- There are examples of older clients living in rental dwellings in very poor and unsafe condition e.g., with blocked and leaking gutters, blocked bathroom and kitchen plumbing, mould, no door handles, and no smoke alarms. Providers reported that tenants are reluctant to complain to their landlords about needed repairs and maintenance, fearing a rent rise, or being asked to leave.

- Both older tenants and older home owners are housing their younger relatives because they cannot find rental accommodation. This does not always work out amicably, and can result in added costs for the older householder, or financial abuse. An older tenant who provides a home for family members can also risk their tenancy.
- No tenancy agreement.
- Unsuitable housing, because it is not on a flat section, has no needed accessible features, or is distant from shops and transport.

A few providers see older people who are homeless or living in very insecure situations. Examples were given of older people living in garages, cars, caravans, motor homes, a bus stop, and camping grounds. One provider spoke of a Māori tenant who had been provided with papakāinga housing after his marriage had broken down and he had been found living in his car.

5. Housing provider and property manager perspectives

So far eight housing providers and rental property managers have been interviewed. These cover the private sector, not-for-profit housing providers, papakāinga housing providers and councils.

The main reasons that housing providers/property managers identified for older people seeking rentals confirm the comments of older renters themselves, and of service providers. Those reasons are:

- The rental is sold and the tenant must move.
- The tenant cannot afford the rental and needs to find cheaper housing.
- Marriage break up.
- A desire to move to be near home marae.

Two housing providers say they receive enquiries from older people who have sold their home and need a short-term rental while they find another home to buy. Typically their home has sold in a few days.

Housing providers noted that older tenants are, in general, conscientious and careful with the property, as well as prompt with rent payments. They did however raise some specific situations or needs of older tenants, including:

- Some cannot maintain lawns and garden.
- Some need modifications to make the home accessible.
- Some have higher expectations of what the landlord should provide that differ from what is the general market expectation.

There are clear issues facing providers of housing for older people. From interviews so far, these can be summarised as:

- Dwelling stock that cannot be retrofitted to be made accessible.
- Reluctance on the part of some providers to retrofit accessible features where that is possible, because of costs.
- Some older tenants need intensive management support, and there is no funding to provide such a service.
- Lack of knowledge among some housing providers about:
 - Designing and developing housing suitable for older tenants.
 - Managing those older tenants with high needs or challenging behaviours.
 - Managing situations where older tenants can no longer live independently.

Furthermore, one provider operating in the private housing market considered that, in general, there is low awareness among private landlords of older people's demand for rental accommodation. Their view was that many older applicants struggle to engage in a highly competitive rental market, as they do not tend to use online search and application processes and as a consequence do not come to the attention of landlords.