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Affordability, Health and Renting for Older New Zealanders

Dr Kay Saville-Smith (CRESA) and Dr Bev James (PP&R)

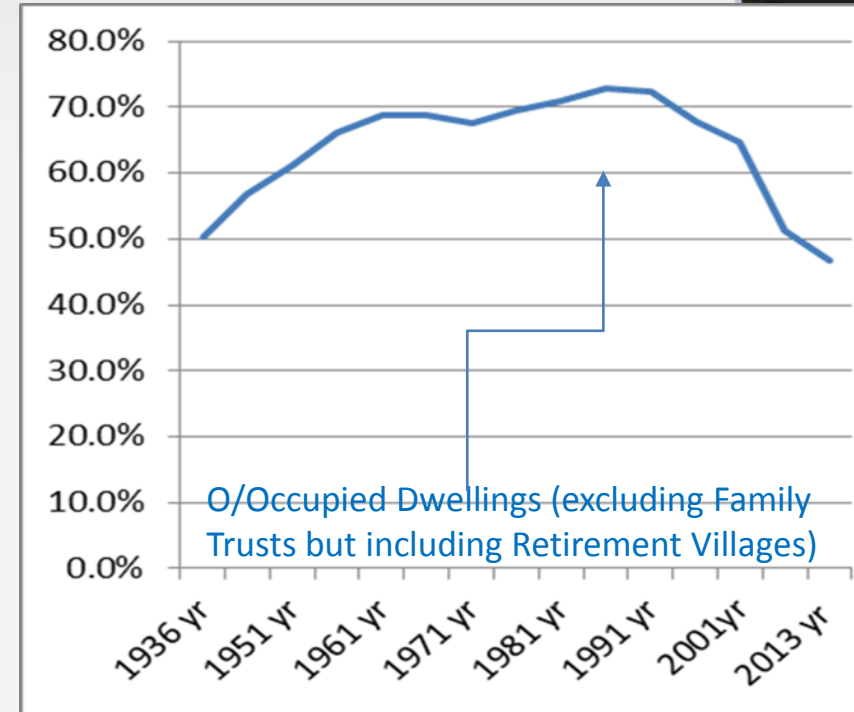
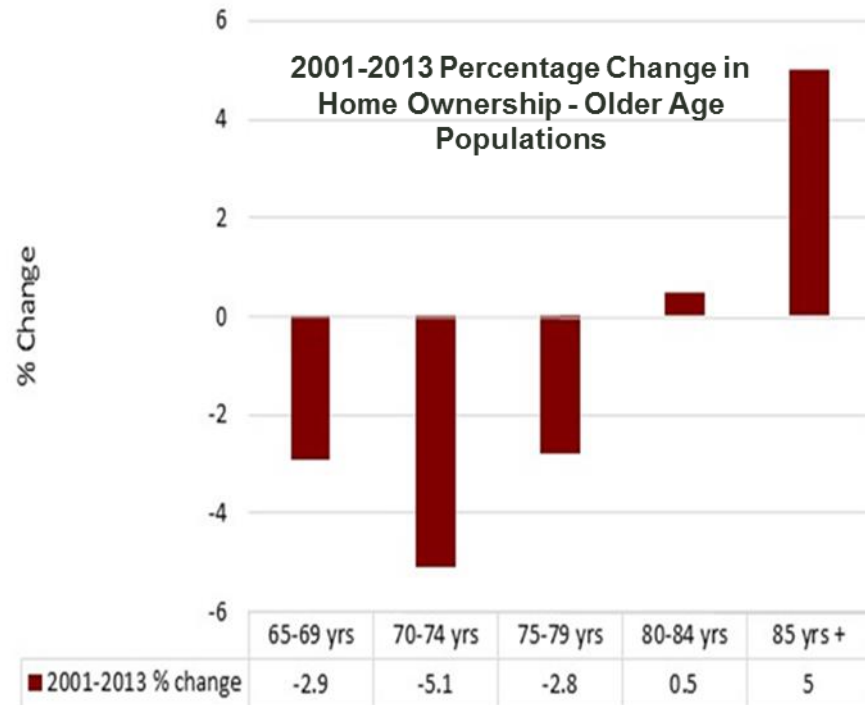
Australasian Housing Researchers Conference
RMIT
Melbourne 2017

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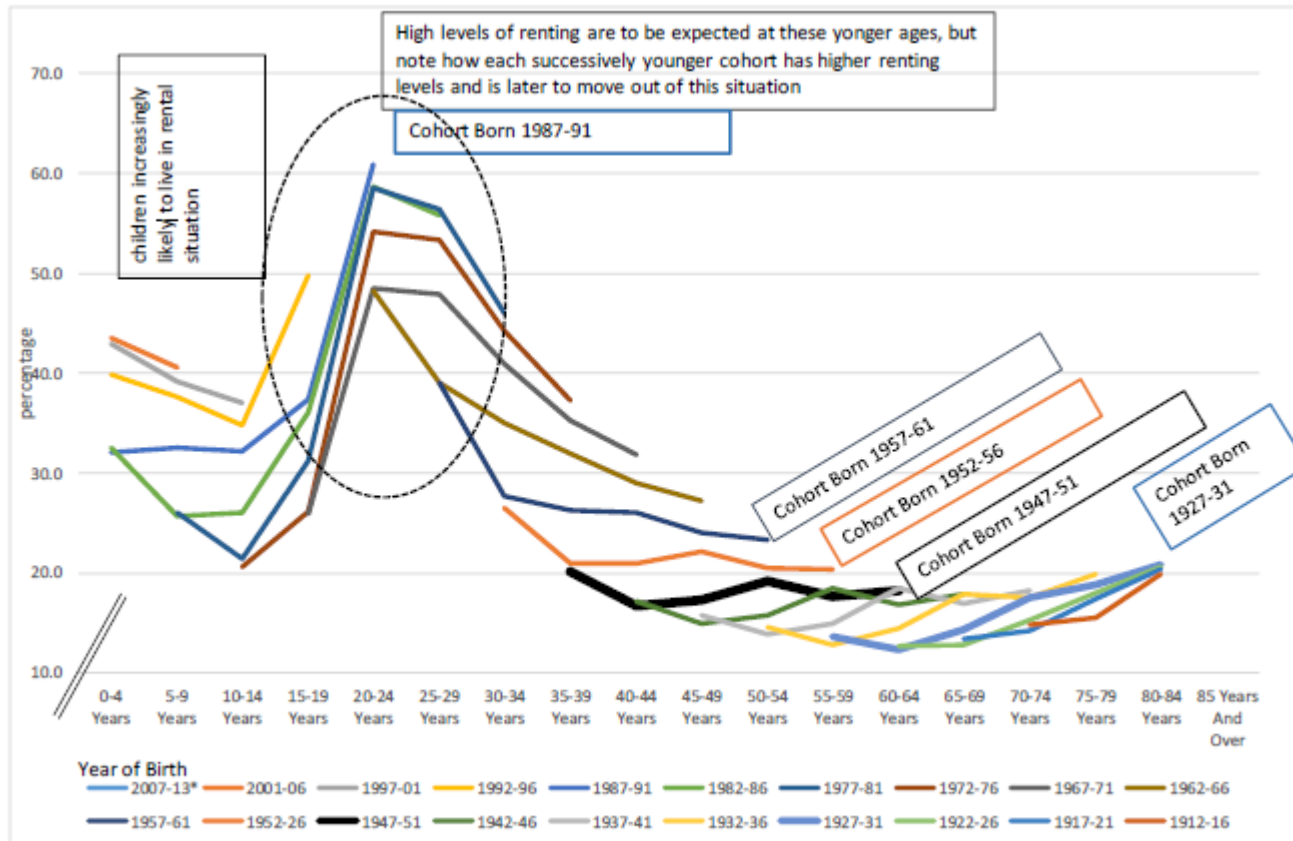
New Zealand is experiencing a tenure revolution

- The older population is least affected, but



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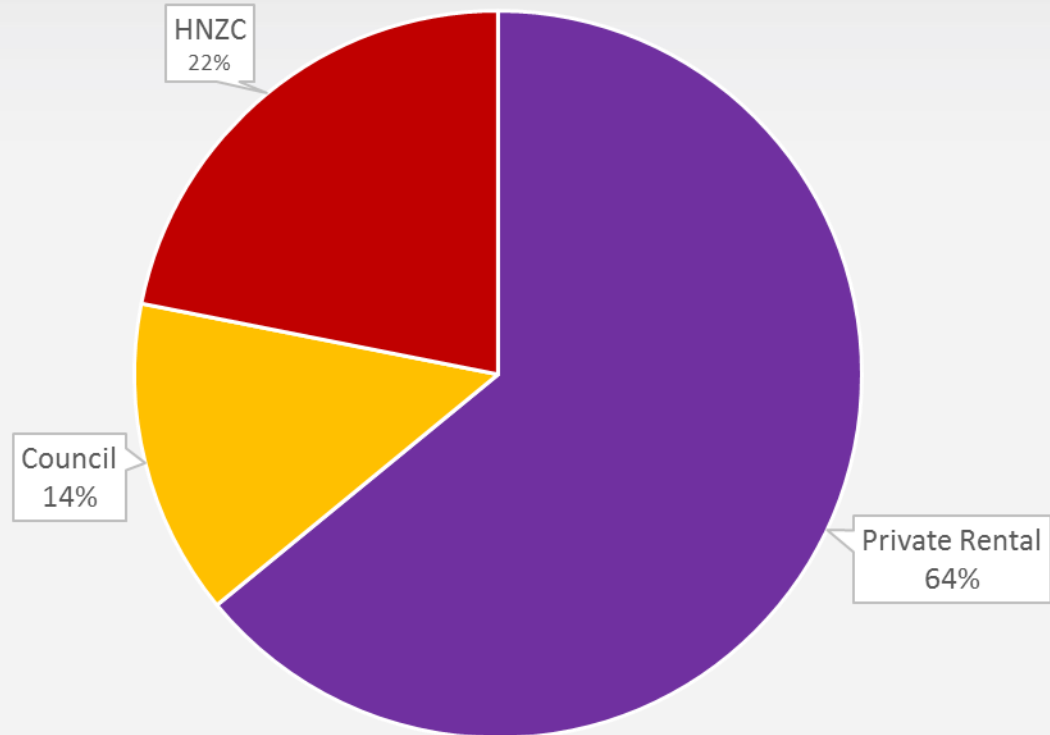
*From 2006 (inclusive), those living in a Family Trust home have been added to those living in a home they own. ** advance each final observation/age group by 5 years

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Landlords and Older Renters 2013 Census

The Private Rental Market
is the Major Provider of
Rental Accommodation to
Older People

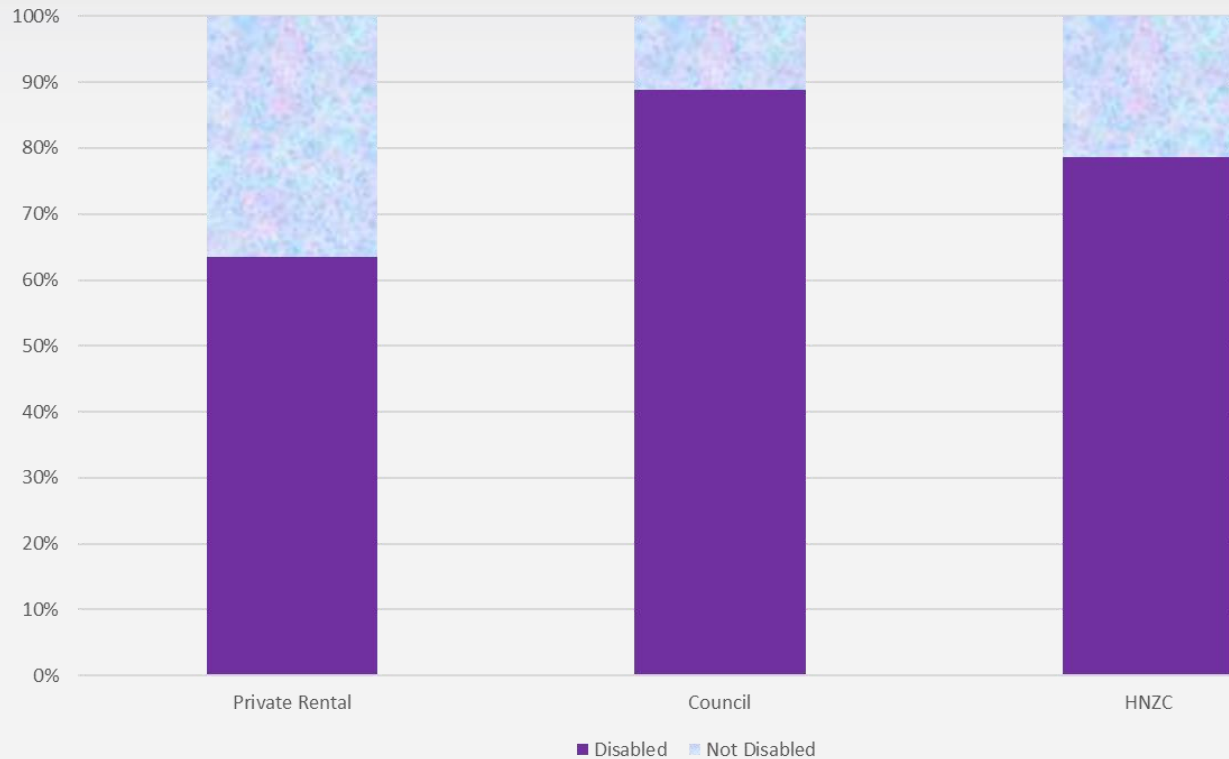


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Significant
proportions of
older tenants
report disability

Older Tenants by Disability Status 2013 Census and Health Survey



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Pathways to Older Renting

- Some will be renters of the past
- Some are downsizers from owner occupation
 - ‘Shock survivors’
 - Equity release
 - Managerial release
- Equity and Managerial Releasers:
 - Some attractive to Retirement Villages (RVs) – for **LTOs** and as **Renters**
 - But not all older people are attractive RVs
 - RVs are not attractive to all older people

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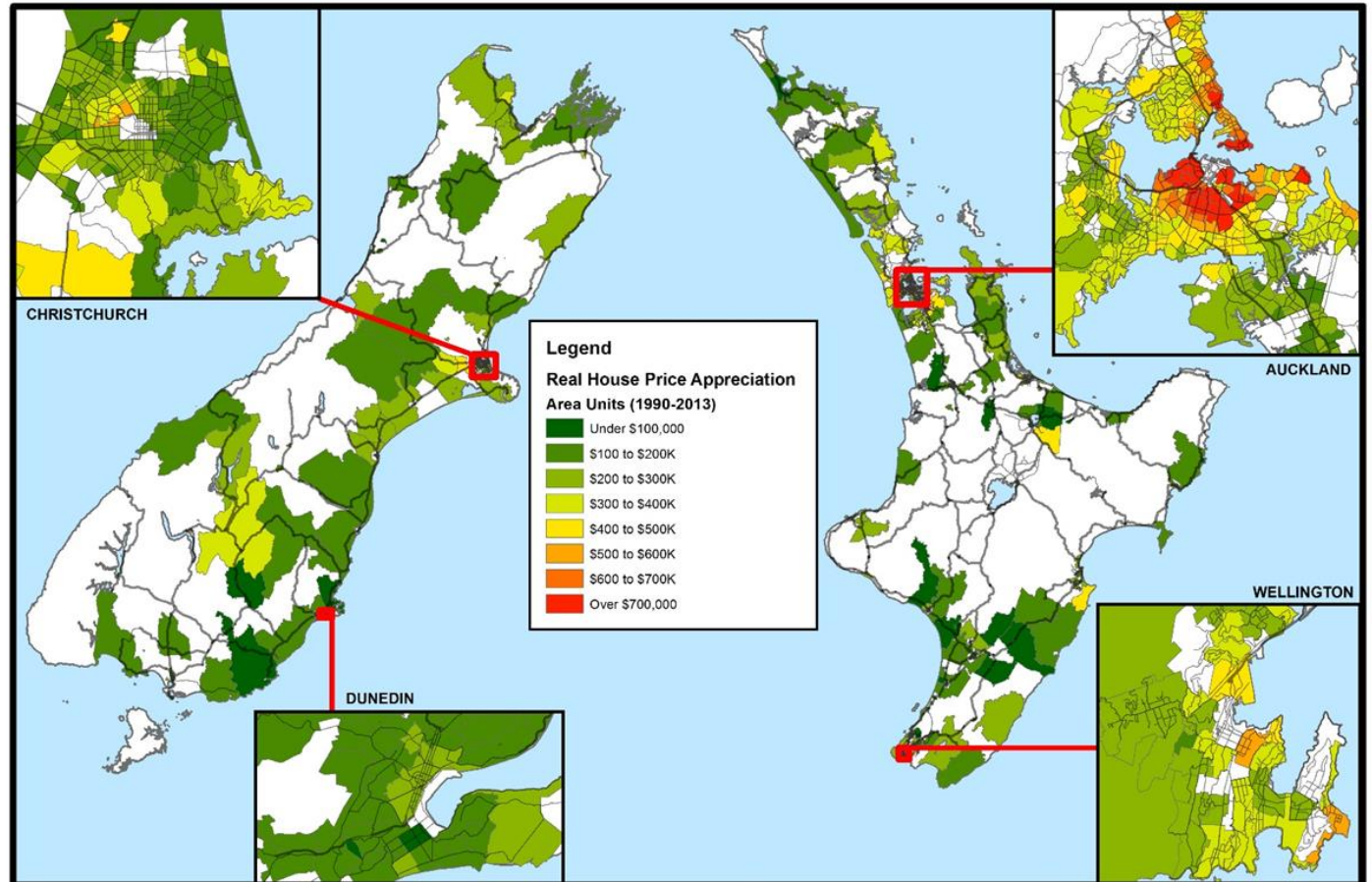
Challenges/Opportunities for the Rental Market

- NZ landlords including the community sector have yet to recognize older tenants as a market segment
- Market conditions are not that easy
 - Margins are tight with high house prices
 - Reliance on capital gain can not be sustained in many housing markets
 - Rent elasticities are limited – typically older tenants are and will lower income
- Strong reliance on the existing housing stock with associated issues of:
 - Connectivity
 - Accessibility
 - Size
 - Thermal performance

Real House Price Appreciation 1990-2013

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It's Going to Get Pretty Complex for Landlords

- Adapting tenancy management
- Developing fit for purpose stock
 - Accessible housing
 - Multi-generational/multi-family housing
 - Location, location
 - High performance stock
 - Realising downsizer potential
- Identifying places that give good returns
 - Low entry pricing
 - Maximising income certainty, reducing maintenance vs unaffordable rents
 - Thinking provincial – ageing NZ, lower house prices
- Developing new networks and synergies



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Affordability

- Income support for older people is based on assumptions of mortgage free owner occupation
- Older tenants are Accommodation Supplement (AS) reliant
- AS is calibrated to NOT meet the unaffordable gap
- Older people have limited access to Income Related Rent (IRR) subsidized providers
- Older tenants are persistently exposed to unaffordable rent in:
 - Public housing – council stock is excluded from the IRR
 - Community housing – existing tenants are not eligible for IRR
 - Private rental market – tenants not eligible for IRR

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Affordability Case – Western Bay of Plenty

- Tauranga and surrounds – retirement belt
- Rental is largely private
- 45% of all older renters receive AS
- 54% of older renters not in public housing (HNZ) receive AS
- HNZC tenants access IRR
- HNZ has dismantled the tenure security policy and is reviewing older people's tenure in HNZC dwellings – the majority are unlikely to be typified as priority
- At least 54% of older renters are dealing with unaffordable rents
- Affordable rents for superannuitants:
 - \$90/wk – older people living alone
 - \$134/wk – couples

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Market Rent in Tauranga Greerton 1 Apr – 30 Sept 2016

Tauranga Central, Greerton	Lower quartile rent	Median Rent	Upper Quartile Rent
1 room	\$150	\$167	\$180
1 bed apartment	\$270	\$280	\$310
2 bed apartment	\$325	\$340	\$380
1 bed flat	\$221	\$240	\$277
2 bed flat	\$300	\$330	\$348
1 bed house	\$245	\$272	\$290
2 bed house	\$335	\$360	\$380

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New alliances, networks and collaborations needed to address ageing in the community

- Community sector including
 - Disability resource centres
 - Age concern
 - CAB
 - Budget services
 - Men's sheds
- In-home care services
- Public agencies
 - ACC
 - Ministry of Health
 - Councils
 - MSD



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Ways Forward for NZs Future Older Tenants

- Private sector landlords encouraged to see and deliver on opportunities
- Good landlord accreditation
- Accessible homes – LifeMark
- ‘Right-size’ stock
- Secure tenancies
 - Investing in social housing partnerships
 - Improved margins
 - Development opportunities
 - Integrated site management
 - Integrated tenant management