

# Rental Affordability: What Does the Research Tell Us?

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# The Rental Market:

- Private rental stock 4.5 times bigger than local authority & HNZC stocks together
- Rents and affordability in 2006:
  - 63.8% of households in the private rental market \$200/week or more
  - 9.5% of households in HNZC \$200/week or more
  - 6.5% of households in local authority housing \$200/week or more
- In 2007 average rents increased:
  - 7.5 % 2-bedroom house
  - 7 % 4-bedroom house
  - 6.3 % 3-bedroom house
- Accommodation Supplement - \$877 million in 2006/07

# Fragmentary Research:

- 2008 Landlords and Retrofit - Beacon Pathway Ltd (Beacon)
- Local Government and Affordable Housing - CHRANZ
- Housing Futures: Disability and Housing - CHRANZ
- Affordable Housing: Nelson, Tasman & Marlborough - CHRANZ
- Landlord Focus Groups - Tenancy Services
- 2003 National Landlord's Survey - CRESA

# Consistent Results:

- Types of landlords:
  - Investors
  - Interims
  - Super funders - Ma and Pa
  - Tax avoiders - 30s something
  - Service businesses

# Consistent Results:

- For landlords the disadvantages of land-lording are:
  - Tenants
  - Property Maintenance
- High rents aren't everything
  - Capital gains
  - Stable tenancies
- Dwelling performance is a low priority

Tenants Explicitly Identified as Preferred and Not Preferred by Landlords (National Landlord Survey 2003 n=818)

	Tenant Group	% Landlords
<b>Tenants Explicitly Identified as Preferred</b>	Professional Couple	70.3
	Retired Couple	51.1
	Professional Single	45.2
	Retired Single	39.7
	Young Single Female	30.3
<b>Tenants Explicitly Identified as Not Preferred</b>	Large Families	67.4
	Students	62.8
	Sole Parent Family	32.4
	Refugee/Migrant Family	30.0
Multiple Response		

# Affordability for Tenants:

- Affordable rent
- Affordable warmth
- Affordable connections
- Sustained tenancy

# The Rental Market:

- Affordability and returns are both problematic
- Dwelling performance is questionable
- Tenancy management is problematic for both owners and tenants
- Ineffectively configured
- Needs mismatched

# Increase Rental Affordability

- Improve home ownership affordability
- Improve stock diversity
- Stock performance improvement
- Recognise the intermediate housing market
- Service industry development
- Mechanisms to reduce risk and uncertainty

# Self-build House

## Low on cost, high on quality



# Reducing Risk & Uncertainty:

- Residential Tenancies Act Amendment Bill
- Proactively support landlords and tenants
- Reduce risks of rent loss to reduce rent premiums through the AS
- Use the AS to encourage landlords to invest in stock improvements
- Invest in intermediate rental market
- Develop credible mechanisms for investment consolidation