

Older People and the Rental Market in the Western Bay of Plenty Sub-region

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Executive Summary

The 2013 census shows that in the Western Bay of Plenty sub-region, the number of renters aged 65 and over is around 2,820. This comprises 9.2 percent of the older age group.

Key points about older renters (aged 65 years and over) in the sub-region:

- Most older renters (2,172) live in the Tauranga City Council area.
- Across the sub region, the majority of older renters (60.5 percent) are aged 65-74 years. However, almost one third are aged 75 years and older.
- The main source of rental accommodation is the private market. Over three-quarters of older renters with a stated sector of landlord, 78.5 percent, live in private rentals. A higher proportion in Western Bay of Plenty District, 86.2 percent, live in private rentals, compared to 76.2 percent in Tauranga City. These are higher proportions than for New Zealand as a whole, where just under two-thirds of older renters live in private rental accommodation.
- 10 percent of older renters in the sub-region with a stated sector of landlord live in a Housing New Zealand (HNZ) dwelling; almost all of those tenants reside in Tauranga City.
- Almost 10 percent of older renters with a stated sector of landlord live in council housing.
- The oldest tenant profile is found in council accommodation. Just over half of council tenants aged 65 years and older, 56 percent, are aged 75 and older.
- The numbers of council units (316) and community housing provider units (approximately 78), are a relatively small component of the rental market.
- Retirement villages in the sub-region provide no rental accommodation.

Rental affordability is a problem for older renters living in the sub-region:

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

Other issues:

- Small numbers of stock specifically cater for older tenants by providing accessible features. 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.

1. Introduction

This report provides baseline data for Smart Growth and PATAG about older renters in the Western Bay of Plenty sub-region:

- The numbers of older people in the rental sector across the sub-region.
- The distribution of older renters across different sectors of landlords: private, council, Housing New Zealand (HNZ), community housing provider.
- Affordability of rentals for older people, particularly those fully or mainly reliant on national superannuation.
- The extent of older renters' reliance on the Accommodation Supplement (AS) to maintain their tenancy.

The data sources are the 2013 census, Accommodation Supplement data provided by the Ministry of Social Development, and rental price data from the Tenancy Service.

The report is structured as follows:

- Section 2 provides an overview of the rental sector in New Zealand and the older population.
- Section 3 focuses on the rental sector in the Western Bay of Plenty sub-region and identifies the distribution of older tenants across different landlord sectors.
- Section 4 provides data on affordability and older renters' reliance on the Accommodation Supplement in the sub-region.
- Section 5 makes preliminary comment on the limitations of the sub-region's current rental stock for older people.

2. Older people and New Zealand's rental sector

The 2013 census recorded that 67,791 people aged 65 and older live in rental accommodation. Within that older age group, the younger ages predominate among renters (Table 1). Almost two-thirds are aged 65-74 years. This reflects the trend towards declining homeownership among the middle-aged and older. From the 2001 census to the 2013 census, there has been a drop in home ownership (for those with or without a mortgage) of 2.9 percent in the 65-69 year age group, and a drop of 5.1 percent in home ownership in the 70-74 year age group.

Of those 67,791 older renters, we know the sector of landlord for 64,071 (see Table 1). Almost two-thirds of those tenants (64.3 percent) live in private rental accommodation. Almost one-quarter (23.3 percent) live in a HNZ dwelling.¹

A smaller proportion of older renters (11.3 percent) has a council as their landlord. Those aged 75 and above are over-represented in council accommodation. Half of those over 65 years and older living in council accommodation are in the 75+ age group, although that age group makes up just over one third of older tenants overall.

¹ Statistics NZ advises that, while sector of landlord data is generally of high quality, there is considerable undercount of HNZ properties in the census, compared with HNZ administrative records. There was an undercount of approximately 18 percent in the 2013 census. See <http://www.stats.govt.nz/Census/2013-census/info-about-2013-census-data/information-by-variable/sector-of-landlord.aspx> (accessed 25 October 2016).

Table 1: Sector of Landlord by Tenant Age Group – New Zealand

| Sector of Landlord | Under 65 Years | 65-74 Years | 75-84 Years | 85 Years And Over | Total 65 Years and Over | Total All Age Groups |
|--|----------------|-------------|-------------|-------------------|-------------------------|----------------------|
| Local Authority or City Council | 9,045 | 3,600 | 2,823 | 846 | 7,272 | 16,317 |
| Private Person, Trust or Business | 956,694 | 27,399 | 10,800 | 3,000 | 41,199 | 997,893 |
| Housing New Zealand Corporation | 155,541 | 9,273 | 4,572 | 1,098 | 14,943 | 170,484 |
| Other State-Owned Corporation or State-Owned Enterprise or Government Department or Ministry | 15,018 | 444 | 171 | 42 | 657 | 15,675 |
| Sub total | 1,136,298 | 40,716 | 18,366 | 4,986 | 64,071 | 1,200,369 |
| Not Elsewhere Included | 75,381 | 2,340 | 1,041 | 339 | 3,720 | 79,101 |
| Total | 1,211,682 | 43,059 | 19,410 | 5,322 | 67,791 | 1,279,470 |

Source: Customised data, 2013 census, Statistics NZ.

Statistics NZ randomly rounds data to base 3 to protect confidentiality. Individual figures may not add up to totals, and values for the same data may vary in different tables.

3. Older people and the rental sector in the Western Bay of Plenty sub-region

Tables 2 and 3 set out the numbers of renters aged 65 years and older in Tauranga City and Western Bay of Plenty at the time of the 2013 census. In the Tauranga City Council area, there are 36,690 renters. Of those, 2,172 are older people aged 65 and over. In Western Bay of Plenty District Council, there are 10,455 renters. Of those, 648 are 65 years and over.

In the sub-region, the overall number of renters aged 65 and over is around 2,820. This is a minority (9.2 percent) of the total population aged 65+ in the sub-region, which is 30,555. This reflects the very high owner-occupation levels in cohorts born before 1951. However, the high level of home ownership among older age groups is not expected to continue into the future.²

The majority of older tenants (60.5 percent) are aged 65-74 years. In Tauranga City 60.4 percent are aged 65-74 years and in Western Bay of Plenty District 60.6 percent are in that age group.

More than three-quarters of older renters (78.5 percent) with a stated sector of landlord, live in private rental accommodation. A higher proportion of older renters in Western Bay of Plenty District (86.2 percent) live in private rentals, compared to Tauranga City (76.2 percent). These are higher proportions than for New Zealand as a whole. Nationally, just under two-thirds of older renters live in private rental accommodation.

In the sub-region, 9.8 percent of older renters with a stated sector of landlord live in council accommodation. Over three-quarters of those live in Tauranga City. In addition, 10 percent of older tenants with a stated sector of landlord live in HNZ dwellings; almost all of those

² Jackson, N., and James, B., 2016, *Home Ownership, Renting and Residence in a Home Owned by a Family Trust for the Western Bay of Plenty and Total New Zealand, by birth cohort, for the period 1986-2013*, Working Paper prepared for the Population Ageing Technical Advisory Group, Western Bay of Plenty Sub-region.

tenants reside in Tauranga City. This reflects the small supply of HNZ stock in Western Bay of Plenty District.³

Council housing has the oldest tenant profile. A majority of those aged 65 years and older living in council accommodation (56.3 percent) 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 in the 75 years and over age group.

Table 2: Sector of Landlord by Tenant Age Group: Tauranga CC

| Sector of Landlord | 65-74 Years | 75-84 Years | 85 Years And Over | Total 65 Years and Over | Total All Age Groups |
|--|-------------|-------------|-------------------|-------------------------|----------------------|
| Local Authority or City Council | 87 | 96 | 21 | 204 | 342 |
| Private Person, Trust or Business | 981 | 420 | 156 | 1,557 | 30,996 |
| Housing New Zealand Corporation | 156 | 78 | 24 | 258 | 3,090 |
| Other State-Owned Corporation or State-Owned Enterprise or Government Department or Ministry | 9 | 3 | 0 | 12 | 135 |
| Sub total | 1,239 | 600 | 204 | 2,043 | 34,560 |
| Not Elsewhere Included | 78 | 39 | 21 | 138 | 2,130 |
| Total | 1,314 | 639 | 219 | 2,172 | 36,690 |

Source: Customised data, 2013 census, Statistics NZ.

Statistics NZ randomly rounds data to base 3 to protect confidentiality. Individual figures may not add up to totals, and values for the same data may vary in different tables.

Table 3: Sector of Landlord by Tenant Age Group: Western Bay of Plenty DC

| Sector of Landlord | 65-74 Years | 75-84 Years | 85 Years And Over | Total 65 Years and Over | Total All Age Groups |
|--|-------------|-------------|-------------------|-------------------------|----------------------|
| Local Authority or City Council | 27 | 21 | 9 | 57 | 138 |
| Private Person, Trust or Business | 330 | 144 | 51 | 525 | 9,243 |
| Housing New Zealand Corporation | 9 | 0 | 0 | 9 | 321 |
| Other State-Owned Corporation or State-Owned Enterprise or Government Department or Ministry | 0 | 6 | 3 | 9 | 120 |
| Sub total | 366 | 177 | 66 | 609 | 9,822 |
| Not Elsewhere Included | 24 | 6 | 3 | 33 | 633 |
| Total | 393 | 186 | 69 | 648 | 10,455 |

Source: Customised data, 2013 census, Statistics NZ.

Statistics NZ randomly rounds data to base 3 to protect confidentiality. Individual figures may not add up to totals, and values for the same data may vary in different tables.

³ At March 2016, there were 104 HNZ dwellings in Western Bay of Plenty District compared to 1,242 in Tauranga City. See <http://www.hnzc.co.nz/assets/Uploads/Managed-Stock-Statistics-March-2016.pdf>

Preliminary discussions with a small number of tenants and landlords in the sub-region indicate an increasing number of older people from a range of different backgrounds are seeking rental accommodation. They include:

- Those who have been home owners, as well as long term renters.
- Retired people and those over 65 years who are employed.
- A wide range of former occupations including professionals.
- Both couples and singles.
- A range of ages, from early 60s, to those in older age groups, including their 80s.
- Some are employed.

3.1 The private rental sector

In the sub-region 78.5 percent of older tenants with a stated sector of landlord live in accommodation owned by private landlords. Older people renting from a private landlord are exposed to market rents and potentially greater tenure insecurity, as capital gain, rather than the provision of housing, is the significant driver of investment in rental properties in New Zealand.⁴ Older renters compete with all other age groups for accommodation. There is some evidence that older people are among the tenants that landlords prefer.⁵ However, because most older tenants are likely to be on a low, fixed income and to hold no other assets, their rental choices are limited to what they can afford.

To identify the wide range of rent prices that older people are faced with, analysis of market rentals in the sub-region was carried out. The data is from bonds lodged with Tenancy Services for the six month period from 1 April 2016 to 30 September 2016.⁶ Table 4 sets out data on market rentals for one and two bedroom dwellings across seven different sub-markets. One or two bedroom dwellings are focused on, because many older people seek, and are likely to only be able to afford, that size dwelling. The rents reflect the actual price paid, not the listed price. Not all dwelling types are represented in each sub-market. A dwelling type is excluded where fewer than five bonds are issued in the six month period.

It should be noted that current rental prices may be slightly higher than the Tenancy bond data indicate, as landlords are entitled to review rents and rents may rise over time after the bond is lodged. An older person seeking a rental now may be faced with higher prices. The Trade Me Rent Price Index, based on rental listed price, shows that rents have risen in the Bay of Plenty by 15.5 percent from October 2015 to October 2016.⁷

Tenancy bond data shows rental prices vary considerably across the sub-region, depending on size of dwelling and location. For example, a one-bedroom dwelling can range in price from \$181 in Kaimai/Te Puke for the lowest price lower-quartile rent, to \$350 for a one-bedroom apartment in Mt Maunganui. This price is still in the lower-quartile rent band for that sub-market. In the upper-quartile rent band, a one bedroom dwelling is cheapest in

⁴ Saville-Smith, K. and Fraser, R., 2004, *National Landlords Survey Preliminary analysis of the data* Wellington, Centre for Research, Evaluation and Social Assessment.

⁵ Saville-Smith, K. and Fraser, R., 2004, *National Landlords Survey Preliminary analysis of the data* Wellington, Centre for Research, Evaluation and Social Assessment.

⁶ Bond data is collected by the Ministry of Business, Innovation and Employment. It is the most comprehensive data available on rentals. It excludes bonds lodged without complete information. It also excludes any tenancy for which a bond was not lodged. See <https://tenancy.govt.nz/rent-bond-and-bills/market-rent/market-rent-explained/>

⁷ <http://www.trademe.co.nz/property/price-index/for-rent/>

Kaimai/Te Puke at \$291, but ranges up to \$400 for a one bedroom apartment in Mt Maunganui.

Table 4: Market Rent in the Western Bay of Plenty sub-region: 1 Apr – 30 Sept 2016

| Size | Lower quartile rent* | Median rent** | Upper quartile rent*** |
|---|----------------------|---------------|------------------------|
| <i>Bethlehem, Otumoetai</i> | | | |
| 1 bed apartment | \$252 | \$270 | \$303 |
| 1 bed flat | \$260 | \$285 | \$320 |
| 2 bed flat | \$302 | \$330 | \$350 |
| 1 bed house | \$275 | \$290 | \$325 |
| 2 bed house | \$337 | \$360 | \$390 |
| <i>Mt Maunganui</i> | | | |
| 1 room [^] | \$165 | \$180 | \$190 |
| 1 bed apartment | \$350 | \$375 | \$400 |
| 2 bed apartment | \$392 | \$430 | \$507 |
| 1 bed flat | \$278 | \$295 | \$321 |
| 2 bed flat | \$315 | \$360 | \$405 |
| 2 bed house | \$360 | \$380 | \$420 |
| <i>Papamoa Beach</i> | | | |
| 1 bed flat | \$235 | \$300 | \$310 |
| 2 bed flat | \$340 | \$350 | \$370 |
| 1 bed house | \$247 | \$300 | \$325 |
| 2 bed house | \$347 | \$377 | \$400 |
| <i>Pyes Pa, Hairini, Welcome Bay</i> | | | |
| 1 bed flat | \$208 | \$250 | \$282 |
| 2 bed house | \$321 | \$350 | \$395 |
| <i>Tauranga Central, Greerton</i> | | | |
| 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 |
| <i>Kaimai, Te Puke</i> | | | |
| 1 bed flat | \$181 | \$220 | \$291 |
| 2 bed flat | \$220 | \$250 | \$273 |
| 2 bed house | \$277 | \$300 | \$352 |
| <i>Waihi Beach, Omokoroa</i> | | | |
| 1 bed flat | \$185 | \$220 | \$246 |
| 2 bed flat | \$250 | \$265 | \$300 |
| 2 bed house | \$280 | \$300 | \$340 |

Source: Tenancy Services, Ministry of Business, Innovation and Employment

*Lower quartile rent, the weekly market rent comprising the lower 25% of rents (75% of rents are above this value).

**Median rental. Half of rents are above and half are below this value.

***Upper quartile rent, the weekly market rent comprising the upper 25% of rents (75% of rents are below this value).

[^]This term is not defined on the Tenancy Services website, however, personal communication with Tenancy Services indicates this term refers to a tenancy in a room of a dwelling, or a boarding house, where a bond has been lodged.

3.2 Council housing

Both Tauranga City Council and Western Bay of Plenty District Council offer rentals for people aged 65 and over who meet income and asset criteria. Generally, applicants must also demonstrate they have a genuine housing need. Overall, council stock numbers 316 units.

Council rents are at the lower end of the market. In general, they are lower than the lower quartile market rents in all areas as identified in Table 4 above. Stock numbers and rents are:

- Tauranga City Council has 246 one-bedroom units in nine villages. Rents range from \$123 to \$142 per week for a single person and between \$149 and \$167 per week for a couple.
- Western Bay of Plenty District provides 70 units located in Waihi Beach, Katikati and Te Puke. Rents range from \$230 fortnightly for a single tenant and \$330 fortnightly for a couple.

Both councils have waiting lists for their housing.

Preliminary interview data indicates a variety of reasons why older people in the sub-region seek a council rental, including:

- Rent increases in the private rental sector, which makes that type of accommodation unaffordable, particularly for an older person living alone.
- Private rental accommodation is being sold.
- Marriage breakdown.
- Moving to the area to be near family.

3.3 Housing New Zealand

Older people are not priority applicants for HNZ accommodation. According to the 2013 census there were 267 people aged 65 and over living in HNZ accommodation in the sub-region.⁸ These tenants are likely to have 'aged in place' in that accommodation.

Traditionally HNZ has provided long-term tenancies, except where tenants abused the dwelling or neighbours. In 2014, tenancy reviews every three years were introduced for all tenants, except those who live in a property modified for their needs (for example wheelchair access), who have agreed lifetime tenure with Housing New Zealand or who are 75 and over. Consequently, those under 75 years are subject to a tenancy review, and cannot assume that their tenancy is for life.

3.4 Community housing providers

Community housing providers have small numbers of stock scattered throughout the country. At around 5,000 stock units, this is considerably less than the number provided by councils (around 13,400 stock units).⁹ Government policy is placing greater expectation on the community housing sector to provide housing for the most vulnerable groups, and some councils are divesting their stock to community housing providers.

In 2016 six registered community housing providers¹⁰ were operating in the Western Bay of Plenty sub-region: Accessible Properties, Tauranga Community Housing Trust, Mangatawa Papamoa Blocks Incorporated, Habitat for Humanity, Nga Potiki a Tamapahore Trust and Homes of Choice Limited. Five of those offer rental accommodation.

⁸ Census data for those renting from HNZ is an undercount. See footnote 1 above.

⁹ Saville-Smith, K., 2014, *Local Government Housing Stock Profile* Report prepared for Community Housing Aotearoa, Wellington, Centre for Research, Evaluation and Social Assessment (CRESA).

¹⁰ A registered housing provider operates to standards set by the Community Housing Regulatory Authority and is able to access the Income Related Rent Subsidy for its tenants. See <http://chra.mbie.govt.nz/> (accessed 25 October 2016).

None of those providers caters solely for older tenants, although Accessible Properties identifies older people as a target group and Mangatawa Papamoa Blocks Incorporated and Nga Potiki a Tamapahore Trust have developed kaumātua housing. Tauranga Community Housing Trust prioritises people with disabilities, including older people, and some recent developments are fully accessible. About two-thirds of the Trust's tenants are aged 65 and over. The Trust has recently observed an increase in older people seeking rental housing, including people who because of limited mobility can no longer live in their home.

Preliminary investigation has identified one other not-for-profit housing provider in the sub-region offering rental accommodation for older people, Gresham Court. This is not a registered community housing provider. Gresham Court has 22 independent-living units available to people aged 65 and over who have limited income and assets, and a housing need.

Stock owned by not-for profit community housing providers is not separately identified in the census. Instead, they are included as part of the private rental housing sector. A survey conducted in 2014 estimated that there were a total of 109 community housing provider dwellings in the sub-region; 105 in the Tauranga City Council area and four in the Western Bay of Plenty District.¹¹ This is likely to under-estimate the number as more housing has been constructed since the survey. It is estimated that currently community housing providers in the sub-region offer at least 133 rental units, however only some of these would be available for, or targeted to, older people. Research to date estimates approximately 78 community housing units are likely to be available specifically for older tenants, or to older tenants as one of the provider's target groups.

Community housing provider stock is likely to offer long term rental security and lower than market rents, as rents tend to be calibrated against tenant income.¹²

3.5 Rental accommodation in retirement villages

No retirement villages in the sub-region appear to provide rental stock and there appears to be no appetite to do so.

Based on Retirement Village Association data provided in May 2016, the number of rental units in retirement villages in the sub-region was estimated at 11 units, spread across four villages. This is a tiny proportion of the stock, less than 0.5 percent of the total number of retirement village units in the sub-region (estimated at more than 2,500 units). Further investigation has found that currently none of those four operators, nor any other village in the sub-region, has rental units available.¹³ A few villages have provided short-term rentals in license-to-occupy units on 'one-off' arrangements, however the tenure of those units remains as license-to-occupy and the occupation right is eventually sold. No operators in the sub-region indicate an intention to operate rental units as part of their stock mix.

¹¹ Saville-Smith, K., et al, 2014, *Community Housing Provision*, Report prepared for Community Housing Aotearoa, Wellington, Centre for Research, Evaluation and Social Assessment (CRESA).

¹² Saville-Smith, K., et al, 2014, *Community Housing Provision*, Report prepared for Community Housing Aotearoa, Wellington, Centre for Research, Evaluation and Social Assessment (CRESA).

¹³ The Eldernet Availability Report – Retirement and lifestyle villages Bay of Plenty was used to search village rental units and vacancies. See <https://www.eldernet.co.nz/Facilities/Service/VillageVacancyReport?STID=90&DiHBID=60&OrderBy=Name> (accessed 25 October 2016).

Nationally there has been a long term decline in the number of rental units in the retirement village sector. Those retirement villages that do offer some rental accommodation tend to be not-for-profit organisations. In 2010 only 2.2 percent of villages had rental stock, and all those were not-for-profit providers.¹⁴ By 2014, only 1.6 percent of villages had any rentals.¹⁵ The village business model requires a return on investment and the recovery of capital. These are achieved through the sale of the license to occupy a unit. Operating rental accommodation does not allow for sufficient turnover of stock to generate the required income.

4. Affordability and the Accommodation Supplement

It is generally accepted that rents around 20 percent of gross income are affordable. Using that measure, an affordable rent for a person living alone and reliant solely on NZ Superannuation or Veterans Pension, would be around \$90 per week. For a couple reliant solely on NZ Superannuation or Veterans Pension, an affordable rent would be around \$134 per week.¹⁶

Table 4 above clearly shows that rentals in the sub-region are largely unaffordable for singles or couples solely reliant on NZ Superannuation or Veterans Pension. The lowest rents in Table 4 are for a room in Tauranga Central/Greerton (\$150), a room in Mt Maunganui (\$165), a one-bedroom flat in Kaimai/Te Puke (\$181) and a one-bedroom flat in Waihi Beach/Omokoroa (\$185).

The Accommodation Supplement (AS) is available to help tenants with unaffordable rents.¹⁷ The AS entry threshold is set at a rent of \$96 per week for a person living alone and receiving NZ Superannuation or Veterans Pension. For a couple receiving NZ Superannuation or Veterans Pension the AS entry threshold for rent is \$148 per week.¹⁸

The AS does not cover the entire rent. It assists by providing for a proportion of the gap between an individual's affordable rent and the market rent the individual actually pays. As such, any person receiving the AS still faces rental expenditure that is unaffordable, even when the AS is taken into account. This problem of continuing rent stress among tenants receiving the AS is only partly due to the policy to pay only a proportion of the unaffordable rent gap. It also reflects the maximum placed on any AS payment. That maximum is defined by location. Most parts of the Western Bay of Plenty sub-region are in AS area 2 where the maximum AS for a person living alone and receiving NZ Superannuation or Veterans Pension is \$100 per week. For a couple receiving NZ Superannuation or Veterans Pension the maximum AS is \$125 per week. Waihi, Katikati and Te Puke are in area 3, where a single person receiving NZ Superannuation or Veterans Pension can claim AS to a

¹⁴ Martin Jenkins, 2010, *Monitoring Project on the Operators of Retirement Villages: Appendix 1 Survey Results Report* prepared for the Retirement Commission. Wellington, Retirement Commission.

¹⁵ Saville-Smith, K., and Fraser, R., 2014, *Retirement Village Housing Resilience Survey* Wellington, Centre for Research, Evaluation and Social Assessment
<http://resilience.goodhomes.co.nz/resources/downloads/Report%20retirement%20villages%20resilience%20survey%202014%208%20May.pdf>

¹⁶ The NZ Superannuation / Veterans Pension incomes are the weekly rate of \$443.43 (gross) for those living alone, and \$671.48 (gross) for a couple where both are aged 65 and over. This is current, at 1 April 2016.

¹⁷ The AS is also available to help people with the costs of their board or mortgage, however, those categories are not considered in detail here. Table 5 provides the sub-region figures for all AS categories.

¹⁸ <http://www.workandincome.govt.nz/map/deskfile/extra-help-information/accommodation-supplement-tables/new-zealand-superannuation-and-veterans-pension-cu-01.html> (accessed 21 November 2016).

maximum of \$65 per week and a couple receiving NZ Superannuation or Veterans Pension can claim a maximum AS of \$75 per week.¹⁹ Most AS recipients will not receive the maximum rate, because of the impacts of such things as abatement rates and the policy of paying only a proportion of the unaffordable gap. As a consequence, the average weekly rate of AS received by tenants aged 65 and over was \$74.54 in Tauranga City and \$45.47 in Western Bay of Plenty District, as at 30 September 2016.

In the Western Bay of Plenty sub-region, 1,262 people aged 65 years and over received the AS for rent, as at 30 September 2016 (Table 5). The average weekly rental costs of older renters receiving the AS were \$237.35 in Tauranga City and \$205.60 in Western Bay of Plenty District. The 1,262 receiving the AS for their rent constitutes 54 percent of older tenants in the sub-region. (This excludes HNZ tenants, who receive an income-related rent subsidy, not the AS).

In addition, as at 30 September 2016, there were 970 people in the 55-64 age group receiving the AS for rent (Table 5).

Table 5: Accommodation Supplement Recipients, WBOP sub-region, 30 Sept 2016

| | Tauranga City | | WBOP District | | WBOP Sub-region | |
|----------|---------------|-------------|---------------|-------------|-----------------|-------------|
| | 65+ | 55-64 years | 65+ | 55-64 years | 65+ | 55-64 years |
| Rent | 963 | 734 | 299 | 236 | 1262 | 970 |
| Mortgage | 214 | 229 | 57 | 66 | 271 | 295 |
| Board | 96 | 157 | 40 | 47 | 136 | 204 |
| Total | 1273 | 1120 | 396 | 349 | 1669 | 1469 |

Source: Customised data from Ministry of Social Development, IAP Data Warehouse.

¹⁹ <http://www.workandincome.govt.nz/map/deskfile/extra-help-information/accommodation-supplement-tables/new-zealand-superannuation-and-veterans-pension-cu-01.html>

Examples of rents and their affordability in the Western Bay of Plenty Sub-region

A single person reliant on NZ Superannuation/Veterans Pension wants to rent a one-bedroom flat in Tauranga Central with a rent of \$221 per week (see Table 4 above). This person can afford \$90. If they are able to claim the maximum AS of \$100 per week for that area, this brings their affordable rent budget to \$190 per week. The rent is \$221, and therefore there is an unaffordable gap of \$31 weekly.

A single person reliant on NZ Superannuation/Veterans Pension wants to rent a one-bedroom flat in Te Puke with a rent of \$181 per week. This person can afford \$90. If they are able to claim the maximum AS of \$65 per week for that area, this brings their affordable rent budget to \$155 per week. The rent is \$181, and therefore there is an unaffordable gap of \$26 weekly.

A single superannuitant might be able to afford a room in Tauranga Central/Greerton at \$150 per week, or a room in Mt Maunganui at \$165 per week, if they could access an AS.

A couple reliant on NZ Superannuation/Veterans Pension wants to rent a one-bedroom flat in Otumoetai with a rent of \$260 per week. They can afford \$134 per week. If they are able to claim the maximum AS of \$125 per week for that area, this brings their affordable rent budget to \$259. The rent is \$260.

A couple reliant on NZ Superannuation/Veterans Pension wants to rent a two-bedroom flat in Te Puke with a rent of \$220 per week. They can afford \$134 per week. If they are able to claim the maximum AS of \$75 per week for that area, this brings their affordable rent budget to \$209. The rent is \$220 and therefore there is an unaffordable gap of \$11 weekly.

A couple reliant on NZ Superannuation/Veterans Pension wants to rent a one-bedroom flat in Mt Maunganui with a rent of \$278 per week. They can afford \$134 per week. If they are able to claim the maximum AS of \$125 per week for that area, this brings their affordable rent budget to \$259. The rent is \$278 and therefore there is an unaffordable gap of \$19 weekly.

These are not actual examples and should be treated with caution. These scenarios are based on assumptions that recipients can access the maximum AS for their area. Actual eligibility and entitlements are based on rent price, location, income, assets and family circumstances and these factors may reduce the amount of AS that can be received, and therefore increase the unaffordable rental gap. It is difficult to calculate rental affordability as there is no publically available specification of the AS calculation formula, nor a calculator for superannuation recipients that can be used to calculate the level of AS received under different scenarios.

5. Potential limitations of the current rental stock for older people

While the proportion of tenants among the 65 years and older population in the sub-region is currently just under 10 percent, it is expected to grow. As Jackson's cohort analysis shows, the growth in older renters arises from the declining rate of home ownership in New Zealand.²⁰ That analysis shows for cohorts living in the sub-region and born 1957-61 and 1962-66, and turning 65 years of age between 2022 and 2031, that their renting levels are currently above 20 and 27 per cent respectively for the two cohorts and trending upwards, suggesting future renting levels of above 30 per cent.

²⁰ Jackson, N., and James, B., 2016, *Home Ownership, Renting and Residence in a Home Owned by a Family Trust for the Western Bay of Plenty and Total New Zealand, by birth cohort, for the period 1986-2013*, Working Paper prepared for the Population Ageing Technical Advisory Group, Western Bay of Plenty Sub-region.

The potential limitations of the sub-region's rental stock for the growing older renter population include:

- Rental unaffordability.
- Small numbers of stock available specifically for older tenants.
- Lack of stock features beneficial for older people, such as accessible features.
- Stock in poor condition and lacking insulation.

Firstly, the rental market presents considerable financial challenges for older people who have a low income and few or no assets. In New Zealand, the older population has a high level of dependence on NZ superannuation / Veterans Pension. For 40 percent of those 65 years and over, superannuation provides almost 100 percent of their income. An additional 20 percent rely on superannuation for around 80 percent of their income. These proportions have remained steady for around two decades.²¹

Analysis shows that those residents receiving only NZ Superannuation / Veterans Pension and with no or few assets would be reliant on accessing the AS for practically all one and two-bedroom properties in the sub-region, including stock provided by councils and community housing providers. Currently in the sub-region, 1,262 renters aged 65 years and over receive the AS because their rents are unaffordable. In the 55-64 age group, 970 renters receive the AS. It is likely that as this 55-64 age group ages, they will continue to rent and to receive the AS.

Also of note in the sub-region are older owner-occupiers who receive the AS to help with unaffordable mortgage costs. These comprise 271 people in the 65 and over age group, and 295 in the 55-64 age group. Their current unaffordable housing costs have implications for their on-going ability to sustain home ownership. A growing body of overseas studies show that, for older people, financial shocks are a major cause in loss of home ownership.²² Preliminary discussions with older renters in the sub-region also suggest that financial shock is a pathway to renting. Recent household inflation data reinforces the picture of financial vulnerability of older owner-occupiers as well as renters. Between June 2008 and September 2016, superannuitants experienced the highest level of inflation of all household groups, at 19 percent. In comparison, the inflation rate experienced by all household groups over that period was 13 percent.²³ For superannuitants, this excessive inflation was predominantly due to increases in rates and insurances. Increases in interest payments, household energy and outpatient services also played a part. All those expenditure items put pressure on older owner-occupiers.

The small numbers of stock specifically targeted to older tenants is another market shortcoming. Of course, older people can and do access private rentals. However, even though they are among the groups 'preferred' by landlords, they tend to have lower incomes and must compete with all other age groups for rentals. Councils are important providers of rental housing for older people in the sub-region, although the proportion of older renters in council housing (9.8 percent) is slightly less than the overall proportion nationally (11.4

²¹ Perry, B., 2010, *The material wellbeing of older New Zealanders: background paper for the Retirement Commissioner's 2010 review*. Wellington, Ministry of Social Development.

²² For example, Ong, R., Wood, G., and Colic-Peisker, V., 2015, Housing older Australians: Loss of home ownership and pathways into housing assistance, *Urban Studies* 52(16):2979-3000.

²³ Statistics New Zealand 2016 *Household Living-costs Price Indexes: September 2016 Quarter* http://www.stats.govt.nz/browse_for_stats/economic_indicators/prices_indexes/HouseholdLivingCostsPricelndexes_HOTPSep16qtr.aspx (accessed 23 November 2016).

percent). In the sub-region the community housing sector has a small number of stock units targeted to older people, while the retirement village sector has none.

A lack of stock incorporating accessible features beneficial for older people places further restrictions on their housing choices, particularly if they have a disability. Nationally, older renters are more likely to have a disability than older owner-occupiers. Among tenants, those living in council housing are more likely to have a disability than tenants in private rental housing or HNZ housing. Around 89 percent of those in council accommodation reported a disability in the 2013 Census.²⁴ In part the higher representation of older people with disabilities in council housing is due to the higher proportion of residents aged 75 years and over in that stock compared to other types for rental accommodation.

Fourthly, there is evidence that rental stock, particularly private rental stock, is in poor condition. The most recent national house condition survey, which included a representative selection of rental stock, found that housing in the private rental sector is in worse condition and has a higher incidence of dampness and mould than owner-occupied housing. Furthermore, private rental dwellings also compare poorly with HNZ and council rental housing.²⁵ While many rental properties are of similar condition to owner-occupied stock, there is a 'tail' of private rental stock in poor condition. Over three-quarters of older renters in the sub-region live in the private rental sector. They are over-represented in the private rental sector (at 78.5 percent), compared with the national picture (64.3 percent).

This preliminary analysis of the potential limitations of the rental market in the sub-region will be further developed through exploration of themes suggested in preliminary discussions with older tenants about their experiences of renting in the sub-region:

- The widespread perception of renters, including older tenants, as 'second class citizens'. Older renters have found that this perception is not only evident among landlords, but also among businesses and service providers.
- Older renters' mixed positive and negative experiences of private landlords and property managers.
- Older renters' experiences of restrictions on activities in their home, e.g., having people to stay; taking in a boarder or flatmate to share costs; decorating and hanging pictures on the walls; running a business from home.
- Older renters' experiences of poorly insulated, damp dwellings.
- Some older renters have found the standard notice period for termination of a tenancy, of 90 days (or 42 days in certain circumstances) is very difficult and stressful. This is due to both the problems of finding a suitable, affordable rental, as well as finding it hard as an older person to cope with the move.
- Older renters suggest that tenure security is not necessarily about having a long lease, or renting in a particular landlord sector. Important things that make older renters feel secure include:
 - A good relationship with the landlord.
 - Ability to make small changes, do small repairs and decorate.
 - An affordable rent.

²⁴ Saville-Smith, K., 2014, *Local Government Housing Stock Profile* Report prepared for Community Housing Aotearoa, Wellington, Centre for Research, Evaluation and Social Assessment (CRESA).

²⁵ Buckett, N., Jones, M. and Marston, N., 2011, *BRANZ 2010 House Condition Survey – condition comparison by tenure*, BRANZ Study Report 264. Judgeford: BRANZ.