

Population Ageing and the Private Rental Sector in New Zealand: How Prepared are New Zealand Landlords?

MAIN MESSAGE

Population ageing will increase demand for accessible housing across all tenure types in New Zealand (i.e. rental housing, owner occupied, and social housing).

The number of older New Zealanders living in the private rental sector is also projected to increase in the coming years.

The findings from this research suggest the Private Rental Sector (PRS) is unlikely to provide sufficient accessible housing to meet growing demand in this sector.

The findings also indicate there is an opportunity for the private rental sector and property management industry to recognise the importance and value of accessibility modifications, and for greater industry dialogue to occur on supporting older renters to 'age in place'.

The research also finds that Build-to-Rent (BTR) developers are embracing Universal Design, but the BTR sector is small and currently has few offerings tailored to older tenants.

BACKGROUND

Ensuring older citizens can age in a place they call home, safely, and where possible, independently is a government policy goal¹. An increasing number of older New Zealanders will be living in private rental accommodation in the coming years. A recent estimate by Te Ara Ahunga Ora Retirement Commission based on current housing tenure trends suggests more than 600,000 New Zealanders aged 65 and over may be renting in the private rental sector (PRS) by 2048, a 100 percent increase on 2022 levels².

Growth in PRS for seniors carries financial, social, health, and regulatory implications. Renting generally offers less security of tenure than homeownership or social renting. Furthermore, older renters tend to be economically disadvantaged and in poorer health than those who own their own home³. There is likely to be increasing pressure on the welfare system (including the retirement income system) to support seniors with their housing costs⁴.

The physical condition and configuration of a dwelling (i.e. whether a property is well maintained, and accessible) plays a critical role in supporting older tenants to safely and successfully 'age in place'. Housing stock in the PRS is generally in poorer condition than homes in private ownership⁵. Over a third of New Zealanders with a disability are aged 65 or older. Evidence suggests many New Zealanders with physical disabilities, including renters and homeowners, have an unmet need for modifications to improve the accessibility of their home⁶. New Zealand's existing housing stock is not well configured to support those with impairments, and the cost of modifying existing dwellings can be high⁷. Renters face barriers both in terms of financing modifications, but also in seeking landlord permission for modifications of a rental dwelling to occur. Dwellings will also differ in terms of the type and scale of modifications that may be possible.

1 Office for Seniors, 'Better Later Life - He Oranga Kaumātua 2019 to 2034', p 32-33.

2 Te Ara Ahunga Ora Retirement Commission, 'Review of Retirement Income Policies', p 69.

3 Pledger et al., 'The Health of Older New Zealanders in Relation to Housing Tenure', p 186-87.

4 Ministry of Housing and Urban Development, 'The Long-Term Implications of Our Ageing Population for Our Housing and Urban Futures', p 18.

5 White, 'Assessing the Condition of New Zealand Housing: Survey Methods and Findings'. BRANZ Study Report SR456.

6 Statistics New Zealand, 'Disability and Housing Conditions Report: 2013', p 9.

7 Saville-Smith and Saville, 'Getting Accessible Housing: Practical Approaches to Encouraging Industry Take-up and Meeting Need', p 2.



The housing tenure trends described above challenge the 'golden assumption' that New Zealand retirees will have their financial wellbeing supported via mortgage-free homeownership, with home equity available to support modifications or to provide the agency to select housing appropriate for their needs.

The Retirement Commission commissioned Perceptive Research to conduct a survey of PRS landlords in New Zealand (n=709), supplemented by qualitative interviews with senior managers of a number of large property management firms and BTR developers. The purpose was to understand how prepared private sector landlords are for an increase in older New Zealanders (over 65) living in private rental housing. The research provides a snapshot of the extent to which PRS landlords and property managers are aware of, considering, and/or planning for growth in the number of seniors living in private rental housing.

The research explored PRS landlord and property managers views on several topics:

- Knowledge levels, attitudes, and actions regarding accessibility modifications (i.e. features that increase functionality and improve the safety of a dwelling).
- Perceptions of the financial context of older renters.
- Landlord and property manager views on security of tenure.
- Attitudes to potential changes to tenancy regulations to provide greater support to older tenants in maintaining their tenancy.
- Views on how modifications should be funded in the future.

WHAT IS 'ACCESSIBLE HOUSING'?

'Accessible housing' refers to housing that is built or modified to be safer and easier to use across the life course, including for people with limited mobility, temporary injuries or permanent disability. Accessibility features can support people to 'age in place'. Other terms like 'universal design', 'future-proofing', and 'age-friendly housing' are also used to describe accessible housing.

Accessible design can be applied to a range of spaces and features within a dwelling including building access, corridor and doorway specifications, living space and bedroom configuration, bathroom/toilet configuration, kitchen layout, lighting, and fire safety systems.

For private homes, New Zealand has non-mandatory standards, building design guides, and certification systems (e.g. Lifemark) available to guide accessible housing development or modifications.



KEY POINTS

- Thirty-eight percent of landlords surveyed have some or a lot of experience with older tenants, while 63 percent have very little or no experience with older tenants. Landlords with larger portfolios were more likely to have let a property to an older tenant (see figure 1).
- Sixty percent of landlords agree that older tenants may have accessibility needs that may require property modifications.
- Three-quarters of landlords (74 percent) feel it is important that a tenant can remain in place as they age, even if this means modifications are required.
- When evaluating a rental property for purchase landlords ranked the following attributes as important: price (59 percent), projected rental return (52 percent), location (43 percent), re-sale value/capital gain potential (28 percent). Landlords ranked the following attributes as least important: property designed/built specifically for older tenants/tenants with disabilities (64 percent), property has accessibility modifications for older tenants/tenants with disabilities (62 percent) (see figure 2).
- Only a comparatively small number of landlords overall (15 percent) have made modifications to their properties to address the needs of older tenants. A quarter (24 percent) of landlords with larger portfolios had done so.
- Property modifications tend to be initiated at the request of tenants or property managers rather than landlords themselves.
- Where modifications have occurred, landlords reported covering the cost in 57 percent of cases, followed by tenants and their families (eight percent). In a further eight percent of cases landlords and tenants (or their families) have shared costs. Government grants covered costs in a small number of cases (five percent).
- A quarter of landlords (24 percent) are aware of government funding schemes for modifications.
- While landlords are generally open to receiving a request from a tenant for a property to modify a property, modification type/scale and potential cost shape landlord decision making.
- Landlords have mixed views as to whether accessibility modifications are a good investment in terms of a future sale of a property. Forty-nine percent consider modifications to be a good investment to the future, while 20 percent disagreed or strongly disagreed. Close to a third of landlords (31 percent) had a neutral view. Landlords also have mixed levels of interest in purchasing an already modified property.
- Landlords are evenly divided on whether they advertise modifications when marketing the property or not, including landlords who report having modified a property for an older tenant.
- Landlords are of the view that modifications must be approved and arranged by the landlord or carried out by a tenant with the landlord's permission. Qualitative interviews with property managers suggest there is ambiguity over the definition of the recently inserted 'minor modifications' permission clause in the Residential Tenancies Act.
- While the survey did not canvas landlord views on specific ideas for policy change, landlords were asked generally as to whether policy reform was needed to ensure the private rental market better meets the needs of older tenants. Thirty-eight percent of landlords disagreed that regulatory change is required, however opposition is higher for landlords with three or more properties (47 percent of these landlords disagree). Thirty-three percent of landlords overall agreed regulations may need to change, with landlords with three or more properties less likely to agree.
- On the question of who should bear the costs of modifications of private rental housing, a majority of landlords (62 percent) are of the view that costs should be borne by the Government. A smaller number of landlords were of the view that costs should fall to tenants and their families (30 percent) or landlords (26 percent) (see figure 3).
- Interviews with property managers reinforced the survey findings that landlords generally pursue commercial interest and are unlikely to fund modifications, however minor modifications funded by a tenant or third-party are likely to be approved.
- Property managers reported not having participated in any internal or industry discussions around the implications of growth in the number of older people renting.
- Property managers do not have specific policies and procedures in place to manage the tenancies of older renters. Ad hoc actions are taken to assist tenants who may be experiencing age-related cognitive decline.
- Build-to-rent providers understand the benefits of Universal Design and have incorporated accessible design into some developments. Overall BTR remains a small segment of the rental housing market and has no specific focus on housing for seniors.

Figure 1) Private sector landlord experience with tenants aged 65 and over

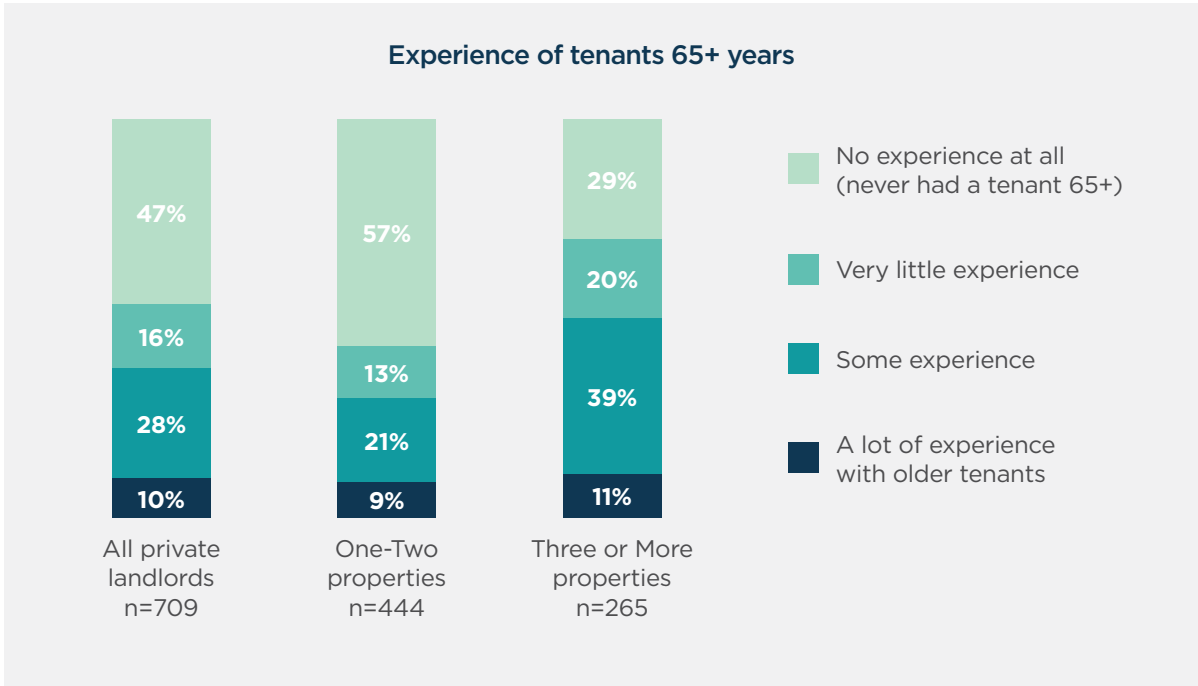


Figure 2) What do landlords consider when purchasing a rental property?

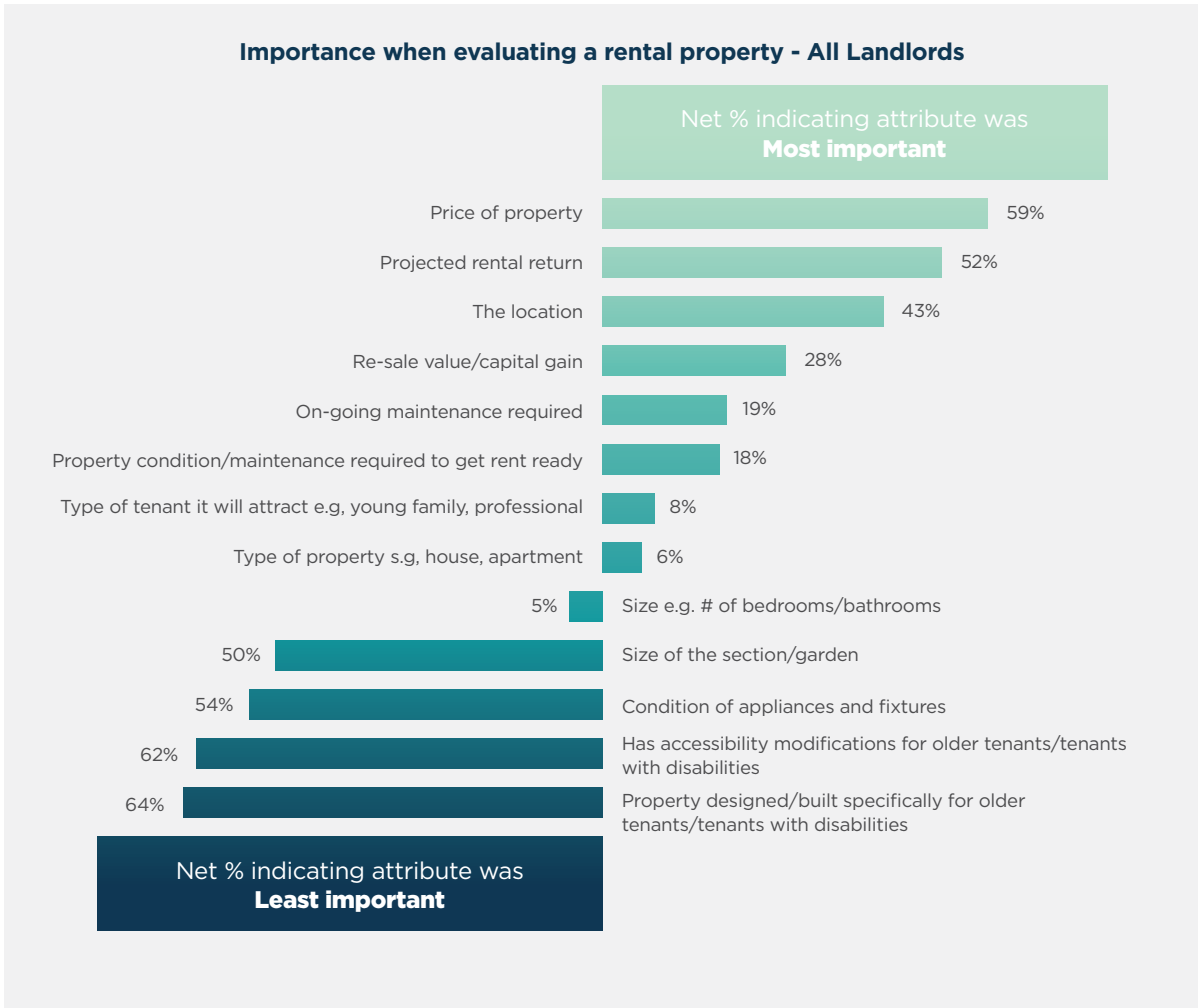
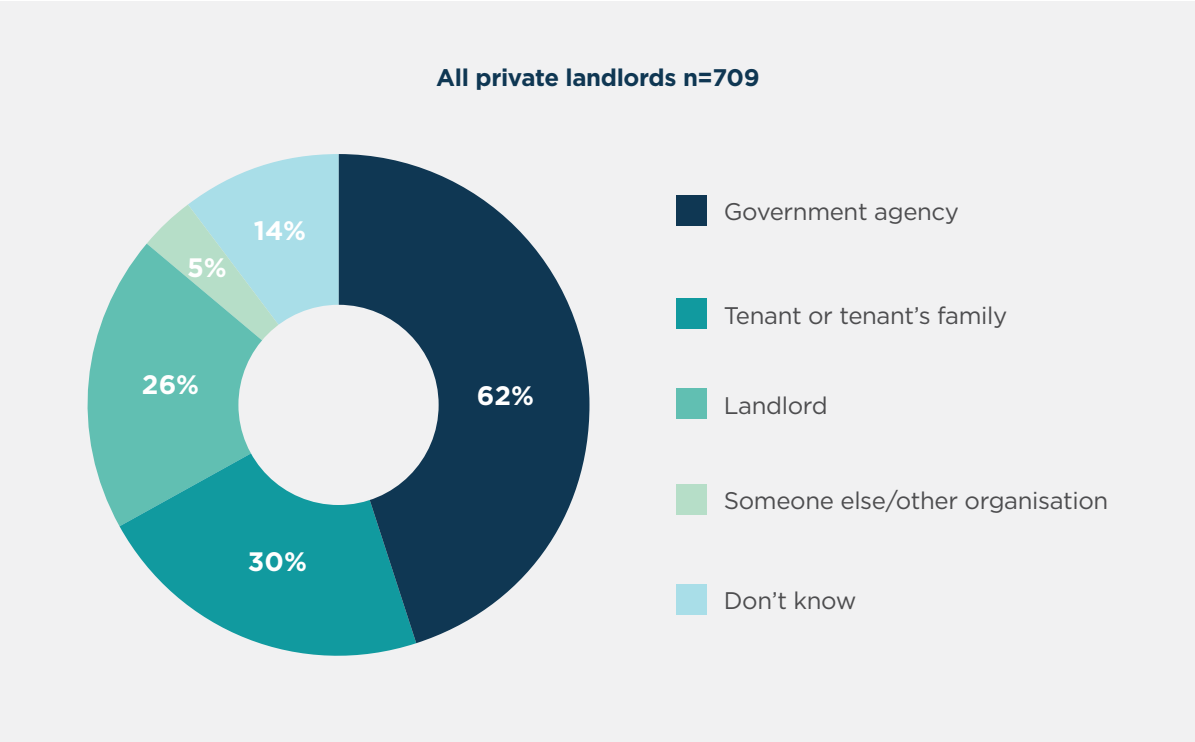


Figure 3) Who should pay for accessibility modifications going forward?



This policy brief was written by Dr Jordan King.

The research was undertaken by Perceptive Research on behalf of Te Ara Ahunga Ora The Retirement Commission.

For further information contact Jordan King at jordan@retirement.govt.nz or **+64 9 356 0052**.

