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The New Zealand Rental Sector

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The New Zealand Rental Sector

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DISCLAIMER:

The results in this report are not official statistics, they have been created for research purposes from the Integrated Data Infrastructure (IDI), managed by Statistics New Zealand.

The opinions, findings, recommendations, and conclusions expressed in this report are those of the authors, not Statistics NZ.

Access to the anonymized data used in this study was provided by Statistics NZ in accordance with security and confidentiality provisions of the Statistics Act 1975. Only people authorized by the Statistics Act 1975 are allowed to see data about a particular person, household, business, or organization, and the results in this report have been confidentialised to protect these groups from identification.

Careful consideration has been given to the privacy, security, and confidentiality issues associated with using administrative and survey data in the IDI. Further detail can be found in the Privacy impact assessment for the Integrated Data Infrastructure available from www.stats.govt.nz

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Executive Summary

This report contains the results of a three-phase study of the New Zealand private rental housing sector in Auckland, Wellington, Christchurch and Dunedin. Phase one analysed relevant Census data; phase two (July-December 2015) surveyed 1099 tenants and 406 landlords using Computer Assisted Telephone Interviewing (CATI); phase three (January-June 2016) involved follow-up in-depth interviews with 86 tenants and 38 landlords. The results are summarised in the Executive Summary in three sections: analyses of Census data (Section One); CATI and follow-up interviews with tenants (Section Two); CATI and follow-up interviews with landlords (Section Three). These are followed by key points from the Discussion.

Section One: Summary of census data analysis

- For all ages, 42% of people in the 2013 New Zealand census for whom tenure status was identifiable were living in rental accommodation. In Auckland, 46% of people rented, compared to 42% in Greater Wellington, 40% in Greater Christchurch, 39% in Dunedin, and 40% in the rest of New Zealand.
- There was no difference in overall likelihood of renting between men and women. The ratio of female to male rental tenure was similar for Auckland, Wellington and Dunedin, but in Christchurch women were less likely than men to rent (RR 0.95).
- Likelihood of renting was highest for those 20-24 and 25-34 years. Across the four cities the age group with the highest proportion renting was the 20-24 year age group in Dunedin (presumably reflecting the high number of non-local students). Conversely, this was the age group least likely to be renting in Auckland (possibly reflecting higher rental costs resulting in young people living at home longer due to high rents).
- The ability for young families to move into homeownership/owner-occupation, or not, can be seen by comparing the likelihood of rental tenure across the 0-4 years and 5-14 years age groups. In Dunedin rental tenure amongst children was lowest, and dropped steeply between the two age groups, reflecting greater housing affordability in the city. In Auckland, however, rental tenure remained high across all children, and continued high into the 15-19 year age group.
- In all cities, older age groups were least likely to be renting.
- The only meaningful differences in likelihood of renting between men and women, was in the 75+ age group. In all regions except Auckland, women in this age group were more likely to live in rental accommodation than men.
- For people aged 20 and over, across New Zealand, the proportion of people renting rose from 40% to 46% (of total people who stated their tenure on the census) between 2001 and 2013, a rise of 14%. The rise was greatest (17%) in Christchurch, where tenants increased from 39% to 46% of the population aged 20+¹.
- Likelihood of rental tenure was higher for lower income households than for higher income households across all of New Zealand.

¹ Statistics NZ found that the rise in renting/drop in home ownership in Christchurch City was likely to be due to the earthquakes – Goodyear R, <https://www.stats.govt.nz/media/Statistics/browse-categories/people-and-communities/housing/housing-chch-after-earthquakes/housing-chch-after-earthquakes.pdf>

- Pacific peoples were most likely to live in rental accommodation, followed by Māori.

Section Two: Summary of CATI survey and in-depth interviews with tenants

The survey of tenants explored the characteristics both of the tenants and of the properties they occupied, their experiences and their future accommodation plans. 1,099 tenants were recruited with a median age of 42 years. Auckland results are compared with results from a similar survey carried out in 2011. Follow-up interviews with 86 tenants explored tenants' experiences in the rental housing market, rent paid, levels of satisfaction with their accommodation, future accommodation plans and their reflections on the rental housing market.

- 59% of the sample were in paid employment; a further 9% were self-employed.
- Median income of tenants was in the \$60,000-\$70,000 band, below the New Zealand median of \$76,000.
- Tenants were less likely to have been born in New Zealand than were other residents of the areas in which they were recruited.
- There was a substantial increase in the median age of Auckland renters – from 36 years in the 2001 survey to 43 in 2015.
- Trademe was the most common way tenants reported finding rental properties, followed by via family and/or friends.
- The properties they lived in were quite large: 70% were two or three bedroom and 63% lived in separate houses.
- The median weekly rent over the whole sample was \$370. This was highest in Auckland (\$410) and lowest in Dunedin (\$270). The median weekly rent increased \$70 in Auckland between 2011 and 2015. Auckland rents were higher for all common sizes of housing (1, 2 and 3 bedroom).
- The most common tenure reported was a 1 year fixed term agreement.
- 91% of the sample had signed a tenancy agreement and 89% had paid a bond; however only 64% of those who had paid a bond knew that it had been lodged with the Ministry of Business, Innovation and Employment.
- Many tenants described themselves as 'lucky' if they had found suitable rental accommodation, had a good landlord and/or a warm dry home. A lack of affordable rental properties in reasonable condition was noted in all cities, but particularly in Christchurch.
- Shared homeownership/owner-occupation or renting arrangements – often informal – among family members was another strategy for securing accommodation.
- Almost a quarter of tenants thought they had been unfairly turned down when applying to rent a property – with higher numbers in Auckland and Christchurch.
- Affordability, quality of the property and location followed by 'it was all they could get at the time' were the most common reasons given for choosing their current rental property.
- 82% of tenants said their accommodation was adequate for their current needs. The most common reason given by those who stated their accommodation was inadequate was that it was 'too small' (44%), 'unhealthy/damp' (24%), 'needs improvement or repairs' (23%). However, about one in four did not feel 'at home' in their rented dwelling.

- The majority of tenants said they would rather own their home than rent. Homeownership was the only way tenants could see they could achieve tenure security. Older people and those with young children expressed the most dissatisfaction with insecure tenure.
- A good relationship with the landlord was highly valued and a majority of tenants preferred dealing directly with a landlord than through a property manager.
- Rent hikes were a common concern and for some fear of a rent increase deterred requesting needed repairs.
- A number of tenants attributed their children's poor health to living in damp, mouldy dwellings. Despite awareness of the importance of warm, dry homes, a strong cultural norm of stoicism and making do appeared to prevail.
- There was high rate of turnover: 46% of the sample had moved in the previous two years. The most common reasons given for moving were 'to go to better quality accommodation' (31%), and 'landlord sold the house' (30% nationally, 36% in Auckland). 48% of tenants were planning to move in the next two years, half to other rented accommodation and a third to buy their own property.
- A third of the tenants had owned their own homes in the past and most had now sold those homes. The main reason given was relationship break up (36%); but 14% of the sellers had been unable to service mortgage payments.
- 86% of tenants reported smoke alarms were fitted in their accommodation. 40% reported they had ceiling and underfloor insulation, while 23% did not know.
- Most maintenance issues were related to plumbing or electrical work and took two to three days to fix after being brought to the attention of the landlord/manager. Tenants viewed this as a reasonable timeframe.
- 72% were satisfied or very satisfied with the level of maintenance provided.
- When asked their priorities for capital improvements to their accommodation, the most commonly cited were insulation, heating and kitchens.
- Most tenants, if asked, said they knew the Residential Tenancy Act existed, but they had little or no explicit knowledge or experience of it.

Section Three: Summary of findings from CATI survey and in-depth interviews with landlords

The survey of landlords explored investment rationales, portfolios and financing, property maintenance, managing tenancies, regulations and standards, landlords' future intentions and their reflections on the rental market. 406 landlords were recruited with a median age of 56 years. Follow up interviews were held with 38 landlords. The Auckland results have been compared with results from a similar survey carried out by SHORE in 2011.

- The 406 landlords surveyed owned 851 rental properties, of which 96% were rented.
- The majority of landlords owned only one (53%) or two properties (22%), with no significant differences between the cities.
- Just over half (51.7%) of the landlords were in paid employment, a further 22.7% were self-employed and 18.5% were retired.

- Landlord households had higher median incomes (\$125,000) compared with a national median of \$76,000 (Statistics New Zealand, 2015).
- Of the landlords recruited, 81% identified as NZ European, a higher proportion than recorded for the NZ population in the 2013 Census (74% NZ European).
- Reasons given for buying their first rental property were as a form of retirement savings (30% of respondents), for capital gain (25%) and for rental income (22%). Median investment period was 11-12 years, with no difference between cities.
- Four main ‘types’ of landlord were identified: those investing primarily for retirement income; for more general investment/wealth creation; as a business/lifestyle choice; and ‘accidental landlords’ (had acquired a rental property through a variety of circumstances). Investing in rental property was seen as ‘doable’ and the best form of investment.
- When asked why they chose the location of their last property, ‘close to where I live’ (27%) and ‘good location’ (21%) were the most common responses. Auckland landlords were more likely to also answer ‘expectation of strong growth in property prices’ in terms of choice of location compared with landlords in other cities.
- Two thirds of landlords expressed a preference for second-hand properties because: they were cheaper (38%); afforded greater choice (11%); had better resale value (9%).
- Accumulated savings was the most common means of financing the deposit on the first rental property (53%), followed by equity in their own home (28%). 40% had used equity from a property they already owned to purchase further property – half encouraged by their bank. 73% of rental properties were mortgaged, with 26% of landlords paying interest only and the rest a combination of principal and interest.
- In the follow-up interviews, many landlords spoke of taking advantage of the tax treatment of negative gearing. Losses incurred on their rental portfolio could be used to reduce tax liabilities on other income. 27% of rental properties were freehold, with landlords paying tax on rental income.
- Median rental income per property was \$375. In follow-up interviews many landlords expressed a preference for ‘charging a little less to keep good tenants’.
- Median reported value of the portfolios of the 321 landlords who responded to the question was \$560,000, with, unsurprisingly, the highest portfolio values in Auckland. Auckland median per property was \$500,000; Wellington and Christchurch, \$350,000 and Dunedin \$250,000.
- Median level of debt amongst landlords who responded to the question was \$300,000, with no significant difference between cities. 59% reported not knowing the yield on their property investment/s.
- Two thirds of landlords managed their properties themselves. Of the 25% of landlords who employed a property manager, most (85%) were ‘satisfied’ or ‘very satisfied’ with the competence of the manager; and 83% were ‘satisfied’ or ‘very satisfied’ with value for money spent. A mixed picture emerged in the follow-up interviews: some valued being able to hand over the responsibility of property inspections, repairs and maintenance; others reported negative experience which contributed to decisions to manage their own properties.
- Two key discourses evident in landlords’ discussion of maintenance: self-interest (better maintenance equated with better tenants and lower turnover, higher rents and greater capital gain); and a ‘do unto others’ approach (you should maintain properties to a standard you would want to live in).

- Landlords gave anecdotal evidence of bad landlord practices, but distanced themselves from these ‘slum landlords’ and ‘greedy speculators’.
- 92% of landlords reported having signed tenancy agreements and 81 % having collected and lodged bonds.
- Tenant selection was commonly delegated to a manager/agent (39%). The most common reasons landlords gave for tenants leaving were ‘moving city’ (31%) and ‘buying their own home’ (27%).
- 92% of landlords were aware of the then proposed minimum standards for smoke alarms and insulation and 88% agreed with them. Most landlords questioned in follow-up interviews however stopped short of supporting the introduction of a Warrant of Fitness. Objections raised were: items too difficult to agree on; a WOF would be impossible to administer and enforce; it would make rents more expensive.
- When asked in the CATI survey if they were planning on buying more rental properties, 26% said ‘yes’ (consistent with the 25% who said ‘yes’ in 2011). The most common reason given was ‘good returns’ (39%) followed by ‘capital gain’ (16%) and ‘optimistic about the property market’ (12%). The most common reason given for not buying more rental properties was difficulties financing (42%).
- 5% of landlords were a member of a property investor organisation.

Discussion summary

The data underline, above all, the diversity within the private rental sector, including the diverse demographics of tenants and landlords, their varied pathways into renting or investing in private rental property, and their tenancy experiences.

Homeownership/owner-occupation for ‘ordinary New Zealanders’ is a strong cultural norm and continues to be seen as the ideal by both landlords and tenants – for the wellbeing of families, communities and the country.

Poor quality rental housing and lack of ‘secure occupancy’ for tenants reinforce the status of renting as a ‘second-rate’ option.

A sense of powerlessness over how long tenants may be able to stay in their rental accommodation – and for many tenants, the multiple moves required to stay housed – was an important driver of people’s desire to buy a home.

To make renting a viable alternative to homeownership/owner-occupation requires a perceptual shift to viewing a dwelling as primarily ‘a home’, rather than predominantly ‘an asset’; and for this to be reflected in legislation which affords tenants secure occupancy.

Despite 42 % of the New Zealand population now living in rental accommodation, in the debates about the current housing ‘crisis’ little consideration is given to the struggles private renters face in today’s housing market.

Introduction

The context of this research is the recent shift in housing tenure patterns in New Zealand: homeownership/owner-occupation² declined from 73.8% in 1991 to 64.8% in 2013, with a corresponding growth in the rental housing sector. This shift has been in large part due to increasing house prices and high rental costs relative to incomes, and the associated decrease in affordability since the late 1990s, particularly for those trying to enter the housing market. Prices plateaued briefly from 2008 in the wake of the Global Financial Crisis, but since 2013 house prices have again been on an upwards trajectory and affordability has again deteriorated (Massey University Real Estate Analysis Unit, 2015, 2016; New Zealand Productivity Commission, 2012). Home-ownership has traditionally been encouraged as the way to 'house the nation' (Ferguson, 1994), and it remains a strong aspiration for most New Zealanders. However the decline in affordability has made a transition from renting to owning more difficult and homeownership is now beyond the reach of increasing numbers of New Zealanders. In addition, some individuals whose income would make it possible for them to put a deposit on a house are choosing to rent as a positive choice (Eaqub & Eaqub, 2015).

Through the 2000s the rental sector, in the words of the Productivity Commission, acted as a 'safety valve' for the overheating housing sector. However, it is likely that the private rental sector has now shifted from being a residual and temporary housing solution to a permanent and enduring option for many from all walks and at all stages of life. The salience of this change is that 'renting has not traditionally been part of the Kiwi dream; it has always seemed like a second-rate option' (Eaqub & Eaqub, 2015: 10). Further, owner-occupied housing in New Zealand tends to be in better condition than rental housing (Buckett et al., 2012), and is associated with increased stability and security (leading in turn to improved wellbeing and greater engagement with the community (Hoff & Sen, 2005)), as well as acting as an important store of wealth (Broome, 2008).

The situation varies by region, but on every measure of the owner-occupied or rental housing sector, Auckland stands out. Auckland has the lowest rates of homeownership and the highest proportion of rental tenancies. Of all the rental tenancies in New Zealand, 35% are in Auckland; and 43.7% of Auckland children under 15 now live in rental accommodation – up from 39.8% in 2006 (Goodyear & Fabian, 2014). Auckland is also less affordable than anywhere else in New Zealand. The Massey University Real Estate Analysis Unit compiles a housing affordability index based on median house prices, average weekly earnings and other costs of house ownership. In June 2015 the difference in this affordability index between Auckland and the rest of New Zealand reached its highest level (56%) in the 25-year history of the Index (Massey University Real Estate Analysis Unit, 2015). Since 2015 house prices in other parts of New Zealand have increased faster than those in Auckland and this difference had declined to 52% by May 2016. This is not only as a result of high-end mansions; the gap between Auckland lowest quartile house prices and lowest quartile prices in the rest of New Zealand increased by 260% between 1995 and 2011. Renting is also less affordable in Auckland than any other region, with median rent roughly 35% of median income, compared to 30% nationally (Statistics New Zealand, 2013a).

² 'Homeownership' and 'owner-occupation' are used interchangeably throughout the report. Home-owners/owner-occupiers are defined as people who live in a dwelling they own or part own, with or without a mortgage.

Regulatory context

In New Zealand a rental property is seen first and foremost as an asset to benefit the landlord. As in Australia, this reflects underlying cultural norms around renting, which privilege ownership and determine the extent to which ‘secure occupancy’ exists for tenants (Hulse & Milligan, 2014). The concept of ‘secure occupancy’ encompasses legislative protection, security of tenure (including affordability) and control over ones’ living space that determine whether or not “households who occupy rented dwellings can make a home and stay there, to the extent that they wish to do so, subject to meeting their obligations as a tenant” (Hulse & Milligan, 2014: 643). The extent to which tenants in any given country have secure occupancy is determined by a combination of “legislation/regulation in a variety of domains, government policies, market factors and the everyday practices of various actors, underpinned by cultural norms about renting” (Hulse & Milligan, 2014: 643).

New Zealand regulations regarding tenancies are covered by the Residential Tenancies Act 1986 and its amendments, which set out the legal rights and responsibilities of tenants and landlords. Provisions include payment of bonds and rents, termination of tenancies and recovery of possessions, and Tenancy Tribunal processes to resolve disputes between tenants and landlords. Specific provisions state that rents cannot be increased within 180 days of a previous increase and the landlord must give the tenant at least 60 days’ notice before a rent increase is payable; when a landlord terminates a tenancy, 90 days’ notice is required unless the owner or a member of the owner’s family is going to live on the property (in which case notice can be reduced to 42 days); and when a tenant decides to terminate a rental property, the minimum period of notice required is 21 days.

The Residential Tenancies Act provides some legal protection for tenants and landlords; but it does not address the issue of secure occupancy – or even basic security of tenure for a tenant (outside of decreeing a notice period for ending tenancies or raising rents). For instance ‘everyday practices’ mean lease agreements tend to be short term (6-12 months), at least initially, with no automatic right of renewal; and if a landlord sells their rental property, the tenant usually loses their home. The flexibility of the private rental market meets the needs of some households such as those with high work or life stage mobility, but the lack of tenure security undermines the wellbeing of many other households, especially those with children (New Zealand Productivity Commission, 2012). In terms of the condition of rental accommodation, the Act states that “the landlord shall provide and maintain the premises in a reasonable state of repair having regard to the age and character of the premises...” (Section 45b). The BRANZ nation-wide House Condition Survey found 44% of rented dwellings were in poor condition, compared with 25% of owner-occupied dwellings (Buckett et al, 2012). Rules for tenants around occupancy are not covered in the Act, but are usually stipulated by landlords in tenancy agreements.

Drawing on the findings of the review of legislation relating to housing quality by Bierre and colleagues (2007), the New Zealand Productivity Commission (2012) concluded that there are considerable shortcomings in the current regulatory regime for rental accommodation, with likely negative consequences for tenants’ health and wellbeing. As James and Saville Smith (James & Saville-Smith, 2010) note, the legislative framework simply clarifies “the relationship between tenants and landlords within a generic market framework...maintain[ing] the culture of relatively short term tenancies that prevail in New Zealand,... (with) few requirements placed on landlords around the performance of

dwellings or security of tenure except in so far as they relate to extreme circumstances.”

Easthope (2014: 584) distinguishes between the exclusive right of property owners to sell their property; and contingent rights (rights of occupation, security of tenure, rights to make small changes, organise repairs), and observes that the taken-for-granted right of the property owner to maintain control over what happens in a property is “not intrinsic to property ownership *per se*, but rather reflects the laws, customs and mores of society that influence the policies and legislation that in turn shape the rights of tenants”. This privileging of ownership rights diminishes the rights of tenants, a point picked up in the Auckland Housing Action Plan (Auckland Council, 2012), which recommends “explor[ing] the necessary changes required to current legislation and policy...to balance tenants’ and landlords’ rights and obligation...[and] enable a long-term secure rental sector to develop.”

Contingency rights and regulations vary across countries as documented in Hulse and Milligan’s (2014) nine country study. In New Zealand, as in Australia, the norm is one of homeownership, with owner-occupied and rental properties alike viewed as assets; and different sector players act to make sure the asset, when rented, “generates a reliable income stream and is able to be liquidated readily if market conditions are favourable or the circumstances of owners/investors require this.” If, on the other hand, the rental sector is regarded as primarily providing places for people to live and make a home “we would expect to see policies and practices that derive from such beliefs...such as conditions that enable residents to personalise their dwellings and make a home” (Hulse & Milligan, 2014: 644).

Sense of home

‘Home’ has multiple meanings, both concrete and metaphoric and these are contingent upon individual perceptions and changing personal experiences (Gurney, 1997). Home-as-dwelling is both a physical and psychosocial place (Thorns, 2004: 40): a basis for survival, associated with shelter, eating, sleeping and relationships; a base from which to relate to the rest of the world; and a place that carries connotations of comfort, safety and belonging. ‘Belonging’ is often expressed in terms of ‘feeling at home’, reflecting the importance of the experience of home for sense of identity and wellbeing.

Dupuis and Thorns (1998: 5) write of the ‘ontological security’ provided by a home: “a sense of confidence and trust...a security of being” which is tied in with a sense of permanence and continuity, and of privacy and control. In the New Zealand housing context, these authors associate homeownership with ontological security. This study concerns the private rental sector; is it possible for rental accommodation, when conditions for secure occupancy are not met, to provide this sense of ontological security, of feeling ‘at home’?

Housing, ‘home’ and well-being

Links between home-as-dwelling, sense of identity and health and well-being have long been acknowledged (Easthope, 2014). As Shaw (2004) notes, housing is related to health in myriad ways which, when added together, make it a key social determinant of health. Without some place to call home “people are...essentially disenfranchised” (Kearns et al., 1991: 369) and their health and well-being are compromised. On a psychosocial level, a sense of security and belonging (acquired through the affective ‘place’ bonds that people develop over time) is an important part of ‘identity formation’

(Easthope, 2004); and a healthy sense of identity is, in turn, important for health and wellbeing (Kearns & Gesler, 1998).

On a physical level, cold damp housing in particular has been highlighted as a significant health issue in New Zealand (Keall et al., 2010; Howden-Chapman et al, 2007), with dampness and mould more prevalent in rental dwellings than owner-occupied homes. Some mould was found to be present in almost 75% of rental dwellings (Buckett et al., 2012). Recent legislation now requires un-insulated rental properties to be retrofitted with insulation by 2019.

On both a psychosocial and physical level, in New Zealand homeownership is regarded as 'healthier' than rental housing.

Historical context

Homeownership has consistently been considered the best way to house the nation (Ferguson, 1994), and government policies have reflected this with the owner-occupier model considered of "economic, ideological and political importance" Dupuis and Thorns (1998: 26). It is a model rooted in macroeconomic considerations (Burt, 1992; Dickey, 2000; O'Flaherty, 1996) and successive governments have manipulated tax, credit and production policies to regulate both the housing market and the economy as a whole, thus determining the supply, type and performance and quality of housing, along with tenure options (Bierre et al., 2007; DTZ Research, 2004).

A century ago 95% of housing loans were being made available through the Reform Government's State Advances Corporation, with rehabilitation loans for returning WWI servicemen. By 1926, 50% of workers owned their own homes (Atkinson, 2005). Construction of state housing to complement private ownership began under the first Labour Government (1935) and a Housing Construction Branch was established as part of the State Advances Corporation to build state houses (Dalley & McGibbon, 2005: 282). Local authorities were also funded to provide housing. Construction largely halted during WWII; and this, coupled with the post-war baby boom and assisted immigration (which produced a population increase of nearly one million from 1949-1965), led to severe post-war housing shortages. In Auckland transit camps were set up in Victoria Park and the Domain (Dunstall, 1981) and government-financed housing construction resumed with renewed vigour. At the peak of housing activity in 1961, 52% of all new dwellings were government-funded in some way (Dunstall, 1981).

The 1949 National Government shifted from Labour's universal state housing approach, making more money available for private construction. This shift continued under the Second Labour Government (1957-60), with 3% building loans and capitalisation of the family benefit boosting rates of private homeownership.

Housing pressures eased in the 1970s with the end of the baby boom and assisted immigration, combined with a sustained net outflow of New Zealanders to Australia. Governments retreated from involvement in the construction and financing of new houses, and private institutions (banks and building societies) became the prime source of mortgage money.

The 1990s rise of neo-liberalism has seen a shift away from a social citizenship model to maintaining a minimal safety net (Dalley & McLean, 2005: 376) and Government has (with some exceptions) generally drawn back from the funding or provision of housing. The private sector has been

encouraged to provide rental accommodation and an accommodation supplement was introduced in 1993 so those on low incomes could afford private rentals. Favourable mortgage market conditions in this policy environment contributed to the number of rental property investors rising from 75,000 to over 200,000 between 1997 and 2007 (New Zealand Productivity Commission, 2012). Most of these have been “Ma and Pa” landlords, buying one, or at most two, rental properties (Bierre et al., 2010).

Recurring themes – demand for housing out-stripping supply, issues of affordability and substandard housing, changing rates of migration, manipulation of tax, credit and planning policies, and debates over advantages/disadvantages of state versus private provision – link past and present. Over the past 100 years governments have taken more, or less, responsibility for housing provision; built houses to rent, or sold them; made cheap loans available, or withdrawn them; built state houses, or subsidised home-owners and landlords.

While the rhetoric of owner-occupation as the norm has remained, decreasing affordability has shut many who would formerly have become home-owners out of the market. Private rentals too, are beyond the reach of many; (numbers requiring a government-funded accommodation supplement had topped a quarter of a million by 2005 and further increased to more than 300,000 by 2012) (Ministry of Social Development, 2016).

The proportion of New Zealander households renting rather than owning their homes has risen from 24.8% in 1986 to 36.3% in 2013 (Statistics New Zealand, 2016: 6). There is no sign of this trend having reversed or even plateaued.³

A 2016 BNZ Financial Futures Survey suggests that New Zealanders blame investors and immigration for the current lack of housing affordability, with 35% of the 2000 respondents citing property investors as the leading cause and 25% immigration or foreign investors. Only 11% accepted the Government view that the lack of housing supply was the main cause (Dann, 2016).

Bierre and colleagues (2010: 23) note that there is “a dearth of literature” on private rental housing in New Zealand and that rental tenure has been “a neglected area in housing policy”. With housing tenure affecting a range of economic, social and health outcomes, it is important New Zealand has a clear understanding of the sector from tenants’ and landlords’ perspectives. It is also important to understand the demographic characteristics of the renting population – how has it changed over time and does the rental stock meet the needs of its inhabitants?

This three phase study used Census data to investigate demographic trends in tenure status nationally and in Auckland, Wellington, Christchurch and Dunedin; surveyed a random sample of tenants and landlords in the same cities; and conducted follow-up interviews with a subsample of those surveyed to understand more fully their experiences, priorities and plans within the private rental housing sector.

³ In 2016 CoreLogic estimated that 42% of Auckland property sales were to investors. <http://www.stuff.co.nz/business/80948845/Ghetto-warning-as-property-investors-take-lions-share-of-cheap-houses>; <http://www.landlords.co.nz/article/5856/buyer-classification-not-black-and-white>

Report Structure

First, the research methods are described for the collection and/or analyses of data for the three phases of the study: analyses of New Zealand censuses and associated Statistics New Zealand reports; the Computer Assisted Telephone Interviewing (CATI) surveys of landlords and tenants; and in-depth interviews with a subsample of the CATI survey respondents. Study results are then reported for the analyses of Census data, followed by sections on findings relating to tenants and landlords sequentially. These latter sections combine data from the CATI surveys and follow-up in-depth interviews. They begin with demographic descriptions of the relevant sample of CATI respondents, followed by findings presented under a series of thematic headings. In the tenants' section topics covered include tenants' experiences in the rental market, finding and securing rental properties, rents, reasons for moving, property management and maintenance, expectations about property standards, tenancies, future plans for accommodation and their reflections on the rental housing market. In the landlords' section topics covered include investment rationales, portfolios and financing, property maintenance; managing tenancies, regulations and standards, landlords' future intentions and their reflections on the rental market. The results sections are followed by a discussion and concluding comments.

Methods

This 2015-2016 study was conducted across four sites, Auckland, Christchurch, Wellington and Dunedin. Areas selected correspond to the Unitary authority area for Auckland; to Christchurch City, Rangiora ward and Rolleston for Christchurch; Dunedin City for Dunedin; and Wellington City, Porirua City, Lower Hutt City and Upper Hutt City for Wellington. The sites were chosen to enable comparisons between landlord and tenant experiences in different large urban centres.

Phase 1: Census-based description of the New Zealand rental sector

Census data were analysed to explore changes in tenure patterns. 2013 census data on renting and home-owning populations were extracted from Statistics NZ's Integrated Data Infrastructure (IDI). These data formed the basis of the city-level population descriptions, while nationwide changes over time were extracted from NZ.Stat data⁴ and Statistics New Zealand reports on renting and home-owning populations across different census datasets from 1991 to 2013. Some data were available at household level for 1991, 1996, 2001 and 2013 censuses, and some at individual-level for 2001, 2006 and 2013 censuses; not all variables overlapped household and individual-level availability, and different data sources defined "renting" in different ways.

The tenant/renting population was defined in two ways. When working with NZ.Stat data, Statistics NZ defined a tenant as a person aged 20 or over living in a dwelling which they did not own or part own, with or without a mortgage. For IDI-sourced data, we defined home-owners as people, including children, who lived in a household where they were, or were related to, a person (also) living in the

⁴ NZ.Stat is Statistics New Zealand's online data repository, available at nzdodstat.stats.govt.nz

home who owned the home, with or without a mortgage; while tenants were people who were not home-owners.

Phase 2: CATI Surveys

Respondent households were identified using random digit dialling of landline and mobile phone numbers. Landline phone numbers included listed and unlisted numbers. Every household in each area had an equal probability of being selected and a screening question was used to identify the eligibility of respondents within the household. In New Zealand in 2013 86% percent of households had access to a landline telephone at home (Statistics New Zealand, 2013b). As 14% of households did not have access to a landline telephone in 2013 (a figure likely to be even higher by 2015), respondents were also contacted on their mobile phones using randomly selected mobile phone numbers. Accessing tenants through mobile phones was particularly important as they are a group less likely to have landlines, given that some move frequently.

Contact and interviewing were undertaken using an in-house Computer Assisted Telephone Interviewing (CATI) system. Trained interviewers coded respondents' answers directly into a computer. A high level of quality control, essential for the collection of comparative data, can be achieved using this CATI system (for further description, see Casswell et al., 2002).

On first contact the interviewer checked whether the household owned and rented out accommodation. Such households were classed as landlord households and invited to take part in the landlords' survey. If they were not landlord households, the interviewer then asked **"Could you please tell me if you pay rent where you live?"**. If the answer was 'yes' the interviewer then ascertained if the person they were speaking to was either the person responsible for paying the rent or their partner and able to answer the survey questions. They were then invited to participate in the tenants' survey.

Recruitment was proportional to population numbers in the cities/regions (see Appendix 1). Of the 1,099 tenants who took part in the CATI survey, 594 rented in Auckland, 156 in Wellington, 270 in Christchurch, and 79 in Dunedin. Of the 406 landlords surveyed, 204 were from Auckland, 65 from Wellington, 110 from Christchurch, and 27 from Dunedin. Landlords included individuals who either currently owned rental property or had done so in the last two years. The 21 landlords who had owned property in the past two years but not at the time of interview were asked their reasons for leaving the sector.

Not all responses contained complete information. In the results reported below the percentages are calculated from those who gave valid responses. The number of total responses is also given.

The surveys were carried out between July and September 2015. The response rate was 51%.

Phase 3: In-depth interviews

To gain a more nuanced understanding of survey data, survey respondents were asked if they would be willing to participate in a follow-up interview. Of the CATI respondents, 70% of tenants and 68% of the landlords agreed to be re-contacted. Follow-up in-depth interviews were completed with 42

tenants in Auckland⁵, 20 in Christchurch, 15 in Wellington, and 9 in Dunedin. The corresponding numbers of in-depth interviews completed with landlords were: Auckland (23), Christchurch (8), Wellington (5) and Dunedin (2).

Case frames were established to capture a diversity of rental property situations in Auckland, Christchurch, Wellington, and Dunedin. Categories for the tenant sample included younger and older adults and those with children, and these were further divided into those who had moved more and less than twice in the previous five years. The tenants interviewed had rented for between one and 45 years. For the landlord sample categories included number of years they had owned rental property, number of rental properties owned and types of dwellings. Among the landlords interviewed, length of time they had owned rental property ranged from one year to 40 years and the number of rental properties owned from one to 39. All except one of the follow-up interviews with 86 tenants and 38 landlords⁶ were conducted by telephone (one Auckland landlord requested a face-to-face interview), using a semi-structured interview schedule. Interviews were digitally recorded and transcribed. A thematic coding frame was created following multiple readings of transcripts by three members of the research team and the interviews coded using nVivo10. The follow-up interviews were conducted between January and June 2016.

⁵ 24 of the Auckland tenant interviews were conducted by an Auckland Council researcher and informed these findings.

⁶ The CATI survey commenced about the time concern about Chinese presence in the Auckland real estate market received significant media attention and the proportion of Chinese landlords agreeing to participate in the 2015 survey was lower than in 2011. To ensure their views were represented in the dataset three additional Chinese landlords were recruited for the in-depth interviews.

Results

In the first section, results are reported for the analyses of Census data. Section two combines findings from the CATI survey and follow-up interviews with tenants; and section three combines findings from the CATI survey and in-depth interviews with landlords.

Section one: Census based description of changes in the rental population⁷

Statistics NZ reported that the proportion of New Zealanders renting rather than owning their homes⁸ has risen from 24.8% in 1986 to 36.3% in 2013 (Statistics New Zealand, 2016a).

This study found that across all ages and sectors of landlord, 42% of the 2013 New Zealand census population for whom tenure status was identifiable were living in rental accommodation. In Auckland, 46% of people rented, compared to 42% in Greater Wellington, 40% in Greater Christchurch, 39% in Dunedin, and 40% in the rest of New Zealand.

Sex

2013 census

There was no difference in overall likelihood of renting between men and women. The ratio of female to male rental tenure was similar for Auckland, Wellington and Dunedin, but in Christchurch women were less likely than men to rent (Rate Ratio 0.95).

Changes since 2001

For the population aged 15 and over, the proportion of women renting increased by 12% between 2001 and 2013, compared to 10% for men.

⁷ This study originally aimed to measure changes in tenant demography and occupancy levels over time, across age, sex, ethnicity and income bracket. Earlier in 2016 Statistics New Zealand released its report *Changes in Home-ownership Patterns 1986-2013: Focus on Māori and Pacific People*, which includes changes in home ownership patterns for NZ Europeans as its comparison group. The Ministry of Health has reported on 2013 census crowding levels (<http://www.health.govt.nz/system/files/documents/publications/analysis-of-household-crowding-based-on-census-13-data-dec14-v2.docx>), while the University of Otago has analysed changes in household crowding between 1991 and 2006 (<http://www.healthyhousing.org.nz/wp-content/uploads/2010/01/HH-Crowding-in-NZ-25-May-2013.pdf>). Changes in home ownership patterns between 1991 and 2001 have been described by Morrison in http://repository.digitalnz.org/system/uploads/record/attachment/338/housing_tenure_aspirations_and_attachment_-_appendix_3.pdf

We have chosen to avoid replicating these analyses, and therefore report here changes in tenure by sex, age, ethnicity, income and city across the censuses 2001 – 2013. We also provide a broader city-level demographic breakdown of the home renting and owning populations from the 2013 census, and a brief analysis and discussion of under-occupancy.

⁸ All ages, “living in dwellings that were not [owner-occupied]”, all sectors of landlord.

Age

2013 census

Likelihood of renting was highest in the 20-24 and 25-34 years age groups (Figure 1). Across CATI regions, the age group with the highest proportion renting was the 20-24 year age group in Dunedin, presumably reflecting the high number of non-local students living there.

Conversely, the 20-24 years age group was least likely to be renting when living in Auckland, possibly reflecting young people living at home longer rather than renting/owning their own homes.

The ability for young families to move into owner-occupation, or not, can be seen in the likelihood of rental tenure for the 0-4 years and 5-14 years age groups. In Dunedin rental tenure amongst children was lowest, and dropped steeply between the two age groups, reflecting greater housing affordability in the city. In Auckland, however, rental tenure remained high across all children, and continued high into the 15-19 year age group.

In all cities, older age groups were least likely to be renting. Overall, the group least likely to be renting was the 55-64 years age group in Dunedin, at 20%, half the national average.

Age and sex

The only meaningful difference in likelihood of renting between men and women was in the 75+ age group. In all regions except Auckland, women in this age group were more likely to live in rental tenure than were men.

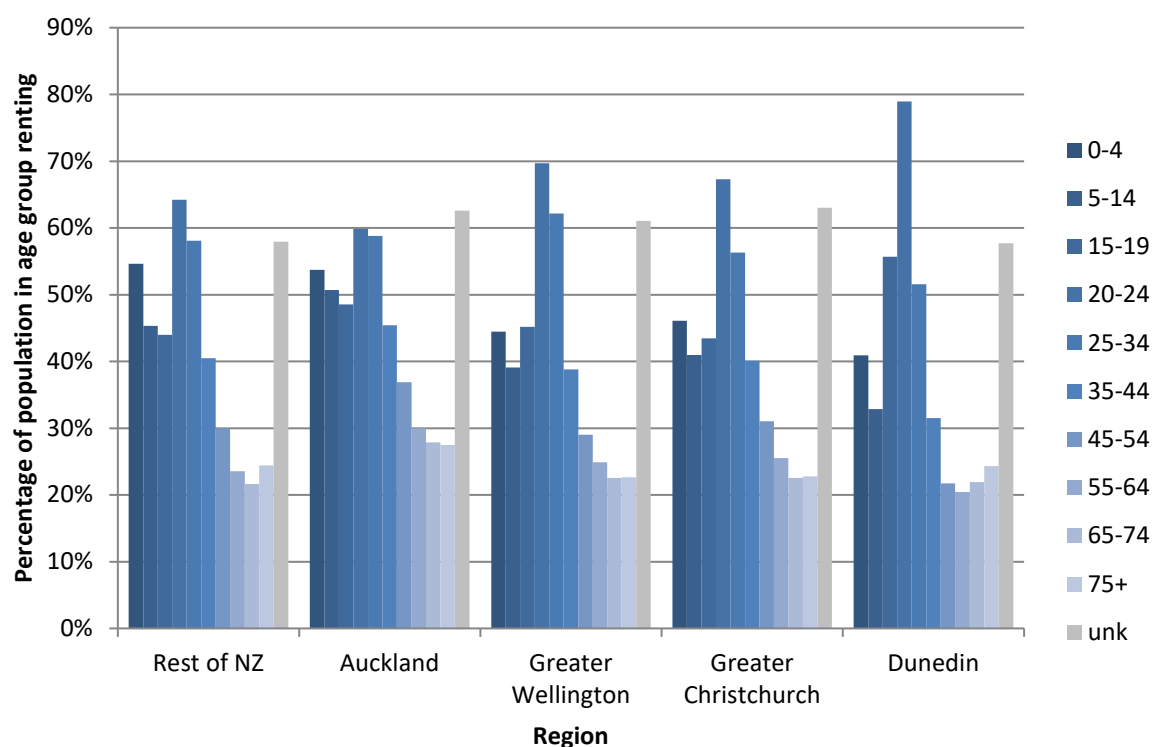


Figure 1: Percentage of 2013 census population living in rental tenure by age group and CATI region

Change since 2001

Across New Zealand, the proportion of people aged 20 and over living in homes they rented rose from 40% to 46% of total people stated, a rise of 14%. The rise was greatest (17%) in Christchurch, where tenants increased from 39% to 46% of the population aged 20+⁹; and lowest (9%) in Dunedin, where it rose from 40% to 42%. Auckland and Wellington rose by 15% and 11% respectively.

Across New Zealand, the proportion renting decreased among people aged 80 and over. We ascribe the increase for these age groups to improved health and in-home support at older ages, meaning this population is increasingly likely to remain living in their own homes longer, rather than moving into care facilities.

For other age-groups, however, proportions renting increased. Outside Christchurch, the change in proportion renting was highest in Auckland in the 50-54 year age-group, from 25% in 2001 to 36% in 2013, an increase of 44%¹⁰. The peak changes occurred at younger ages in Wellington and Dunedin; the distribution of change is shown in Figure 2.

⁹ Statistics NZ found that the rise in renting/drop in home ownership in Christchurch City was likely to due to the earthquakes – Goodyear R, <https://www.stats.govt.nz/media/Statistics/browse-categories/people-and-communities/housing/housing-chch-after-earthquakes/housing-chch-after-earthquakes.pdf>

¹⁰ The implications of this change for retirement incomes and lifestyles are being investigated by the Centre for Research Evaluation and Social Assessment as part of the Ageing Well National Science Challenge.

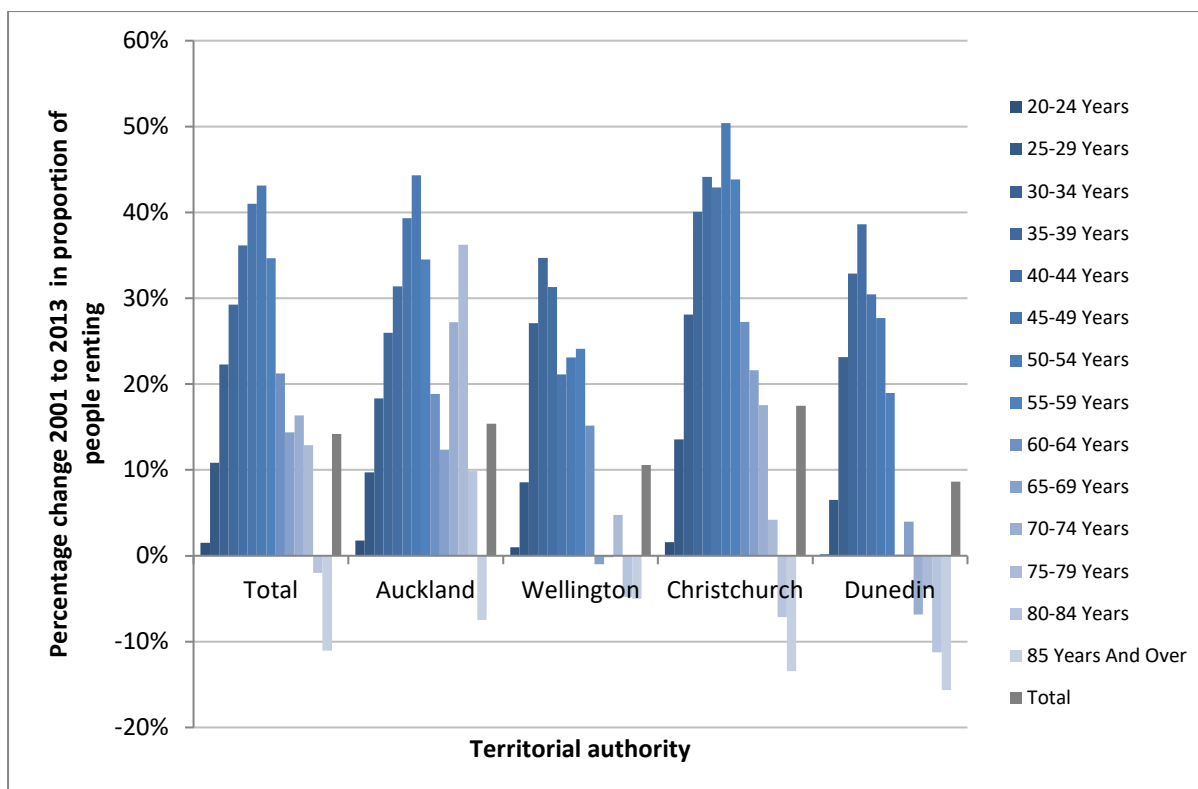


Figure 2: Percentage change 2001 to 2013 in proportion of census population aged 20+ renting, by main city and total New Zealand

Income

Likelihood of rental tenure was higher for lower income households than for higher income households across all of New Zealand. Households on low incomes were less likely to be renting if they lived in Christchurch than if they lived in the other metropolitan areas in the study; the Christchurch distribution of renting by income was closer to that of the rest of New Zealand than it was in other cities.¹¹

¹¹ Income data recorded for the 2013 census renting population is not directly comparable with income data collected from CATI tenant respondents in 2015.

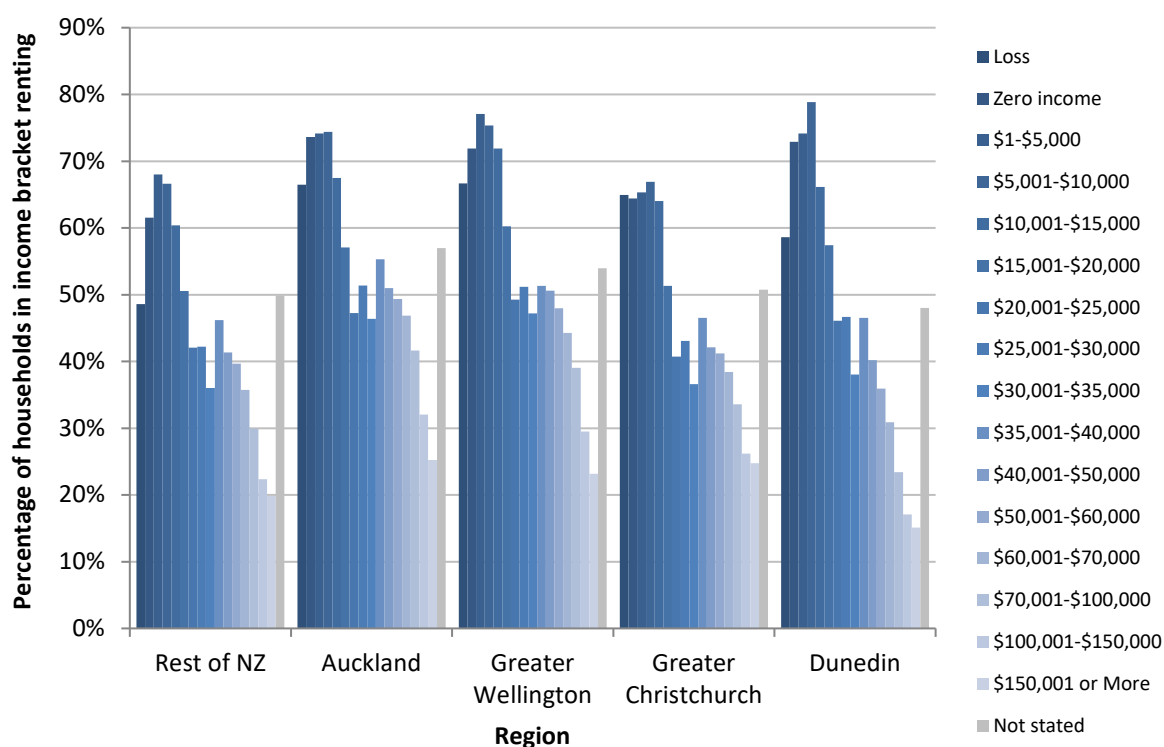


Figure 3: Proportion of 2013 census households in rental tenure by household income bracket

Ethnic group

Pacific peoples were most likely to live in rental tenure, followed by Māori. The residual non-Māori non-Pacific non-Asian (non-MPA)¹² population living outside the metropolitan regions was least likely to live in rental tenure. For all ethnic groups except Asian peoples, likelihood of living in rental tenure was highest in Auckland; Asian peoples' rental tenure was highest in Dunedin.

Ethnic inequalities in likelihood of rental tenure were highest outside the metropolitan centres, where Maori were 1.8 times and Pacific 2.1 times more likely to rent than non-MPA; and lowest in Dunedin, where Maori were 1.5 times and Pacific 1.8 times more likely to rent.

¹² The non-MPA classification has previously been used in health research to provide an exclusive comparative denominator that does not skew rates for Pacific and/or Asian peoples as standard prioritisation can do. In this classification system, someone who listed their ethnicities as "Māori/Pacific/Asian/European" would be included in each of the Māori, Pacific and Asian counts, but not as "non-MPA". In other words, the non-MPA group is the same group as European/Other under standard prioritisation, but Māori, Pacific and Asian peoples are counted as total response. See also [http://www.moh.govt.nz/notebook/nbbooks.nsf/0/4b1c9119d4e5ea78cc257488000d9324/\\$FILE/presenting-ethnicity-2008.pdf](http://www.moh.govt.nz/notebook/nbbooks.nsf/0/4b1c9119d4e5ea78cc257488000d9324/$FILE/presenting-ethnicity-2008.pdf), where the non-MPA group is described as "prioritised European/Other (non-MPA)", and <http://www.otago.ac.nz/wellington/otago107605.pdf>, which describes the non-MPA group as "those remaining after all census respondents ... with any one of Māori, Pacific or Asian ethnicity have been 'prioritised out'".

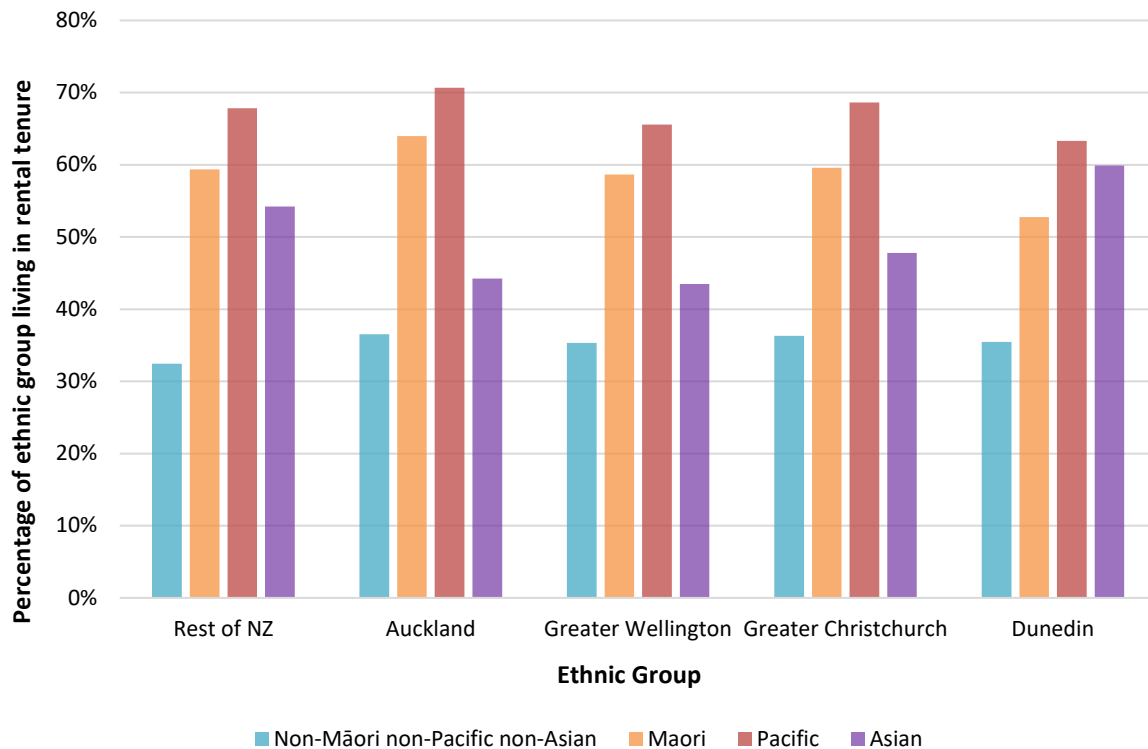


Figure 4: Percentage of ethnic groups living in rental tenure by CATI region (see footnote 12 regarding ethnic classification)

Occupants

We considered two aspects of occupancy levels in rental tenure: total household size (the number of people in a household), and occupancy levels (the number of people per room used as a bedroom).

Household size

Larger households were more likely to be renting than were smaller households, though two-person households were least likely to rent overall, followed by four-person households; one and three-person households were roughly as likely to rent as five-person households (see Figure 5). For all households with six people or more, more than half of households were renting.

There were some regional differences in likelihood of renting for different household sizes. In Greater Wellington four-person households were least likely to rent, and six-person households were also less likely to rent than similar-sized households elsewhere; in Dunedin, over 60% of six-person households were renting, which was higher than the national average.

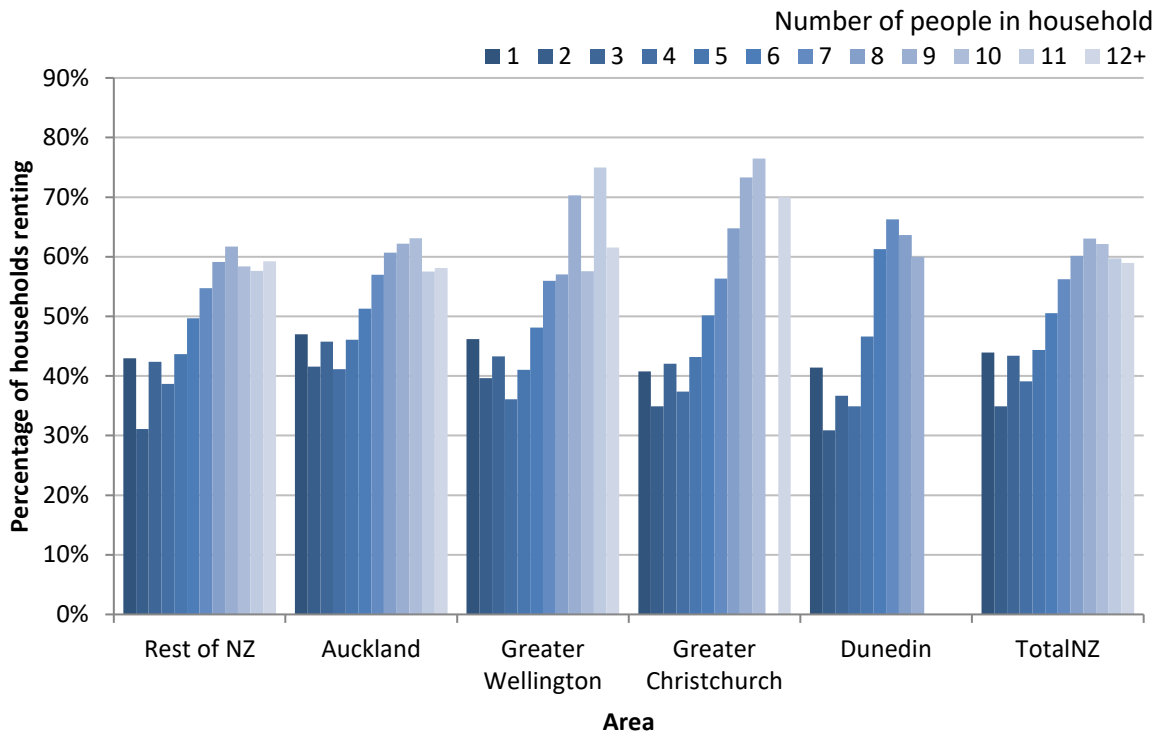


Figure 5: Percentage of households renting by number of people in household and location

CATI sample

CATI households had a median of three people per household, which was higher than the median of two in 2013 census renting households (see Figure 6).

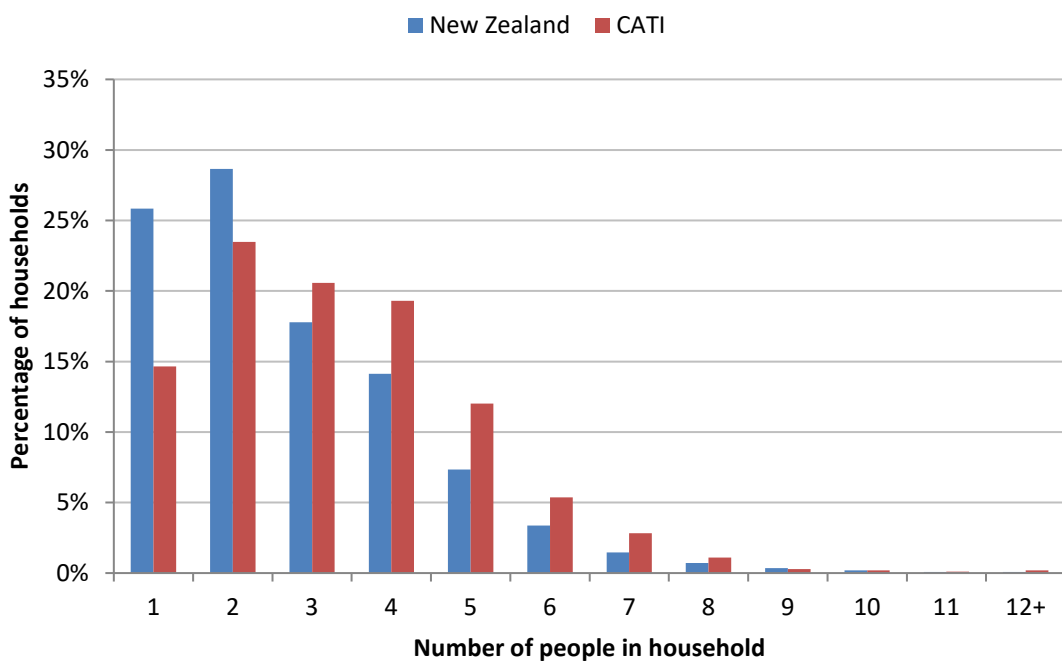


Figure 6: Number of people per household across New Zealand and the CATI sample

Dwelling size and tenure: changes 1996 to 2013

We measured changes in the proportion of properties in rental tenure by number of bedrooms between 1996 and 2013 as eg

$$\% \text{ change for 1 bedroom properties} = \frac{\text{2013 proportion of 1 bedroom properties in rental tenure}}{\text{1996 proportion of 1 bedroom properties in rental tenure}}$$

Although the proportion of properties in rental tenure has increased across all dwelling bedroom numbers since 1996, the greatest increase has been for properties of three and four bedrooms (as classified by census respondents), with increases of 58% and 59% respectively (Figure 7). However, most one-bedroom properties were in rental tenure in 1996, so there was less capacity for change.

People per bedroom: changes 1996 to 2013

The number of people per bedroom¹³ has decreased across all dwelling bedroom numbers and tenure categories except for dwellings of 6 bedrooms or more, where the average number of people per bedroom has increased (Figure 8). However, across one to five-bedroom properties, the decrease in occupancy has been greater in owner-occupied dwellings than in rental dwellings. Overall occupancy decreased 12% in owner-occupied dwellings but only 8% in rental dwellings.

¹³ Whether a room was a bedroom was defined by the person filling out the census. It can include rooms and spaces that are designed for other purposes but used as bedrooms, such as garages and sleepouts, and can also exclude rooms which could be used as bedrooms but are used for other purposes, such as studies or hobby rooms.

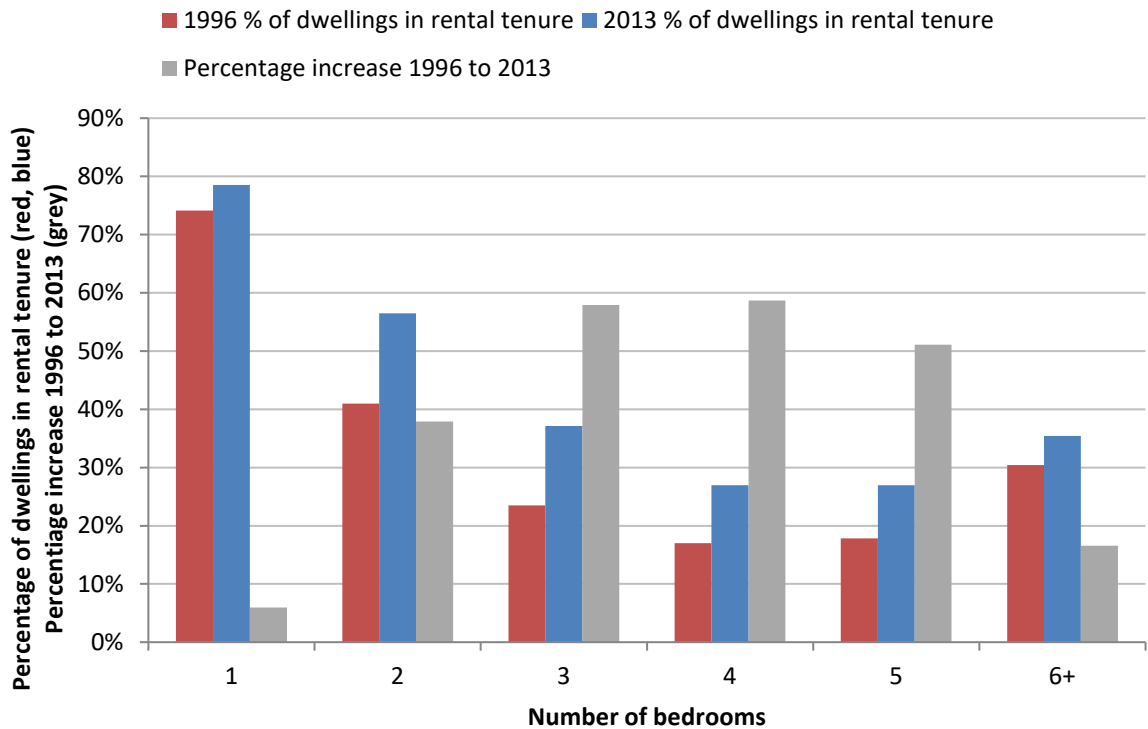


Figure 7: Percentages of dwellings in rental tenure for dwellings of given numbers of bedrooms, 1996 and 2013; and percentage increase between 1996 and 2013.

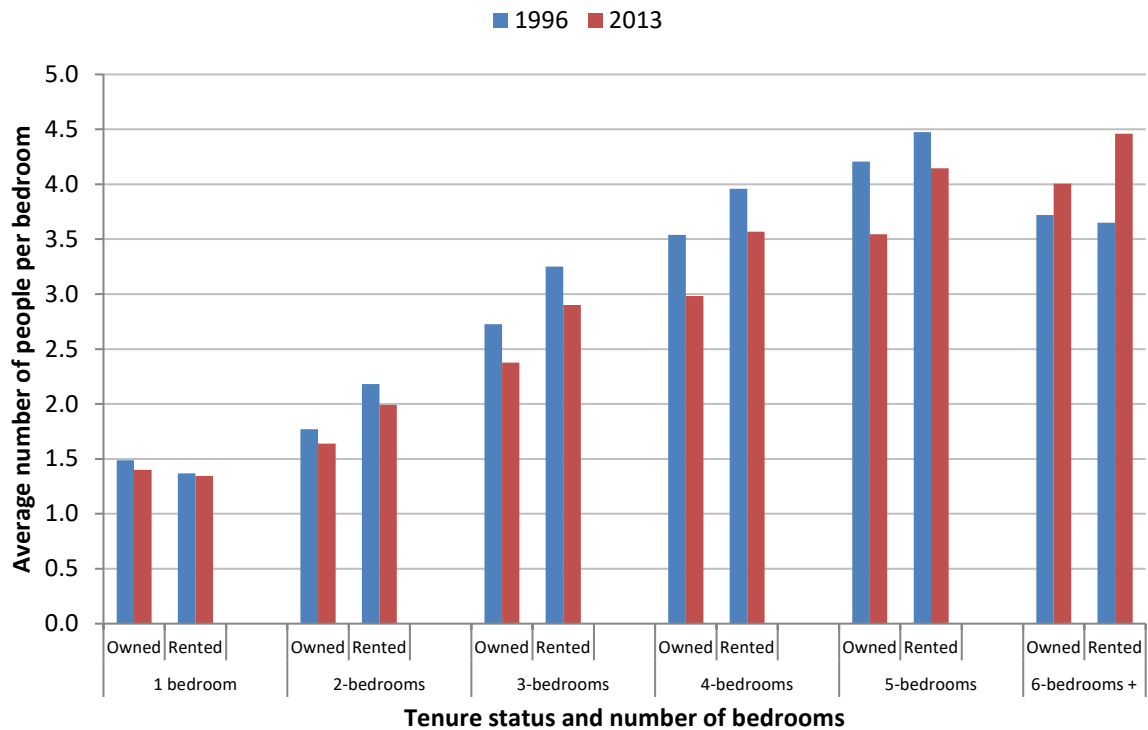


Figure 8: Average number of people per bedroom by tenure status and number of bedrooms, 1996 and 2013. Section two: CATI survey and in-depth interviews with tenants.

Section two: CATI survey and in-depth interviews with tenants

Demographic characteristics of the tenant sample are presented first, followed by survey data and qualitative findings presented under thematic headings. The survey recruited 1,099 tenants. Not all respondents provided complete information. Where percentages are reported they are calculated from those who gave valid responses to an item. The number of total responses is also given. When excerpts from in-depths interviews with tenants are included in the text, their city of residence is denoted by 'A' for Auckland; 'C' for Christchurch; 'D' for Dunedin; and 'W' for Wellington.

Where differences between the cities were statistically significant in the 2015 survey data, this is or follow-up interviews these are noted. In addition, in the Auckland region significant differences between findings from the 2011 and 2015 surveys are noted.

Demographics and socio-economic characteristics of the tenant CATI sample

Age data were obtained from 1,066 tenants. The median age was 42. A quarter of all tenant respondents were older than 53 years. 62% (646/1035) were women.

When compared with the 2011 survey population there was a substantial increase in the mean and median age for Auckland renters from 39 and 36 in 2011 to 44 and 43 in 2015.

Civil status of respondents was reported as de facto/married (55%), separated (13%) and single (31%). The proportion of tenants reporting de facto/married status is lower than the 2013 census proportions for New Zealand as a whole (48% married, 17% separated and 35% never married).

The majority of the sample (59%) was in paid employment.

Table 1: Tenants: occupations

Occupation	Frequency	Percent
Paid employment	629	59
Self employed	100	9.4
Parenting	94	8.8
Tertiary Student	85	8
Retired	70	6.6
Unemployed	58	5.4
Sick	24	2.3
School student	1	0.1

Table 2: Tenants: Sources of income

	Auckland	Wellington	Christchurch	Dunedin	Total
Responses	583	149	266	79	1077
Wages & Salaries	68%	79%	71%	68%	70%
Self-employment**	12%	5%	11%	9%	11%
Interest/dividends	7%	9%	5%	10%	7%
Rent	2%	3%	3%	3%	2%
ACC	1%	0%	1%	0%	1%
Superannuation	4%	3%	5%	8%	4%
Pension annuities	3%	3%	4%	4%	3%
Accommodation Supplement	7%	6%	5%	6%	6%
Welfare benefits¹	12%	18%	15%	27%	15%
Other	6%	9%	6%	9%	7%

¹Combines unemployment benefit, sickness benefit, domestic purposes benefit, invalid's benefit, students' allowance, temporary accommodation assistance and other government benefits

The asterisks in Table 2 indicate a significant difference was found between the sources of income tenants reported receiving over the previous 12 months in different locations. Wellington had significantly fewer tenants reporting income from self-employment. Dunedin had significantly higher numbers of tenants reporting income from unemployment benefit, invalid's benefit and student allowance. Tenants were asked to give all sources of income but a list of possible sources was not read out so some sources may be under reported.

Household income of Auckland tenants increased between 2011 and 2015. In 2011 the median income was in the \$50,000-\$60,000 band and in 2015 it was in the \$60,000-\$70,000 band. This may reflect people staying in rental tenure longer and thus into higher income bands, rather than an increase in tenant wealth. Median household income in Wellington and Dunedin was lower in 2015 than Auckland and Christchurch. Median annual household income for all households in New Zealand was \$72,400 in 2014 (Statistics New Zealand, 2015).

Table 3 reports tenants' ethnicity. Respondents could give more than one ethnicity and no prioritisation is made. Percentages are of all responses given. A lower proportion identified as NZ European or Maori than in the New Zealand population. (For a full breakdown by ethnicity see Appendix 2, Table 41)

Table 3: Tenants: Ethnicity (grouped)

	N	Percent
European	695	59%
Asian	197	16%
Maori	142	12%
Pasifika	76	6%
Other	66	6%

Tenants were less likely to have been born in New Zealand than the Census 2013 figure for all residents (74%). For the surveyed tenants the overall average was 60% but varied between cities: Auckland (51%), Wellington (73%), Christchurch (71%) and Dunedin (76%).

Households tended to be of typical size with 78% of four persons or less. The number of occupants per household in the CATI sample appears in Figure 6.

Fifteen percent of the sample lived on their own, 7% of the sample were single parents, 21% lived as a couple with one or more children and 21% as a couple with no children at home. Of the remainder 21% lived in households with no children and more than two adults and 16% in households with children and more than two adults

Eighty-six CATI respondents were invited to take part in follow up interviews. The case frame used to identify tenants for these interviews resulted in participants being selected from a range of household types. The majority of interviewees lived in households with children (21, including 9 single adults with children) or were couples (16). Other household types included adults living with flatmates (10), single adults (5), and multigenerational households (4). One single adult had boarders, and one couple sublet part of their rental accommodation to other tenants. Twelve households had moved in the 6-9 months since the CATI survey, three households with children and nine households without children.

Renting rationale, history

The CATI survey findings illustrate the diversity of New Zealanders' housing pathways with considerable movement into and out of renting and owner-occupation. Over a third of the tenants surveyed (36%, 389/1080) had been house owners in the past and 303 of these individuals had sold the properties they had previously owned. A few tenants were also landlords or had been in the past.

'Relationship breakdown' (36%) was the most common reason tenants gave for having sold a house followed by 14% who stated that they had sold because they were unable to meet the mortgage repayments (Table 4). There may be some overlap between these categories.

Table 4: Why did you sell?

Why Sold	N	% (of 298)
Marriage / de facto relationship break up	108	36
Could not afford the mortgage repayments	41	14
Sold and shifted -- renting in the interim	21	7
Moved for work	20	7
Needed money for other things.	16	5
Moving overseas/moving to NZ	11	4
Downsize/upsize accommodation	10	3
Other	68	23

Reasons for renting

In follow up interviews tenants were asked about their housing history and their current housing situation. Of these tenants almost half had owned or currently owned property, including two who had purchased a home since the CATI survey.

Four main reasons for renting were identified: always rented (no choice), renting by choice, major changes in circumstances, and temporary/short term.

Always rented: This group of tenants had never owned a property and had always rented. While most aspired to own a home they could not afford to do so. These tenants had rented for 10-45 years and most had moved many times, not always by choice.

Next month will be 11 years [renting]...I'm on my seventh house...(AKLD_2TQ).

[I've been renting] on and off since my babies were born, and my oldest is nearly 25... We just sort of moved around [different areas]. We had a Housing New Zealand property in Papanui and then we moved from there and went out [of town] and we were out there for a wee while. But then we had to move from there because they put in a new subdivision (Chch_5JH).

Renting by choice: This group of tenants had previously or currently owned property, but were renting to get a preferred location or housing quality, or to avoid costs and responsibilities of being an owner-occupier (so choices maybe limited). Several had also had major changes in circumstances. A few had sold their home as a temporary measure (e.g., to invest in a business) but had since been unable to get back into the market due to price rises.

Well we had about 40 [properties] at one stage, but we've sold quite a few...we had owner occupied until 6-7 years ago, but decided to rent something with a better view that was more user-friendly than anything we owned... I mean we get more rent for all of our houses than what we are paying at the moment, so yeah it's more financially viable to live in a better house, we're renting... [The only negative is] they could want the house back, could be their choice not our choice to move on (AKLD_3S2).

Major change in circumstances: This group included tenants who had previously owned a home, experienced financial loss or significant loss of earnings through divorce, redundancy, business/financial loss, major illness, partner death, leaky home, or migration. Most were older people without children living in the household. Most gave reasons why no longer owning a home was not the worst thing that could happen, while also describing some major impacts on their general wellbeing. Several had sold their home anticipating buying again but due to price rises had been unable to buy, most commonly in Auckland.

How to put it, we lost the family home.... unfortunately my husband lost his job, and he was...almost retirement age and he couldn't get another job, and we couldn't service the mortgage. And so then we sold and we had to rent, and my mother lives with us (AKLD_3DDD).

Temporary/Short term: this included almost all young people who had rented less than 10 years, mostly in a flatting situation. The majority aspired to homeownership in the future. A common reason for moving between different rental situations for young people was getting away from people they no longer wanted to flat with, or the decision to flat with a friend.

...this is my second [rental]...I [was at the first] nearly six months...my first flatmate was just like a pain...it was like a slow mental breakdown and I just decided that I couldn't stay living with her anymore so I just found a new place to live (WGTON_6PN).

Finding and securing a rental property

Over 50% of the CATI tenant respondents said they had secured the first rental property they applied for. This was highest in Dunedin (70%). A further 33% nationally had secured a dwelling after applying for between one and five properties. Six percent indicated they had applied for over 10 rental properties before successfully signing up for a home. The difference between locations on the number of properties applied for was significant at 10% but not 5% ($p=0.06$)

The number of rentals applied for before success was significantly associated with the number of times a tenant had moved over the last five years. Of those who hadn't moved in the last five years or moved just once, 64% got the first flat they applied for, for those who had moved three or more times this dropped to 47%. Ordinal regression analysis of the number of prior rentals by age group and ethnicity show that having a NZ European ethnicity is significantly associated with fewer prior rentals, and hence increased ease of securing a rental property ($p<0.001$). Age group is not significantly associated with fewer rentals in the preceding five years.

Moving to data from the follow up interviews, Trademe was the most common way tenants reported finding their rental properties, followed by via family/friends. Other means had been through agencies, newspapers, and by directly approaching landlords. Accessing properties through informal approaches via friends, family, and landlords was particularly common for people living with flatmates (or family).

Some interviewees expressed a specific preference for approaching a landlord directly rather than going through agencies as they felt it was easier to negotiate terms directly with a landlord:

Bloody nightmare! And the big reason was we had two dogs. And that basically put us right out of the market for one or two companies...So I actually rang the landlord...and they didn't have any issue whatsoever. It was simply the property company didn't want the issue... (AKLD_1BU).

Tenants identified a number of current rental market practices they disliked: agencies charging an application fee to everyone who wanted to look at a rental property, *regardless of whether they got it or not* (AKLD_1BU); being one of 20 or more people turning up to view a rental property; and higher rent being offered than was asked for to secure a place.

...it's quite an experience going to these [viewing] thingseveryone ends up there together and looks through the place and then you put your form in and it was all, you

know, bedlam really...you know the street was lined with people and you're all looking at each other, you know, they're thinking who's going to get it (AKLD_8B10).

We saw it advertised and my husband just came down and had a look. We only got it because we offered \$25 more a week [than what they asked for]. (AKLD_2HQ).

In keeping with survey findings, interviewees reported varied levels of difficulty in getting their current rental property, from very easy to taking many months of repeated attempts. One month was a common length of time looking. People described household composition and affordability as important factors in selecting a rental.

Well the place that I'm at now was the first place that I applied for when I was looking for flats...there were three people that applied to, especially cos it's a new house, but [they chose] us because we are a couple and we don't have any children (AKLD 3W4).

Particular difficulties were noted by tenants who had to move out urgently and those looking in Auckland and Christchurch where demand outstripped supply.

... it was sort of desperation call too you know like I had to get out of my other place cause the owners had come back from England and I thought oh yeah it'll be easy to get accommodation and that but alas it wasn't, so...it's probably more expensive than I need you know but...at the time you know with the earthquake and that you know rental properties were at a premium (CHCH_4S1).

A number of tenants described themselves as 'lucky' if they had been able to find a suitable rental property.

I would say yes [it was difficult to find somewhere to rent]... we were looking for a few months before we found somewhere that was suitable, and all the other places were much smaller and more expensive than this one. So consider us to be lucky where we are (AKLD_1SM).

Returning to CATI survey data, 238/1056 or 22% of tenants thought they had been unfairly turned down by a landlord. This was higher in Auckland and Christchurch and this was significant at $p < 0.05$.

A regression analysis showed that ethnicity was not significantly associated with reporting being unfairly turned down. Age was, in the sense that those over 60 were significantly less likely to be turned down but there are relatively few tenants in these age groups. Dunedin tenants were significantly less likely to have been turned down than those in the other locations.

Tenants were asked what the main reason was for them being turned down. The most common reasons tenants gave were having children (25%) followed by pets (18%) (Table 5). Although there was variety in responses across the locations there are no significant differences.

Table 5: Reasons for tenancy declined

Reason Turned Down	Frequency	% (of 238)
My Children	60	25
My Pets	43	18
My Age	27	11
My Ethnicity	27	11
Other	77	32
Don't Know	3	1
Refused	1	0

Reasons given in the 'other' category in Table 5 ranged from being turned down because they were on benefits, had a bad credit history, were a single mother or pregnant, planned to run a massage business from the property, to reasons such as 'they want rich people' or 'the way I was dressed'.

Selecting, getting existing rental property

In the in-depth interviews tenants were asked how they chose a specific rental property, if/ why it met their needs and the process involved and their experiences of getting their current property.

Affordability, property quality/amenities, location and 'it was all they could get at the time' were the most frequent reasons given for choosing their current rental property. Affordability cut across all other reasons, although in a few cases was the main reason a person shifted or chose a property.

The size of the property (number of bedrooms, space) was noted as an important property characteristic, with warm and dry also mentioned by a few interviewees.

Well my children all had health issues so I thought it was respiratory illnesses and thinks like that so I thought moving might help improve their situation...I've just moved to a bigger, what looked like a warmer, dryer house...(WGTON_6NX).

Location related to proximity to work, schools, and friends/family, usually staying in the same or similar location to their previous residence (Beacon Pathway Ltd., 2010). Public transport was an important requirement for some.

It was actually the first place I looked at...but it was just really well located, close to shops, close to the bus and close to work and, and it seemed like it was warm, like I went to visit in a southerly and it was...warmer inside than it was outside, and I asked if it was insulated and he said yes, and so...that spoke well for it, and it was just a really good price as well... (WGTON_7SX).

Only a few talked about the condition of the property in relation to why they chose the property, although like price, good condition may have been an assumed requirement. The main reason given for choosing a property was sometimes directly linked to their reason for shifting (Table 10, p.43).

Finding an affordable place in the right location, or indeed any place in Christchurch after the earthquakes, was a common difficulty. Having to move quickly also made finding a rental property difficult, and so, like some in Christchurch, they accepted whatever they could get.

Accommodation type and rent

The majority of the survey respondents lived in separate houses with smaller numbers in flats/apartments and semi-detached or terraced housing. The mix of dwelling types was not significantly different by location.

Table 6: Dwelling types of tenants

Dwelling Type	Frequency	Percent
Separate House	682	63.2
Semi-Detached or terraced house	163	15.1
Single flat/apartment	201	18.6
Other	32	3.0
Refused	2	0.2

Rented dwellings were typically quite large. In this sample 62% of the dwellings were 3 bedrooms or larger and less than 10% were one bedroom. There are significant differences in dwelling size by location. Wellington had a higher proportion of one-bedroom dwellings than other locations.

Rental payments were made weekly or fortnightly by 94% of the tenants. The median weekly rent across all tenants was \$370. Table 7 lists the mean and median weekly rents in the four cities. Auckland has the highest rent followed by Christchurch and Wellington with the lowest rents being paid in Dunedin. The mean figure for Dunedin is skewed by one very high weekly rent figure. The mean rent in Auckland has increased from \$346 to \$424 and the median from \$340 to \$410 since 2011.

Table 7: Weekly rent NZD

	Mean rent	Median rent	Mean rent per bedroom	Median rent per bedroom
Auckland	424	410	162	155
Wellington	341	340	154	130
Christchurch	372	360	140	140
Dunedin	421	270	137	102

The above figures do not control for the different types of property in the different locations. Table 8 lists the median rents for different size properties by location. Auckland rents were higher in all categories.

Table 8: Median weekly rent by location and size

Median rents	Weekly	Auckland	Wellington	Christchurch	Dunedin
1-Bedroom		270	230	200	162
2-Bedroom		375	320	317	237
3-Bedroom		440	370	400	272

Rent was reported as paid directly to the landlord by 62% of the sample (668/1080) and to a property management company by 37% (398/1080). Although the percentage of those paying to landlords was higher in Dunedin than elsewhere, and the percentage paying a property management company was higher in Christchurch than elsewhere, these differences are not statistically significant.

Helping to pay the rent

A lack of affordable rental properties in reasonable condition was noted in all cities but was particularly marked in Christchurch. The Christchurch situation is reported in more detail in a later section: Christchurch Earthquake-related comment. How some tenants financed their rent is discussed in this section.

Living with other people to help pay the rent and other household expenses was a relatively common strategy. 'Other people' included boarders or flatmates and for a few people having an adult child live with them helped them financially.

[I live with my] daughter and I've got a couple here at the moment...But I'm lucky I get Working for Families but if I didn't get Working for Families I'd have \$30 left out of my wages...that's why I have people in here. If they weren't here, I'd be, putting it nicely, screwed...there's pretty much always been someone [extra] living here with me (Chch_4MF).

Relying on other people to help pay rent and other household expenses could be stressful however, as their ability to continue to live in the property could depend on their ongoing presence.

...when my children move on, you know, I probably couldn't afford to stay here by myself...my son's on a benefit. He's just looking for a job at the moment and he just pays me board but I still get help through Work and Income for my daughter. But it will be the last year [I get that], so yeah (Dun_70E8).

An older couple who had been forced to sell their home through financial problems described immense stress. They had asked Work and Income what they would be entitled to (on top of their pension) when their money from the sale of their house ran out, and reported that they were told this could not be calculated until it happened.

...I believe you can go to WINZ and they top up your rent if you can't afford it, but, you see we've still got some money from the house and I think you have to get down to only having about \$16,000 before you can get anything...I mean we try to work out our money and try to...be responsible but...yes it is a bit scary when you look at the money going down...[I]f you enquire at WINZ... They just say, oh you'll have to wait till the time...which makes it hard for budgeting... Would [we] still be able to live here with help from the government once [we] got down to just being on a super? So ideally [in 10 years' time]... see we're 75, 76, and we're hoping by 86 – another 10 years – we're hoping that we won't be here...I mean who wants to keep living on and then start being a nuisance to everybody (AKLD_8B10).

The uncertainty around their housing future increased the stressfulness of their situation.

Family helping family

Shared owner-occupation or renting arrangements between family members, mostly between adult children and parents, was another strategy to secure housing. Arrangements that entailed adult children living with their parents or parents with adult children were mostly talked about as temporary or intermittent arrangements, unless there was illness or other reasons that made the future uncertain. Parents spoke about the complexities of wanting to provide a home for their adult children and sometimes their own parents, and how these considerations influenced their rental choices.

We lost the family home... and we had to rent, and my mother lives with us...we've been here for [six] years now...but I know that it's not going to be far away before we have to rethink, because the children are getting older ... I'm even looking at moving out of Auckland because it's just too expensive, the rent is horrendous, I mean it's over half my wages gone in rent (AKLD_3DDD).

My mother has got sick and she's in a rest home. But, I want to look after her at home. So we're going to have to look for a house that can accommodate her as well...hopefully one with a sleep-out so that one of the boys can go out there...if they stay with us...They're 20 and 25... (Chch_49X).

Arrangements with family tended to be informal, and several said there was a reciprocity principle in action. Only a few spoke about tensions related to living with family members.

[Following a major change in circumstances that involved selling our home] We have now taken over my [adult child's] house [who] have been posted overseas... They do not want to get rid of the property so effectively we are now, I suppose, renting the property off them at a considerably reduced rent...yeah, we're also putting money into it as well...the whole place is getting re-landscaped and other bits and pieces are going in there so that their capital value raises (AKLD_1BU).

Two older interviewees who had invested in property with adult children after having had to sell their own homes (AKLD_589A, AKLD_8B10) were not happy with this arrangement as they felt that this was unfair on their children who were making their own lives. As one explained,

we thought once the prices were going up in Auckland...it was time to give the kids back their money (AKLD_8B10).

As with reasons for renting from family members, ill-health was a common theme in reasons for investing with family members.

Rents, affordability

Rent hikes were a common concern. Some put this down to landlords being too greedy:

[Rental experience good] except for the last one which they just went up and up and up and just took advantage of us... well we put up with it for a little while and then we just thought, 'no this just can't go on', because we had been there a few years so she thought she could raise it every year but just got excessive after a while (AKLD_2HQ).

Others saw it as a matter of supply and demand.

...the more people you've got out there, obviously the less houses, the higher the rent's going to be... I could be the best tenant they would ever be. But...the person who's paying the most amount of money [after a bidding war], well isn't necessarily the best tenant, are they? (AKL_1BU).

A widespread view was that if the tenant asked for repairs to be done, the rent would go up, so it was best not to ask. Some accepted this as a fair trade-off, while others did not.

...as I say the rent hasn't gone up. If she did want to put the rent up we would say we needed the shower redone. That's the worst feature of the house but we put up with it (AKLD_2HQ).

...it's a pretty good deal all round, he's only put the rent up twice since we've been here [in 25 years], but the last time was by 25 percent...but we're happy with what we're paying at the moment...but that's kind of the other side, you know if they kept rushing in and re-carpeting and re-, they'd just want more money for it (AKLD_589A).

A familiar theme through the interviews was that a good tenant should be acknowledged in part by not hiking the rent unnecessarily. And a few tenants felt their contribution to maintaining a landlord's assets should be taken into consideration in the rent. In the following example the tenant incurred a cost she felt went unrecognised.

And I have to pay for the water I use...I am also responsible for keeping the gardens watered and the lawns green. And it is very poor soil in this area so you have to water

constantly...that rankles a bit that I have to pay to keep the landlords lawn green (Chch_4X8).

Current accommodation

CATI respondents were asked about their current accommodation and 82% (883/1080) said it was adequate for their current needs. This compares with 85% who felt their housing was adequate in 2011. There was no difference in the proportions reporting their housing was adequate for their needs by location.

The 191 tenants who felt their accommodation was inadequate were asked the main reasons why they felt that way. Multiple responses were allowed. The most commonly given reason was 'too small' (it is unclear whether this relates to an affordability problem, or a stock problem). Almost a quarter of respondents said the accommodation was 'unhealthy or damp' and 23% said that the accommodation needed improvement or repairs. Location-related reasons were seldom mentioned. The emphasis placed on location when selecting a rental property in the follow up interviews may indicate tenants were largely successful in finding a suitable location.

Table 9: Why is current accommodation inadequate?

Reason	% (of 191)
Too small	44%
Unhealthy/damp	24%
Needs improvement/repairs	23%
Too expensive to heat	20%
Too expensive to rent	11%
No garden/outside space	5%
Too large	4%
Feel unsafe/rough neighbourhood	3%
Other	5%

Note: only categories with more than 3% of responses are reported

When asked to give the **main** reason the current accommodation was inadequate, 'too small' was given by 38% of tenants and 'unhealthy/damp' by 15%. Not surprisingly those answering 'too small' had significantly fewer bedrooms than the rest of the sample and higher levels of crowding (defined as number of occupants per bedroom). However a considerable number of those who answered too small (29/84) had one occupant per bedroom or less so perceptions of adequacy over accommodation size are not entirely to do with bedrooms.

Moving

A number of CATI items around accommodation changes were intended to monitor the degree to which tenancies were turning over and why. Tenants were asked if their previous accommodation was also a private rental property and 69% (740/1080) said that it had been. Tenants were also asked if they had moved in the last two years and if so why. Of the sample 46% had moved (494/1080).

Table 10: Why did you move?

Reason	N	% (of 372)
To better quality accommodation	107	31%
Landlord sold the house	105	30%
To cheaper accommodation	36	10%
Closer to work	20	6%
Relationship terminated	20	6%
For health reasons	16	5%
Closer to family	14	4%
for educational reasons	7	2%
Was evicted	6	2%
Located nearer to transport routes	1	0%
Moved from parental home	1	0%
Closer to childcare	0	0%
Other	39	11%

The evidence of Table 10 suggests that although the most common response was that tenants had moved to improve the quality of their accommodation the second most common response was that the landlord had sold the property (30%) and this had not been the tenant's choice. When asked to clarify the most important reason they moved 'landlord sold the house' was the most common single reason given. In Auckland 36% of tenants reported having had to move because the landlord had sold the house, up from 13% in 2011.

As a tenant remarked in a follow-up interview:

...pretty much every house we've lived in, we have been given notice because the landlord has wanted to sell...So I'd say that that's the biggest negative [about renting] is just the uncertainty of how long you can stay in one place (AKLD_8397).

Property management

As noted earlier, 62% of CATI respondents said they paid rent to a landlord and 37% to a property management company. There is no significant difference in these proportions over the four locations. Tenants who pay rent to a property manager pay on average \$42 a week more than do tenants who pay rent directly to landlords and this difference is statistically significant. This section draws on data from follow-up interviews on the tenants' perspective of the management in their current tenancy and rental property.

The tenants who took part in follow-up interviews were fairly evenly split between those who paid rent to landlords and property managers. Doing a good job of managing a property was mainly related to reasonable communication and getting a quick response and resolution of repair requests.

[At our last rental] the property manager was a jerk...he is terrible...he won't fix things (Chch_49X).

A few people were happy with their property manager or had little or nothing to say about dealing with them. One said:

Yep he's good.....as long as everyone's approachable I think we get on quite well (AKLD_8695).

However, several people stated a preference for landlords as they found them more flexible and easier to communicate with.

...we feel that we really [are] happy directly to landlord rather than agent...the agent is very firm, because the agent is not like landlord, we can have a discussion, more discussion with the landlord (Chch_4HQ).

[Through a property manager] you get a longer list of do's and don'ts, in the lease, and often things aren't working properly, and you end up having to wait and wait and wait for things to get fixed (Dun_88Y).

Just one said property managers were quicker to respond than landlords, and two had good experiences with both landlords and property managers. Some had experiences with property managers as tenants, landlords, or both, and several expressed the view that there was a problem with property managers generally: high turnover, low-skilled, unresponsive, invasive and not adding any value.

I've been with this property longer than the last two property managers, we've had a new one every year pretty much...but all they really do is inspect the property and call the repair man when I email them...(CHCH 45N).

Interviewees' experience was that property inspections tended to be much more frequent when managed by a property manager (3 or 6 monthly) than a landlord. People's views about inspections varied. A few commented that they were a good time to do a *spring clean* and to communicate with the property manager or landlord. More commonly inspections were considered a waste of time, particularly where repairs noted were not actioned or if there were no issues with the property.

...we have 3-monthly inspections which is just such a pain in the proverbial, because we're good tenants, and we've proven to be good tenants...I just think well it's a waste of time, the lady comes from the agency, we tell her what's going on and nothing gets done...if something breaks down [we] let her know straightaway [anyway] (AKLD_3DDD).

The following very invasive practice of a property manager was reported:

...every three months they ...actually videoed [in the house] which were then supposedly sent to the landlord...one of the reasons we moved out (AKLD_1BU).

A few who rented from a landlord were happy having very casual arrangements whereby the landlord checked all was going well when communicating about repairs or other maintenance issues.

Repairs, maintenance, upgrades

CATI respondents were asked about repair and maintenance requests they had made and the responsiveness of their landlord or property manager to their request.

With regard to ongoing problems with the property 78% (847/1080) had contacted the landlord or property management company about a maintenance issue, but perhaps more surprisingly this means that 22% had never contacted the landlord about maintenance. Follow-up interview data suggest these tenants may have lived in newer dwellings.

The most recent repair requests by tenants are listed below.

Table 11: Most recent repair issues raised by tenants

Maintenance Issue	Frequency	Percent
Plumbing minor	173	20%
Electrical fault	91	11%
White-ware repair or replacement	63	7%
Plumbing major	55	6%
Doors/locks/alarms -- security	52	6%
Broken window	45	5%
Leaky roof	39	5%
Bathroom	38	4%
Weather damage	23	3%
Other	73	9%

Note: Only responses given by 3% or more of the sample are reported

The median time it took to fix the issue was between two and three days although 25% of tenants reported that it took 9 days or more. Less than 15% of the sample 144/1080 were dissatisfied or very dissatisfied with the maintenance service provided.

A more nuanced understanding of the negotiation process between tenants and landlords/ property managers around repairs and maintenance was sought during follow-up interviews. Tenants described how they went about getting repairs done. They also discussed upgrades and amenities provided e.g., heat pumps, insulation.

Satisfaction with repairs and maintenance

Making contact with the property manager or landlord to get repairs done was reported as being almost always straight forward, and was done by phone, text or email. In keeping with the CATI findings most tenants said that urgent repairs (e.g., leaks, electrical faults, hot water cylinder dysfunction) were done within one to two days, which was considered reasonable.

However several tenants were very dissatisfied as urgent repairs had not been done.

She is mean, she doesn't want to pay out on anything...the fence blew down in the storm and of course you need a fence for the dog. But nothing was done about it...the

mould comes through from the outside...the heat pump [is broken]... there's something really disgusting up [in the ceiling]...it could be something like there has been a P lab or something in here, and [the last tradesman] said you may need to get the landlord to get it tested and I thought oh that would be when hell freezes over (AKLD_1SP).

A lack of response or very slow or inadequate response to non-urgent repairs was the most widespread complaint made by tenants. Such issues were raised by a third of those interviewed. Examples of non-urgent problems that did not get addressed included broken/faulty fixtures and fittings (heat pumps, dishwashers, cupboards, window latches, clothes line), post-leak damage or dampness in floors/walls. Some tenants commented that their rental was an older home that had received little or no significant maintenance or upgrading over many years.

I mean we have a reasonably good relationship with [the landlords]...they're classic farmers, we pay the rent and they don't do anything to the property...I refuse to let anything electrical or plumbing interfere, so if anything goes wrong we just ring and get it repaired, that's the deal, and they pay the bill (AKLD_589A).

Several people spoke about very poor quality repairs that did not fix the problem, or were a temporary measure. A common view was that landlords avoided spending any money unless they had to. While some people were quite accepting of the lack of non-urgent repairs and maintenance, others expressed extreme frustration about ongoing issues, making comments such as “It's not fair, he wouldn't live in a house like this.” No-one mentioned a comprehensive maintenance schedule, and only a few tenants said that the landlord did regular maintenance tasks in the home or grounds. Upgrades were more common, such as installing insulation or heating.

They have done a few things like I've complained about mould forming so they've put extractor fans in and stuff in the bathroom, I've complained about the house being cold so they gave me a heat pump, big things like that fine. But then there's little things like I haven't had a washing line for two years... the front entry... a couple of steps [are broken]...but you know it's not life or death (AKLD_1AT7).

...our oven probably really needs to be replaced but I don't think they'll replace it for us because it still works, it's just a bit dodgy like the oven is either hot or off, there's no medium or low setting...don't think it's a hazard it's just not that functional, but yeah I don't expect that they will want to get it (Chch_45N).

About half the Christchurch tenants were satisfied with their repairs and maintenance. However, cracks and other damage caused by the earthquakes were common and a number of interviewees appeared to put up with them without much complaint. A few had major earthquake damage that was causing major dissatisfaction (see section Christchurch Earthquake-related comment).

Repairs and rents were sometimes linked. For example, some expected fixtures and fittings to be fixed promptly given the high rent whereas others were accepting of poor housing condition because the rent was low, having chosen the property for that reason.

Several tenants said they did their own repairs or upgrades, and related this to being a *good tenant*. For example, a few said they did minor repairs because they were tired of waiting for the landlord to do it:

I do it myself because it's faster (WGTON_4AE7).

Others had painted, developed the gardens, and in one case, renovated the entire house; in most of these cases, they had an arrangement that the landlord paid for the materials.

In some cases, the tenant said that no or few repairs were required because the property was less than 10 to 15 years old or was recently fully-renovated.

Satisfaction with the efficiency of repairs was a determining factor in whether many tenants were happy with their rental property.

[Landlord responded] pretty quickly...he has been really efficient and just been really helpful (Wgton_6PN).

Finally, returning to CATI findings, tenants were asked if \$10,000 was to be spent on the property what would be their priority for improvement. They were asked to name three priority areas. Insulation was the most commonly cited priority with heating and kitchen to follow (see table 12, p47).

No significant differences between the first priorities given at each location were found.

Table 12: Priority for spending \$10,000

1 st priority for capital spending	N	%	2 nd priority	N	%	3 rd priority	N	%
Insulation	284	26%	No preference	292	28%	No preference	285	36%
Heating	149	14%	Insulation	132	13%	Bathroom	60	8%
Kitchen	93	9%	Kitchen	97	9%	Redecorating	60	8%
Other	87	8%	Redecorating	96	9%	Kitchen	56	7%
Bathroom	76	7%	Heating	81	8%	Insulation	44	6%
Major maintenance (rotting walls/repaint house)	68	6%	Bathroom	80	8%	Landscaping	39	5%
Redecorating	62	6%	Major maintenance (rotting walls/repaint house)	60	6%	Heating	32	4%
No preference	42	4%	Landscaping	51	5%	Improving security e.g. locks and doors	25	3%
Renovations (new room/garage/swimming pool)	41	4%	Improving security e.g. locks and doors	24	2%	Major maintenance (rotting walls/repaint house)	20	3%
Landscaping	30	3%	Renovations (new room/garage/swimming pool)	17	2%	Minor maintenance (holes in walls, broken windows)	13	2%
Minor maintenance (holes in walls, broken windows)	26	2%	Leaky roof	14	1%	Renovations (new room/garage/swimming pool)	10	1%
Ventilation	23	2%	Minor maintenance (holes in walls, broken windows)	12	1%	Drainage	8	1%
Improving security e.g. locks and doors	19	2%	Drainage	8	1%	Ventilation	7	1%
Leaky roof	18	2%	Ventilation	8	1%	Leaky roof	6	1%
Electrical faults (wiring/power sockets)	15	1%	Other	6	1%	Electrical faults (wiring/power sockets)	3	0%
No improvement necessary	10	1%	Electrical faults (wiring/power sockets)	6	1%	New appliances	3	0%
Drainage	7	1%	New appliances	5	0%	Other	2	0%

Expectations about property amenities and performance

Smoke alarms and insulation

Eighty six percent of CATI tenant respondents (883/1030) said that smoke alarms were fitted in their accommodation. Only 40% (413/1030) said that their homes had both ceiling and underfloor insulation but 23% did not know.

In this section, tenants' expectations about the standard of a rental property are explored with particular emphasis on insulation and heating.

Landlord responsibilities

Insulation was unquestioned as a responsibility of landlords. In colder climates (Wellington, Christchurch, Dunedin) the majority of tenants said that a source of heating should be *definitely* provided by the landlord, for the wellbeing of the tenants as well as the home. In contrast, the majority of Auckland tenants and a few others living in warm properties said heating was not the landlord's responsibility, or that heating '*would be nice*'.

Health concerns underpinned the views of tenants in favour of a heating source being mandatory. While a number of people talked about the importance of being able to stay warm, as the tenant had to pay for electricity, some wanted to choose and provide their own heating source. Heat pumps were favoured by some, wood burners by others. Some said they tried to avoid heating costs altogether: *We just add another blanket or duvet (AKLD_2HQ)*.

Consistent with fears noted earlier, there was some concern that if provision of better insulation and a heating source became compulsory, this would be reflected in the rent.

I think all houses should have proper insulation, but then of course the rents will go up even more, so sort of catch 22 situation really, isn't it? (Dun_88Y).

A few thought that it should be left to the market: *more expensive for warmer places (Wgton_6PN)*. Others were highly critical of landlords who were considered *too mean* to provide a warm, dry property.

I think you ought to be providing a level of insulation and heating...you're providing accommodation, a service in a sense to people and you're taking money for it, so why shouldn't ...there be some standards around that...I do feel strongly about that...so it has to be proper insulation, and if that means that some people are going to have to redo some jibbing well so be it, you know that's part of running a business (Chch_5A8).

But the following is a contrary view from an Auckland tenant:

Not necessarily [the landlord's responsibility] because even if you own your own house you choose how much or how little you're going to spend on heating...It's got to be

insulated and it's got to be a good standard...But I don't think they should have to provide that heating but the house should be warm and dry (AKLD_8B10).

While there was no consistent view about whether a heating source should be provided by landlords there was a common theme that rental properties should be warm and dry. In other words, it was the outcome – rather than specified means to create the outcome – that tenants agreed upon.

A number of tenants noted other health and safety features they would like to see introduced as part of a Warrant of Fitness. These included safe plumbing and wiring, double glazing, and heat transfer or ventilation systems. Reflecting on the prospects of a Warrant of Fitness for rental housing, a Christchurch tenant suggested its introduction would need to be part of a culture change and raising tenants expectations of housing quality would be part of the change:

...the warranty system...it's not going to happen overnight is it, I think it needs to become part of our culture, it needs to be expectations...they're charging, they're making money off it so therefore I think they have obligations (Chch_5A8).

Property conditions, performance and health

Tenants were asked if they felt there was a link between housing and their health and 79% (852/1080) said yes. There was no significant difference between locations in the response.

In the follow up interviews almost all complaints about property standards related to cold and damp properties and a number of tenants attributed their children's poor health to living in damp and mouldy properties:

...there's no heat pumps or fire...the place gets really mouldy and gets damp. And it's not nice because my daughter now has been in hospital for like five times...you know bronchitis and just the same thing over and over so...on the wall it gets all wet...on the side of the bed yeah, I thought it would be only the windows getting wet but like it's actually on the side of our bed as well (Wgton_6ER).

Despite this awareness about the importance of warm, dry homes, a strong cultural norm of stoicism and making do appeared to prevail. As one person explained:

I moved in this house knowing there was insulation in the roof and nowhere else. I just didn't realise it was going to be so cold. But in saying that, I've been here for 4 ½ years, we're not dead (AKLD_1AT).

Christchurch earthquake-related comment

Christchurch tenants' experiences have been integrated throughout report. This section provides additional comment on how the earthquakes affected tenants' experiences of renting.

Lack of affordable rental accommodation

Tenants reported that rents skyrocketed post-earthquakes. Some stayed in homes that did not suit their needs as there was little alternative. Others, who were forced to shift to enable earthquake repairs to be done or for a landlord to move into their property, accepted any rental they could get even if it did not meet their needs, was in a bad state of disrepair, and/or was very expensive.

[I'm staying here] cause there is not really much choice. And affordability-wise either. I mean I am on the lower end of the scale of what is actually out there and I just couldn't afford to pay any more (Chch_4VU).

A few tenants suspected that landlords had used the earthquakes as an opportunity to put rents up.

...you see the way landlords have got round [the regulations] here in Christchurch is they just ask for repossession of their house, under the pre-text that they need it back for repairs or something like that, and then what they were doing is then they were re-letting them at double the rent (Chch_5A8).

Insecurity of tenure was a related problem, as people were required to take up a short term lease: *just in case they want to fix it up, then you've got to move quick (Chch_49X)*. The following excerpts illustrate how insecure housing became for some tenants.

...there have been times when we have been in-between houses and had to stay in caravans or...with other people short term because it has been quite hard to get a place, because of the earthquakes (Chch_4K2).

I was living in this place and I got ousted out because of the earthquake ... the landlady wanted to move in because her house was damaged...Then the big earthquake came and I was...renting this room from a guy...he was a bit of a jerk...so I went to live with my daughter for a while and then the rental agency found me a place but that was in the Red Zone and it was cheap. It was good [although] knowing that I was going to have to get out of there at some stage. Then the same rental agency found me this place (Chch_69F7).

Some levelling off of rents recently was reported, and a decrease in a few cases:

I mean there are more housing becoming affordable slowly...As each month goes by it is improving more, yeah...a lot more houses available at cheaper prices too now... The only reason why we stayed here was because the rent got dropped because they had been overcharging ...[following] a rental appraisal (Chch_4K2)

However the general perception was properties in a reasonable condition were still far from affordable.

Earthquake damage

Accounts of cracks and other earthquake damage were common. Major damage had tended to be fixed, but for the most part people put up with minor damage without much complaint.

The house is liveable, like, it's just cracks and that, and yeah, nothing major wrong with it, it's not going to fall down around our ears with a big shake [laughter]...[still to be fixed includes] probably the piles and the footing, the roof with all these cracks, which is probably just surface stuff on the inside (Chch_49X)

Communication with, and the responsiveness of, landlords post-quakes varied widely. Some tenants were contacted immediately, others not at all.

Well [the landlords are] pretty good, if anything needs doing they get straight on to it, and do it, but it is an older place and I don't expect miracles but there was a little bit of earthquake damage but nothing's been done about it (Chch_69F7).

Some tenants observed that their landlord had taken the opportunity to do some upgrades after the earthquakes while others complained that only the bare minimum was done to their damaged homes. A young mother described major dissatisfaction over a lack of response to damage that had left her home leaky and cold during winter:

[After the earthquakes] they never inspected the house, they don't do anything for us...we have still got leaks in our bathroom ceiling that if it rains really bad the water drops down our light so we can't even use the light because we will get electrocuted...we have mould in the bedrooms, we have been trying to get that fixed...I don't want to constantly complain about everything I need done. So I just put up with everything that is broken in the house just because I don't want him to think it is us or to kick us out... [but] if winter gets any worse I just can't keep it like this, like we have only got one room that is heated, all the bedrooms, they are not heated. So normally we will pull out our mattress and we just sleep in the lounge. Because there is so many cracks in the doors and the fact the doors don't shut properly so the air just escapes (Chch_4UN).

Another account of a bleak housing situation follows:

We're a bit unhappy now because that last earthquake has really made a mess. Some areas of the kitchen have cracks in the tiles, cracks under windows, we've got two doors we can't really open. We developed a leak in the foyer which I told [the landlord] about...a leak when it rained that washed/rotted out the door frame. And we were just beside ourselves... We've got black mould and holes in the ceiling and water pouring through especially when it rains (Chch_59A1).

Two interviewees had delayed buying their own home due to the earthquakes, and as one explained, being a tenant rather than an owner-occupier at this time was a mixed blessing:

....we were in a house that was relatively undamaged.... But we had rent increases ... that would be my biggest gripe... I would prefer to be in my own home...On the other hand, a lot of people... got a house that's in disrepair...had to relocate...they would envy us because ours is much more plain sailing, and I envy them because it's like oh I'd like to have my own home, again (Chch_5A8).

Tenancies

This section reports on characteristics of tenancy agreements, tenants' experiences of their tenancies, the security of their occupancy and the freedoms they had to create a home.

Tenancy agreements had been signed by 91% (980/1080) of the CATI sample and 89% (960/1080) had paid a bond. Of these 960, 618 (64%) knew that the landlord or property company had lodged the bond with the Department of Buildings and Housing, 33 (3%) knew they had not and 308 (33%) didn't know either way. All these figures show little changes from those reported in 2011.

Tenancy agreements: fixed term and periodic

The most common tenure (as recorded on rental agreements) was a 1 year fixed term agreement. Many became periodic after 12 months. Several had 6 month fixed term contracts, a few because they had requested this, the rest because the landlord decided on the term. A tenant who started on a three month fixed term said this enabled the landlord to check they were a good tenant:

In the beginning it was like a three-month mutual, you know, see how we are going to go, see how we are for each other, and we have just continued from there (AKLD_50B1).

Fixed term tenancy agreements were favoured by some tenants but periodic or flexible agreements by others. A mother of young children wanted a fixed term agreement of five years and an older person suggested 10 years would work well for a retired person. The experience of having to move out of rentals was a common story, and seeking a long lease was often to try to avoid it happening again:

...our not so good experiences [of renting] have been when they have told us that they're either selling, well, yeah, pretty much every house we've lived in, we have been given notice because the landlord has wanted to sell... So I'd say that that's the biggest negative is just the uncertainty of how long you can stay in one place (AKLD_8397).

However tenants were aware that even with a fixed term lease the landlord could still give short term notice to vacate. For example, a tenant who had been forced to leave one and a half years into a three-year fixed term contract when the property was sold commented:

We effectively only had sort of 21 odd days between when we were notified it was going to be sold and the auction happened... We have always looked at, at least three year [agreement] minimums... But the tenancy agreement does not allow for fixed terms because there's too many ways out of it. So all you're really saying to the landlord is "I really want to stay here for three years, I'm willing to give you a three-

year guaranteed income.” But they’re not necessarily having any responsibility to stand up to that in any other way (AKLD_1BU).

Having the option of shifting at short notice was preferred by some tenants. A run of bad experiences in rental properties lay behind this view for the tenants quoted below:

[Over the last 10 years we’ve lived in] probably seven [properties]...sometimes the house wasn’t healthy enough for us, other times we were threatened by the neighbours, another time we got burgled, another time the rent was too high for us to live there because our son was living with us and then he moved out... one was the landlord was moving back in (AKLD_1SP).

Believing their circumstance was as likely to change as the landlords often underpinned a tenant’s preference for a flexible rental agreement; the option to give notice and leave unencumbered. A couple of people described being locked into fixed term leases beyond the period that they wanted to live there, and being unable to afford to meet the terms to break the lease (e.g., Chch_4D4). Another tenant reported exiting a lease early at the cost a week’s rent:

...it is a fixed term, 12 month...but there is a clause that allows me an out if I need to. I have to give them a month’s notice. And I just have to pay an additional week’s rent...to cover the cost for them to advertise the property (Chch_4X8).

While some had definite views about whether flexible or long term/fixed term tenure was preferable, just as many were not sure, or were unable to conceive of a workable way to achieve secure long term tenure.

Yes, well ideally the security of owning your own home would be the preference. If you could sign a tenure thing then that would be good but then that wouldn’t be fair because we might want to get out...you can’t really do it for any length of time can you, because nobody knows... something might happen (AKLD_8B10).

Owner-occupation was the only way they could see to achieve tenure security.

A few people had no formal tenancy agreement:

No, no I just have it for as long as I want it or if she wants to sell it or wants a family member to move in or something or she wants to move in then I have got to move out, but apart from that no, there is no actual contract (Chch_500F).

Students in rental accommodation in Dunedin were usually locked into 12 month contracts which limited their ability to move if the situation was not working out for them and committed them to pay for summer months when they might not be in Dunedin (Dun_83Z).

Insecure tenure

Stories of landlords selling or wanting to move into the rental themselves and requiring the tenant to move out were common. Some people had experienced this multiple times.

[Negatives of renting] Just the fact that, well they could want the house back, could be their choice not our choice to move on...I mean if we want to move we only have to give three weeks' notice, that's great, but yeah if they want us out, can be from 42 days so that's a bit of a worry, yah not too big a concern (AKLD_3S2).

Even if able to stay on after a property sells, the new landlords can change the terms, as one person explained:

...a property that I was living in, I was there for 10 years...then she told me that she's putting the place on the market...So I started looking. And then I got contacted from the new owners saying: "We heard you are a great tenant, we'd like to keep you on." They said: "But, the rent will go up."... But unfortunately it went up a bit too high for my liking. So I stayed an extra year/18 months and that's when I moved on (Wgton_5582).

A sense of powerlessness over how long they might be able to stay in their home was an important driver of people's desire to buy a home.

Difficulties associated with unwanted shifts included the immediate stress of finding an affordable property in a short time period, the expense and upheaval of moving, the difficulty of staying close to school and work places, and the unsettling effects on children (and likely some adults) of shifting out of their home.

...they sold the place so I had to move and I only had like 40 days to get out...it's just been expensive really. Cos it costs you when you move every time...Cos you have to have a day off [work]...Hired a van...so that's another \$100 (Chch_4D4).

The [last] landlord put their house on the market...[the children] have had to move schools...Yeah it's quite traumatic you know to be told that you can't be in your home anymore, ...quite scary, quite daunting...yeah the last couple of houses the landlord has sold the house on me, and yeah it's taken 3-4 months to usually find another place (DN 8DY).

Older people and people with young children expressed the most dissatisfaction with insecure tenure.

Experiences of tenancies

When asked to describe their good and not so good experiences of renting, most tenants said their experiences had been mostly fine. A good relationship between the tenant and landlord was highly valued. Key features of a good relationship from the tenants' perspective included effective communication between parties and a landlord who was considerate, accessible, responsive to tenant requests, and respected tenants' privacy.

Just having good communication with the landlord, yeah that they're accessible, and that they respond quickly when there's a problem (AKLD_3S2).

I have to say my landlord is pretty on to it. He comes out and fixes stuff. Came and checked on us straight after the earthquake even though he lived in Lyttleton (Chch_4UN).

It was common for tenants to say they felt "lucky" to have had mostly all good landlords or rental experiences. To feel lucky to have a good relationship with the landlord, a warm/dry home, prompt repairs and to not have been evicted suggests that a lot of tenants did not have high expectations of the rental market.

I have probably actually been really lucky, like I have heard horror stories...so I was really lucky... I was actually really lucky with my landlords and they were really good people (AKLD_128).

[My rental experience has] been really good overall actually, yeah I've always had sort of nice houses and things, generally well apart from one they've all been through private landlords rather than property managers, so that's been good, yeah overall we've been pretty lucky (Chch_849)..

When bad experiences were recalled these were generally related to poor communication, slow repairs or, as in the following example, a lack of respect and acknowledgement of tenants' rights.

...that landlord we had before, he would turn around and tell you we need to have an inspection, doesn't matter if it doesn't fit in with you. And he would just turn up. And get the [trades] people just to turn up. I'd do nightshift, and I was asleep this morning and I woke up and I was thinking what's that noise outside my window, someone was talking. Hang on a minute, I had a look out and he had gardeners there. Yeah, I was what! (Chch_49X).

For one tenant, the only 'good thing' about their rental experience was: *I've got a roof over my head, I'm not living in my car (Chch_4MF).*

A good relationship was positioned as a two-way thing, with both tenant and landlord being respectful and fulfilling their responsibilities. Views differed about how close the relationship needed to be. Some wanted a more business-like relationship and to be left alone unless there was an issue. Others valued a more personal relationship with landlords.

The landlord should understand your family situation and take an interest in... what's happening to their house and then you as a person instead of making some people feel degraded because they're, you know, you can be made to feel second rate because you don't own your own house (AKLD_8B10).

....well I'm looking after your asset... I am paying ... therefore I do expect you to respond when your asset needs repairs...it is a partnership, we're in a contract together (Chch_5A8).

'Home'

Do rental properties become 'home' for tenants – and if so what helps tenants feel 'at home'?

While most tenants said that they did feel at home in their rentals about one in four did not and a few were ambivalent. Factors that made a place 'home' were qualities relating to the dwelling itself (*comfortable, homely, good condition*) as well as location (*convenient, nice neighbourhood*) and length of residency.

It's a very homely little unit, so it's easy to feel at home...and we're fortunate it's a really nice street with really nice neighbours (AKLD_8B10).

Yeah no it is [home]...we're comfortable here, and I've got all my stuff all set up nicely (Dun_8DY).

Probably just the length of the time I've lived here no...pretty well established (Chch_849).

Commonplace notions around home as ownership are reflected in the ambivalence expressed in the excerpts below on whether rental properties felt like home.

I suppose [feeling like home] is difficult once you have owned your own home...it will never feel like home because it is not...But in saying that it, yeah, no, yeah it does feel like home... probably because we have been here for so long now is what makes it feel like home... it has got a lovely fireplace...it feels like home enough (AKLD_50B1).

It is just a rental...when you are renting I don't think you will ever feel like home...well it feels like home but it doesn't...It is because it is not your home is it, I mean you don't own it (Chch_4D4).

While feeling 'at home' themselves, several people said their partners did not, their sense of home being overshadowed by having had to sell a home they had owned. One person explained:

...it is just a house, it is not home for us [but] it's home for my daughter though, like she sees this as home cos she has only ever known this place (Chch_4UN).

A few people simply said they made it home by their occupancy and the presence of familiar possessions: *We live here; just treat it like my own house; all our stuff's there.*

A similar expression of agency is seen in the following quote:

.....all the houses have felt like home, you know, that's probably been my philosophy... wherever I've lived just made that home...regardless of it being a rental you look after the property...it's just how you make it (Chch_4D4D).

For some young people, having good flatmates or no flatmates made it feel like home, or their parents' place was home. A young person said:

Definitely [feels like home]. I really love my house...my room is very nice...I've got heaps of room to set up everything I have and, like, I live with people I enjoy living with, and I have a cat here. I'll stay here for a while (Wgton_618).

A tenant who discovered that the area they had moved into was their own iwi's area noted:

It's important to feel that sense of wellness, and I guess that's what you call home, a place to call home (Wgton_4AE7).

While it was not usually the main reason for feeling at home, permission to have pets was important to a few tenants. One tenant said:

Yeah, well it [felt like home] not long after we moved in, it's a lovely comfortable home...But mainly, because we're allowed our dog (Chch_49X).

A good neighbourhood, good neighbours, friends and family close by also influenced whether some people felt 'at home'. So too did being able to personalising space.

Minor changes to property

Many tenants talked about the importance of making small changes to make a place feel like home, like hanging pictures or planting a garden. Hanging pictures was generally allowed, although there was often an understanding that the number of new holes should be limited by using existing holes where possible. A requirement to return walls to the original condition noted by some tenants:

if we did hang anything it had to be rectified back to how it was (Wgton_7SX).

Several tenants indicated no minor changes were allowed, others that none were needed, and others again said only with permission.

Tenant-initiated changes on a larger scale were fairly rare. Gardens and fruit trees had been planted in a couple of instances by long term tenants. Painting rooms, changing fittings, and dividing rooms were other examples of upgrades completed by tenants but some tensions were evident between ownership and costs.

I painted his kitchen and I could happily go and paint the rest of the place, but why would I waste my money on his [home]. It just doesn't make sense, I'd rather save that money for my own asset (AKLD_2TQ).

I can hang pictures...I can't dig up the lawn, but I am free to plant whatever I like in the garden...it is the little things like that [I don't like about renting]...and the fact that you can't personalise the place, like changing the paint colour if you don't like it (Chch_4X8).

Where little renovation or upgrade had been done to the property – and in a few cases where the property was dirty or damaged when they moved in – tenants tended to assume that the landlord did not care about what changes they made to the property.

...the place was a tip...the previous tenants obviously had holes in the walls, there was drawing on one of the bedroom walls...the walls were dirty, so my attitude to him was, if you're happy to rent this to me looking like this, then you wouldn't mind if I just put pictures up anywhere, and you, with nails...And he kind of looked at me to say, no, that's not acceptable (AKLD_2TQ).

Tenancy support

Most people, if asked, said they knew the Residential Tenancy Act (RTA) existed, but they had little or no explicit knowledge or experience of it. For example, a tenant asked if they knew they had certain rights under the RTA said:

Well probably not...I have never had to worry about that...I think if I had a problem I probably would go and find out about it (Chch_4D4).

Situations described by tenants that appeared to breach the RTA requirements and a mistaken view on landlords' rights, suggests tenants' understanding of RTA rights and responsibilities was fairly limited. Further, several tenants indicated they would avoid going to the Tenancy Tribunal because they did not want to negatively impact their relationship with the landlord and risk their tenancy; a situation which suggests better knowledge of the RTA alone will be of limited benefit if tenants do not feel empowered to act.

Many tenants said they were aware that 'bad landlords' could cause a lot of difficulties for tenants even though examples were rare in the interviews. Knowledge of such examples may help explain why the relationship with the landlord was seen as so important to people's renting experience and levels of satisfaction with their rental.

Three tenants had been to the Tenancy Tribunal to seek support dealing with a tenancy issue. Two of them had not found it useful. For example, one tenant refused to pay a rent increase until outstanding repairs were done, but was told by the Tribunal they were *two separate matters* (Chch_4MF).

One tenant who achieved a favourable outcome found the Tenancy Tribunal fair, but the process stressful. Another tenant who faced a rent increase without notice said they had printed out the RTA and showed the landlord, but the landlord had reacted badly, and threatened to evict the tenant.

Only a few tenants described lessons learnt through their renting experiences. Specifics about how to get and maintain a rental property were offered by a few people e.g., clean heat pump filters, ensure the property is well warm and dry; *have excellent references*. Specific recommendations were to

identify any changes needed to the property before moving in, photographing any existing damage, and take out tenant insurance to avoid incurring a large damage debt.

...when you are going in to a property if there is anything that you want to see installed or changed in any way, to speak up about that before you go in to the property...once you are in there it is a lot harder (Chch_4X8).

Future intentions

Next 2 years

Tenants were asked if they were planning to move in the next two years and 519/1080 (48%) said they were. These respondents were asked where they planning to move to. Of those who provided responses the most common was to go to other rented accommodation, but a third planned to move into their own property.

Table 13: What type of next accommodation?

Type of accommodation	N	Percent
Other rented accommodation	251	48.4
Property you currently own	25	4.8
Property you plan to buy	172	33.1
Planning to move overseas	32	6.2
Other	12	2.3

When asked about the **main** reason they were planning to move, the commonest response was to own their own house. This was also the most popular response when asked to name their most important reason for planning to move.

Table 14: Reason for planned move

Reason	N	%
Want to own house	147	28%
Want larger accommodation	91	18%
Want cheaper accommodation	57	11%
Want better quality accommodation	51	10%
Closer to work	49	9%
Landlord planning to sell the dwelling/lease ending	40	8%
Want smaller accommodation	29	6%
Closer to family	20	4%
Earthquake damage (waiting on rebuild)	17	3%
Moving overseas	17	3%
Health reasons	16	3%
Closer to schools educational opportunities for household members	15	3%
Other	49	9%

Note: Responses by fewer than 3% of the sample are not reported

Of those who answered the question about whether they intend to move in the next 6 months/2 years, half (25) said they planned to stay in the current rental property, just over a third (17) planned to move (or thought they probably would), and almost all the rest were unsure.

Reasons given in follow-up interviews for intending to move varied. Some planned to move but were waiting to find a more suitable (bigger/smaller/warmer) dwelling. A shortage of affordable rentals meant that lots of people either stayed with what they had because it was all they could afford, or planned to move as changing circumstances meant they needed to get cheaper rent. Some planned to stay where they were until a certain time such as retirement, children left home, or they bought their own property.

So yeah my plans are to just, stay here until we have got enough for a deposit and then we can just like go out and buy 10 acres with...a wee cottage on it (Chch_500F).

Several were unsure as it depended on their job or other personal factors that meant they might choose or have to move. Moving out of Auckland to get more affordable accommodation was planned by a few, although some had personal reasons why they would probably not do that.

My family's in Auckland, I don't want to go anywhere, I'm not well and, you know, family's really important to me...I've got a [chronic illness]. So it's a bit limiting, it's a bit scary...yes, it's good to be close to the people that matter (ALD_1SM).

Most of those who had always rented (10+ years) planned to stay where they were. Not surprisingly, younger people were more likely to plan moving or were unsure. Most people who had experienced major changes in life circumstances were planning to stay where they were, while those who rented by choice had more flexible plans.

Ideal living situation

Asked in follow-up interviews about the ideal living situation or where they would like to be living in 10 years' time, most interpreted this as whether they would own or rent a property. Not surprisingly, the majority of people (40) who stated a preference said they would rather live in their own home. Just one said they aspired to keep renting. A few were not sure: *Totally no idea (WGTON_618)*

...I mean eventually one day I would like to own my own house but it just depends, you know it is just a waste of money renting for all your life (Chch_4K2).

While the ideal was to own their own home, lots of people went on to say this was unlikely due to financial constraints.

I suppose owning our own house would be the normal answer [to ideal living situation question] but I just can't see it so it is hard to think that. You know what I mean, so just somewhere safe, secure and warm (AKLD_1SP).

I would love to own my own home but being in a rental property I can't save anything to buy one, I'm 60 years of age, no one wants to employ me for a high end job. I got made redundant and I must have applied for 30 jobs, I got 3 replies...The only way I could own my own home was if I won Lotto (Chch_69F7).

Ah I'd love to own my own house... If that was possible but to be honest I don't think I would have that opportunity to come true. Because I can't, I don't have time to work because of my kids being sick all the time, I won't be able to get employment for a while until they're all better so...here's no way I can save for a deposit on a house or anything like that (WGTON_6NX).

Several had solid plans to buy a house in the near future however.

Savings and debt

Just over a third of tenants (385/1080, 36%) said they had been able to save or invest money in the last year. Although this was lower in Dunedin at 24% the difference was not significant among the locations.

The amount saved was reported by 204 tenants and the median was \$6,000 and although Christchurch had a higher median (\$10,000) and Dunedin a lower (\$5,000) there was no significant difference. Only 9 Dunedin tenants reported their savings so the test has limited power.

The most common form of savings was in savings accounts. Seventy percent (752/1080) of the sample had joined Kiwisaver and of those 752, 52% (391/752) planned to make withdrawals from their Kiwisaver account for a deposit to buy a property. When all tenants were asked, 32% (342/1080) said that a family member would be able to offer financial help.

Views on rental market

When asked what changes were needed in New Zealand's private rental housing market, responses focused on lack of affordability, limited supply and choice in the rental market, and an inability to buy homes. Very few thought that the rental market was working well for tenants.

A reasonably common sentiment was that the law was on the side of the wealthy: poorer people were locked out of the property market and at the whim of an unregulated market.

[That's] part of the problem that we face as a nation right now, is that most of the people that are my age, have their future and their lifestyle secured by real estate values, and that makes it politically almost impossible to reverse...we have a nation that has a lot of poor people in it, they don't have that option anymore and they're shut out of the wealth making, because you can't make wealth by being innovative or being productive, you make wealth by owning real estate and they can't get in, so you know, how we handle this next 10 years will define what New Zealand is like in the future (AKLD_589A).

High rents were a common concern and there was little optimism that the situation would change.

I don't really personally think it's ever going to change, rent's only going to go up. It's going to go up so much that there's going to be people needing, families needing to share, which is basically what we're doing (AKLD_805B).

A few Christchurch tenants observed that given the escalation of Christchurch rental prices post-earthquakes, there should be rent controls in such situations. A related concern was a shortage of rental properties, or shortage of quality or housing type variety, and that this was driving up costs.

There probably should be more general rules what landlords can and cannot charge or, because really they can charge what they like at the moment, can't they, because people are desperate...people need to live somewhere and they've got to be able to be a bit secure (AKLD_8B10).

Reflecting on the dwellings on offer in the private rental market, a mismatch between household size and needs and the rental stock available was posited by one tenant.

I think maybe landlords just haven't got their heads around the fact that...modern families or couples, and other varieties of households that are more common these days, have different kind of expectations...they don't want a three-bedroom house on a big section anymore, they want convenience of living in the city near their work...there's just not the supply (Wgton_666).

The other common response was not about improving the rental market itself but about the desirability of people being able to buy their own home rather than having to rent. A few wanted to see regulations to favour homeownership over rental investment.

Well I just think that there should be some kind of distinction made between someone buying an investment property and buying a property to live in...obviously if you are

buying an investment property it makes it harder for people to buy their own homes cos that increases the value of houses at like a financial asset...I just feel like property should, it shouldn't be like such a commodity. It should be more a thing of a place to live not a thing to earn you money (Wgton_6PN).

There were examples in the in depth interviews of both landlords and tenants 'standing in the shoes' of the other. This may reflect the diverse housing histories of interviewees and that a number had moved between homeownership and rental tenure and, for a smaller number, were, or had been, both landlord and tenant. For example:

Well, the only way to get more people renting is to lower the prices but that makes it more difficult for the people that own the property. So it's a nasty situation to be in [for the landlord with] the diabolical mess [some tenants] leave properties in...it's difficult. But no, I wouldn't say I have any reasonable thing to say about how to get that sort of thing going, how to help the rental market out (Wgton_5582).

While most responses were about rent controls, supply, and property ownership concerns, a few tenants suggested more systemic change. For example, insecurity of tenure in the rental market was attributed to the style of rental investment in New Zealand and suggestions were made based on practices observed in countries where renting has been more common:

...when we lived in Europe for a while, you can see people with their rental property and they've got a right of occupancy, you know they don't have the insecurity of being booted out...I mean the first thing we have to change is we change rental law, so that people have occupancy as a right, you can't kick somebody out of their home whether you own the home or not...they can only be kicked out if they're really bad tenants that don't pay the rent, those sorts of things, but effectively a home is a home, we should have policies that secure people's homes for them (AKLD_589A).

Other suggestions for change in the rental market included greater capacity for mediation and dispute resolution, increased education on and enforcement of existing regulations, enabling tenants to earn interest on their bond (as happens in Australia), and reducing the high cost of moving into a rental.

As discussed earlier the idea of a Warrant of Fitness (WOF) for rental housing was supported by some tenants. Support for improved insulation was widespread but beyond that, there was no consistent view about what should be included in a WOF. That rental properties should be warm and dry – no dampness, mould or leaks – was however a consistent message.

Section Three: CATI and in-depth interviews with landlords

As in the preceding section, demographic characteristics of the landlord sample are outlined first, followed by relevant survey data and qualitative findings presented under thematic headings. The survey obtained 406 responses from those classed as landlords, although not all responses contained complete information. In the results reported below the percentages are calculated from those who gave valid responses. The number of total responses is also given. Where significant differences between the cities were observed in either the survey data or follow-up interviews these are noted. In addition, in the Auckland region significant differences between findings from the 2011 and 2015 surveys are noted. When excerpts from in-depths interviews with landlords are included in the text, their city of residence is denoted by 'A' for Auckland; 'C' for Christchurch; 'D' for Dunedin; and 'W' for Wellington.

Demographic and socio-economic characteristics of the landlord sample

The 406 landlords recruited in the CATI survey either owned rental property at the time they were surveyed or had owned rental property in the previous two years. The median age was 56 and this was similar for all locations. Just over 50% of the sample (167/327) were women and around 80% were de facto/ married¹⁴. Just over half (51.7%) of the landlords were in paid employment, a further 22.7% were self-employed and 18.5% were retired (Appendix 3, Table 43). There was no indication that landlords retired early; only two of those who gave their occupation as 'retired' were under 60 years old. There was no significant difference in occupation by location.

The following table shows the sources of income reported by landlords by location:

Table 15: Sources of income: Landlords

	Auckland	Wellington	Christchurch	Dunedin	Total
Wages & Salaries	57%	71%	61%	67%	61%
Self-Employment	24%	15%	24%	15%	22%
Interest/dividends	26%	28%	22%	30%	26%
Rent	75%	77%	74%	81%	75%
ACC	1%	0%	1%	0%	1%
Superannuation	13%	14%	5%	19%	11%
Pension annuities	7%	5%	5%	4%	6%
Student allowance	0%	2%	0%	4%	0%
Other government benefits	2%	2%	2%	4%	2%
Other	1%	2%	5%	7%	2%

¹⁴ The civil status of renters indicates a lower proportion (55%) in de facto married state than landlords. However tenants are about ten years younger than landlords.

Notable differences between cities were the higher proportion of landlords whose source of income in the previous 12 months was reported as salaries and wages in Wellington, and rent and superannuation in Dunedin.

The survey asked about household income in bands. The following means and medians (Table 17) were calculated by assigning each respondent the midpoint of the band they reported. While this is not precise income data, it does indicate that landlord households had high incomes (median \$125,000) compared to all households in New Zealand (median \$76,000) in 2015 (Statistics New Zealand, 2015).

Table 16: Household Income: Landlords

Location	N	Mean	Median
Auckland	204	114,045	125,000
Wellington	65	132,149	125,000
Christchurch	110	115,919	125,000
Dunedin	27	128,250	125,000

Auckland landlords seem better off than in the 2011 survey – 66% reported annual household incomes greater than \$100,000 in 2015, compared with 50% in 2011. Wellington landlords had the highest annual household income. The difference in annual household incomes is significant at 10%, with a higher number of Auckland landlords having incomes below the overall median.

Of the landlords recruited, 81% identified as NZ European, a higher proportion than recorded for the NZ population in the 2013 Census (74% NZ European). This is more marked as the four cities from which landlords were recruited tend to have a lower proportion of those identifying as NZ European than nationally. Of the landlords surveyed, 4% identified as Maori, 4% Indian and 3% Chinese. See Appendix 3, Table 44 for a further breakdown of numbers by ethnicity.

While most landlords were NZ-born, the proportion varied across the cities (Appendix 3, Table 45) from a low of 66% in Auckland to a high of 89% in Wellington. Nationally 74% of NZ residents are NZ-born (2013 Census).

Investment rationale

Survey data on the reasons respondents had purchased rental property and their future intentions relating to rental property investment are presented in this section followed by an analysis of narrative accounts landlords gave for how and why they became landlords.

Although this section is headed *investment rationale*, when asked if they had ever owned a rental property as an investment, only 86% (349/405) said yes, with a slightly higher proportion (92%) in Christchurch. This is slightly higher than the 81% of the Auckland landlords who indicated that they had owned a rental property as an investment in the 2011 survey. The analyses of in-depth interview data provide some understanding of landlords' differing perspectives on 'investment' with regard to property purchases.

Survey respondents were asked about their original reasons for investing in a rental property and the reasons they bought their last rental property (for some individuals this might be the same property). Multiple responses could be given to the first question and responses were diverse, with the most common answers being as a form of retirement savings (30% of respondents), for capital gain (25%) and for rental income (22%) (Table 18). When asked to give the single most important ‘original’ reason, ‘a form of retirement savings’ was the most common answer.

Table 17: Original reason for becoming rental investor

Reason	N	%
As a form of retirement savings	105	30%
Capital gain	88	25%
Rental income	76	22%
Originally bought to live in	39	11%
Other	36	10%
Good returns	31	9%
Possible future home	20	6%
Pass on to family members – inheritance	14	4%
Took over from parent/partner -- inheritance	13	4%
Ability to control	8	2%
Better bet than finance companies	7	2%
Secure/safe investment	6	2%
Advice from others	6	2%
Ability to add value through improving the property	5	1%
No confidence in the share market	4	1%
Negative gearing (maximising tax deductions)	4	1%
Ability to leverage/borrow	4	1%
Wanted to get into the property market	4	1%
Diversify/grow investment portfolio	3	1%

When asked about the reasons for buying their last rental property, ‘as an investment’ was reported by 79% of respondents and ‘as a form of retirement savings’ by 28% (Table 19). This differs in Auckland from 2011, when the most common reason given for buying the last property was ‘as a form of retirement savings’.

Table 18: Why was last rental property bought?

Reason	% (of 406)
Investment (didn't specify further)	79%
As a form of retirement savings	28%
Capital gain	15%
Rental income	15%
Originally bought it to live in	12%
No confidence in the share market	2%
Better bet than finance companies	4%
Possible future home	5%
Negative gearing (maximising tax deductions)	2%
I inherited it	4%
Ability to control	3%
Ability to add value	6%
For other family members to live in	7%
Other	8%

Landlords were also asked how long they had invested in rental properties. The overall median was between 11 and 12 years, with no significant difference between the cities. The investment rationales revealed through the in-depth interviews were consistent with the survey findings, with considerable diversity in the reasons given for investing in the residential rental property market. Four main 'types' of landlords emerged from the narratives (with considerable overlaps between types as well as exceptions within types): investors who saw rental property as primarily retirement income; those who considered it as part of a general investment/wealth creation strategy; those for whom acquiring and managing residential rental properties was a business and/or lifestyle choice; and those who had become 'accidental landlords'. While the term 'landlord' is used throughout this report it was apparent that there were differences in the way individuals conceptualised and named their roles within the private rental sector. Consequently, we included among the questions asked of landlords whether they saw themselves primarily as an investor, a residential property owner or a landlord. Responses to this question are noted where relevant elsewhere. However in this report we use 'landlord' as a generic term.

Of the 38 landlords interviewed for the qualitative component of the research, an equal number – 13 in each category – established their rental properties either to ensure a retirement income or more generally as wealth creation; seven bought rental properties as a business, to provide employment/income for themselves, and/or to achieve a more flexible lifestyle; and 10 had begun as 'accidental landlords' – that is, they had not set out to invest in residential rental property. While these were discernible landlord categories, there were a number of beliefs or considerations relating to rental property purchases that were commonly mentioned by landlords across all four categories. One such belief was that investing in rental property is 'doable':

Yes, I guess, it's that whole New Zealand thing about property. That we're in love with property and I think property is something that a lot of New Zealanders see as something doable and that people know something about (A5).

Property was also seen as the 'best' investment option; safer and more familiar than alternative investments.

Providing for the future accommodation needs of family members (an elderly parent or an adult child) was also commonly mentioned by landlords across all categories.

Characteristics of the four landlord types and their respective investment rationales are outlined below.

Retirement income as the primary investment rationale

The viewpoints of the 13 landlords most closely aligned with the *retirement income* category reflected a discourse about the need for individuals to finance – at least in part – their own retirement and saw acquiring residential rental properties primarily as preparation for their retirement:

It's our long term pension fund (A 9).

It's the best retirement plan in New Zealand...you get a capital gain plus a return on your investment (W3).

Some planned to sell off their rental properties just before, or upon retiring, to clear any remaining debt and provide some disposable income. Others saw their rental properties as providing them with a steady flow of rental income throughout their retirement.

Investing in property was seen as 'doable', and an investment option which 'made sense':

The bank will loan you money over a property...then you are not paying off that loan, the tenant is paying off the loan. So without actually spending any of your own money you can buy another property just by developing equity in an initial first home or other property (D1).

Buying properties was considered a safe investment, whereas other forms of investment were generally distrusted:

You can touch them [houses], you can see them...nobody can just whoosh them away out of your bank account (W3).

Two of these landlords had been approached by their banks and encouraged to buy a rental property. As one of the landlords explained:

My bank manager said to me, you've got no mortgage, you've got a lot of equity in a house, you should be making it grow (W3).

Landlords in this category were more likely to identify as landlords than investors and to purchase properties they would live in themselves. In addition, tenant wellbeing appeared to influence their decision-making more than maximising profits:

This house... the purists would say... I should sell it, the property is worth now \$2million, and the rents I'm getting for it are a pittance, but if I was to sell that for \$2million I've got three lots of tenants will have to move somewhere else (A1).

They were also likely to manage their properties themselves.

General wealth creation as the primary rationale

Thirteen rental property owners saw their residential rental properties primarily in terms of general investment/wealth creation:

I use property investment as a way to preserve and to increase my personal wealth... I buy investment-property, and then rent it out, in so doing improving my financial situation (A18).

Like the landlords investing for retirement, this group also considered buying rental properties as 'doable' and the best financial option available – one that used borrowed money and rental income to increase their personal wealth:

...when you taste the sweetness of property investment, you will know this is where the big money comes from, and I think this becomes a driving force (motivation), it is a good influence, and you will want to remain in this market (A 21).

This group were more likely to identify as investors rather than landlords, with a primary focus on the 'wellbeing' of their assets rather than tenant wellbeing; but at the same time, as illustrated in the quote below, they largely distanced themselves from 'speculation':

To me the point of owning property is that you want tenants and you want them as long as possible because that reduces your costs. So that's the point of it. And if you're doing it for some other weird reason, like just speculation and on-selling, then perhaps...you're not investing in rental property, you're speculating on the housing market (W2).

Creating a lifestyle/business/income as the primary rationale

Purchasing and managing residential rental property was a business and/or employment option for the seven rental property owners in this category.

Managing properties was a full-time occupation/business for some; for others, as in the following examples, it gave the landlords 'something to do' over and above their milk-man/ seaman/marine engineer/paid employment lives:

I was a marine engineer so I used to go away for 6 weeks at a time and home for 6 weeks and I was always a bit of a handy man ...[rental property] just have something to do when I was at home... (C2).

A couple of interviewees had become landlords following a workplace redundancy.

I'd just been made redundant from my job ...I read all the books I could get on wealth creation, investment, property investment and then after about 6 months I sort of leapt into action, bought eight houses in about a year...having done a multitude of jobs, and hating them all I'm actually doing something I really enjoy (A7).

As with the previous two categories, these landlords also tended to distrust other forms of investment and saw rental properties as a 'doable' option. For individuals with practical skills, maintaining a property made sound sense financially while giving them something to do, and/or providing an alternative to paid employment. These individuals tended to identify primarily as landlords and to buy their properties as long term rentals. They commonly bought cheaper, older rental properties, did them up and maintained them themselves in their spare time or as a form of self-employment, increasing their value along the way. As the quotes below indicate, this could provide a lifestyle they enjoyed:

I know I've got enough now, but the reason I still buy property is because I enjoy it...I don't mind being a landlord, and I love looking for houses I can do up, add value to and then rent and hold (A7).

Oh the freedom..., I mean I'm a traveller ... we can manage it from [holiday home], just with the small laptop and your cell phone – it's absolutely marvellous (D2).

Most dealt directly with their tenants and appeared to have a focus on tenant wellbeing.

Accidental landlords

The fourth discernible category was the 'Accidental landlord', who had not set out to own residential rental property (whether for retirement security, as an investment for general wealth creation, or as a business and/or lifestyle choice), but rather had acquired a property through a variety of circumstances and decided to rent it out. Examples included buying a house for a parent and renting it when the parent died; buying a house which had a second property attached; inheriting a house from a parent; and holding on to a property they had been living in when they moved to another.

Not all 'accidental landlords' were at ease with their situation. One, who had built a house for his mother to live in on an adjoining property and then rented it out when she moved elsewhere, was a 'reluctant landlord'. He planned to sell his now-rented property, stating:

There is something quite fundamentally wrong about it all! As a business it works, but I think socially it is not very good and I really do not want to be part of it (A3).

This was an outlier viewpoint.

Cross cutting rationales

As noted earlier, providing options for family members was frequently mentioned as part of a landlord's reason for investing in property. Examples included buying an adjacent property for a son/daughter and adult children renting from parents and later taking over the mortgage on a property. As illustrated below the associations drawn between purchasing rental property and seeking financial security for family members took on different hues:

I didn't know how long I'd be around and I just wanted to protect my family and wife (C4).

In another couple of years I'll divest a couple off to the kids (C2).

Notwithstanding this concern for family members, a sense of security, whether financial or ontological, was an underpinning rationale for property ownership across the landlord categories. One interviewee, who had sold her house to travel around New Zealand with her husband, explained that, although they still owned a piece of land, she felt insecure not owning 'some bricks and mortar'. A 'wee flat' was purchased and this became a rental property.

Several landlords who had rented properties for several decades reflected on how their values and practices as a landlord had changed over time. For example:

I started out as just an investor and now I'm more like a fulltime landlord....now I'm semi-retired I spend a lot more time on the properties – renovating them and keeping the tenants happy (C2).

As this interviewee's perception of themselves changed from investor to landlord their perceived role with respect to their tenants also changed.

Selecting and financing rental properties

The majority of landlords owned one or two properties: 53% (214/405) owned one and a further 22% (90/405) owned two. There was no significant difference in the number of properties owned by landlords in the different locations.

Of the 170 landlords who owned more than one rental property, 28% (48/170) owned multiple properties in the same building, with 56% (27/48) of those owning the whole building in which their rental properties were located.

Selecting rental properties

When asked why they chose the location for their last rental property, 'close to where I live' and 'good location' were the most popular answers. Auckland landlords had a greater proportion answering 'expectations of strong growth in house prices' and 'good income returns (yields)', but for many the choice of location for rental property had little to do with investment prospects. The option 'close to where I live' was also the most common reason given in the 2011 survey.

Table 19: Reasons for choosing location

	Auckland	Wellington	Christchurch	Dunedin	Total
Close to where I live	25%	25%	30%	30%	27%
Good location	18%	25%	22%	37%	21%
Good income returns (yields)	11%	9%	12%	4%	11%
Expectation of strong growth in house prices	14%	5%	8%	4%	10%
Good return on investment	11%	8%	11%	4%	10%
Dwelling type available for purchase in the location	9%	9%	5%	7%	8%
Many good tenants in this area	6%	8%	7%	11%	7%
Affordable	7%	9%	6%	0%	7%
Location not chosen by me (inheritance)	5%	5%	5%	11%	5%
Family reasons	3%	5%	1%	4%	3%
Good supply of rental properties	2%	3%	3%	0%	2%
Expert advice	1%	2%	2%	0%	1%
Originally bought to live in	0%	3%	0%	0%	1%
Future home	0%	0%	1%	0%	0%
Family Home	0%	2%	1%	0%	0%
Originally family holiday home	0%	0%	0%	4%	0%
Other	12%	5%	15%	0%	11%

The random sampling strategy used for recruiting survey respondents, and landlords' propensity to purchase close to where they lived, meant rental properties were geographically widespread across the cities. In Auckland there was nevertheless some clustering in certain suburbs such as Albany, Birkenhead, Mangere and Pukekohe (4 properties); Henderson (5); Avondale, Massey, Mount Eden, Papakura and Papatoetoe (6); and Manurewa (10); and in the Auckland CBD (13).

Landlords were asked whether they had bought new or second-hand rental properties and the advantages or disadvantages of purchasing either type. As indicated in Table 21 around two thirds had a preference for purchasing second-hand properties.

Table 20: Purchasing preference: Landlords

	Auckland		Wellington		Christchurch		Dunedin		Total
Second-hand properties only	108	62%	34	64%	75	76%	16	70%	67%
New properties only	17	10%	3	6%	12	12%	1	4%	9%
Both types	31	18%	11	21%	7	7%	6	26%	16%
Total	173		53		100		23		

Reasons given were: they were cheaper (38%); afforded greater choice (11%); had better resale potential (9%); and larger sections. However 13% of the respondents stated there were no advantages to second-hand dwellings.

Table 21: Advantage of second-hand properties

Reason	% (of 289)
Cheaper to purchase	38%
None	13%
Larger pool of properties to choose from	11%
Resale market often wider because includes both other investors and owner occupiers	9%
Larger section in established neighbourhoods	5%
History makes it easier to assess quality and value	5%
Ability to add value by making improvements.	4%
Better quality materials used	3%
No need to develop/build	2%
Other	15%

Disadvantages identified were mainly the lower quality of older houses and higher requirements for maintenance.

Table 22: Disadvantages of second-hand properties

Reason	% (of 289)
Frequently of lesser quality	66%
Greater requirement for maintenance	18%
None	18%
Lack of insulation	3%
Unknown issues that surface later	2%
More costs involved in upkeep and ensuring property complies with regulations	3%
Getting the right tenants	3%
Age of property	1%
Taxes -- claim for depreciation	1%
Other	6%

In the four cities combined, 9% of landlords reported preferring to purchase new properties only, because of lower maintenance costs (66% of these respondents), the better quality of new builds and the ability to charge higher rents.

Table 23: Advantages of new properties

Reason	% (of 88)
Less requirement for maintenance	58%
Frequently better quality etc. -- can often charge higher rent	27%
Possibility of acquiring at attractive 'developer' pricing	7%
Easier to get tenants	6%
None	3%
Higher quality tenants/higher class of tenants	3%
Depreciation advantageous (for tax purposes)	2%
Other	22%

While 25% of landlords reported no downsides to purchasing new properties, others noted their higher costs compared with second-hand dwellings (20%) and issues with poor condition – possibly influenced by NZ’s recent history of leaky buildings (Table 25).

Table24: Disadvantages of new properties

Disadvantages	% (of 88)
None	25%
More expensive	20%
Condition is worse (e.g., leaky)	10%
Damaged by tenants	9%
Re-sale market may be restricted to other investors	7%
Often restricted in terms of type and location	6%
More difficult to rent out	2%
Smaller pool of total properties to choose from	1%
Other	20%

Financing rental properties

In this section we report on CATI survey findings on how landlords managed to accumulate a deposit for their first rental property purchase, approaches to financing investments and yields from rental properties. This is followed by findings from the qualitative interviews on the strategies for financing properties.

Table 26 indicates that 53% of landlords purchased their first rental property using accumulated savings, with 28% using equity in their home. An inheritance funded the first rental property purchase for 7% of the sample.

Table 25: How was initial deposit financed?

Method	N	%
Savings	215	53%
Used equity from your home	112	28%
Inheritance	27	7%
Proceeds from sale of family home	17	4%
Family loan/gift from parents	16	4%
No equity required	15	4%
Mortgaged a property they owned	5	1%
Money from a pension	4	1%
Other	21	5%

When asked if they had used equity in a property they already owned to raise a deposit to purchase further property, 40% (164/405) had done so, about half of whom (80/385) had been encouraged by their bank to follow this strategy.

Just over a quarter of all landlords had no mortgage on their rental property while 37% were paying off principal and interest and 26% had interest only loans.

To explore the degree to which landlords were acting as ‘rational’ investors with regard to their property portfolios, they were asked what the yield was on their investments. The fact that 59% did not know suggests most landlords were probably not aware if their rental property was a good investment for rental income (not capital gain) or not. Yields reported for those who indicated they did know varied widely from 1% to over 10% (see Appendix 3, table 30). When asked if their rental income covered their mortgage payments, 57% (229/405) said yes, indicating that for 43% of landlords, rental income was not covering debt servicing, let alone other payments such as rates or maintenance.

Consistent with CATI findings, landlords reported using a variety of means to buy their properties in the follow-up in-depth interviews, including leveraging off equity in the family home or other property to obtain a bank mortgage, using savings and superannuation funds, and borrowing from family and/or other sources:

We had an existing house with \$130,000 of equity and I just, worked off that...banks were falling over themselves to hand out money (A7).

I was allowed to dip into my super... put that onto my mortgage on the house that I had at the time, and then with the equity I had in the house, went out and umm bought a rental (C1).

The use of bridging finance from a variety of sources, including bank or lawyer loans, was also described, as illustrated in the following excerpt:

Well we had a small business at that time and they gave us, the bank manager gave us an overdraft and it was only about \$3000 but we went out and bought something for \$12 000, which turned into \$50 000 very rapidly (D2).

Two interviewees talked of unsolicited offers of mortgage money from banks encouraging them to use the equity in their family homes to buy rental properties.

Ongoing financial management

Landlords used various mechanisms for the on-going legal and financial management of their properties. A number had set up companies (some loss attributing qualifying companies); others had established trusts; and yet others operated as individual owners or had established private partnerships. A few managed their properties through a combination of legal entities. One Auckland landlord for instance (A7) managed eight properties in a company, with the remaining five in his and his wife's names.

Many talked of taking advantage of negative gearing to purchase and manage their rental properties:

If you keep on buying, then you always have a new loss to put in the pot, and that keeps you in the negative side (D2).

That's why it's in my name not my husband's name, because it offsets better against my [income] (A10).

However several now had no outstanding debt and were paying tax on income from rental properties:

We're totally ungeared.. [we] could have mortgages and bought more and all the rest of it but we didn't want to go that way... I don't want to be in debt at this stage in life (A15).

A process of borrowing money to buy rental properties, paying off mortgages over time with rental income while using losses to offset other income – and then either capitalising on the increased value of their properties or using the rents to supplement other income/retirement funds, was presented by some as a 'no-brainer':

...if you invest in other things you have to invest your own money don't you really. Umm, and [in rental property] there's the tax advantage too, it is tax deductible (D2).

This landlord contrasted what she saw as an Auckland focus on capital gains with the student-focused long-term rental property environment in her city:

Dunedin is not like Auckland of course, quite different, and that's why we go for cash flow and not capital gains down here (D2).

Rental income

The CATI survey data showed the median weekly rental income received by landlords per property was \$375. Rents differed significantly by region of recruitment (Table 27). These figures do not take account of the different mix of properties between the regions.

Table 26: Mean Weekly Rent per property (NZD)

Location	Mean	Median
Auckland	542	400
Wellington	369	350
Christchurch	563	375
Dunedin	301	300

When landlords were asked during in-depth interviews about setting rents most said they did not charge top rents for their properties, and neither did they continually raise the rent. The expressed preference of most was to charge a little less and keep 'good tenants'.

I don't charge top-notch rent because I don't need to and I'd rather have them feel happy and stay there and look after it. So I think it's a win-win situation in that respect (A10).

I don't keep hiking the rent up every 6 months...I don't need to squeeze the orange too hard, I can just you know, whereas with new investors they probably want to try and squeeze every last \$10 out if they can (A7).

They commonly drew distinctions between themselves and their landlord practices, and the 'unfair' practices of other landlords. In the following examples the practices of investors and agents (property managers) respectively are contrasted with the landlords' own practices:

Property investors are always looking at the profit but for us, if we like the tenants, we don't keep increasing rent, we want to keep them (A23).

Agents like to bang on an extra \$10 every year, and I say, 'don't do that, it's too hard for people'...my mother-in-law always said 'leave something in it for the next person and my translation of that is 'don't try and screw down to the last dime, you know. It benefits me and it benefits [them] because my tenants stay (A2).

A similar strategy of distancing themselves from the unfair practices of others was evident in the discourse of a number of Christchurch landlords. They spoke of rents in Christchurch going up after the earthquakes because of the increased demand for rental accommodation, which they saw as greedy and not fair on people who were already coping with so much.

Rental property portfolio characteristics

As noted earlier, 75% of the landlords surveyed owned either one (53%) or two (22%) rental properties and only 9 of the 406 landlords had 10 or more properties.

The sampling strategy meant that although we recruited landlords in our target cities, the landlords may have owned rental properties in cities other than the one they lived in. However most landlords owned rental property in the same cities in which they were recruited. While 61 landlords owned rental properties elsewhere in New Zealand, some of these properties were in addition to those owned in their home city. Eleven landlords also owned rental property overseas.

Table 27: Locations of properties: landlords

Landlord Lives in	Property Located in				
	Auckland	Wellington	Christchurch	Dunedin	Other NZ
Auckland	181	1	3	1	33
Wellington	3	56	0	1	11
Christchurch	2	4	96	0	13
Dunedin	1	0	0	25	4

Altogether the 406 landlords owned 851 properties and at the time of the survey, 96% (821/851) were rented out, with 93% (357/383) of landlords reporting no vacancies. The landlords with vacant properties were asked why they had vacant properties and only 20% were currently available for rent. Eleven of them, or 40%, were being refurbished and the rest were unavailable for other reasons. A comparison of vacancy rates in Auckland between the 2011 and 2015 surveys indicates only minor change: in 2011 the 139 landlords reported 14 vacant properties, and in 2015, the 173 Auckland landlords reported only 8 vacancies.

Table 28: Portfolio characteristics

	Studio	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Separate House		7	77	264	121
Semi-detached or terraced house		10	82	42	10
Single flat/apartment	8	43	123	30	11
Other	14	6	4	1	1
Total	22	66	286	337	143

Table 28 shows the type of properties and number of bedrooms per property. There is a clear preponderance of large properties with 56% having three bedrooms or more, which might imply a possible mismatch with the needs of a population with an increasing number of small households. This is consistent with analyses of census data that also showed an increase in properties in rental tenure across all numbers of bedrooms, but a greater increase in properties with more bedrooms. There will be sub-regional variation in population trends and household sizes, and available housing stock.

Landlords were asked for the total market value of their current portfolio. The median value of the portfolios of the 321 landlords who responded to this question was \$560,000. The mean value is very sensitive to a very high single portfolio figure (\$1.1 billion) but if that was dropped the mean was \$1.9 million. Chi-squared tests showed a significant difference ($p < 0.01$) in the values of the portfolios between the locations. Not surprisingly the highest portfolio values were for Auckland landlords.

Mean value per property was \$488,000 (after dropping two extreme outliers) and the median was \$450,000. This was significantly different between locations ($p < 0.01$ Kruskal-Wallis test) with the Auckland mean (median) of \$556,000 (\$500,000) higher than that of Wellington \$447,000 (\$350,000), Christchurch \$415,000 (\$350,000) and Dunedin \$283,000 (\$260,000).

Only 18% of the landlords had had to refinance their properties in the last two years.

Landlords were asked to indicate the total debt outstanding on their properties. Of the 296 who responded to this question, 94 had zero debt. The median level of debt amongst the others was \$300,000. There was no significant difference in the level of landlord debt between locations.

Managing and maintaining rental properties

In this section we present CATI survey findings on landlords' repair and maintenance practices, their use of property management services and how they selected and managed tenants. This is followed by an analysis of in-depth interview data on the same topics.

Maintenance practices

When asked if they had a structured maintenance plan for their properties, 37% (129/349) of landlords said they had a plan. There was no significant relationship between reporting that they had a plan and the number of properties owned. Landlords were also asked how much they would typically spend on maintenance for each property in a year. The median was \$2000 and the mean between \$3000 and \$4000, with no significant difference evident between locations.

Landlords were also asked what their spending priorities would be if they had \$10,000 to spend on their properties. The most popular choice was insulation (21%) followed by redecoration (16%). A number of landlords (14%) indicated that no improvements were needed on their properties. Lesser numbers of landlords reported that they would carry out improvements to the kitchen (12%) or bathroom (8%). (For more details see Appendix 3, Table 48)

Landlords were asked if they managed their properties themselves or used a property manager. While two thirds of landlords managed their properties themselves a significant proportion 25% (102/405) employed a property management company.

Table 29: Management of properties

	% (of 405)
Manage them myself	67%
Employ staff to manage property	9%
Engage a property management company	25%
Other	0%
Both	2%

Of those who used a property manager, 85% (112/132), were 'satisfied' or 'very satisfied' with the competence of the property manager and 83% (109/132) 'satisfied' or 'very satisfied' with the value for money they got from their manager. Auckland survey results show an increase in satisfaction from 63% in 2011 73% to in 2015.

As discussed earlier 'landlords' identified variously as landlords, investors or property owners, or a combination of these. The qualitative interviews brought to light that those who identified as landlords tended to be more hands-on with their properties and their tenancies were often longer-term. Two key discourses were evident as landlords discussed their approach to property maintenance: the first was self-interest – maintaining properties meant better tenants and lower turnover of tenants, higher rents and greater capital value. The second was a 'do unto others' approach – that you should maintain a property to a standard that you would feel comfortable living in yourself.

In the 'self-interest' discourse the primary motivation for maintaining properties to a high standard was for the benefit of the investment rather than the benefit of the tenant.

..they go up in value if you keep them maintained, and if you keep them maintained you've got something that you can liquidate if you do need to (D1).

Maintenance was also seen as important to ensure you attracted good, stable tenants, so you did not lose income.

If you have a good product you get a good tenant. If you have a crap product you get crap rent and you get crap tenants, I would say (A2).

We do a heap of maintenance... because if you had them too grotty it's a downward spiral. You get terrible tenants and then it's just a downward spiral – then you'll get all the problems that go with the tenants, and then you'll get the damage and you'll get the bad pets, and then you get vacancies – it's not worth it (D2).

While part of a 'do unto others' tenant-focussed approach to maintenance could be seen as self-interest (guarding against potential loss of income), in many instances it was also put forward as the right thing to do.

As I've got older I've taken a longer view... I would bring it up to a level where I'd be happy to live in it myself (A4).

I think more needs to be done about waterproofing and insulating...my kids have been in, you know, flats where there's dampness or mould...it's just not healthy (W2).

Many of the landlords described, and decried, the behaviour of 'other' landlords they variously called 'slum landlords' and 'greedy investors'. These 'others' were portrayed as buying cheap rundown properties, not spending money on maintenance 'because tenants would just wreck things anyway'; and flicking properties on for a profit, at which point the cycle would begin again. The landlords interviewed all distanced themselves from these practices.

In keeping with the survey findings, most of the landlords interviewed reported carrying out much of the routine maintenance and refurbishment on their properties. This was for a variety of reasons: having a DIY ethic, to save money, because they enjoyed doing it, or because they felt they could not rely on a property manager to do a good job. Trades people were generally called in for larger jobs and commonly for plumbing and electrical work.

Often I'll do the repairs and maintenance, or if it's a specific thing obviously something like electrics or plumbing, I have people that come and do that...[but] I mean I've done things like put washing lines in, put pavers down, and you know, I quite like doing things like that (A10).

Only two of the 38 landlords (who both owned several properties) said they followed regular maintenance schedules and described maintaining a schedule for upgrades and spreadsheets of costs (low compared to the 37% who indicated they had a regular maintenance schedule in the survey). It was more common for repairs to be carried out on an 'as and when needed' basis, with upgrades like painting and bathroom and kitchen renovations carried out between tenancies. Most relied on tenants or property managers (where a property was 'managed') to alert them to problems, and said they responded promptly once notified. Several commented that tenants often did not report problems in a timely manner – and nor, sometimes, did property managers.

Visiting to make repairs was seen by some as a chance to check what general maintenance might need doing:

...in the course of a year there's usually at least one problem per property ...then I usually use that as an excuse to pop round to chat to them, and I can quickly get a glimpse of how things are going (A7).

Sometimes long-term tenants were involved in the upgrade of their accommodation, potentially giving them more of a sense of 'home'. The landlord quoted below recounted several occasions on which tenants had contributed to maintaining or upgrading their dwellings:

....they rang me up and said one day you know could they paint the outside of the house and one of the retired people near them was an ex-painter so they painted that. And then the other younger guy, when I say younger he'd be 50, he got on and painted his place, they've done painting inside and it's all of a good sort of standard so they are making it their own. The younger guy used to once work for the Auckland Council

and so when the drains were blocked he actually dug a hole out the back to help the guy, the plumber that was coming in to unblock it so that's there.I've told the agent you know just take a couple of weeks rent off but you know these guys arein retirement and they're just happy to potter you know and something for them to do (A16).

Other landlords detailed a range of improvements made by tenants – inside and outside their properties.

Christchurch landlords described varying degrees of damage sustained to their properties during the earthquake and both speedy and lengthy resolution processes for getting repairs underway and completed. Just as landlords distanced themselves from 'slum landlords' with respect to housing quality, the Christchurch landlords contrasted their post-earthquake rent-setting practices from those of unscrupulous landlords who hiked up rents, taking advantage of a severe housing shortage.

Engaging property management services

While high levels of satisfaction with property managers were recorded in the CATI survey, these only pertained to the 25% of landlords who employed property managers. A mixed picture emerged from the follow-up interviews with the 38 landlords (proportion using property managers similar to the overall sample). Some valued being able to hand over the tasks (and worry) associated with property inspections, repairs and maintenance; of being on call and negotiating with tenants. As this landlord explains:

It is more convenient, saves us time and energy...and if there are any issues, the property manager can deal with it directly. If there are any quarrels, the property manager can deal with that too. The bad thing is that the fee is a bit high (A19).

For the landlord quoted below who had multiple properties, using property managers also made business sense:

I think there's a huge advantage in having a management company...it does cost you money, but that money is tax-deductible...and I think the fact that you aren't actually having to deal with the tenants on a day-to-day or week-to-week basis, means it frees you up to actually make money and buy more property. You're not overwhelmed (D1).

Other landlords reported negative experiences.

Practices varied widely and changed over time. Some landlords who had started out maintaining their properties themselves had turned to property managers as they got older whereas others found that they had more time in retirement which enabled them to take over more of the management and maintenance of their properties. Others used a property manager for one property but not another. A change in practice could be precipitated by a shift in the landlord's circumstances, or alternatively a change in the perceived quality of service provided by managers:

I tried to do my own thing for many years and that was a rather costly thing in terms of nervous energy and sleepless nights (A16).

While this landlord now used a property manager, dissatisfaction with a property manager triggered a change back to self-managing properties for another:

My tenants didn't like the way they performed [and]...nor did I for the money I paid them. Huge amounts of money for them to go and to do it and so touch wood, I've done it myself since (C4).

A common viewpoint was that there are good property managers and there are bad ones, sometimes you could be lucky and get a good one and at other times not. In the words of one landlord:

They vary – there's a normal distribution curve of property managers, I think (A16).

And another landlord summed up their positive and negative experiences of property managers as follows:

They fulfilled everything that we required, and they did, yeah, just a generally pretty good job, they vetted tenants and they gave us financial reports and inspected the properties...[But] they're only as good as their staff and of course the staff they use vary alright, in their standards...and also in the way they handle people, you know. Some people can handle other people very well, and others no so well, so you get this variation (A13).

Engaging a property services manager did not always reduce the level of contact landlords had with their property or tenants. Several landlords continued to do a lot of the maintenance themselves:

We still go and do gardens and things, tidying up in general (A12).

Generally, if landlords employed property managers, the managers organised for repairs to be done, but not always: some landlords organised repairs themselves to avoid the additional fee associated with calling in a tradesperson.

In some instances, where the rental property was part of a shared property (such as an apartment in an apartment block), owners paid a body corporate fee, and repairs and maintenance were organised by the body corporate.

Irrespective of whether they managed their properties themselves or not, many landlords relied on letting agents to find tenants for them although the final selection was often made by the landlord.

Managing tenants and tenancies

Landlords reported their tenants stayed on average between two and three years. The exception to this was in Dunedin where landlords reported that the tenancies were significantly shorter, reflecting the requirements of the student market.

A number of questions were asked about the tenancy agreements landlords had with their tenants. Ninety two percent of the landlords indicated that they had signed tenancy agreements for all their rental properties and 81% had collected and lodged bonds for all their properties. These figures are similar to those reported by tenants (91% had a signed tenancy agreement and 89% said they had paid a bond).

In the follow-up interviews, almost all landlords talked of having fixed term leases of either a year or six months, with many moving to a periodic lease if tenants wanted it after the initial fixed term was up. The Dunedin landlords, who catered for students, said they used one-year fixed term leases where students sharing a house were *jointly and severally liable*:

All their names are stated and they have signed it ...and [rent] comes from each of them (D1).

Landlords favoured arrangements that they believed gave flexibility for the landlord and the tenant: the landlord was not 'stuck' if they had a tenant they considered unsuitable, or if they wanted to sell their property; and conversely, neither were tenants whose needs had changed:

Life can change so quickly for anybody that I think that might be detrimental to both parties really unless there is some out clause (A16).

Landlords also felt flexibility was appreciated by tenants, noting that tenants often moved out of choice: relocating for a job, because their relationship had ended, because they had found a better place, and, in several instances, because they had bought their own house.

However landlords generally accepted that security of tenure was important for a person's wellbeing, and especially important for tenants with children:

It's to do with children and their stability with schools and so on. Not having to keep switching schools (A8).

Aspects of lack of security of tenure highlighted included lack of security for tenants when their rental accommodation was sold out from under them, especially as so many baby-boomers in particular had invested in property to finance their retirement:

... and eventually they will be selling them down...and of course the tenants get put out...and I don't see that stopping for quite some time, simply because of the demographics (D2).

Also highlighted was the precarious position of tenants facing frequent rent increases. One rental property owner spoke of the law being '*pretty tough on tenants*':

They're all on fixed, you know, 12 month agreements and I can give them three weeks and say, hey, I'm not renewing. Like you try to find a place in three weeks. It seems to me that's not very fair on them (W5).

While flexibility was generally lauded, several landlords who had previously lived and rented overseas spoke of different tenure arrangements, including instances where people had tenure for life:

People don't get a lot of security [here] with their renting you know and I think that is a very sad thing, especially...[if] there are people who are going to be renting their whole life...I think that is a big change that needs to come...they have to feel secure that this is going to be their home and yeah, there seems to be none of that here (C7).

These latter views contrasted to a more common landlord position which supported the current regulations around tenure because they were seen to provide flexibility. A change in regulation was not commonly advocated.

Landlords were also asked how they selected their tenants. Most commonly this was delegated to a manager or agent but the informal approach of 'good impression on meeting' was the second most commonly mentioned method. In 2011 in Auckland, 'good references' was more important than good impressions.

Table 15: How do you select tenants?

Method	% of 385
Manager/agent does it	39%
Good impression on meeting	32%
Good references	24%
They have a secure job	15%
Family type	11%
Personal connection (family/friends)	8%
Security/credit check	3%
Someone else does it (not agent/manager)	1%
Gut instinct	1%
Other	10%

Landlords were also asked about the main reasons tenants left (Table 32). The most common answer was that the tenants were moving city (31%), followed by tenants leaving to buy their own home (27%). In Auckland the figures were 26% and 25% respectively; and in 2011, 33% and 24% respectively. Tenants being evicted or being unable to pay rent made up 13% of reasons given across the whole sample.

Table 31: Why had tenants left properties?

Reason	% of 405
Moving city	31%
Buying their own home	27%
No tenants have left yet	15%
Tenant turnover not a problem in my properties	10%
Tenants unhappy with accommodation -- too big, too small, too far away from work, family etc.	9%
Tenants cannot pay rent	8%
I have to evict tenants	5%
Tenancy expired and was not renewed	2%
Change in family circumstances (divorce, illness etc.)	0%
Other	27%

Landlords were also asked if they had considered any strategy of targeting niche markets for tenants and most (74%) had not. Of the 25% who had targeted niche markets nuclear families, students and older people were the most commonly targeted group (Appendix 3, Table 48).

Relationships with tenants

The level of contact and the type of relationship landlords described having with tenants varied widely. Influential factors were whether or not landlords managed their properties themselves, the proximity of tenants to their own home and a landlord's general management approach. For some, self-identification as either 'investor' or 'landlord' was linked to the type of relationships they sought. Here, for instance, is an 'investor' perspective:

It's their life.. .I don't want to share my life with them. They're just clients (W3).

The notion of 'tenant as client' is also clear in the following comment:

If your tenant needs something done you should do it. Don't muck about. You are providing them with a place to live; you need to service that place (W1).

A contrasting 'concerned landlord' approach is apparent in the quote below:

We have a young couple with two little kids next door. We don't charge them market rent so we feel like we're helping them out. They're fantastic tenants...obviously we're not big time investors (A5)

Contact with these tenants was daily.

Several landlords had family members as tenants and/or the rental property was on the same site or next door to their dwelling and contact was frequent. Maintaining properties themselves also tended to ensure regular contact:

I have lots to do with tenants...believe it or not I'm still mowing their lawns (A1).

Other landlords were very clear that it wasn't their role to have regular contact with tenants:

I say to tenants, 'it's your home and I'll never ever come here unless I let you know...when I was younger I had a terrible, terrible landlady who was there every month checking the house, and I just really hated that feeling that my home didn't feel like it was, you know...(A9).

'...as little as possible. It's their life' (W3).

Contact on an 'as and when needed basis' was the more common situation. Landlords expected tenants to contact them if repairs were needed but otherwise, unless the rent went unpaid, contact was minimal for the bulk of landlords. Property service managers had more regular contact with tenants with inspections reportedly occurring at three to six monthly intervals.

In describing their relationships with tenants, a number of landlords recalled their own experiences as tenants and the relationships they had had with landlords. This appeared to make them more understanding in their attitudes towards their tenants:

Many, many years ago I went through the same process as what a lot of the tenants are going through, and I can remember what it's like (A1).

One spoke of feeling 'like a second class citizen' when he was renting; others of lack of tenure security:

You have always got that hanging over your head. The chance that the landlord will sell the property. There's never any certainty in it (A3).

Landlords were asked to reflect on how their landlord practices might influence a tenant's ability to feel 'at home'. Views differed, but all made a distinction between a house and a home. To be with family, to feel secure and to be able to personalise space were commonly identified attributes of 'home'. Allowing tenants to make small changes to the dwelling were discussed within the context of personalising spaces.

As the following comments indicate, having tenants who felt 'at home' was seen as being in the interests of landlords as well as tenants:

I like people as tenants to treat it as their home...without cutting holes in the walls or anything like that...because the more they think of it as their home the more they'll respect it (C6).

People are not going to do terrible things if it is their home (A18).

If you can get people looking after your investment above average then it more than pays for the cost (C5).

Several landlords talked of needing to balance investor imperatives of maximising profit and resale value, with providing a secure home for tenants – and allowing them to feel at home.

Rules and tenants

Attitudes towards rules for tenants varied from flexible and informal understandings, to clearly stipulated rules when a tenancy agreement was signed. Where rules were agreed upon, they typically included the number of people to be permitted to share the dwelling, whether pets could be kept, who was responsible for lawns/garden, reimbursement of recovery costs, and right of renewal when a lease expired.

All except one of the landlords accepted tenants had the right to make small changes to their rental accommodation. For most, hanging up pictures or establishing a garden was acceptable, but nothing else. A few landlords were quite *laissez faire* – especially with longer-term tenants – as long the dwelling and garden were returned to their pre-occupancy state:

It's their home. It's my property, but it is their home. They just about do what they like with it, [as long as] they don't damage anything (W3).

Conversely one landlord who described her properties as 'quite high end' was not happy with tenants making any changes. Others, while understanding in principle that tenants needed to feel at home, had difficulties with the actualities, particularly if changes made were, in their view, shoddy or '*highly individualistic*'. Changes were something to be negotiated.

Landlords' experiences of tenancies

Landlords' experiences of tenants and tenancies varied considerably, although most experiences reported were positive: *I honestly haven't had problems...I've been really lucky (A15)*. While many recounted histories of tenant problems 'other landlords' had had, less than half of landlords interviewed reported having had any problems with tenants themselves. Of those who had the most commonly reported difficulties were tenants getting behind with the rent: *... they lose their job and they have no resources to cover the rent (A4)*; leaving the place dirty or untidy; leaving owing rent, taking or damaging property; subletting rooms; or having more people living in the property than stipulated in the rental agreement. Several landlords also spoke of tenants not understanding the need for ventilation, and thus contributing to rooms becoming mouldy:

It turned out there were two families living there and no-one ever opened any windows (A9).

Sometimes the bond was not sufficient to cover damage incurred or cleaning needed before the property could be rented again. Negotiating with tenants at the end of a tenancy was therefore seen as the most difficult time. However very few landlords said they had evicted a tenant and fewer still had gone to the tenancy tribunal to sort out a problem.

Experiences of the Tenancy Tribunal

Landlords preferred to sort problems out themselves, or cut their losses than deal with the Tenancy Tribunal. The tribunal was seen to be biased in favour of tenants and it was considered more trouble than it was worth to chase up rent arrears or other costs through the Tribunal.

Recovering money owed, even when the Tribunal found in favour of a landlord was seen as problematic:

The ruling was in our favour but you just lose time, and rent obviously, while they move on. [In terms of getting back rent], they made all kinds of promises and noises and nothing ever happened (A12).

...they get all sorts of paperwork saying they have to pay etc., but it never happens, you know, they just disappear and so it's a complete waste of time really (C2).

However the Tribunal was seen as helpful in the following situation:

The good thing if you go through the tribunal is you don't have to wait 90 days to let them [tenants] go (A11).

In the CATI survey landlords were asked if they belonged to a property investors/owners association. Only 5% of the sample reported membership.

Regulation and standards

A high percentage (92%) (263/286) of landlords were aware of the proposed minimum standards for smoke alarms and insulation and 88% (253/286) agreed with having minimum standards. (This question was added midway through the survey, after 15th July 2015, when the minimum standards were proposed.)

Of the 243/267 landlords who answered this question (91%) had smoke alarms in all their properties and 189/267 (71%) had both ceiling and underfloor insulation. There were 139 landlords who did not answer this question and so the degree to which these minimum standards were met is not totally clear.

In the qualitative interviews landlords were also asked about their views on relationships between housing and health, the legislative requirement for insulation and smoke alarms, whether the requirement should be extended to include a source of heating in dwellings and the merits or otherwise of a warrant of fitness for rental properties.

In responding to questions about housing standards it was not uncommon for landlords to draw on their own or their children's experiences of living in cold, damp, poorly maintained rental housing. Media accounts of 'totally disgusting' rental properties were also used as a point of reference to which their own properties were compared when minimum standards were discussed.

While all landlords interviewed agreed cold damp houses were bad for health and that rental properties should be safe, warm and dry, a range of beliefs and rationales underpinned the quality of housing they advocated or provided. These beliefs included a rights perspective: ... *...good clean dry housing is a basic human right (A7)*; the 'do unto others' position discussed earlier: *We always worked on the idea that we would be happy living there (A12)*; and wanting to maintain a better standard of dwelling to attract higher rents or '*a higher class of tenant*'.

An alternative view was that tenants have different needs and expectations and should be able to make trade-offs between the level of rents and standards. An example of the latter view was the perspective of a Dunedin rental property owner providing short-term accommodation for students:

I mean you're going to get a better rate of return if you insulate things and make them cosy and warm for people; but then again the other side of the coin is I suppose some people are just in a position that they want to rent something that's very, very, cheap. It's a double-edged sword (D1).

Tenant practices that undermined efforts to keep a dwelling warm and dry, particularly keeping windows closed and drying washing indoors, were commonly mentioned.

When asked if landlords should provide a source of heating for tenants, viewpoints ranged from those who felt providing heating was in the landlords' best interest for maintaining a property, to those who said they did not use heating in their own homes and felt that heating should be a matter of choice:

I think heating should be people's choice...when I think about heat pumps and peoples' bills... (A5).

Accounts of heat pumps being installed but not used by tenants were given to support this argument.

While almost all landlords felt there should be minimum standards for rental properties to protect the health of tenants, many stopped short of supporting the introduction of a Warrant of Fitness. Objections raised were: items being too difficult to agree on; a WOF being impossible to administer and enforce; and because it would make rents more expensive:

People think, well this is good, this is really good for tenants, but sometimes it's not – not if they end up having to pay another \$25 a week that they don't have (D1).

It gets too hard, like once you start writing rules and that what it does it starts forcing up the rents (C5).

Positions on the merits of a regulatory change ranged from:

I'm 100% in support of a warrant of fitness...It's good for both parties (A16); to:

*It doesn't matter what rules you bring in there will always be people that flout them....
there are always unscrupulous landlords and there are always bad tenants...I don't
believe any regulations will really change that in any significant way (A14).*

The feelings of many are summed up by the comment that although a WOF was '*probably a good idea in theory...there's always unintended consequence[s]*' (A4).

Landlord's future plans in the rental housing sector

Investing or divesting in rental property

Landlords were asked if they were planning to buy more rental properties in the next two years and 26% (105/405) said yes, consistent with the 25% who said 'yes' to this question in 2011. There was some variation, with 31% of Christchurch landlords planning to buy but only 18% of those in Dunedin; however this difference was not statistically significant.

The 105 landlords who were planning to buy were asked why.

Table 32: Why buy more rental properties?

Reason	% out of 105
Good returns	39%
Capital gain	16%
Optimistic about property market	14%
Enjoy the business	12%
For future family members (inheritance)	8%
Tax advantages	7%
A form of retirement savings	4%
Secure/safe investment	3%
Other	24%

The most common response given was 'good returns'. This was also the most common response from landlords surveyed in 2011.

Table 33: Why not buy more rental properties

Reason	% (of 263)
Cannot finance	42%
Happy with current properties	16%
Too difficult to manage more	15%
Happy with current returns/yield	11%
Don't think returns are worth it	7%
Too old	3%
Worries about prospects for rental market	2%
The 30% deposit required for bank loans for rental properties	1%
Minimum standards or Warrant of Fitness requirements	0%
No good properties around where I might invest	0%
Diversification of investments/money	0%
Other	18%

The most common reason cited for not buying more rental properties was the difficulty of financing. The response 'cannot finance' was also the most common given in the 2011 survey (35%) followed by 'happy with current properties', as in 2015. In the comments under 'other' there were several who expressed worries about the rising cost of housing and the desire not to take on more debt. There may be stagnation in the rental sector because of fears of prices falling.

Overall 17% (58/351) of the landlords said they planned to sell in the next two years; 28/176 in Auckland or 16%. This is considerably lower than the 25% who said they planned to sell in the 2011 survey.

The reasons given for planning to sell are detailed below (Table 35). As with the 2011 survey the most common was 'needing capital for other reasons'

Table34: Reasons for planning to sell

Reason	% (of 58)
Need capital for other reasons	29%
Want to cash up as near retirement	22%
Returns too low	17%
Too difficult renting out	14%
Made capital gain	7%
Going to buy a different rental property	5%
Health issues	2%
Change in employment circumstances	2%
Alternative investment plan -- non rental market	0%
Other	9%

The CATI recruitment protocol included those who had owned rental property in the last two years but had no current rental properties. There were 21 respondents in this sub sample. The most common reason they gave for leaving the sector was that the costs were too high or that the properties were too difficult to manage.

Landlords' future plans were also discussed during qualitative interviews. Just as their rationales for entering the rental property market varied widely, so too did their future intentions. Those focussed on retirement security spoke of intentions to sell rental properties in the next few years to pay off debt and enjoy a disposable income; and/or hold on to one or more of their rentals to provide on-going retirement income from rents.

Similarly, landlords for whom rental properties were part of a general wealth creation/investment strategy were split between those who intended to sell their current properties over the next few years for the capital gain accrued and then reinvest the money (some in more rental properties), and those who planned to keep their properties for the on-going revenue from rents. One in the former category spoke of the residential property market as 'entry-level' investment and it was time to move to *better investment projects* (A20).

For the third category of landlord, those for whom acquiring and managing rental properties was a business/employment or lifestyle choice, 'business as usual' was the most likely planned scenario:

It's our intention to carry on at the moment – we enjoy it. ...we enjoy people and we enjoy decent people and ...if we can provide a good standard of housing for people that probably aren't able to do it for themselves then yeah, we're happy...It's a good interest (C5).

There was no discernible pattern in the plans of accidental landlords.

About half of the landlords across all categories talked of acquiring more properties over the next few years, some outside of Auckland, where prices were lower. Others felt residential property was now too expensive for the rental returns to make acquiring more financially worthwhile:

I've got money sitting in the bank...I should be going and borrowing some more money and buying another property, but I can't see the economics any more (C4).

Longer term, several landlords planned to divest properties to their children or leave them to their children when they died. None had 'succession plans' which would protect the rights of existing tenants to remain in their rental accommodation.

Barriers to investment in rental property

When asked in the CATI survey about whether they thought there were barriers to investing in rental property, 58% (202/349) of the landlords said there were. Barriers they identified are listed in Table 36 below. 'Obtaining access to finance' was the most commonly cited single barrier and also the most commonly given when respondents were asked to name the single most important barrier.

Table 35: What are the barriers to investing in rental property?

Obtaining or access to finance	72	36%
Lack of good rental properties	27	13%
Tenants are a problem to deal with	26	13%
Unsure about current and proposed changes to government policy	23	11%
The 30% deposit required for bank loans for rental properties	22	11%
Returns are too low	21	10%
Returns too risky	19	9%
Rising house prices	19	9%
Property market conditions (low or negative growth in values, low rents, lack of tenants)	13	6%
Changes to the way IRD treat investment policies	7	3%
Minimum standard or WoF requirement	6	3%
Cannot find a good property manager	1	1%
Other	32	16%

Concerns were expressed that the Auckland market in particular had peaked and there were now limited opportunities for capital gains. Christchurch landlords saw the need to insure or strengthen their properties against earthquakes as a barrier to further investment in the rental housing sector.

A higher percentage of landlords in 2011 named uncertainty around government policy, market conditions and changes in the way the Inland Revenue Department treats investment income as barriers to further investment, than the landlords surveyed in 2015.

Current landlords were asked if there was anything the government could do to encourage them to buy more rental properties, and former landlords what the government could do to get them to re-invest in the rental sector. The most common response (47%) (Appendix 4, Table 27) was that there was nothing the government could do and that it should stop interfering. Only 22% thought 'altering the tax structure to make rental investments more profitable' would increase investment. This is a change from 2011, when the response 'there is nothing the government could do' received an equal number of mentions to 'alter tax structure to make rental investments more profitable'.

Views of the rental property market

Many of the landlords' observations about the rental housing market were prefaced by concerns about the decline in homeownership and the shortage of affordable housing. They saw homeownership as good for New Zealand and good for individuals and families:

I think [people] should be encouraged to buy their first houses ...The government helped us out in our first home, and perhaps they should look at that [now].....just about everyone in our age group had a 3% State Advances [loan] for their first home and we also had something called family benefit capitalisation (A9).

I'm always chuffed when I've got a tenant who goes off and buys a house, I always think, 'that's great' (D1).

A lack of security for tenants, high rents which tenants struggled to afford, and investment in rental housing pushing up the cost of housing and keeping 'ordinary' people from owning their own homes were all identified as problems in the current market:

That's the unfortunate thing that, you know, you can't be secure if you're a tenant unless you're in state housing (A2).

I just see there's a lot of people making a lot of money out of rentals and the lower paid bracket are having to go into rentals because they cannot afford [their own] houses (A3).

A whole sector of potential owner-occupier market is not being catered for (A12).

Ensuring a high level of owner-occupation was seen by some as a government responsibility: *It's going to take a lot of investment from the government (A3)*; and by others as an individual responsibility: *When you're 20 you're supposed to be saving up to buy a house so that you've got somewhere to live. Not sitting back renting and flying around the world, or having a holiday (W3).*

A lack of affordable housing was seen to militate against homeownership and the Auckland market was singled out as being different from the rest of the country. Out-of-Auckland landlords tended to view Auckland as different to elsewhere in New Zealand: *It's a lot different [in Auckland] to anywhere else...there's just a whole lot more investors looking for the quick buck (C1).*

Notwithstanding the high value placed on homeownership as a New Zealand norm, many interviewees thought there would always be a need for private rental housing and several commented that private investors were doing a good job providing much-needed rental accommodation.

Landlords thoughts on how the housing market could be improved tended to mirror recent policy and media debates and included suggestions such as encouraging people to move to the regions; increasing the minimum deposit required to purchase a property; increasing loan-to-value ratios; taxing property sold within so many years; regulation to stop investors buying properties and leaving them unoccupied; limiting overseas investors; limiting immigration; setting up housing associations so that housing could be *taken out of the [hands] of individual landlords* in order to ensure affordable rentals; putting a cap on rents.

However, characteristic of the diverse views of landlords on most matters, others identified many of the same measures as unlikely to improve the situation. The seeming impossibility of solving the current housing crisis is summed up in the comment of one landlord (A17) when she said: *'If the Reserve Bank can't figure out how to stop the Auckland housing market, I can't'.*

Some landlords drew on their knowledge and experience of rental markets overseas and examples from countries where rental accommodation, apartment living and long term tenure were the norm were often highlighted. One landlord suggested a way of protecting tenants might be to have

government regulation saying that if premises were tenanted when the property was sold, the tenants had the right to stay – and that the rent should not be put up.

As noted earlier, providing for family members was part of the rationale for investing in property for a number of interviewees. The following remark suggests an alternative intergenerational perspective on the dynamics of housing investment and owner-occupation:

I think for the sake of my children the harder it is for me to make money out of properties the better it is for them really ...I mean it's the old story of the rich get richer and as I found when I had two properties I could suddenly have three and then five and then as I said we got up to 11 (A16).

Revisions to the Residential Tenancies Act to remove what were considered biases towards tenants' rights and to add clarity on tenant's obligations were suggested:

If there are more detailed regulations, then there will be less dispute later on, because everyone will be more aware of whose responsibility is that and who's obligation is that, then there will be less dispute (A20).

Two landlords suggested a register of 'bad tenants':

...the tenant's previous renting record, it should be easier to obtain this kind of information (A19).

...a register of tenants ... so the landlords could actually ring a number just like you can with your car to see if there's any outstanding payments on it...and at least the landlord can see what he may have to deal with (C3).

Reflecting on being a landlord

When landlords were asked to comment on what their experiences as a landlord had taught them about the private rental sector, responses were quite consistent – take a long term view; maintain properties to a good standard; and encourage good, longer term tenants. Keeping rents slightly on the low side was seen as a win-win situation. Tenants were happy and stayed longer, and landlords did not have the expense or hassle of having to find new tenants or having an untenanted property.

Several landlords, like the one quoted below, talked about how their views had changed over the years:

... when one is younger one tends to... try and get the highest rental you can, when you're older you realise that's a terrible mistake and if you have... a good property and it's a fair price, or just slightly under a fair price, get a very long term tenant and so you don't get tenants chopping and changing... and as I've got older of course I don't want the hassle, so you know, I've taken a longer view of just having a very stable tenant, and if I wouldn't be happy [to live in it myself]... I would bring it up to a level where I'd be happy to live in it myself (A4).

All things considered, most landlords still thought rental housing was a good investment. One landlord reasoned as follows:

It's a lot less volatile than the share market because in New Zealand at the moment I think 64% of properties are privately owned, so even if there's a downturn and investors panic and start selling, the people that own their houses and live in them aren't going to panic and sell, because they need to live somewhere, they'll just ride it out.... So that has a great balancing effect...whereas the share market...it's like just complete chaos sometimes because there's nothing to buffer (A7).

Not only was it 'doable', it was considered more secure than other forms of investments.

Discussion

Above all, our data underline the diversity within the private rental housing sector: the demographic diversity of tenants and landlords; their varied pathways into renting/investing in rental property; and a multiplicity of tenancy experiences and management practices. This is perhaps unsurprising, given the accelerated rate of growth in the private rental housing sector over the past two decades. Numbers renting climbed from less than 25% of households at the time of the 1986 Census to 40% of households (42% of the total population) by 2013; and the number of those investing in rental property rose from 75,000 to 200,000 in the 10 years to 2007. Increasing house prices (and an associated lack of affordability) have progressively elongated a traditional trajectory from renting to homeownership. At the same time, tax incentives, ready access to mortgage money, and distrust of other forms of investment have encouraged investment in the private rental housing sector – and made owning a rental property both ‘doable’ and an investment of choice.

Tenants’ pathways into the private rental sector were varied. Many were older (the mean age across the four cities was 42 years) and had more heterogeneous experiences than the ‘standard’ story of young people renting temporarily before buying a house. Renters in our sample did include the familiar trajectory of young people moving from their family home and into flatting situations (most still aspiring to homeownership); and couples who saw themselves as renting temporarily while they saved for a deposit on a house. But there were also tenants who preferred to rent rather than to own a house; those who owned a house, but not where they wished to live, so rented in their preferred location (and were thus also landlords); tenants who had previously been homeowners but, through major changes in circumstances, were now renting (a third of the sample); and those who had always rented and knew they could never afford to buy their own home. With successive governments retreating from housing provision, more lower-income families rely on the private rental sector for a home (Goodyear & Fabian, 2014). It is concerning that of the tenants who gave a reason for being declined a tenancy 25% felt it was because of they had children. In addition, there are increasing numbers of older, middle income ‘intermediate’ renters shut out of owner-occupation who are now renting long term (Beacon Pathway Ltd., 2010). Changes between the 2011 and 2015 CATI tenant surveys in Auckland show an increase in the mean age of those renting from 39-44 years. This has implication for the wellbeing of many individuals when they reach retirement age – financial and otherwise.

As with tenants, landlords’ pathways into the rental property market were also diverse. So too were their levels of financial knowledge and management practices. In spite of an official discourse of rational investment and market forces as regulators of the rental housing sector, only a handful of landlords interviewed appeared to make decisions about acquiring and retaining rental property based on dictates of ‘sound investment’, such as diversifying assets or ensuring good returns. In fact, the CATI landlord survey found 59% did not know the rate of return on their property investment. In addition, the in-depth interviews showed that rental properties were seldom part of a larger investment portfolio. Investment in anything but property was largely distrusted. Quite a few of those interviewed were ‘accidental landlords’, becoming landlords through a variety of unplanned circumstances (such as inheriting a house or changing family requirements). Others had been lured into property investment through unsolicited encouragement from their bank and the offer of a cheap loan. For some landlords, buying and managing rental properties was an alternative to paid

employment; and for a number with practical skills, it provided 'something to do'. In the still-surviving antipodean DIY tradition they could buy, 'do-up' and maintain older (and cheaper) rental properties, increasing their value along the way. In fact the CATI survey revealed a general preference for buying second-hand properties (67% of landlords), which suggests rental property investors are making little contribution to increasing housing supply.

It is telling that many of the landlords interviewed did not see themselves as 'investors', but rather as 'property owners'. Only 25% employed a property manager, and many spoke of 'doing the garden', mowing lawns and carrying out repairs/renovations themselves. In-depth interviews reveal a range of reasons, including saving money ('why pay someone to do something you can do yourself?') and a preference for a 'hands-on' approach. It also provided landlords with an opportunity to keep an eye on their property. While most relied on agents to find tenants, their own 'gut instinct' frequently determined their final choice of tenants. CATI data show only 5% belonged to a property investor association, and most depended informally on friends and acquaintances who also owned rental properties for information and advice. Overwhelmingly, the landlords in the sample were a variation on the theme of 'Ma and Pa' landlords (Bierre et al., 2010) who had acquired one, or at most two, rental properties to help fund their retirement, or for general wealth creation. These findings are consistent with those of our earlier 2011 survey as well as a 2003 national landlord survey (Saville-Smith & Fraser, 2004) and two subsequent surveys (DTZ New Zealand, 2007, Auckland Council, 2013).

Alongside this diversity, two recurring themes permeate landlord and tenant narratives alike: the dream of homeownership and the perception of renting as a second-rate housing option. Owner-occupation has been part of the New Zealand imaginary – and central to government housing policy – for more than a century. Generations of New Zealanders have taken it as a given that they would one day own their own home, with buying a first home almost a 'rite of passage'. While the social and economic landscape has changed and homeownership is not a realisable option for many New Zealanders in the current housing environment, tenant and landlord narratives show an unchanging desire for homeownership. It is perhaps indicative of perceptual differences between owning and renting that we speak of 'home' ownership and rental 'housing'.

Rental tenure is equated with lack of choice, dependence, insecurity, and poorer living conditions, whereas owner-occupation is equated with choice, independence, security and better living conditions. The second-class status of renting as a housing option is reinforced by the poorer condition of rental housing compared with owner-occupied dwellings; a shortage of adequate, affordable rental accommodation (particularly in Auckland and Christchurch); a general imbalance of tenancy rights in favour of landlords; and a private rental sector geared towards short-term tenancies, which provide flexibility, but little security of tenure. While almost all landlords and some tenants (particularly those who were younger) favoured the flexibility short-term leases afforded, not feeling secure was a common theme in the in-depth interviews with tenants. Many spoke of the 'insecurity of being booted out', and wanting 'the security of owning your own home'.

While 82% of tenants surveyed stated their current accommodation was 'adequate for their needs', in-depth interviews revealed not knowing how long they would be there and being unable to make small changes impacted on their ability to feel their rental accommodation was 'home'. This has implications for health and wellbeing given the well-documented importance of appropriate, secure housing – and a sense of 'home' – for health and wellbeing. Could tenants ever feel secure, asked one

landlord, while ‘the chance that the landlord would sell the property was hanging over their head’? Tenants and landlords alike reflected that tenants renting longer-term needed to be ‘able to feel secure that that is going to be their home’ (landlord). International research into security of tenure highlights the combined roles played by cultural norms, market factors and government policies and legislation (Hulse & Haffner, 2014). In New Zealand these combine to privilege owner-occupation over renting; flexibility for the landlord over security for the tenant. Our data show a big increase in the number of tenants forced to leave their rental accommodation because the landlord had sold the property – up from 13 % in 2011 to 36% in 2015 in Auckland (30% in 2015 across the four cities). This is paralleled by a change in the primary reason given by Auckland landlords for the purchase of their last rental property in the CATI landlord surveys between 2011 and 2015: “investment” overtook “retirement savings”, giving support for the views of landlords interviewed from elsewhere in New Zealand that Auckland property investors were largely buying for speculative reasons (property investment) rather than buying properties to rent (rental investment). The change of emphasis in Auckland from investing for retirement income to investing for capital gain was one of the few significant differences between cities to emerge from the CATI surveys or the follow-up interviews with tenants and landlords. It is salient to highlight this change as sales turnover contributes to less secure tenure and higher mobility and transience for tenants.

Tenants saw themselves as ‘lucky’ and ‘fortunate’ if they were in a warm, dry, insulated house, if repairs were attended to, and the relationship between themselves and the landlord was good. They did not consider such factors as ‘rights’ to which they were entitled through payment of rent for a service provided (their tenancy). Many had low expectations of the performance of rental dwellings and an acceptance of the poor condition of much rental housing, reflecting a cultural norm of stoicism and making do. This is in keeping with the BRANZ nation-wide House Condition Survey that found only 2% of tenants considered their dwellings were in a poor condition, compared with the 44% reported by inspectors (Buckett et al., 2012). Few landlords reported having regular maintenance schedules and most said they relied on tenants or property managers (where a property was ‘managed’) to alert them to problems; however many tenants reported fears that if they asked for repairs to be done, the rent would go up, or their lease might not be renewed.

Tenants and landlords alike accepted that landlords had the right to ‘evict’ the former from their ‘home’ if landlords wished to sell their ‘asset’. Tellingly, although 30% of tenants surveyed reported being forced to leave a rental property because landlords had sold it, they did not consider this ‘eviction’. Similarly, the right of the landlord to control not only length of tenure but also the use of the dwelling was universally accepted. While a few landlords did allow tenants to have pets, make a garden or small changes so their rental accommodation felt more like ‘home’, such ‘rights’ were at the landlords’ discretion. The constraints on tenants’ ability to personalise their rental properties highlight a disjunction between a rental property being at one and the same time a landlord’s asset and a tenant’s home. That ‘contingent rights’ can be and are separated out in some countries from the ‘exclusive’ rights of an owner to sell or otherwise dispose of a property (Easthope, 2014), was rarely considered, and only by those who had rented overseas.

It is instructive that the private housing sector is talked about as ‘the housing market’, privileging a discourse of dwelling-as-asset rather than dwelling-as-home. Rights of disposal and control over conditions and length of occupancy are retained by the landlord, with some protections for tenants in

place (through the Residential Tenancies Act), to ensure landlords do not over-step their rights. However, as James and Saville-Smith (2010: 116) note, there are “few requirements placed on landlords around the performance of dwellings or security of tenure”. Although renting has increasingly become a more long-term form of tenure, our data suggest that for many, to remain housed requires multiple moves between dwellings. This does not meet Hulse & Milligan’s (2014) definition of secure occupancy: “the extent to which households who occupy rented dwellings can make a home and stay there... subject to meeting their obligations as a tenant” (p. 643). The most common tenure was a one-year fixed-term agreement. A sense of powerlessness over how long they would be able to remain in their rented home was an important driver for tenants of the desire to own their own home. Notwithstanding the reasonably high levels of satisfaction with their *current* dwelling, very few tenants thought the private rental market per se was working well enough for tenants. By contrast, most landlords thought it was working ‘well enough’.

Tenants were reluctant to draw on the provisions of the RTA because of fears it might threaten their tenancy or undermine a good relationship they had with their landlord. Situations described by tenants that appeared to breach the RTA requirements and a mistaken view of landlords’ rights, suggests tenants’ understanding of RTA rights and responsibilities was fairly limited; a situation which suggests better knowledge of the RTA alone will be of limited benefit to increase tenants’ agency, if they do not feel empowered to act. Most tenants spoke of having a good relationship with their landlord and reported repairs being attended to more promptly when dealing directly with the landlord. Apart from the prompt response to requests for repairs, the importance tenants placed on a good relationship with the landlord could also reflect the value placed by New Zealanders on personal relationships across many situations – although the existence of a personal aspect to tenant-landlord relationships (beyond economic and legal aspects) has also been highlighted elsewhere (Hughes & Lowe 2001 and Lister 2002, cited in Bierre et al., 2010). In the case of New Zealand tenants, it is possible it also reflects both their perceived and actual relative legislative powerlessness in the rental relationship, the latter leaving them largely reliant on the goodwill of their landlord to ensure ‘secure occupancy’. Landlords, in contrast, were varied in their attitudes towards tenant-landlord relationships. (Interestingly many, like tenants, spoke of feeling ‘lucky’ if a tenancy went well.) Those who had bought rental properties for general investment/wealth creation appeared more focused on the ‘wellbeing’ of their property than their tenants; whereas those for whom investing in rental property was a ‘lifestyle’ choice and/or geared towards retirement income, generally appeared more concerned with tenant wellbeing, and having a good relationship with their tenants was valued.

Our data bring to light several paradoxes in tenant and landlord responses to the home owning versus renting debate. For instance, in depth interview data showed that many tenants were still planning to buy homes that in the current market and policy environment they were unlikely ever to be able to afford; and while most landlords saw homeownership as the best option for individuals, communities and New Zealand as a whole (and decried the ‘tragedy’ of escalating house prices which increasingly put homeownership beyond the reach of ‘ordinary New Zealanders’), supported practices making owner-occupation more difficult for first home buyers. Many landlords spoke of taking advantage of tax breaks, cheap finance and increasing equity in their existing property/ies to invest in rental properties. Few linked the difficulties faced by first home buyers to secure a home with the increased demand for, and investment in, rental property. In addition, while successive New Zealand governments have unquestionably been active in housing policy, manipulating tax, credit and

production policies (and immigration levels) and thus having a major role in the current under-supply and tenure options, landlords' responses suggested many were unaware of government policies and legislation which had 'grown' the private rental sector. Perhaps, unsurprisingly, they were more attuned to advice to save for retirement emanating from government sources. The housing situation was seen as too complex for an individual to understand, a sentiment captured in a comment made by one Auckland landlord: 'if the reserve bank can't figure out how to stop the Auckland housing market problem, I can't'.

As previously noted, our data underline the diversity of the private rental sector in terms of the demographic characteristics of tenants and landlords, their rental experiences and practices. It also highlights their cross-cutting views (including feeling 'lucky' when a tenancy went well.) To varying degrees, the same discourses were evident in both the tenant and landlord samples. Some were universal (homeownership is best for individuals, the community, the country; renting is a second-rate option; the housing crisis is insoluble); others were competing discourses (let market forces prevail/the government should intervene; flexibility is most important/security of tenure is most important). Perhaps nowhere is both the diversity of views and their cross-cutting nature more evident than in tenant and landlord responses to questions about insulation, heating and the desirability (or otherwise) of the introduction of a Warrant of Fitness for rental housing. The BRANZ nation-wide House Condition Survey found dampness and mould in almost three quarters of rental houses, and poorer heating provision (Buckett et al., 2012), and when asked in the in-depth interviews, tenants and landlords alike acknowledged that cold, damp housing was bad for health. The majority from both samples accepted that adequate insulation of rental properties should be compulsory. But outside of that general agreement, a diversity of views prevailed, reflecting cultural norms of making do (or not), low expectations of rental property standards, different ideas about heating, and issues of cost. For instance, even where landlords had installed heat pumps, running them was still a cost to the tenant. Some from both the tenant and landlord samples spoke of a 'trade-off' between the condition of a dwelling and the rent and a need to provide lower and higher cost options for tenants. The same reasoning applied when the idea of a compulsory Warrant of Fitness was raised. Along with issues of what to include and difficulties of enforcing provision, a concern voiced by tenants and landlords alike was that the costs would translate into higher rents – and tenants might prefer a cheaper rent option.

Tenants are often portrayed in the media as a liability, or landlords as unscrupulous, and both tenants and landlords in this study recounted examples of 'shocking' tenants and 'unscrupulous' landlords others had had. However, the tenants and landlords in this study generally reported, in both the CATI surveys and the follow-up interviews, reasonably satisfactory or good renting experiences. This may reflect a limitation of the research. The CATI survey had a response rate of 51%, and of the surveyed tenants and landlords, 70% and 68% respectively agreed to participate in a follow up interview. Assuming there are 'unscrupulous' landlords and 'shocking' or very stressed tenants, they are probably less likely to take part in surveys or agree to be interviewed than 'good' tenants and landlords. Thus the narratives of 'good-enough' renting experiences from this study cannot be taken as indicative that the private rental housing sector is working well.

A corollary of placing such high cultural value on homeownership has been a devaluing of rental tenure. Renters are in turn devalued as members of neighbourhoods, seen as temporary residents not

offering the social stability of an owner-occupier. For renting to shed its 'second-rate' mantle and for the private rental sector to work well for tenants as well as landlords, security of occupancy and quality standards need to be addressed. The widespread acceptance of insulation as essential is informative. It suggests the role evidence and policy can play in raising tenants' and landlords' expectations of rental housing quality by establishing new and healthier minimum standards, which in turn can influence and shift cultural norms.

By exploring characteristics of New Zealand's private rental sector and of current renters and landlords, this report addresses the 'dearth of literature' (Bierre et al, 2010) on the sector and extends the debate on New Zealand's future housing needs. It highlights a number of issues that fall outside the scope of the report but are worthy of future investigation. These include: the influence of banks on people's decisions to invest in property and thus on the broader housing market; the role of property managers in the rental market¹⁵ (e.g. incentives relating to tenancy terms, rents and reviews); tenants' and landlords' expectation of rental housing quality; barriers to using the RTA and Tenancy Tribunal amongst tenants and landlords who do know of its provision; international examples of tenancy legislation which affords tenants secure occupancy and greater control over their living space.

¹⁵ RIMU, Auckland Council have initiated research on this topic

Conclusion

Debate about the current housing crisis continues to be governed by concerns that homeownership is now beyond the reach of 'ordinary New Zealanders'. Discussions on ways to dampen the 'over-heated housing market' and facilitate homeownership dominate the debate. The increasing problem of homelessness is also highlighted. What is largely missing is consideration of the struggles private renters face in today's housing market. When renting in the private sector was, for most, a temporary step on the way to homeownership, 'secure occupancy' for tenants was perhaps less of an issue than it is now. With long-term renting now the only option for increasing numbers of New Zealanders, this needs to change.

To make renting a viable alternative to owner-occupation will require both a perceptual shift back to viewing a dwelling as primarily a 'home', rather than predominantly an 'asset', and for this to be reflected in legislation which affords tenants secure occupancy. This is separate from the issues of the current shortfall in housing, the impact of immigration, and government policies which facilitate investment in property and privilege it over other forms of investment.

Renting can be an acceptable alternative to homeownership, as shown by well-functioning private rental sectors elsewhere; and it should not rely on 'luck'. To improve the housing future for 'Generation Rent', Eaquib and Eaquib (2015: 104-163) suggest a combination of; 'palliative measures', measures to 'take the heat out of the housing market in the current cycle'; and long term structural change is required.

Our research indicates a critical starting point would be 'palliative measures' which improve the physical condition of rental dwellings and increase tenants' rights to secure occupancy. It is no longer acceptable (if indeed it ever was) for renting to be a second-rate option.

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Appendix 1 Census 2013 data on renting population in target cities/regions

Table 36: Census data for target areas

	Households	Households rented accommodation	in	Of private rented	which:
Auckland					
	469500	154437		116571	25%
Total	469500	154437		116571	
Wellington					
<i>Wellington City</i>	71004	26259		21897	31%
<i>Porirua City</i>	16884	5352		2988	18%
<i>Lower Hutt</i>	35988	10557		7068	20%
<i>Upper Hutt</i>	15042	3588		2946	20%
Total	138918	45756		34899	
Dunedin					
<i>Dunedin City</i>	45933	12645		9945	22%
Total	45933	14835		9945	
Christchurch					
<i>Christchurch City</i>	129078	39219		30816	24%
<i>Area Outside Christchurch City</i>	23133	3513		3057	13%
Total	152211	42732		33873	
	806562	257760		195288	

Appendix 2 Additional tables: tenants

Table 37: Tenants: Age by location

Location	N	Lower 95%	Mean (years of age)	Upper 95%	Median
Auckland	579	42.8	43.9	45.0	43
Wellington	145	40.1	42.4	44.8	41
Christchurch	264	41.3	43.1	45.0	42
Dunedin	78	38.9	42.9	46.8	43.5
Total	1,066	42.6	43.4	44.3	42

Table 38: Tenants: Civil status by location

	Auckland	Wellington	Christchurch	Dunedin	Total
Married	58%	50%	57%	40%	55%
Separated	12%	14%	12%	19%	13%
Single	29%	37%	30%	41%	31%

Table 39: Tenants: ethnicity (complete)

	N	Percent
NZ European	587	50%
Maori	130	11%
Samoan	28	2%
Cook Island Maori	12	1%
Tongan	8	1%
Niuean	4	0%
Chinese	23	2%
Indian	95	8%
Other Pacific	36	3%
African	34	3%
Asian	17	1%
South East Asian	62	5%
European	108	9%
Middle Eastern	12	1%
Hispanic/Latino	7	1%
Other	13	1%
TOTAL	1176	

Table 40: Tenants: Income bands

	Auckland	Wellington	Christchurch	Dunedin	Total
Zero	0%	0%	0%	0%	0%
\$1 - \$5,000	0%	0%	1%	0%	0%
\$5,001 - \$10,000	0%	1%	0%	0%	0%
\$10,001 - \$15,000	1%	2%	2%	4%	2%
\$15,001 - \$20,000	2%	1%	3%	6%	3%
\$20,001 - \$25,000	4%	5%	5%	3%	4%
\$25,001 - \$30,000	4%	6%	4%	6%	4%
\$30,001 - \$35,000	3%	5%	4%	3%	3%
\$35,001 - \$40,000	4%	4%	3%	8%	4%
\$40,001 - \$50,000	7%	12%	9%	4%	8%
\$50,001 - \$60,000	7%	8%	7%	4%	7%
\$60,001 - \$70,000	6%	8%	6%	5%	6%
\$70,001 - \$100,000	15%	15%	16%	10%	15%
\$100,001 - \$150,000	15%	6%	11%	5%	12%
\$150,001 or more	7%	5%	8%	0%	6%
Don't know	17%	17%	18%	38%	19%
refused	8%	4%	6%	4%	6%

Appendix 3 Additional tables: landlords

Table 41: Occupations: Landlords

	Frequency	Percent
Paid employment	210	51.7
Self employed	92	22.7
Retired	75	18.5
Parenting	12	3.0
Unemployed	7	1.7
Tertiary Student	6	1.5
Sick	2	0.5
Total	404	100

Table 42: Landlords: Ethnicity

	N	Percent
NZ European	330	81%
Maori	15	4%
Samoan	4	1%
Cook Islander	2	0%
Tongan	3	1%
Chinese	11	3%
Indian	17	4%
Other Pacific	6	1%
African	6	1%
Asian	3	1%
South East Asian	1	0%
European	1	0%
Middle Eastern	1	0%
Other	6	1%
	406	

Table 43: Born in New Zealand: Landlords

	Auckland	Wellington	Christchurch	Dunedin	Total
Survey	66%	89%	85%	81%	76%
2013 Census	61%	73%	79%	82%	74%

Table 44: Average rental yield

Yield	N	%
1%	6	1%
2%	11	3%
3%	13	3%
4%	20	5%
5%	25	6%
6%	15	4%
7%	17	4%
8%	16	4%
9%	4	1%
10%	12	3%
>10%	22	5%
Don't Know	239	59%

Table 45: Portfolio size

Number of Properties	Landlords	%
0	21	5.2
1	214	52.8
2	90	22.2
3	29	7.2
4	18	4.4
5	8	2.0
6	5	1.2
7	2	0.5
8	5	1.2
9	4	1.0
10	1	0.3
12	1	0.3
13	1	0.3
14	1	0.3
16	2	0.5
19	1	0.3
38	1	0.3
Refused	1	0.3

Table 46: Have you considered targeting these niche markets e.g. students?

Niche	% of 385
No, I do not target and have not considered targeting these markets	74%
Nuclear families	10%
Students	7%
Older people	6%
People suffering from mental health issues	2%
I already target these markets	1%
Property manager/agent selects tenants	1%
Couples	1%
Earthquake victims/survivors	1%
Tenants with pets	1%
Recently released prisoners	0%
Other	4%

Table 16: Priority for capital spending

Spending priority	% (of 385)
Insulation	21%
Redecorating	16%
No improvement necessary	14%
Kitchen	12%
Other	9%
Bathroom	8%
Heating	7%
Landscaping	4%
Leaky roof	4%
No preference	3%
External renovations (decking, fencing, etc.)	3%
Improving security e.g. locks and doors	1%
Drainage	0%

Table 17: Government help

Policy	
No, there is nothing the government could do	47%
Alter tax structure to make rental investments more profitable	22%
Change laws making it easier to evict bad tenants	7%
Stop interfering	4%
Stay out of the market themselves -- i.e., sell off/privatise HNZN	3%
Bring back depreciation	2%
Restrict overseas buyers	2%
Lower deposit	1%
Lower interest rates	1%
Government should build/provide more affordable social housing	1%
Cash incentives	1%
No capital gains tax	1%
Bring in capital gains tax	1%
Restrict immigration	0%
Option for tenants to have rental agreement for longer	0%
Other	16%

	N	Percent
NZ European	587	50%
Maori	130	11%
Samoan	28	2%
Cook Island Maori	12	1%
Tongan	8	1%
Niuean	4	0%
Chinese	23	2%
Indian	95	8%
Other Pacific	36	3%
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TOTAL	1176	



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