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Landlords and the New World of Older Tenants

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Challenges/Opportunities for the Rental Market

- NZ landlords have yet to recognize older tenants as a market segment
- Retirement villages have attracted some older people who would have been happy to downsize into rentals
- Most older people who rent will be low income

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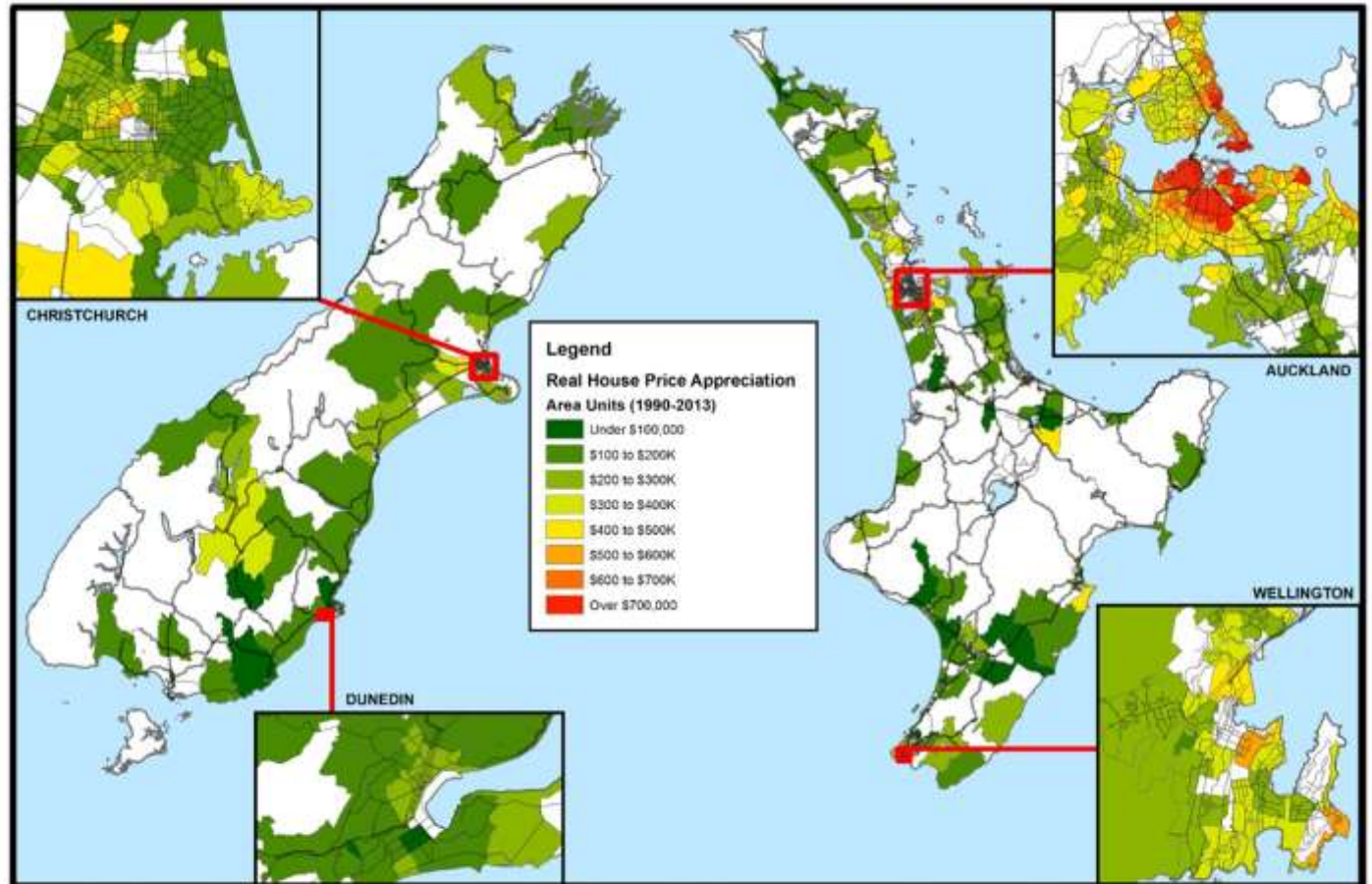
The Good, the Bad and the Ugly

- **Good:**
 - New demand
 - Potential movement from home ownership to rental
 - Provincial NZ is ripe for rental expansion
 - Potential to service higher income groups
 - Niche diversification
- **Bad:**
 - Margins are tight with high house prices
 - Rent elasticities are limited – typically tenants will still be lower income
- **Ugly:**
 - Poor practice places investments at risk – moral hazard
 - New issues around eviction and termination of tenancy
 - Capital gain is not straightforward

Real House Price Appreciation 1990-2013

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Affordability, Rental and Communities

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

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Complex for Landlords and Communities

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