

Memo

2 August 2016

To: Auckland Development Committee
From: Kataraina Maki, General Manager, Community and Social Policy

Subject: Long term secure rental sector

Purpose

The purpose of this memo is to update the Auckland Development Committee members on delivery of Action 31 of the Housing Action Plan to:

Explore the necessary changes required to current legislation and policy structure that balances tenants' and landlords' rights and obligations that will enable a long term secure rental sector to develop.

Context

Auckland's housing landscape has changed significantly in the last ten years, with the number of Aucklanders renting growing substantially. At the time of the 2013 Census:

- 35 percent of Auckland households were renting, 81 percent of these in the private rental sector.
- 57 percent of Aucklanders over the age of 15 were renting.
- 44 percent of children in Auckland were in rental housing.

There is a very high level of mobility in the rental sector:

- People in households who rented their home were more likely to have moved at least once during the previous year than those in households who owned their home.
- In Auckland, over a third of people in households who rented had lived there for less than one year compared with 14.4 percent of those in households who owned their home or held it in a family trust.
- For children in rented homes, 28 percent of five- to nine- year-olds and 25.4 percent of 10- to 14-year-olds had moved at least once within the last year.

The Residential Tenancies Act (RTA) is the principal Act governing residential tenancies. The Act is widely acknowledged to provide little tenure security for renters and to prioritise high levels of flexibility for both tenant and landlord.

Work undertaken to date

Council has undertaken a number of pieces of work which contribute to the delivery of this action. These are:

- **Engaging the community** – Hosted the highly attended “What’s wrong with renting” Auckland Conversation event in November 2014. The panel members (National MP Alfred Ngaro, NZIER’s Shamubeel Equab, Auckland Property Investors Association’s David Whitburn and Generation Zero’s Carlos Chambers) explored the following questions:
 - o Is the rental market meeting the needs of Aucklanders who rent – particularly long term renters?
 - o Is renting a viable alternative to home ownership, and what needs to change for this to occur?
- **Rental sector review** – Literature reviews on the private rental housing sector in New Zealand and the impacts of insecure housing tenure have been completed.

- **Exploring security of tenure through co-design** – Council partnered with the Ministry of Business, Innovation and Employment to learn more about ways to improve the rental experience for tenants and landlords and how to avoid negative churn. With support from the Auckland Co-Lab, the drivers and needs of tenants, landlords, property managers, and government agencies were explored and potential solutions identified. The report is available: <http://www.aucklandcouncil.govt.nz/EN/ratesbuildingproperty/housingsupply/Documents/exploringsecurityoftenurethroughcodesign.pdf>
- **Tenant and landlord survey** – In 2015 Council's research unit partnered with SHORE and Whariki Research Centre at Massey University to carry out a major survey of landlords and tenants in four New Zealand cities, including Auckland. The first results of the survey are now available and are demonstrating the significant impact investor turnover of properties is having on rental stability.
- **Submission on the Residential Tenancies Act Amendment** – Council's January 2016 submission on the Government's proposed amendments to the Residential Tenancies Act identified security of tenure as a major issue in Auckland, particularly for Māori and other low-income families. The submission cited the Productivity Commission's 2012 report on housing affordability which highlights New Zealand's short average for residential tenancies and the need for this to be addressed to meet the modern needs of renters.

Next steps

In April 2016 the Auckland Development Committee passed a resolution to continue and complete the current housing programme of work underway across the Auckland Council group, and to explore new areas of thinking on potential tools, ideas and approaches as part of the 2016-17 housing forward work programme.

The approved 2016-17 programme of work includes the initiative "Making renting more attractive". The scope of this project is to:

- explore the legislative and legislative structures around a long term secure rental sector given the recent amendment to the Residential Tenancies Act.
- consider the rental sector and renting experience more broadly to identify other areas for improvement including:
 - o landlord engagement and information
 - o rental affordability and overcrowding
 - o long-term implications for retirement savings
 - o perceptions of renters and discrimination in the rental sector
 - o the rights of renters to control and personalise space
 - o engaging "generation rent" in democratic processes
- explore the range of roles across government, local government and the private sector in relation to "making renting more attractive" in Auckland.

The outcomes of this initiative will be reported to the relevant committee in 2017.



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