

RENTING UNDER LOCKDOWN

RENTERS' EXPERIENCES SURVEY REPORT APRIL 2020

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**Renters
United!**

REPORT SUMMARY

On 10 April, Renters United launched a survey about renters' experiences under lockdown. Within 10 days, 1,983 people had responded, at least 94% of them in private rentals. The findings demonstrate that many renters across New Zealand are facing significant hardship and the Government needs to act urgently to assist.

SUMMARY FINDINGS:

FOUR

OUT OF

FIVE

renters were

paying

unaffordable*

rents before

lockdown began

TWO

OUT OF EVERY

THREE

renting

households have

seen their

income drop by

more than a third

MORE THAN

HALF

of all renting

households are

worse off

even after

government

support

HALF

of renting

households have

received some

new government

support, most

commonly the

wage subsidy

FEWER THAN

1 IN 20

have received

some form of

meaningful rent

reduction

MOST

renters are

having to **reduce**

spending where

they can, **stop**

saving and debt

repayments and

use any savings

to pay rent

* Unaffordable rents are defined as more than 30% of gross household income.

HALF

of renters are **worried** about about their **financial situation,**

1 IN 10

are **scared**

1 IN 10

expect to **end up in debt to their landlords**

ONE

IN

FOUR

expect to have to **borrow to pay rent**

HALF

report the experience has **made them feel worse about renting in general**

HALF

say their renting experience during lockdown has **harmed their mental wellbeing** with worsening **anxiety, stress** and **depression** the most common effects

We also asked renters to share stories of their experiences of renting under lockdown. Their stories are included throughout this report (some have been edited where appropriate to anonymise or for clarity).

We are a family of six: my husband and I, our three children (16, 10 and 8 years old), we also have my elderly mother living with us who I care for. My husband was doing 60-70 hour weeks before lockdown. I bring in \$200 a week from looking after my mother. My husband's work say that they can not afford to top him up to 80% so he has to use his annual leave. We have enough left to last another couple of weeks. After that we will have \$50 a week after rent and power to pay all our bills and feed 6 people.

CHANGE IS NEEDED RECOMMENDATIONS

This survey demonstrates that existing income support and rental laws are not fit for purpose to address the issues faced by renters in, and beyond, the lockdown.

The short term freeze on rent increases and ban on evictions have given some immediate certainty and security to renters during the lockdown.

However, without further action from the Government many renters will exhaust savings, fall into debt to their landlords or private lenders, and will remain stuck in unaffordable tenancies where they will struggle to take part in the recovery to come.

To date the Government's advice to renters in distress has been to "talk to your landlord" but our survey shows that is not a solution. Instead, the Government needs to ensure that when renters' circumstances change their tenancy can change with it and when they are struggling to pay rent they can access support to do so.

Unless the Government chooses to act the financial distress highlighted in this survey will be matched by widespread mental health issues with lasting impacts for individuals, families and communities.

THE BIGGER PICTURE

These recommendations address the immediate needs of renters and this must be the priority, but Government must also act to fix the underlying issues in our housing system.

We need a housing led recovery that delivers high quality affordable housing for everyone.

RECOMMENDATION 1

Provide immediate additional financial support to renters whose incomes have been affected by Covid-19.

A special **Covid-19 Rent Subsidy** should be available where a person's weekly rent exceeds an 'affordable rent', defined as 30% of their weekly income.

The subsidy would be the difference between the rent they are paying and the affordable rent. The renter would receive the payment weekly for a period of 12 weeks.

Like the *Covid-19 Wage Subsidy* scheme, the rent subsidy should be simple, expedient and based on trust. Auditing would ensure speed and efficiency are balanced with accountability.

EXAMPLE

A renter whose income has dropped to \$600/week and who pays rent of \$300/week would receive \$120/week for 12 weeks. This is the difference between an affordable rent for an income of \$600/week (which is \$180/week) and the rent they are paying.

RECOMMENDATION 2

Allow renters whose circumstances have changed the flexibility to renegotiate or end their tenancies.

Tenants should be able to end or alter any tenancy with 21 days notice and without penalty, simply by declaring to their landlord, in writing, that their circumstances have changed significantly due to Covid-19.

Appropriate circumstances should include:

- A drop in household income of more than 30%
- A change in the total number of adults in the household
- A need to relocate for employment
- A change in family arrangements.

Should the landlord believe that the declaration made is false they should be able to challenge the notice through the usual Tenancy Tribunal process.

This should apply to both fixed term and periodic tenancies and should be in place for the same period as the temporary eviction ban and rent freeze.

BEFORE THE LOCKDOWN

The survey asked a number of questions about renters' circumstances immediately before the lockdown began. At the beginning of lockdown the Government introduced temporary measures to freeze rents, ban most evictions and grant renters a right to continue in tenancies due to end during the lockdown.

However, this rent freeze came at an all-time high for rents throughout the country after years of rent rises outstripping wage growth.

KEY FINDINGS:

83% were paying **unaffordable rents**

(defined as more than 30% of their household income).

33% were spending **more than 50%** of their household **income on rent**.

\$519 was the average weekly household **rent paid**.

65% were relying on **more than one income** to pay their rent.

28% were relying on **more than two incomes** to pay their rent.

45% were relying on **some form of government support** to pay their rent.

16% relied on **casual or gig work** to pay their rent.

13% were **self-employed**.

My flatmates and I have already suffered the flow-on effects of NZ tenancy law that disproportionately benefits landlords. All of us have been living in overcrowded, cold and poorly maintained housing for ten years. In that time, skyrocketing rent prices and the unavailability of rental houses has negatively affected our living standards, our physical health and our mental wellbeing. After paying rent this week, I will have \$125 left over to spend on groceries, bills and essential items. My flatmates will undoubtedly be worse off and we will need to discuss whether we save our money for food, or pay it to our (much wealthier) landlord. My household is not unique or special.

I do feel that my landlord can certainly afford to still offer me a drop in the rent, but felt obligated to make the full payment through to them. Even before lockdown, my rent takes 80% of my income after tax and I never have the ability to build up any kind of slush fund.

I have lived in many different renting environments and this one feels like the anomaly but it has made me feel safe and secure at this stressful time — and it shows me what is possible. The local church owns our house and a representative from the church acts as the landlord. Prior to the lockdown they charged us low rent, this is a great help as most of us are on low incomes or student allowances. A couple of days before the lockdown I was worried that I might lose my job, the landlord reassured me that they wouldn't leave me high and dry and that I just need to communicate with them if I am in a difficult financial position.

The very thin silver lining of the current lockdown situation for my wife and I is that the owners (or property managers) of the place we call home may not raise the rent or evict us for the time being. This is the most secure we have ever felt while renting in NZ, since our return from renting in Germany. Of course the stress from loss of work is more than making up for it, but we are able to meet our rent payments for now.

CHANGING CIRCUMSTANCES

Many renters have seen their circumstances change under lockdown. Most have seen at least some reduction in household income but very few have seen a commensurate reduction in their rent, even though rent is generally the biggest single household cost.

A smaller proportion of renters have also found the composition of their household change, which often also affects household income (for example: someone who pays rent moving out before lockdown).

KEY FINDINGS:

9.5% of households **reduced in size**.

6.1% of households have **extended their tenancy** due to the lockdown.

63% of households have seen their **income drop**.

60% of households have seen their **income drop by more than a third**.

18% of households have seen their **income drop by more than two thirds**.

30% of households have had **at least one person lose their job**.

45% of households have had someone have their **hours cut**.

23% of households have had someone have their **pay cut**.

50% of households have **received some additional government assistance**, most commonly the wage subsidy (79%).

56% of households have **lost income** even after the **additional government support is added on** and a third of these households have seen their income drop by a half or more.

KEY FINDINGS: CONTINUED

92% of households are **paying the same rent** that they were before the lockdown.

5.9% have had **the rent reduced**, 2.1% have arranged a rent deferral.

RENTERS' STORIES: CHANGING CIRCUMSTANCES

As soon as the lockdown was announced, one of my two flatmates moved out with no notice. My rent costs immediately jumped by \$200p/w. Under lockdown, I had no opportunity to find a replacement to fill the room. I have also lost about \$100p/w of my usual income, being on the wage subsidy scheme. All my income goes towards rent. I can barely afford food and am living off toast during the lockdown. All our bills are overdue.

We had to find something fast and moved illegally during lockdown. We went from paying \$450/week to \$580 at the same time as losing the commission from my job. It freaked my wife and I out, moving in secret, an entire household in, and on top of, our car, hoping the police wouldn't catch us, knowing that realistically we won't be able afford the rent.

I have been fortunate enough to receive the direct wage subsidy but this is only half my regular income. I am flatting with three others, all working. Two of them have seen a 20% drop. We approached our Property Manager about reducing our rent and he has put forward an undisclosed "proposal" to the landlords. We are yet to hear anything and are paying full rent. When this is all over I can expect little work in my industry and I will be very dependent on government support to pay for basic living costs...

NEGOTIATING RENT REDUCTIONS

Only a very small proportion of renters have successfully negotiated a rent reduction with their landlord. In most cases, renters have been unwilling or unable to have an honest conversation with their landlord about a reduction, and most of those who have attempted this have failed. Renters' experiences of these conversations vary widely, with some landlords showing compassion, but others being dismissive or even showing outright aggression.

KEY FINDINGS:

69% of renters felt that their circumstances **warranted a rent reduction**.

Of these, only **34%** had some communication with their landlord about it (27% initiated by the renter, 7% by the landlord).

For renters **who did not discuss a rent reduction**, the most prevalent reasons were not wanting to rock the boat or cause conflict, or a belief the landlord would not oblige due to previous experience or communications.

When renters **did discuss rent reductions**, landlords' attitudes were mixed. The most common words used to describe their attitude were: **dismissive, uncaring, professional** and **understanding**.

92% of renters had **no change** to their rent. **5.9%** received a **rent reduction** and **2.1%** received a **rent deferral**.

38% of renters who received rent relief said the amount **would make a difference** to them. The remaining **62%** felt the relief was token or **insufficient for them to make ends meet**.

My landlord offered to lower our rent and if we wanted to move in with family, not charge us for the lockdown period! So thankful, we declined as we have a solid income and our financial situation hadn't changed but, if it had, knowing we would be supported by our landlord was a relief.

When we informed our landlord that three of us had lost our jobs, they came back with an offer of a 'payment plan' in which our rent would be reduced for our choice of 25% or 50% during lockdown but we'd have to pay it back after. We tried to explain to them that we couldn't accept their offer as the issue was that we didn't know when or if our financial stability would return, so promising to pay it back later would financially cripple us and harm our ability to stay on in the flat. We reminded them that our asking the rent to be decreased was out of necessity and as a way of extending the time which we would be able to stay for should we not get a source of income any time soon.

We followed procedure and were met with a brick wall of a landlord saying they have no sympathy and will need the rent in full. We spend about 80% of all our incoming money to pay rent, and the rest is divided up between school necessities and food. I don't know how we can live more frugal than we do, without forgoing food or things that our kid needs to get a proper education with the tools she needs. We've just surrendered. I feel very hopeless.

It would be extremely anxiety provoking to start a dialogue or negotiation up with them in regards to any rent reduction. They have not proven themselves to be open or willing to any questions, queries or expectations from their tenants. I would believe it very unlikely that they would even consider the needs of us in this time of financial insecurity.

RENTING IN THE COMING MONTHS

Few renters feel their circumstances will improve as the lockdown and its economic fallout continues. Many are reducing spending in other areas, stopping saving, stopping paying back debt or dipping into savings to pay their rent. Others expect to take on debt to pay the rent.

KEY FINDINGS:

68% are trying to make up the difference by **cutting spending in other areas**.

20% have **stopped paying off debts**.

31% have **stopped saving**.

43% are dipping into **their savings**.

26% hope to get **additional support from Government or charities**.

24% expect to need to **borrow from family, friends, their bank or another source** to make rent.

14% believe they are likely **to need to or will be forced to move** in the coming months.

9.9% expect to **end up in debt to their landlord**.

26% expect their **rent to get even more unaffordable**.

19% expect their **rent to go up again** when the restrictions are lifted.

We do have money in the bank that we have been saving for a house deposit, which we are very grateful to have. But because we have lost 100% of our income and need this to live off, our hard earned savings will get chewed up. We are not eligible for assistance via Accommodation Supplement or job seeker BECAUSE we have that money in the bank. If we had already been able to purchase a house and that money was invested in that house, we would be eligible for that financial assistance. Therefore feeling very frustrated with the situation albeit grateful that we do have a warm home to live in and do have savings to pay our bills.

Rent increases are always on my mind. I feel physically sick thinking about it. I know my rent is cheap in our area in comparison to other homes but this does not mean it is affordable. If I need extra things for my tamariki, home or car, the money comes out of our food budget. With winter coming, they will need warm clothes and the cost of power will rise — to cover these costs I'll need to spend money from our food budget.

My landlord attempted to put up my rent by \$20/week on 20 March, just before the lockdown... They only withdrew the rent increase after the government rent freeze was announced, which the landlord's property agent noted on 23 March, with no apology of the stress it caused as my job is under threat. So I think they will simply increase my rent as soon as the freeze is lifted.

When we contacted them to bring up the possibility of a rent reduction or freeze as the majority of our household has a reduced income, they basically told us we were lucky to be paying the amount we're paying now, and that our rent hasn't gone up in 2.5 years. They also said they thought that was what the government assistance was for... Never mind that we still have to eat/pay bills/medical bills and are receiving less. This response made us feel really anxious and insecure about our future in the house, and not be able to think of it as a home as we're worried they'll put the rent up as soon as lockdown is over and we will no longer be able to afford to live here.

THE EFFECT ON RENTERS' WELLBEING

Renting under lockdown is weighing heavily on many renters. The financial stress of the situation is affecting their mental and physical wellbeing, as well as their perception of renting on the whole.

KEY FINDINGS:

50% are **concerned or worried** about their financial future and a further **13%** say they are **scared**.

48% say their renting situation has **made their mental wellbeing worse**.

70% report an increase in **anxiety**.

70% report an increase in **stress**.

37% reported increased **depression**.

8.6% report an **exacerbation of addiction issues**.

25% report **relationship issues**.

17% report an **exacerbation of anger issues**.

44% are concerned about **their security**.

31% say their **physical wellbeing has got worse**.

Overall, **55%** of renters say they **feel worse about renting**, with **20%** saying they feel **much worse about renting**.

...Landlord said he wouldn't do a reduction as "they'd lost income too." They own 12 large properties in Auckland... We have all worked so hard to get out of poverty, we were finally getting there, our small business was finally making a profit, I was recovering from health and stress issues and able to work more hours, then now everything is gone, we are back below the line making sure we save every dollar in case of emergency. We don't know what to do or even how we will move out without breaking our bubble. The stress has caused many of us to be quite sick, suicidal, angry, depressed, I've had to get sedatives for the worst panic attacks I've had in over a decade. We feel vulnerable. Like we just want to run into the forest and live in a hut off foraged and hunted food because we think we'd feel safer than living under a landlord...

This room is extremely damp, despite us running a dehumidifier constantly, and has large black water marks on the ceiling and paint peeling off around the windows and walls. We asked the landlords to address the problem months ago as we believe it is a structural issue and have cleaned/aired the room as much as we were able; in assessing the safety of our home for medical reasons WellHomes also advised that our landlords needed to address this issue... We contacted our landlords immediately, however they simply told us there was nothing they could do because of the lockdown and that we 'should just clean the roof with a cloth and vinegar'... We are already exhausted, poor and scared regarding our lives and jobs within the lockdown; we do not want to pressure or cause any issues for our landlords in case they evict us or increase our rent later. We simply do not have the energy to deal with this right now.

APPENDIX: RESPONDENT DETAILS

In total **1,983 renters responded** to the survey. 1,633 completed all parts. **152** also shared their **stories** in narrative form, a selection of which are included throughout this report.

The survey was open from 10 April 2020 to 20 April 2020 (10 days) and was publicised on Facebook, via existing mailing lists, the Renters United mailing list and a number of other tenants' advocacy groups.

LOCATION	%	TENANCY TYPE	%
Northland	1.6	Fixed term private tenancy	45.6
Auckland	31.4	Periodic private tenancy	48.3
Waikato	8.6	Renting from family	2.3
Bay of Plenty	4.3	State or social housing (including community and council housing)	2.2
Gisborne	0.7	Boarding (in a private home or boarding house)	1.2
Hawke's Bay	1.9	Short stay accommodation (e.g. AirBnB)	0.2
Taranaki	1.2	Homeless or in emergency accommodation	0.3
Manawatū/Whanganui	4.3		
Wellington	30.9		
Tasman	0.3		
Nelson	1.5		
Marlborough	0.3		
West Coast	0.3		
Canterbury	8.2		
Otago	3.1		
Southland	1.4		

HOUSEHOLD COMPOSITION	%	ETHNICITY	%
Living alone	13.1	NZ European/Pākehā /European	77.7
Couple living together ...	17.7	Māori	14.7
Family living together ...	42.1	Pasifika	2.9
Flatting	27.2	Asian	1.9
		South Asian	2.3
		Middle Eastern	0.6

HOUSEHOLD INCOME	%
\$20,000 or less	10.4
\$20,001-\$40,000	20.8
\$40,001-\$70,000	30
\$70,001-\$100,000	18.3
\$100,001-\$150,000 ...	13.9
More than \$150,000	6.6

AGE	%
Under 18	0
18-25 years old	14.1
26-35 years old	32.6
36-45 years old	26.3
46-60 years old	21.2
Over 60	5.8

IMPORTANT NOTE: An error in the design of the survey only allowed for a single ethnicity selection so these proportions do not necessarily fully represent the demographic makeup of respondents. Some re-coding has occurred to improve the quality of the data where possible.

More detailed response data is available at:
www.surveymonkey.com/results/SM-TQTTVYGX7/