

## The Island in Crisis

There has been recent publicity\* around the shortage of residential rentals on Waiheke Island. There, the lack of reasonably-priced rentals is seriously affecting those people who earn quite modest incomes as they work in the Island's service industries. This problem is reported to be affecting not only those who are employed in the restaurants, shops and motels but is also discouraging teachers and health workers from even applying for local jobs. There is growing tension on the island between letting the slim number of dwellings to locals versus servicing well-heeled travellers from overseas.

A recent attempt by the Waiheke Community Housing Trust to mitigate the problem by building a three unit rental housing project has now run into financial problems and the completed complex has had to be sold to into private ownership.

The shortage of long-term tenancies could be said to have been largely created by the consequences of recent draconian changes to tenancy law and the impact of the Healthy Homes legislation. These changes have motivated property owners to either leave their houses vacant or place them on to the short-term visitor accommodation market.

A lot of the housing stock on Waiheke are bach style dwellings that do not meet criteria of the Healthy Homes legislation. Traditionally, these owners have rented out their bach for a year or two while they are away. This gave them an income to pay the inevitable and ongoing costs of property ownership and also provided some security to the place rather than leaving it empty and vulnerable. Now, however, with the considerable and ever-escalating costs of making a house tenancy compliant this option no longer makes financial sense. That rental supply has died. Add in the difficulty of removing a tenant who is disruptive or getting much in the way of recompense for any tenant damage and it makes more sense to keep the place empty and just let a neighbour mow the lawns and empty the letterbox. For more upmarket properties it is often cheaper for owners to derive income from Airbnb than upgrade and maintain their dwellings to the standards required for long term rentals.

So a sizeable pool of available rentals has now been removed from the market just at the time we are facing an island-wide shortage of rental properties. We are left with headlines like "Record-breaking rents expected for summer", while quite reasonable houses sit gathering cobwebs because their owners see no reward in funding the considerable expense of being allowed to offer them on the rental market.

"Having contributed so much so quickly to the growing scarcity, the Government should accept that these new laws are bringing us to a crisis with rental housing" says Sue Harrison, President of the NZ Property Investors Federation (NZPIF). "It does not need to be this way, and NZPIF has recently presented a plan to Fix the Rental Housing Crisis". This plan is based on the five core principles of providing stable and better homes, lower costs to enable lower rental prices, more rental properties from the private sector to meet existing and future demand, and facilitating improved access to justice for both tenants and landlords.

Sure, times are tough for those islanders who are seeking low-cost accommodation, but no private property owner can be compelled to be a landlord. As in any market transaction there has to be a benefit to both sides. Punish and demonise landlords and the supply of rentals dries up, the social housing queues grow longer, and the shock-horror headlines in media grow ever more strident.

For further information please contact

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