



THE HIVE: REGULATION OF RESIDENTIAL PROPERTY MANAGERS

Prepared for the Department of Housing and Urban Development by The Hive.

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EXECUTIVE SUMMARY

YOUNG PEOPLE'S LACK OF CHOICE IS FOSTERING DESPERATION

Young people told us they felt they had very little choice about all aspects of the renting experience - what they rented, when they rented, and how much money they could afford to spend on rent. We also heard that the stakes for not finding a place to rent are particularly high for young people. "There's so little out there, it's so expensive, even pokey, damp places are costly."

THIS DESPERATION IS WIDENING THE POWER IMBALANCE

Young people told us they feel like their landlord holds the majority of the power when it comes to deciding rental increases, property inspections, maintenance and tenancy periods. This power imbalance meant that young people felt unable to take action through existing channels if things did go wrong. "They have lots more power than us. I don't feel like we have any power. I'm scared to say something's broken."

WHAT YOUNG PEOPLE WANT FROM THESE REFORMS

"Communicative and understanding that we're human beings - ie, care for people over care for profit." Young people told us they wanted landlords to be held accountable to providing two things - a warmer, dryer, safer rental product, and a more tenant-centred tenancy service. They believe it should be as easy to find and publicly review a property manager, as it is to find and publicly review a restaurant or store. When they've found somewhere to rent, they want plain-english contracts they can easily understand, and clear rules that don't invade their privacy.

WHO YOUNG PEOPLE WANT INCLUDED IN THESE REFORMS

The experiences we heard from young people made it clear that these reforms are needed for Property Managers. In addition, half of respondents in our public engagement told us they believe private landlords should be considered property managers, and more than half believe student accommodation providers should be as well. "The experience of the renter is still the same so the owner should still be held accountable in the same way."

OUR ENGAGEMENT APPROACH

Between 4-8 April 2022, The Hive engaged with young people across Aotearoa on the Ministry of Housing and Urban Development's Residential Property Manager Review.

This one-week engagement was a co-creation between 15 young people from across Aotearoa and social change agency Curative, who co-founded The Hive with the Ministry for Youth Development.

The majority of The Hive's youth engagement happens on Instagram - a popular social media platform in which we've built a community of over 1,200 followers. 57% of The Hive's Instagram community is aged 13-24, while Instagram's advertising tools helped us reach thousands more young people who don't follow The Hive directly.

Why Instagram?

Three years of engaging with young people on Instagram has taught us that Instagram's interactive tools - polls, comment boxes and direct messages - allow a wide range of young people to engage with important issues in a way that is effortless, anonymous, and most comfortable for them. We have also heard that for many young people a fear of being cancelled is one of the biggest reasons they don't engage with political issues, and the anonymity of these interactive tools helps remove that fear.

Public Engagement Strategy

Our public engagement happened on Instagram Stories, where we could ask more straightforward questions using Instagram's anonymous interactive tools. We focussed this part of the engagement on three key themes - young people's current experiences of renting, their experiences of property managers and other landlords, and their hopes and needs for these reforms.

Public Engagement Results

Instagram Reach: 570

Instagram Vote Responses: 692

Instagram Written Responses: 288

In our public engagement we had 1,262 responses, from young people around Aotearoa. The majority of young people we heard from rent their houses from private landlords - 50 (66%). With 21 (32%) renting with property managers and 10 (18%) renting from student accommodation providers.

While we can't see the ages of respondents due to Instagram's privacy rules, 57% of our Instagram community is aged between 13 and 24.

Private Engagement Strategy

We also engaged with young people in smaller group kōrero we called 'flat chats', each hosted by one of The Hive's community managers. This allowed us to ask more complex and nuanced questions, and dig deeper into young people's answers.

We spoke with:

- A group of 18 and 19 year old friends, who all live in university-run student accommodation in Wellington.
- A young student couple who rent a house in Wellington.
- A young couple, who are both studying, and rent an apartment off a property manager in Auckland.
- A young, working couple who live separately in two different rented flats in Dunedin.
- A flat of three young people who rent a flat directly off a landlord in Auckland.

We had a diverse range of cultural and gender identities represented by the 12 young people we spoke with.

YOUNG PEOPLE'S LACK OF CHOICE IS FOSTERING DESPERATION.

For most young people renting isn't a choice, it's their only option. Young people told us the realities of being a young person meant they had very little choice about all aspects of the renting experience - what they rented, when they rented, and how much money they could afford to spend on rent. The result - in our public engagement 50% respondents told us that finding a rental as a young person was really tough, and in our private engagement we heard that this often led to them doing things out of desperation.

A lack of financial choice.

Young people in our private engagement spoke of feeling like they have very little wiggle room when it comes to their income. For many young people a minimum wage job is their only option - according to Stats NZ young people aged 15 - 24 had a median weekly wage of \$622, compared to median weekly wage of \$1166 for New Zealanders aged 25+. For the 62,000 people living on a student allowance in 2021, most of them young, there's a similar lack of financial flexibility.

This lack of financial choice means that young people are showing up to the rental market feeling like the government has more of a say about what kind of house they can live in than they do. Once they do find a place to live even small rental increases can have a big impact on their lives.

"The government decides how good our lives are, and because they decide to keep our income so low small changes to rent have a big impact"

"Students aren't like the rest of the population. You can't treat students like everyone else. Most students are on the allowance or have a loan. Which is an incredibly low income to live on every week."

"They raise rent once a year but what happens if you can't afford it? Someone I knew in Christchurch had a rent increase and they didn't really have anywhere else to go. Another friend in Wellington had to couch surf for 6 months"

A lack of property supply.

In our private engagement young people talked about feeling like there was a really limited pool of properties landlords were willing to rent to them. They talked about often feeling like they were being offered the properties no one else would take, at higher prices than felt fair.

"Not much out there, what is out there is expensive and in bad shape."

"There's so little out there, it's so expensive, even pokey, damp places are costly."

"Dunedin is full of really unsafe houses that are overpriced. People are desperate and flats go fast."

"I'm paying big bucks for something that I am not happy living in."

While young people were aware that their lack of references and financial security made them less attractive to landlords, in our private engagement young people told us they felt like unfair stereotypes about young people caused landlords to limit them to only low-quality 'destroyable' properties.

"We're stereotyped - when most of the time it is a minority. There is a very small percentage of people who will destroy things. I've never lived with anyone who is that destructive."

"My first three flats none of them were properly insulated. It's what you should expect. In Dunedin they do the bare minimum, assume it's likely to be damaged so they don't put the effort in."

A lack of choice about when.

Unlike the wider property market, which sees sustained interest throughout the year, young people are often competing for the same small pool of rentals at very narrow times of year, like the start of the academic term.

In our private engagement young people talked about having to move quickly to secure a rental property, signing contracts and transferring bonds on the spot, sometimes without even a viewing. Young people told us the pressure of trying to find a place in such a competitive rental market meant they ended up making compromises - paying more, living in an unsafe neighbourhood, unhealthy home, or with other people who didn't feel safe.

"I'm paying 300 dollars a week for a tiny one bedroom studio in a dodgy area."

"We were on trademe for weeks, found this place 4 mins after it was posted and I was the first one to call. There's a hole in the door, the doors don't fit into the frames, the walls you can push in and they cave in and out"

We also heard that the stakes for not finding a place to rent are particularly high for young people - they might not be able to start university, be left homeless, or have to pay double rent from an already stretched budget. This only adds to their desperation.

"If you don't find a place to live you're literally homeless. Plus rental periods never line up, so you're gonna need to couch surf or pay double rent. "

"The flat I was moving into fell through. I was desperately trying to find somewhere to live. I found this place on Trademe, I contacted them and visited that night and moved in as I needed somewhere."

They don't expect that lack of choice to change.

In both our private and public engagement young people told us they expect to stay renting for a long time, many forever. In our public engagement young people spoke about the combination of low wages, high living costs, student loans and unaffordable house prices feeling like insurmountable barriers to being a homeowner. It's probably unsurprising then that in our public engagement more than half of respondents told us they expect to be renting for ages, **and a quarter of respondents told us they expect to be renting forever.**

"It's too costly to buy. But because rent is so high I can't even save for a deposit."

"It seems impossible that I'll ever own a house, I hope to instead move into a van."

"With a student loan plus the ridiculous housing market there is no chance of ever affording a house."

There were also young people who told us even if they could afford to buy a house, **home ownership isn't relevant to them and their financial goals**. For young people who's parents or whānau didn't own a house, we heard that owning a home felt particularly out of reach or irrelevant.

"Buying a house isn't a priority for me - hasn't been the norm growing up for me."

"I don't see the point in owning a house. I would rather advocate for a safe rental system."

"Because my parents don't own a home, I don't have the means to afford to save for a deposit."

This makes the lack of choices young people feel not just an issue to them now, but also as they age through the rental market, some of them for their entire lives.

THIS DESPERATION IS WIDENING THE POWER IMBALANCE.

Young people in both our public and private engagement told us they feel like their landlord holds the majority of the power, when it comes to deciding rental increases, property inspections, maintenance and tenancy periods.

34% of respondents in our public engagement told us they felt like there was a huge power imbalance between them and their landlord, and more than half of all respondents also told us **they felt like they had zero control** over rental increases, property inspections, property repairs, or how long they'd be able to live in their current rental.

"They have lots more power than us. I don't feel like we have any power. I'm scared to say something's broken."

"I don't feel like they deserve a bunch of power, I'm paying the rent and getting to live here."

"I feel like the property manager always has an upper hand."

In our private engagement we heard multiple stories from young people who felt like their landlord had used their desperation to increase the size of that power imbalance.

"When the ceiling got mouldy the property manager just came and painted it over. Then the oven broke and it took a month and a half to get it fixed - I had sent ten texts by the time they replied."

"Landlord doesn't do anything to help, won't even meet the healthy homes standard."

One of the most direct ways we saw this power imbalance show up was in the ways landlords invaded young people's privacy. In our private engagement we heard a number of stories about this kind of behaviour, particularly from property managers and private student accommodation providers.

“Some of the questions we’ve been asked by property managers have been really invasive – questions about your social life.”

“We once had to sign a clause that we wouldn’t have parties or a certain number of people over, and you had to ask if you could have a partner that would be coming over.”

“There were cameras everywhere, you knew you were being watched everywhere you went.”

“There was a rule you couldn't cook past 10pm which as a student working late doesn't work. One night I managed to get an exemption to cook after 10pm, I just had to be absolutely silent. I came in, started cooking as quietly as I could, the property manager called to say it wasn't late enough for my exemption. She said she saw me come inside at 10pm – it was clear she was checking when we were home.”

This power imbalance also meant that young people felt unable to take action through existing channels if things did go wrong. There was a sense that it was easier to just put up with it, rather than risk having to go through the stress of finding a new place, juggling tenancy tribunals with study and work, or risking annoying their landlord.

“When you’re juggling work and uni you don’t have time to figure it out, you put up with stuff because you’re busy, don’t have the time to do anything about it.”

“You’ve got to deal with them for the rest of the year, and could turn things hostile. Going to the Tenancy Tribunal – at the age of 19 – that’s a big massive thing to be going and doing and having the time to do that”

“Last year a property manager tried to get the new tenants to pay our bond back. It’s hard to complain about that kind of stuff – I’m too busy and don’t have the time or resources to follow it up.”

WHAT YOUNG PEOPLE WANT FROM THESE REFORMS.

A direct relationship with their property manager.

In our public engagement when young people spoke positively about the relationship they had with their existing landlord, they talked about it being a direct relationship, with someone who was understanding and responsive.

“We have a direct relationship with our landlord so they fix things on the day.”

“The landlord and owners are pretty on to it and understanding.”

“Just cool. Understanding. Fair and open.”

“I want communication, respect, time management.”

In our private engagement young people told us similar stories - regardless of whether their landlord was a private landlord or property manager, they felt safer and less likely to be taken advantage of if they had a direct relationship with them.

In Dunedin they had agencies you show interest and they show what they have and you have a relationship with the real estate agent. In Welly you go join a Facebook group and have to be on your phone and if you're not there in 20 mins it's gone.”

We heard from some young people that these direct relationships tended to happen more with private landlords, and there was a lack of them when it came to property managers.

“Our Mum and Dad landlord is more approachable than property manager, I can text my landlord now whereas my property manager was so formal”

A better product *and* service from property managers.

Young people in our public and private engagements told us they wanted landlords to be held accountable to providing two things:

1. A warmer, dryer, safer rental product.
2. A more tenant-centred tenancy service.

A warmer, dryer, safer rental product.

Right now young people told us they felt landlords' only priority was profit, and this often caused them to provide an inferior rental product - cutting corners, disregarding Healthy Homes standards, and ignoring maintenance issues.

“I want more compassion. A landlord who doesn't brush off the fact that I had mould on the curtains and the floor.”

“There's a leak under the floor in my room and the mould grows. I use a dehumidifier but it doesn't fully solve my problem. Makes my room smell mank.”

Young people in our private engagement told us similar stories, about feeling like landlords focus on making a profit from their 'product' often got in the way of them providing young people with a safe and healthy rental product.

A more tenant-centred tenancy service.

In many of the worst stories we heard from young people, it was the uncaring, unempathetic, uncommunicative service that had the biggest negative impact on them.

“Often property managers get very objective about a property because to them it's just a product they're trying to sell, but to the tenant it's a home they're going to live in, and it's really easy to lose grass with that. ”

“When we moved in he gave us the keys downstairs, didn't come up, which was nice. We found the shower door glass was off its hinges and could smash, we called him and he drove straight over, stood there and helped us fix it and off he went. He even took his shoes off when he came in.”

And in the positive stories it was the caring, responsive, respectful service that really mattered. It's clear that young people don't want landlords to provide them a product, they expect them to provide a service as well.

"They have to have good people skills. Empathetic and compassionate. Good listeners."

"Communicative and understanding that we're human beings - ie, care for people over care for profit."

Property managers that prioritise young people's safety.

In the stories we heard from young people in our private engagement, a recurring theme emerged - the importance of safety. They talked about not moving into places because they felt unsafe, paying a premium to live somewhere that felt safe, or feeling lucky they had insider knowledge about a particular apartment building not being safe, before they said yes to a place.

"It would be nice for the majority of students to not have to get lucky to end up in a place they don't feel like they'll get mugged when they come home."

"There were things you had to be aware of, and have insider knowledge about each building and have contacts - the Zest apartments we signed off because I heard from somewhere it was being used as temporary housing and there were bad security and issues. And if you don't have that knowledge it would have made things a lot harder."

For the young people of colour and queer young people we spoke with in our private engagement, safety was a significant concern of theirs, and the main thing they talked about looking for in a rental property.

"This feels safe at night, not like a typical horror apartment. We can see everything from here on the couch, other places you might not be able to see around the corner."

Public accountability for property managers.

While many young people in our private engagement spoke positively about their landlords, we also heard from plenty of young people who had experienced the total opposite - landlords who had ignored or passed the buck for rental issues, leaving young people in unhealthy homes.

“We contact our landlord and he contacts the building manager and then it sorta goes round.”

“Black mould, rotten walls, etc, and the rent lol. ”

It's clear that when things go wrong, the power imbalance between young people and their landlords is too wide for young people to feel like they can resolve it themselves. The risks of taking action against a landlord, and the time and energy it takes for young people to take action through existing channels mean they put it into the too hard basket, and just put up with it, or move out.

In our private engagement young people told us they wanted property managers to be held accountable through a property manager registry that included public reviews. Young people told us they believe it should be as easy to find and publicly review a property manager, as it is to find and publicly review a restaurant or store.

“I'd want some sort of property manager registry, that they have to be registered to. It just makes sense really.”

“At the end of our time renting we should be able to put a review on their landlord profile, without them being able to choose. A business can't control what reviews are left on their business page and I think that's healthy, if a place is doing a bad job you should be able to tell other people that.”

“If you've gone to KFC and got food poisoning you should be able to tell other people you got food poisoning there, and if someone's got LUNG poisoning because of the mould in their apartment because the landlord refused to deal with it, then the next tenant should know about that.”

Young people in both our private and public engagements told us they'd like landlords to have to disclose information about themselves during the application process, just like they have to disclose information about themselves to landlords.

By giving young people the information to assess the quality of their potential landlord, just like landlords can assess the quality of their potential tenants, there would be less of a power imbalance at this first stage of the rental process.

“A tenant will put in an application and put in a whole lot of information about themselves, I think that should be transactional, the landlord should give something back to me like here are my reviews. We have to provide reviews, a

landlord should have to do the exact same. It's a two-way street, and if we've had to give stories of how we've been as tenants, they should have to give stories to us about how they've been landlords."

"They must provide a landlord reference."

Clear, transparent, easy to read rules and contracts.

For many young people we spoke to, the power imbalance between them and their landlords was amplified by their lack of experience, not just with renting, but with any type of legal and financial agreement.

Many young people told us this was the first time they'd signed a legal contract or paid a large sum of money, and they often felt like landlords put them under pressure to make these big decisions far too quickly. In addition, this was often their first time living in a different city, away from the support of their communities and whānau, so they were left to make those decisions alone.

"There was pressure to sign, then the contract was different to what we signed."

"They would touch stuff and move it around, throw stuff out, they were super invasive. I left and 6 months later still hadn't got the bond."

Young people told us they want plain-english contracts they can easily understand, and clear rules that don't invade their privacy.

"Transparency and no hidden costs! It needs to be easy to read!"

WHO YOUNG PEOPLE WANT INCLUDED IN THESE REFORMS.

The experiences we heard from young people in both our private and public engagements made it clear that these reforms are needed for Property Managers. In addition, half of respondents in our public engagement told us they believe private landlords should be considered property managers, and more than half believe student accommodation providers should be as well.

Why include private landlords?

While more than half of respondents in our public engagement said they believed private landlords should be considered property managers, 33% weren't sure and 9% didn't think they should.

For the young people who told us they wanted private landlords included in these reforms, it was because they believe anyone who manages a property, regardless of whether it's one property, or one hundred, should be considered a property manager and held accountable to the same universal rules and regulations. From their perspective all tenants are considered the same and governed by the same laws, why should it be any different for the person renting them their house?

"They manage the property. Also would make it easier to have universal regulations for rentals."

"The experience of the renter is still the same so the owner should still be held accountable in the same way."

Why include student accommodation providers?

When it came to student accommodation providers, responses were less mixed. 60% of respondents in our public engagement told us that private student accommodation providers should be considered property managers, while 38% were unsure and only 2% believed they shouldn't.

“They have the same responsibilities as landlords (and more).”

“They manage the property, but they don’t own it so not just a normal landlord.”

Young people in our private engagement agreed, telling us that any landlord managing a large number of properties for profit should be considered a property manager, and be held to the same standards.

“Because they’re managing the properties. They should be accountable like everyone else.”

“Why should anyone be given an exemption because student accom providers are commercial operators. They seek to make a profit so they will do whatever it takes to make that profit, as businesses do. You can’t blame them for that, they’re just doing what their business goals are. If they are excluded they’ll continue to be assholes.”

While the young people we heard from spoke positively of their experiences with university-owned student accommodation, they also shared the less-than-positive experiences of their friends and fellow students. When it came to privately-run student accommodation we heard only negative stories from young people, including concerning stories about inappropriate surveillance and disproportionate rules.

Student accommodation exists in a legislative grey area, not covered by the Residential Tenancies Act nor the proposed Residential Property Management Regulations. Currently the only requirement of these housing providers is that they provide a set of house rules to all students.

It’s clear from young people’s responses that this lack of regulations is only serving to amplify the power imbalance that already exists between young people and landlords, and opening young people up to inappropriate rules and surveillance.

APPENDIX

Responses from our private and public engagements were captured anonymously, in order to protect the privacy of every young person who engaged with us.

See a full record of questions and anonymised responses from our private flat chats [here](#).

See a full record of questions and anonymised responses from our public Instagram engagement [here](#).