

Survey of Renters in the Queenstown Lakes District

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Client Queenstown Lakes District Community Housing Trust

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Executive Summary

Overview of the research

This report was commissioned by the Queenstown Lakes District Community Housing Trust (QLCHT) to explore renters' aspirations for home ownership and to identify the barriers that exist to owning a first home in the district. This study is the first of its kind to be carried out in the Queenstown Lakes District, and it provides a platform for further research and analysis. It is hoped that the study will be extended and developed to enable the examination of affordable housing trends over time.

The first stage of the research gathered responses from 112 renters from a stratified random sample selected from 10 geographical locations (Arrowtown, Arthur's Point, Fernhill, Frankton, Goldfield Heights, Jack's Point, Kelvin Peninsula, Lake Hayes Estate, Quail Rise, and Queenstown central) in the Queenstown Lakes District over a seven-day period. An online survey was also used to gather data.

The second stage of the research involved an online survey of renters in the Queenstown Lakes District, including Wanaka, who had not participated in the first phase. The online survey resulted in an additional 108 responses.

The key findings of the research are summarised below.

Key research findings

Demographics

- ❖ The rental population in the Queenstown Lakes District is largely between the ages of 25-34, live with a partner and/or flatmate, and do not have children. Income levels are dispersed across different income brackets.
- ❖ Renters come from across the globe as well as other parts of New Zealand. The majority of the rental population (66%) have lived in the Queenstown Lakes District for five years or less. Rental households were first asked if they were on a working holiday visa or a visitor/tourist, and if so, were excluded from the survey. Thus, all responses are based on a resident population.
- ❖ Further probing questions were asked if respondent answered 'yes' to the 'working holiday or visitor visa' question. For example, if truly a working holiday visa (i.e. person on OE & planned to return home), then they were excluded from the survey. If they were on a working visa & intended to stay (e.g. had Kiwi partner or had begun residency process), they were included.

Current housing arrangements

- ❖ It is common for people to move at least once a year between rental properties. Fifty-three percent of respondents have lived at their present address for less than a year.
- ❖ Renters generally felt their current accommodation was adequate for their needs. However, poorly maintained houses, which are cold, damp, and difficult to heat during the winter months, are among the main reasons why renters often move between properties.

- ❖ Being close to work, shops, and amenities are factors that influence choice of accommodation. Renters are also looking for new, modern homes with heat pumps and/or double glazed windows because Queenstown has a large proportion of poorly maintained rental properties.
- ❖ Affordability is a concern, although the majority of renters believed their current accommodations were 'fairly priced and good value' for Queenstown. Most respondents stated they could not afford to live independently, which helps explain why a high percentage of renters have a least one flatmate.

Main reasons for renting

- ❖ The two main reasons why people rent are they cannot afford to buy the type of home they want, and/or they are trying to save for a deposit.

Aspirations for home ownership

- ❖ Seventy-eight percent of renters would prefer to own a home. The majority thought that they were never likely to be able to afford to buy the home they really wanted in the Queenstown Lakes District.
- ❖ Despite pessimistic sentiments concerning their ability to gain home ownership, most believed there was good quality housing currently available in Queenstown.
- ❖ Respondents were evenly dispersed in terms of when they would like to ideally purchase a home.

Attitudes about home ownership

- ❖ Renters believed buying a home was more cost effective than renting, but they were reluctant to buy an expensive home because of high interest rate fears.
- ❖ Having enough money for a deposit, earning enough income to pay the mortgage, and being able to own a home in a desired neighbourhood were seen as barriers to home ownership.
- ❖ Despite affordability issues, just 28% of respondents considered moving out of the Queenstown Lakes District to find more affordable housing.
- ❖ Over half (52%) of the respondents said they were 'very likely' to stay in Queenstown in the next five years. Possible reasons for leaving Queenstown included: better employment (42%); be closer to family/care giver (25%); and a lack of affordable housing (24%).

Housing priorities and willingness to compromise

- ❖ Location was an important housing priority for half of the renters (51%), although the need to be near their place of employment was not. Being close to friends or family was also less important, with just 38% stating it would influence their housing choice.
- ❖ The majority of renters are willing to make lifestyle (67%) and financial (55%) sacrifices to achieve home ownership.
- ❖ An overwhelmingly majority (90%) agreed it was important that their home was a sound investment for the future.

Future QLCHT schemes

- ❖ Just 32% of people had heard of the Trust while 68% had not.
- ❖ Over half (53%) of renters expressed an interest or were keen to hear more about other affordable housing arrangements.

1 Introduction

1.1 Overview of the research

Queenstown is one of the fastest growing districts in New Zealand. With an increasing resident population and a rapidly expanding tourism market, one of the main challenges facing the Queenstown Lakes Community Housing Trust (QLCHT) is to deliver affordable homeownership opportunities in the Queenstown Lakes District. The QLCHT established a Shared Ownership Programme, but the organization is looking to extend its services to include other affordable housing models (e.g. leasehold type schemes).

If new initiatives are to succeed, the QLCHT requires information on the issues, attitudes, and aspirations of renters in the Queenstown Lakes District. Rarely is attitudinal information collected. As a result, little is known about underlying attitudes and aspirations about homeownership as compared with renting, perceptions of the affordability of housing, and the willingness to make sacrifices associated with purchasing and maintaining a home.

In an attempt to acquire an understanding of these issues, the QLCHT commissioned Ascari to carry out survey research to provide a picture of the renting population in the Queenstown Lakes District. The study seeks to understand renters' aspirations for, and barriers to, home ownership in the Queenstown Lakes District. It examines the attitudes, preferences, and aspirations of Queenstown households to inform future policy decisions, but more specifically, how the QLCHT can best help the rental population in the Queenstown Lakes District achieve their home ownership aspirations.

1.2 Research methods

This research involved two phases of data collection, which are briefly described below. A full discussion of the research design and methods is presented in Appendix 1.

Phase I: The first stage of the research was designed to be representative of the Queenstown Lakes District rental population. A geographically stratified random sample of 482 households was drawn from 12 strata (Arrowtown, Arthur's Point, Fernhill, Frankton, Goldfield Heights, Jacks Point, Kelvin Peninsula, Lake Hayes Estate, Lakeside Estate, Quail Rise, Queenstown Central, and Wakatipu Basin) using information from the rates database. In total, 112 people were interviewed in a door-to-door survey.

Phase II: The second stage of the research involved an online survey of renters in the Queenstown Lakes District, including Wanaka, who had not participated in the first phase. The online survey resulted in an additional 108 responses.

Although this report presents the main findings from both stages of the research, it is clearly indicated when the report refers to the online findings. Otherwise, the results presented in this report relate to the data collected from the door-to-door survey.

Cross-tab analysis: Upon request a further round of analysis of the phase 1 data was undertaken, this looked at the data gathered in more detail to garner a greater understanding the dynamics of the QLDC renters market and the identification of any significant patterns. It is important to note that due to the sample size of the survey this type of cross-tab analysis may have significant limitations if the results are used to quantify assumptions about the entire rental market. Although one to one cross-tab analysis can provide useful data, its usefulness may be limited to what it says about the sample only.

1.3 Overview of the report

The structure of the rest of this report is as follows:

Section 2 provides information about characteristics of the rental population in the Queenstown Lakes District, including age, household composition, and income levels, which are three factors associated with home ownership. It also discusses the transient nature of the Queenstown rental population.

Section 3 examines attitudes towards rental housing in Queenstown, including reasons for choosing current arrangements as well as satisfaction levels with current rental housing arrangements.

Section 4 explores perceptions of home ownership. It explores reasons for renting, aspirations and barriers for home ownership, the desired timeframe for purchasing a home, housing priorities, and the willingness to compromise.

Section 5 discusses awareness of the Queenstown Lakes Community Housing Trust and its shared ownership scheme.

Section 6 presents a summary of the key research findings and offers concluding comments.

2 Who is renting in Queenstown?

Renowned for its pristine lakes, rugged mountains, and adventure activities, the renters who participated in the study were drawn to the Queenstown Lakes District for a number of reasons: change in lifestyle, employment opportunities, passion for the outdoors, and/or to be near family and/or friends. Others came for a holiday and stayed. The rental population in Queenstown is from all corners of the globe (largely South America, the United Kingdom, and Australia), as well as different parts of New Zealand. This description paints a picture of Queenstown that one might expect – an internationally known resort town and popular New Zealand destination that attracts people from around the world. The relevance of Queenstown's allure for the housing market is significant.

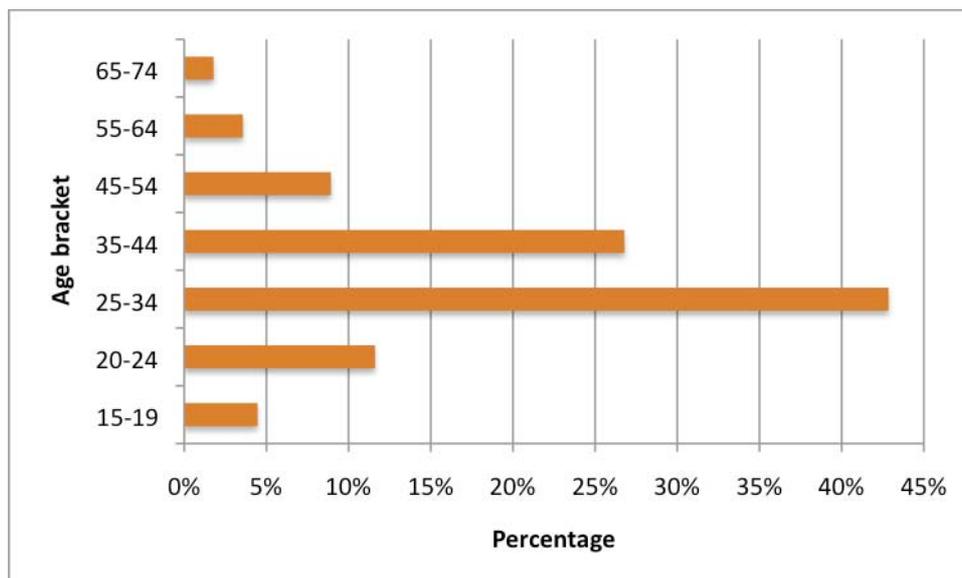
Queenstown has a high demand for rental properties to meet not only the needs of domestic and international visitors, but also those of the wider Queenstown community. Rental housing offers several advantages over homeownership, such as more flexibility, greater convenience, and lower costs than buying a home. As a result, certain households are more likely to rent than own, including young adults, families relocating to a new region, travelers on working holiday visas, recent immigrants, and low income households.

So what does the rental demographic look like in Queenstown? This section provides information about characteristics of the rental population in the Queenstown Lakes District, including age, household composition, and income levels, which are three factors associated with home ownership.

2.1 Age profile

The age profile was predominantly young, with the majority of renters (43%) in the Queenstown Lakes District falling between the ages of 25-34 (see Figure 1). The online survey results were even higher for this age bracket (51%). There were a number of reasons why young adults are more likely to rent rather than own their home. The main reasons were that financial resources were limited, the labour market was unstable, or they were simply not interested in becoming homeowners at this stage in their life. Other reasons for renting are explored later in the report. An interesting fact revealed in Table 1 is the large percentage (42%) of renters in the upper age brackets (35 years and up), typically above the average median age of first home buyers. What this statistic suggests is that there are other factors strongly associated with home ownership levels, such as living arrangements, marital status, and income.

Figure 1: Age of renters in Queenstown Lakes District¹



2.2 Household composition

The Queenstown Lakes District has a high number of unrelated people living together in one household. Although over a third of respondents (37%) stated they were single or did not live with their partners, 82% had at least one flatmate. Among this group, 21% had children (all respondents except one are single mother families). A third of single parent households also lived with flatmates, in addition to their children. Indeed, few renters lived by themselves. Just 4% lived alone.

The majority of renters (63%), however, lived with their partners, although 40% of this group also lived with at least one additional flatmate. Of the 63% who lived with their partners, 39% had children. Most families (85%) had one to two children, nearly all under the age of 10. The remaining 15% of families had three to five children, up to 19 years of age. The data from the online survey largely parallel these findings.

Shared rental accommodation is a popular option in Queenstown, which could suggest two things: one, housing affordability is an issue due to low incomes and the high cost of renting or owning a home; or two, a high population turnover in Queenstown, especially in the rental market. The research shows that both have merit, which, in turn, has important implications for home ownership.

2.3 Income of respondents

Purchasing a home requires substantial financial investment. Thus, income is an important factor influencing home ownership. Most households had at least one full-

¹ Percentages may not total 100% due to rounding.

time worker (87.5%); however, annual household incomes were relatively dispersed across the different brackets (see Table 1).

Table 1: Annual household income²

Annual household income	Frequency Door to door survey (n=112)	Percent	Frequency Online survey (n=105)	Percent
Less than \$30,000	16	14.3%	1	1%
\$30,001 to \$40,000	16	14.3%	15	14.3%
\$40,001 to \$50,000	15	13.4%	12	11.4%
\$50,001 to \$60,000	11	9.8%	12	11.4%
\$60,001 to \$70,000	15	13.4%	15	14.3%
\$70,001 to \$80,000	8	7.1%	12	11.4%
\$80,001 to \$100,000	20	17.6%	17	16.2%
Over \$100,000	6	5.4%	10	9.5%
Declined/Don't know	5	4.2%	11	10.5%

The median income was between \$50,001 to \$60,000, with the highest frequency in the \$80,001 to \$100,000 range. This suggests that housing affordability is an issue across diverse household income levels. Australian research has shown that income is a better predictor of home ownership than changing family circumstances (e.g. marriage, birth of children) or life cycle stage (Kendig, 1984).³ In a context of rising house prices and affordable housing shortages, this suggests some renters in Queenstown may not be able to attain their housing goals.

2.4 Population turnover

Another issue that has an impact on housing demand and the market is the population turnover in Queenstown, which is largely driven by the number of visitors on short to medium term work visas. Of the 242 households contacted from the sample, 66 or 27% were on seasonal or short-term work visas, the property was under construction, or deemed ineligible for other reasons. This population was excluded from the research because their visas were for a fixed period, and most had to return home as a work condition. However, visitors on medium to long-term work visas were included because of options to live permanently in New Zealand. Although most expressed interest in staying in Queenstown, the views of these renters fell into three categories. Some respondents discussed aspirations for home ownership, but wanted to have permanent resident status before purchasing a home. Others discussed purchasing property in Queenstown as an investment, but with the

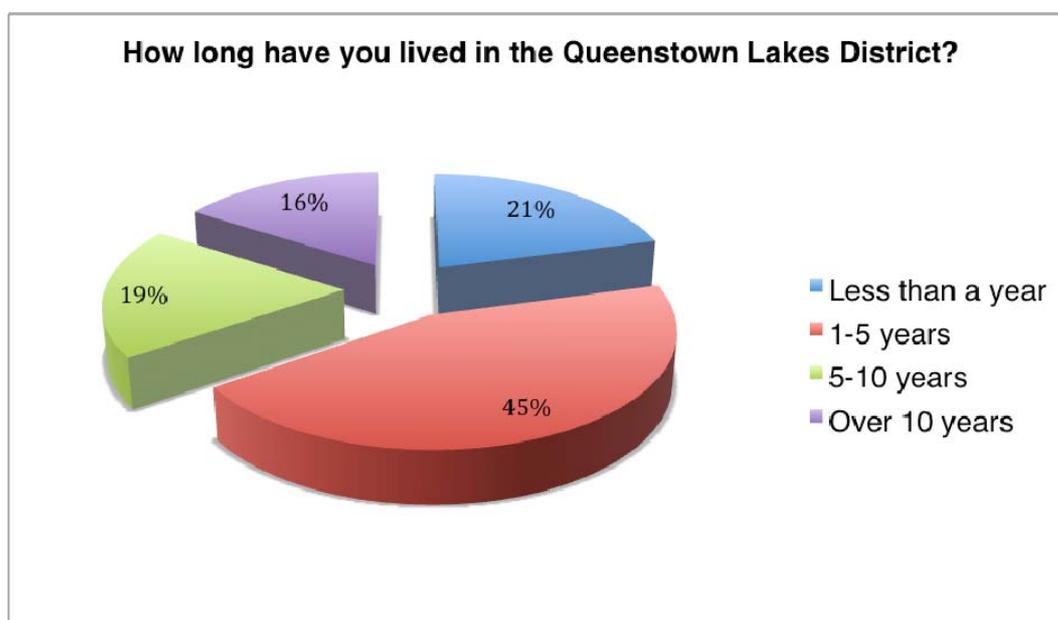
² Flatmates are excluded from the calculation of annual household income.

³ Kendig, H. (2004). Housing careers, life cycle, and residential mobility: implications for the housing market. *Urban Studies*, 21, 271-283

eventual aim of moving back to their home country. The last group believed that buying a home in Queenstown was beyond their financial reach and planned to return to their native country to purchase at some point in the future.

Given the high number of visitors on both temporary and permanent work visas, the rental population in Queenstown is constantly changing. As Figure 2 shows, 45% of rental population had lived in the Queenstown for five years or less, with 21% having spent less than a year in the District. Just 35% were long-term residents, having lived in Queenstown for five years or more.

Figure 2: Length of time spent living in Queenstown-Door to Door Survey



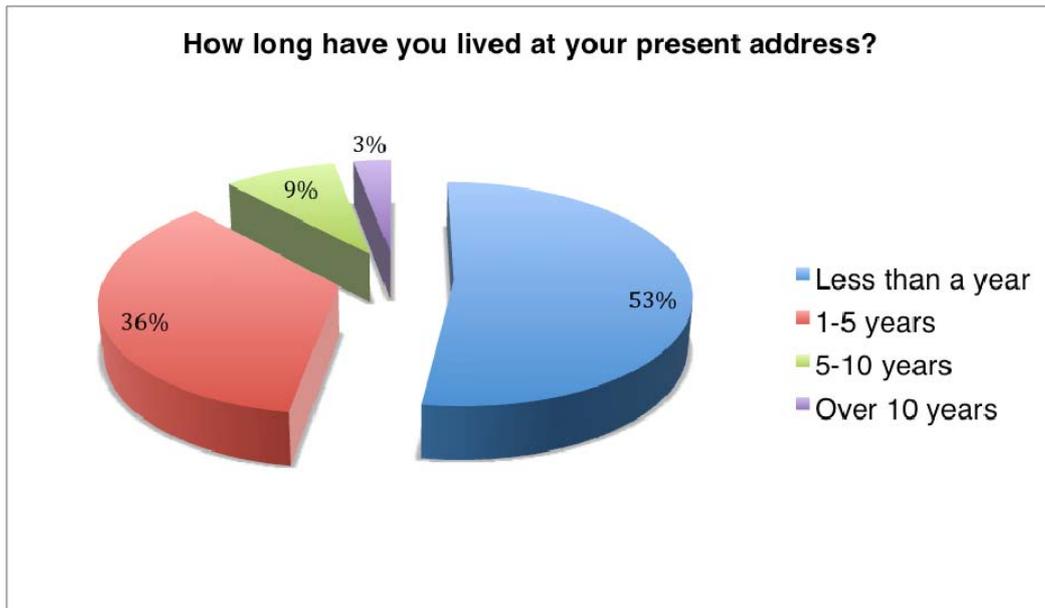
The results from the online survey were slightly different, with just 4% having lived in Queenstown Lakes District for less than a year, 44% between 1-5 years, 35% between 5-10 years, and 18% for more than 10 years. A possible explanation for the discrepancy is the inclusion of Wanaka and other surrounding areas (e.g. Bob's Cove and Hawea) in the online survey, which supports the point that Queenstown tends to attract a younger, transient population while the surrounding areas appeal to a more permanent population.⁴ Although the research does not support this explanation, it is important to remember that participants of the online survey are not representative of the overall rental population.

2.5 Length of time at current rental address

The research reveals it is also common for people to move at least once a year between rental properties. Figure 3 shows that 53% of respondents have lived at their present address for less than a year, a far higher number than the online survey (36%). Just 12% of survey respondents and 7% of online respondents, however, had lived at their current address for longer than five years.

⁴ Fourteen percent of the online respondents listed their place of residence as Wanaka.

Figure 3: Length of time at present address



Internal disputes between flatmates or the desire to live with friends were common reasons why renters moved often. However, a number of respondents indicated that because the weather was turning colder, they were looking for another place to live. Some had just moved within the last week because their previous address was too damp and costly to heat. These comments point to a deeper issue as to why renters move often. As the next section shows, poorly maintained rental housing is a concern in Queenstown.

3 Attitudes towards rental housing in Queenstown

3.1 Reasons for choosing current rental home

Given the high number of people surveyed who had moved rental properties within the last year, it was important to examine why they chose their current accommodation. A list of possible reasons was presented and respondents were able to check all that applied (see Table 2).

Table 2: Reasons for choosing current accommodation

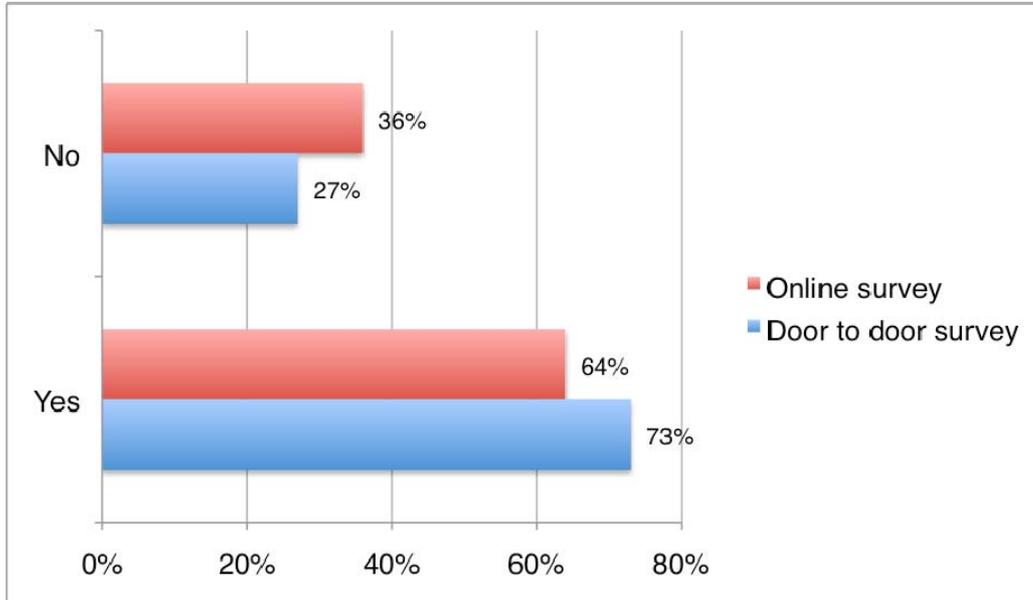
Reasons for choosing current home	Frequency Door to door survey (n=112)	Percent Door to door survey (n=112)	Frequency Online survey (n=94)	Percent Online survey (n=94)
Chose first available unit	15	13%	30	32%
Close to work	34	30%	28	30%
Close to shops & amenities	30	27%	18	19%
More affordable	28	25%	43	46%
Better/nearer schools	2	2%	4	4%
Close to family/care giver	1	1%	1	1%
Bigger home	18	16%	20	21%
Smaller home	3	3%	4	4%
Better neighbourhood	13	12%	21	22%

Affordability, proximity to employment, shops, and amenities were the most common reasons cited. Interestingly, respondents also mentioned other reasons in addition to the ones listed above. For example, 16% of door-to-door respondents said they chose their current home because it was new, modern, and had a heat pump and/or double glazed windows. This was also a common reason given by online respondents (11%). A sunnier location, garden, and a landlord that accepted pets were also reasons cited in both surveys. Generally, a number of renters commented on the poor condition of rental properties in Queenstown, in particular being cold, damp, and difficult to heat during the winter months. Some interviewees mentioned landlords who refused to invest in the upkeep of their properties. A handful of respondents were renting from a family member (e.g. parents, sibling, aunt) who had purchased a rental property in Queenstown as an investment, and although this situation was not explored further in the interviews, it may relate to the affordability issue.

3.2 Satisfaction with current rental housing arrangements

In spite of the issues discussed above, the majority of renters believed their present accommodation was adequate for their household needs (see Figure 4).

Figure 4: Adequacy of current rental housing



Despite general satisfaction, approximately a third of respondents were dissatisfied with their current rental housing, largely for three reasons:

- Too costly to heat,
- Too small/crowded (due to the number of flatmates), and
- Too old, in need of repair, or poor condition.

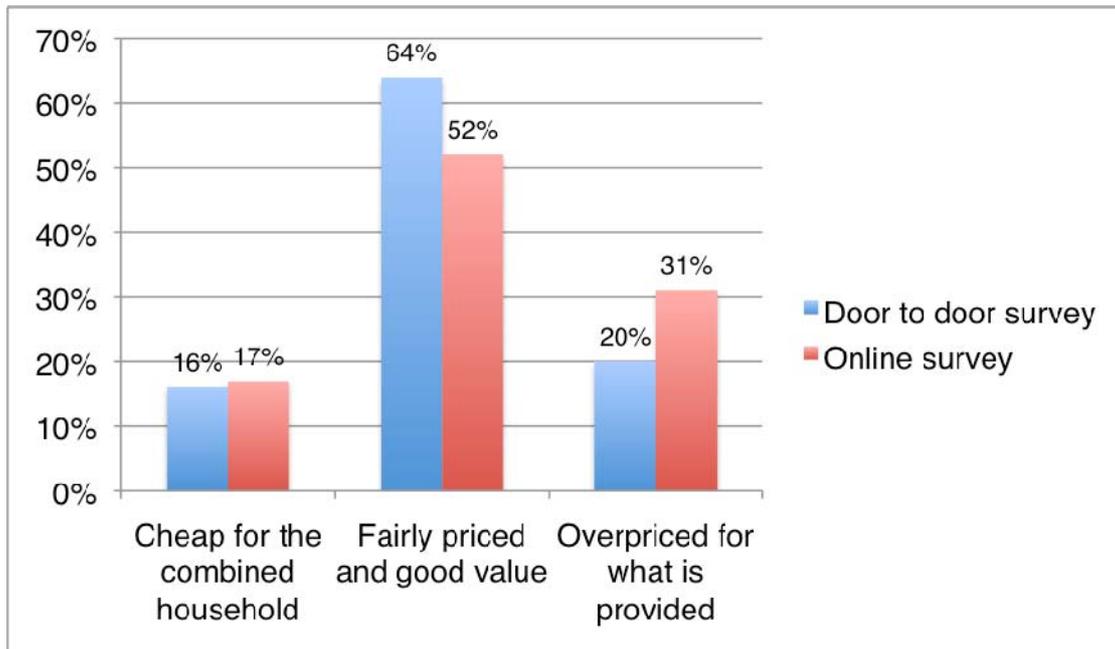
As one person explained:

It is a batch house, with only outdoor access to each room. It is very cold, but does have land, which is a bonus... It is in bad condition as the landlords do not look after it, as they tell me they will sell it in a few years and it will bulldozed. As it was built in 1967, it has very old electrics. For a 3 bedroom house with no wood burner, it can cost over \$500 a month on electricity - the sad thing is that we are still freezing. This massive cost doesn't even keep us warm. Very futile. We do have a nice view though.

Uncooperative landlords and insecure tenancy (e.g. landlord planned to sell the property) were other reasons cited along with expensive rent.

Despite comments about rent being too expensive, the majority of renters indicated their accommodation was 'fairly priced and good value', although several respondents qualified this statement by saying 'for Queenstown' (see Figure 5).

Figure 5: Value for money - rental accommodation



Shared living accommodation greatly reduced the cost of living. A number of respondents stated they could not afford to live independently. Few would dispute that the Queenstown Lakes District is an expensive place to live. But what are the main reasons why people are renting? What are their underlying perceptions about the affordability of housing in the District? Is there a willingness to make the sacrifices associated with purchasing a home? These and other questions are explored in the next section.

4 Perceptions of home ownership

4.1 Reasons for renting

A small portion of respondents, 25 out of 112 (22%) prefer to rent rather than own. A large portion, 85 out of 112 (76%) indicated a preference to own.

The question “why are you renting?” sheds light not just on the attitudes and perceptions of homeownership, but also helps explain why some people are moving towards home ownership and other are not (see Table 3). Again, respondents were able to choose all reasons that applied.

Table 3: Reasons for renting

Reasons for renting	Frequency Door to door survey (n=112)	Percent	Frequency Online survey (n=106)	Percent
Short term stay (less than two years)	10	9%	4	4%
Want flexibility to be able to move when I want	15	13%	7	7%
Don't want responsibilities of home ownership	18	16%	1	1%
Can't afford to buy the type of home I want	36	32%	62	59%
Unable to attain a mortgage	15	13%	21	20%
Unable to save for a deposit	26	23%	30	28%
Currently saving for a house/looking to buy	18	16%	56	53%

More than half of the online renters said that they were currently saving or looking to buy a house (53%) but could not afford to buy the type of home they wanted (59%). The high percentage of renters currently saving or looking to get into the property market might explain their interest in the survey. However, the inability to afford their desired home was also the primary reason stated by renters who participated in the door-to-door survey, although the percentage (32%) is lower. A notable number of renters mentioned that they were struggling to save for a deposit, which is partly explained by lenders now requiring a deposit of around 20%.

One renter stated:

We are hoping to build, but now banks have increased deposit required for construction loans - looks like this might not be possible. Have deposit on section (still awaiting title). It's impossible to save. As much as we try to

economise, one less coffee a week is not going to amass a deposit for a home.

Clearly though, affordability is the main reason why people are renting in Queenstown. As another respondent pointed out:

For the money I have, there is not a lot available. There needs to be more houses/apartments available for under \$350,000.

Several renters simply said, “*We cannot afford to buy a house in Queenstown.*” A group that preferred to rent were overseas visitors waiting to hear about their application for permanent residency (13%), which reinforces the point about Queenstown attracting a high percentage of overseas visitors looking for work opportunities and a better lifestyle. Related to this group was a handful of respondents (6%) who owned property overseas or elsewhere in New Zealand. Some were trying to sell this home before buying in Queenstown but others never intended to buy because of the high cost. A small percentage (4%) thought the market was overinflated and were watching to see what would happen. If house prices stayed the same, they intended to buy elsewhere in New Zealand or overseas.

Owning a house is an investment. I'd like to be here long term. However, affordability of housing is a problem. I am looking at investing elsewhere as it is above my income level currently to buy in Queenstown compared to other towns/cities. Finally, personal reasons were also mentioned, and these included: marriage breakup, family illness, just arrived in Queenstown, failed business, first child due to be born, and fears about job security.

Only twenty five percent of respondents stated that they would prefer to rent than own or had no particular preference (see Table 4). These individuals were more likely to be employed full time (84%), be single and living with others (32%) or living with their partner only (32%).

Respondents from this group fell into two distinct categories: Those with incomes below \$60,000 per year comprised 46% and a different group with relatively high incomes with 33% having an income of between \$80,000 to \$100,000 per year. Some said that they would not consider a different ownership option (36%) which may indicate a driver other than cost influencing the preference to rent for these particular respondents. A larger group of 40% comprised those responding “Don’t Know and “Blank” to this same question. 24% responded that yes they would consider a different ownership option. As the survey did not give much detail about what the “other” ownership option would be, there appears to be a wide opportunity with the Yes and Don’t Know/Other groups (64%) to explore this issue further.

Table 4 Characteristics of respondents who preferred to rent

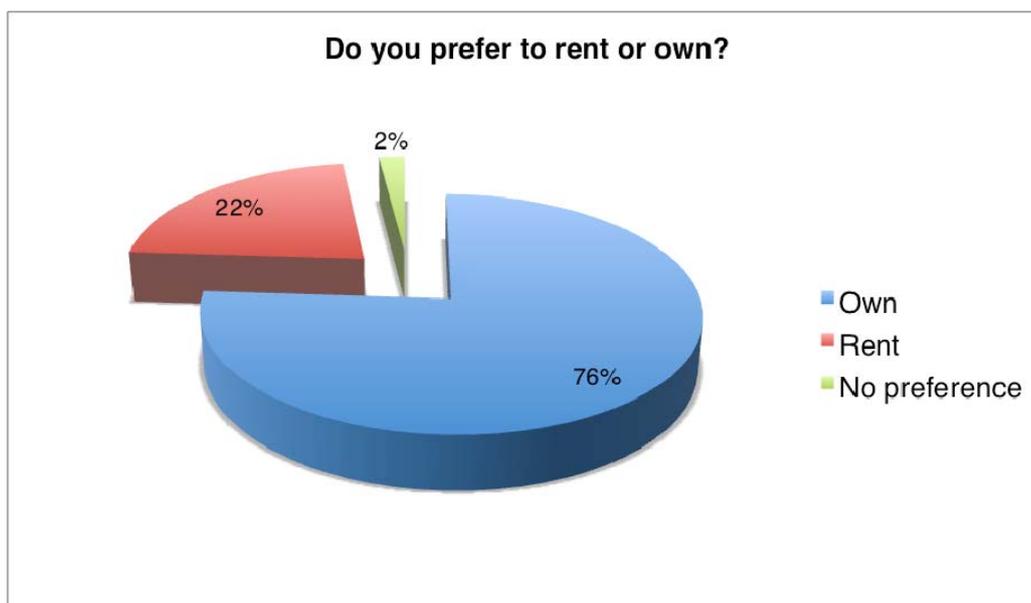
Employment status		
	Number	Percent
Fulltime	21	84%
Part-time	2	8%
Other	2	8%
Household Composition		
	Number	Percent
Single	1	4%
Single with kids (no others)	3	12%
Single with others (or others and kids)	8	32%
Partner only	8	32%
Partner and kids only	3	12%
Partner with others (or others and kids)	2	8%
Income		
	Number	Percent
Less than \$30,000	3	13%
\$30,000 to \$40,000	6	25%
\$40,000 to \$50,000	2	8%
\$50,000 to \$60,000	0	0%
\$60,000 to \$70,000	2	8%
\$70,000 to \$80,000	1	4%
\$80,000 to \$100,000	8	33%
Over \$100,000	2	8%
Q26: Would you consider different ownership option?		
	Number	Percent
Yes	6	24%
No	9	36%
Don't Know	2	8%
Blank	8	32%
Grand Total	(n = 25)	100%

4.2 Aspirations for home ownership

Despite the reasons in favour of renting set out above, 76% of respondents stated that they preferred to own a home (see Figure 6). Aspirations for home ownership were even higher in the online survey, with 95% of respondents expressing a desire to own a home. Although some respondents argued home ownership was part of “being a Kiwi”, the key reasons behind the desire for home ownership were represented in three broad categories:

- **Physical capital** – Home owners “can do what they want” with the house (e.g. paint, remodel, improvements) and “create their own space or environment” (e.g. plant trees, garden)
- **Symbolic capital** – home ownership offers security, achievement, and stability (e.g. tired of moving, dealing with landlords, and/or flatmates).
- **Economic capital** – home ownership is an investment, rather than “lining someone else’s pocket”, source of wealth to pass on to children.

Figure 6: Aspirations for home ownership



Some reasons overlapped, as the comment from one renter shows:

I want my family to have security. I have three children. I have worked full-time my entire adult life. I don't like the uncertainty of a Landlord/Rental company dictating our lives. I want my children to have an asset that may act as security for them to progress in adult life. I want simple things - like to be able to hang paintings on a wall! (As trivial as that may sound)

Despite the desire to own a home, there was strong sentiment among respondents that home ownership also brought an element of risk in terms of fluctuating interest rates, high property rates, and ongoing maintenance. Respondents were asked to think realistically when thinking about their aspirations, and these sentiments may be an indication of this request.

4.3 Attitudes about home ownership

Respondents were asked how strongly they agreed or disagreed with six statements associated with home ownership. As Table 5 illustrates, the results revealed the majority of respondents believed:

- Realistically, they were **never likely** to be able to **afford to buy the home** I really want in the Queenstown District;
- People **should not take out as large a mortgage as possible** if it allows them to get the home that they want;
- Buying a home **is more cost effective** than renting;
- **Reluctant to buy** an expensive home because of fears about high interest rates
- There **was good quality housing** to buy right now in Queenstown

Table 5: Attitudes towards owning a home

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
Realistically I am never likely to be able to afford to buy the home I really want in the Queenstown District	25%	22%	13%	34%	4%	1%
	26%	33%	17%	17%	7%	0%
People should take out as large a mortgage as possible if it allows them to get the home that they want	1%	10%	7%	41%	33%	2%
	4%	5%	5%	40%	48%	0%
Buying a home is more cost effective than renting	11%	35%	20%	27%	4%	4%
	16%	30%	31%	14%	4%	6%
I am reluctant to buy an expensive home because of fears about high interest rates	12%	43%	13%	24%	1%	6%
	15%	43%	21%	17%	5%	0%
Owning your home is financially risky	7%	43%	6%	21%	8%	14%
	2%	30%	28%	33%	7%	0%
There is good quality housing to buy right now in the Queenstown District	7%	43%	6%	21%	8%	14%
	10%	36%	29%	18%	5%	3%

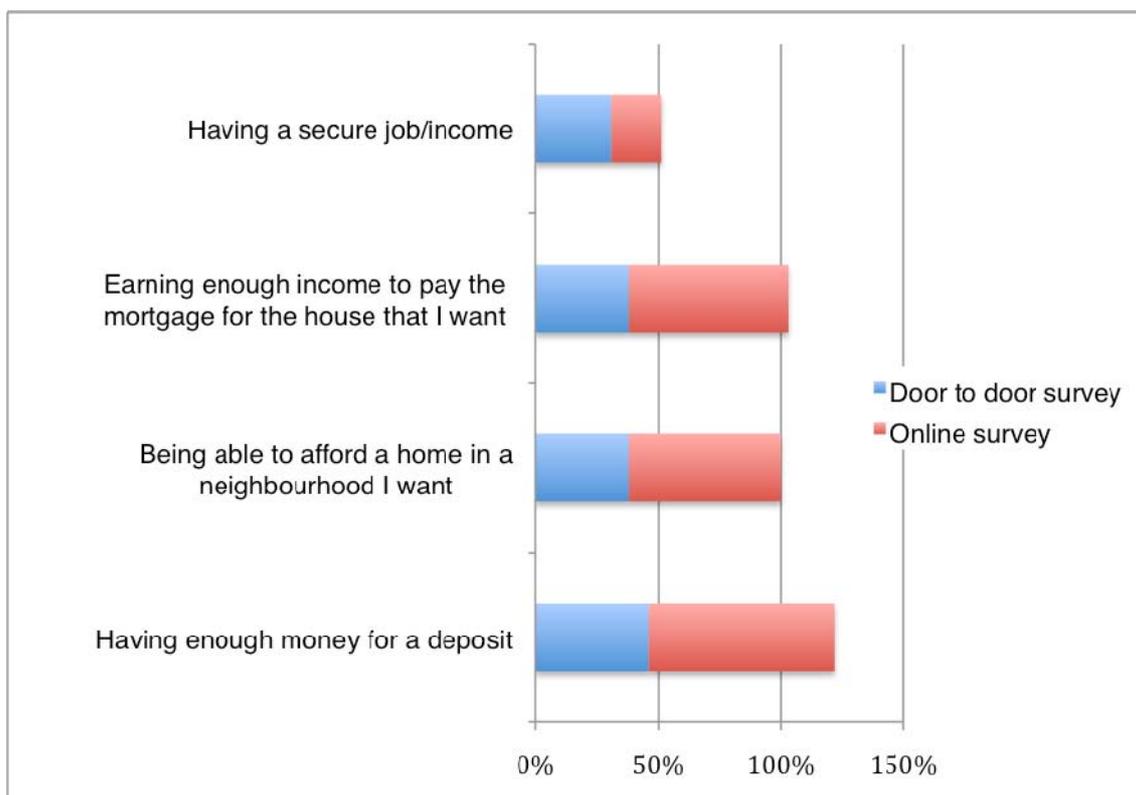
* Note: Door to door responses are the first row. Online surveys are the second row.

Renters were divided, however, on whether owning your home is financially risky. Half of the door-to-door respondents ‘strongly agreed’ or ‘agreed’ that there was financial risk associated with home ownership. Online respondents predominately ‘disagreed’ or ‘strongly disagreed’ (40%). The fact that 53% of the online renters were currently saving or looking to buy is one explanation for the difference.

4.4 Barriers to home ownership

Despite the high aspirations among renters for home ownership, the survey results revealed a number of perceived barriers to achieving this goal. When asked about four specific barriers commonly associated with home ownership, renters in both surveys stated ‘having enough money for a deposit’ (see Figure 7). Because respondents could choose all that applied, ‘earning enough income to pay the mortgage’ and ‘being able to afford a home in the neighbourhood I want’ were also common barriers. Although still perceived as a factor, fewer respondents indicated that job stability or income was a significant barrier.

Figure 7: Barriers to home ownership



Many of the barriers were interrelated, especially for renters on one income. As one single mother commented, “I am about to have a baby and the thought of paying a large mortgage on one income is terrifying!”

Another person talked about an experience with a mortgage adviser and the result:

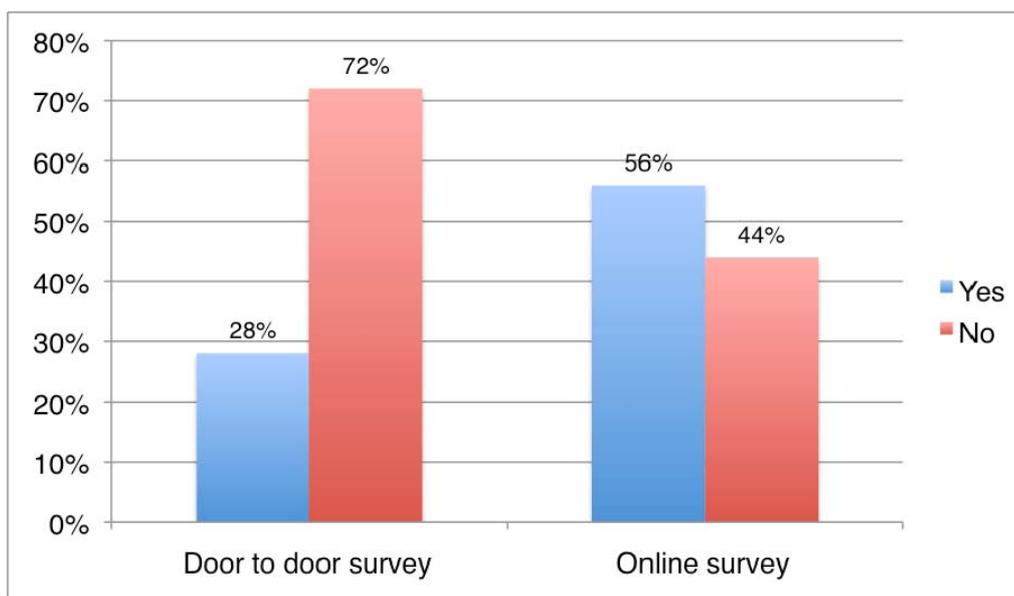
I have a high profile job in Queenstown, however it pays very poorly. Even the mortgage adviser laughed when I said I wanted to look into buying a home in the Queenstown area. I am still saving for a deposit, and would like to buy a home – one that is decent, not just something that will do.

Conversations with respondents as well as comments from the online survey revealed additional barriers to home ownership. Several renters, as illustrated by the quote above, talked about the gap between earnings and house prices in Queenstown, emphasising the large number of people working in the hospitality and tourism sectors, which typically offer minimum or low wages. Others talked about barriers faced in wanting to build a home.

The only way I could afford to have the home that we need (i.e. at least 3 bedrooms well insulated and warm) is to build. Most banks though will only lend 65% of the building costs.

Given the barriers to home ownership that related to issues of affordability, we asked people if they had ever considered moving out of the Queenstown Lakes District to find more affordable housing. As Figure 8 illustrates, there was a significant difference in responses.

Figure 8: Considered moving to find affordable housing



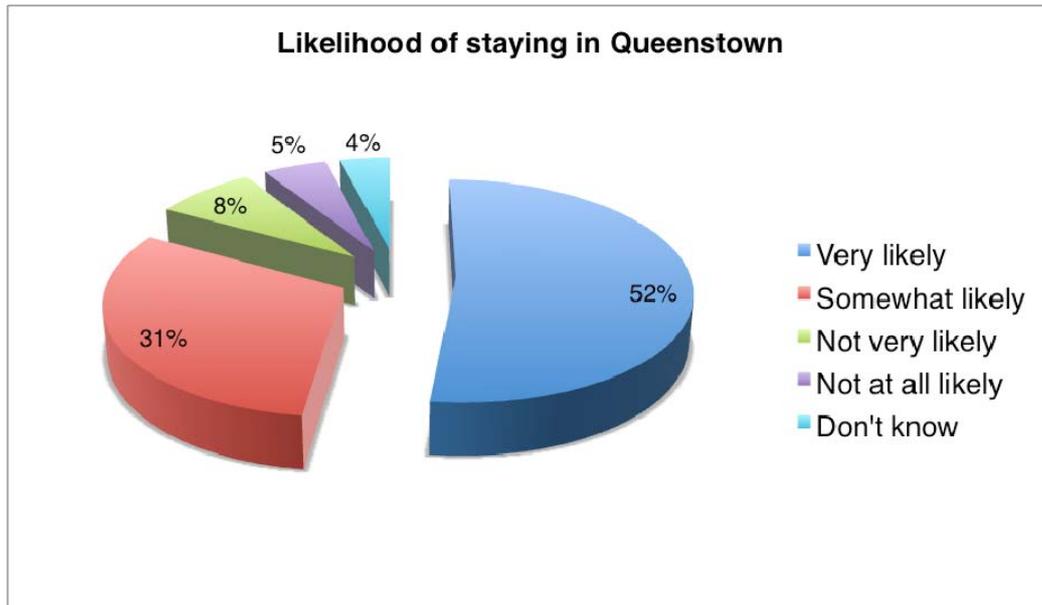
Just 28% of the door to door respondents had considered moving out of the Queenstown Lakes District to find more affordable housing compared to 56% of the online respondents. One explanation for the findings could be related to the barriers faced by online renters. Based on their written comments, respondents felt frustration with the situation. As one person responding to the online survey asked, “where are all the ‘affordable’ houses in Queenstown?” Another renter argued,

There is a desperate need for options for those families with little or no deposit as it is impossible to save 10%, usually at least \$30k while renting.

We could easily afford the repayments as these would be the same or less than our rent, but the deposit issue stops us.

Despite these barriers and frustrations, along with periodic thoughts of moving out of the District to find more affordable housing, the renters who participated in the research were keen to stay in Queenstown (Figure 9).

Figure 9: Likelihood of staying in Queenstown



Over half (52%) of respondents said they were 'very likely' to stay in Queenstown in the next five years while 31% were 'somewhat likely'. Just 13% were 'not very likely' or 'not at all likely' to remain in the District. Four percent were undecided, for various reasons (e.g. waiting to hear about permanent residency or just arrived).

When asked what would be the reasons if respondents were to leave Queenstown:

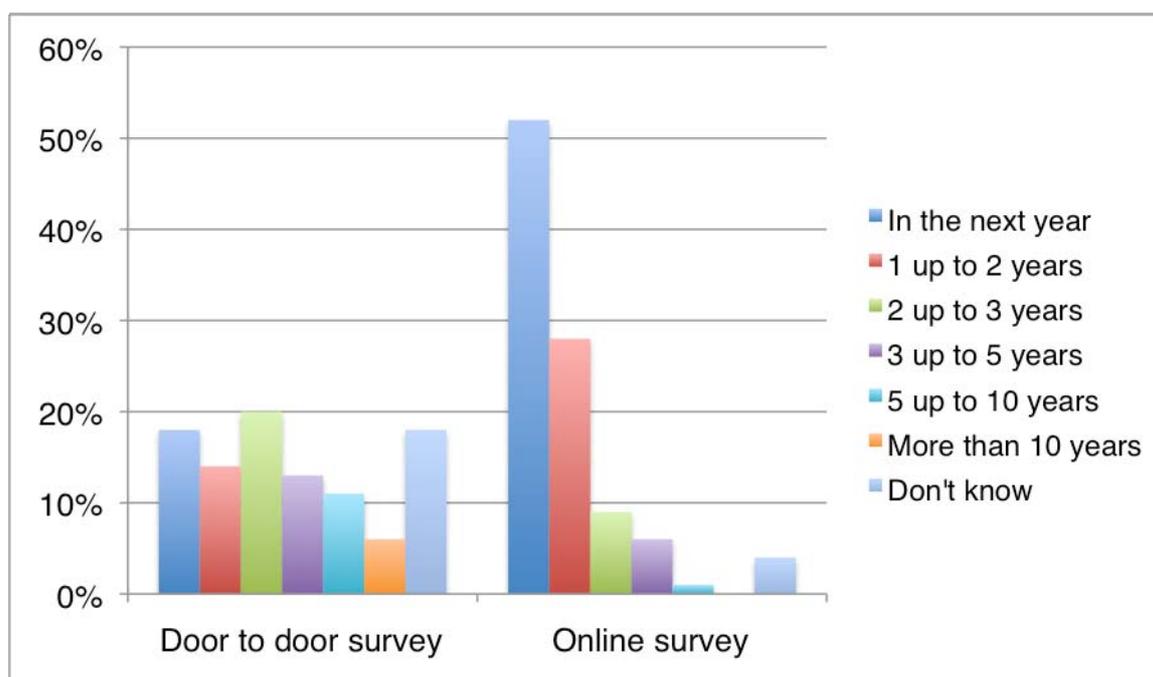
- Better employment (42%)
- Closer to family/care giver (25%)
- Lack of affordable housing (24%)
- Better schools/education (5%)
- Closer to friends (4%)

What is clear from these results is that renters we spoke to are planning their future in Queenstown Lakes District. Most are looking to become homeowners at some stage. Just how soon this dream may occur is discussed in the next section.

4.5 Timeframe for purchasing a home

Renters were asked when they would like to ideally purchase a home. Again, responses differed largely due to the fact that a high number of online respondents were active in the housing market.

Figure 10: Timeframe for purchasing a home



The door to door respondents were more evenly dispersed in terms of a timeframe while an overwhelming 80% of online respondents wanted to buy home within the next two years. The results were clearly skewed towards renters already in the market to purchase a home. Again, this finding illustrates the point that the results of the online survey are not representative of the entire Queenstown rental population.

4.6 Housing priorities and willingness to compromise

Putting aside the barriers and the ideal timeframe for purchasing a home, renters were asked to prioritise aspects of their future home as well as to rate which statements in the survey reflected their willingness to compromise (see Table 6).

Table 6: Housing priorities and compromises

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
Other aspects of my future home are more important than location	13%	38%	7%	30%	10%	2%
	9%	30%	27%	31%	3%	1%
I am willing to make sacrifices to my lifestyle if it helps get me the home that I want	17%	50%	10%	22%	0%	1%
	26%	58%	6%	10%	1%	9%
It is important that my home is a sound investment for the future	46%	44%	3%	4%	1%	2%
	50%	43%	7%	0%	0%	1%
It is important that my home is near to my family or friends	11%	27%	21%	34%	7%	0%
	6%	26%	41%	23%	4%	0%
It is not possible to achieve my desired move without making large financial sacrifices	14%	41%	16%	26%	2%	1%
	25%	35%	36%	11%	1%	2%
The need to be near my place of employment limits my housing choices	7%	33%	8%	44%	6%	2%
	7%	25%	27%	34%	7%	1%

Location was an important factor for half of the renters (51%) in terms of housing priorities. However, the need to be near their place of employment was not. Half of those surveyed door to door ‘disagreed’ or ‘strongly disagreed’ with the statement. This contradicts earlier data showing that being close to work was an important factor in choosing their current home (see Table 2). A possible explanation for the difference in results is that renting is often seen as temporary, so you know you will be moving eventually. Being close to work is, therefore, important. However, when you buy a home, other factors come into play, such as location.

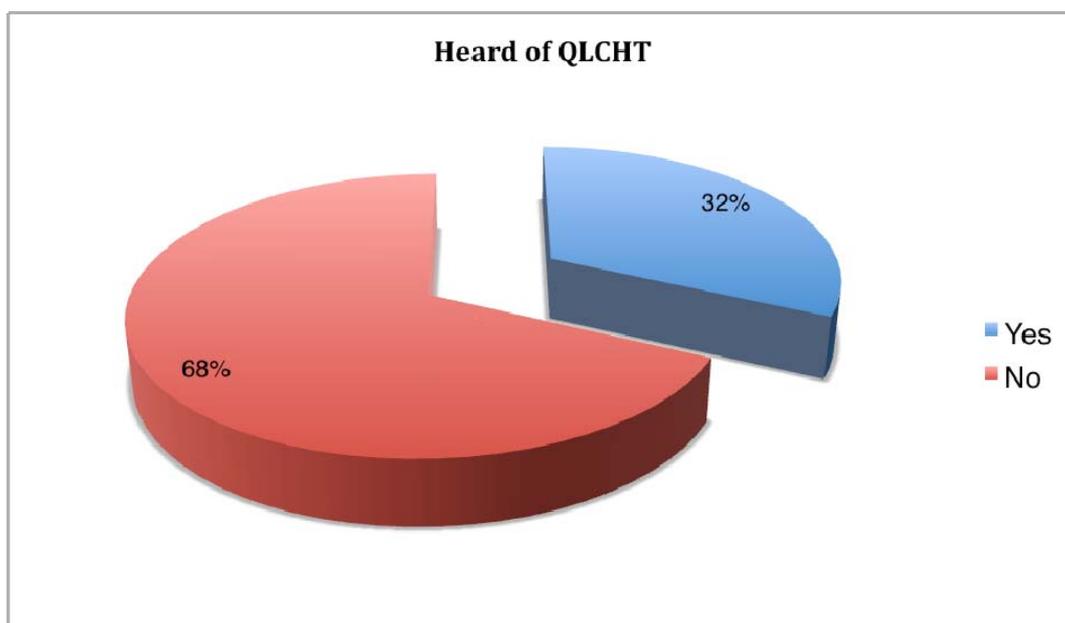
Being close to friends or family was also less important, with just 38% stating it would influence their housing choice. Asked if they were willing to make sacrifices to achieve home ownership, two thirds (67%) agreed that ‘I am willing to make sacrifices to my lifestyle if it helps get me the home that I want’. Over half (55%) agreed they would have to make ‘large financial sacrifices’ to purchase their desired

home. And finally, an overwhelmingly majority (90%) agreed it was important that their home was 'a sound investment for the future'.

5 Awareness of the QLCHT

The final questions explored how many people were aware of the QLCHT, its shared ownership scheme, and if other affordable housing schemes might be of interest to Queenstown's rental population. When asked, 32% of people had heard of the Trust while 68% had not.

Figure 11: Heard of QLCHT before?



Of the 32% who were familiar with the Trust, 40% knew about the shared ownership scheme. Those that had heard of it were generally positive about the scheme although some said that the eligibility criteria were too restrictive. Others did not like the conditions imposed once you were part of the programme (e.g. full financial responsibility for maintenance or renovations). Some wanted to see the shared ownership scheme expanded to allow people to buy a section and build a home.

I wish you still helped people out with sections. There are a lot of builders in Wanaka/Queenstown who are able to build their own homes cheaply but need assistance purchasing a section.

Others wanted affordable housing options offered in areas other than Lake Hayes. As one online respondent said,

Our preference is not to live in Lake Hayes Estate and as I understand it this is the only option at the moment. If options for buying in other areas - i.e. Arthurs Point, Arrowtown were available again, we would certainly apply.

The last question presented renters with another possible arrangement:

If you were unable to buy a house outright or through the Trust's shared ownership scheme, would you consider a different arrangement in which you pay less but own a smaller share of the property?

Although few details were given about how this scheme would work in practice, 52% expressed an interest in the arrangement or were keen to hear more about it. Thirty-three per cent were not at all interested and 15% did not know.

Respondents who were not at all interested in the scheme were more likely to be employed full time (93%), earn in excess of \$80,000 per annum, be aged 25 to 34 and living with a spouse/partner (see Table 7), a profile similar to that of respondents who preferred to rent than own.

In comparison, respondents with an interest in the scheme (see Table 8) tended to be living with a partner/spouse only and were less likely to be employed full time (76%). Although similar in age and earning capacity to those with no interest in the scheme, there tended to be a spread across the spectrum of categories for this group, an indication that the motivations of individual respondents to this question are not easily compartmentalised.

Table 7: Characteristics of respondents who would not consider a different arrangement in which you pay less but own a smaller share of the property.

Income		
	Number	Percent
Less than \$30,000	4	15%
\$30,000 to \$40,000	1	4%
\$40,000 to \$50,000	2	7%
\$50,000 to \$60,000	4	15%
\$60,000 to \$70,000	4	15%
\$70,000 to \$80,000	4	15%
\$80,000 to \$100,000	6	22%
Over \$100,000	2	7%
Employment Status		
	Number	Percent
Full time	25	93%
Part time	0	0%
Other	2	7%
Household Composition		
	Number	Percent

Single	1	4%
Single with kids (no others)	2	7%
Single with others (or others and kids)	6	22%
Partner only	8	30%
Partner and kids only	7	26%
Partner with others (or others and kids)	3	11%
Grand Total	n = 27	100%

Table 8: Characteristics of respondents who would consider a different arrangement in which you pay less but own a smaller share of the property.

Income		
	Number	Percent
Less than \$30,000	6	14%
\$30,000 to \$40,000	3	7%
\$40,000 to \$50,000	5	12%
\$50,000 to \$60,000	3	7%
\$60,000 to \$70,000	11	26%
\$70,000 to \$80,000	0	0%
\$80,000 to \$100,000	12	29%
Over \$100,000	2	5%
Employment Status		
	Number	Percent
Full time	32	76%
Part time	8	19%
Other	2	5%
Household composition		
	Number	Percent
Single	2	5%
Single with kids (no others)	3	7%
Single with others (or others and kids)	6	14%
Partner only	14	33%
Partner and kids only	8	19%

Partner with others (or others and kids)	9	21%
Grand Total	n = 42	100%

Overall most people believed the QLCHT and the shared ownership scheme were excellent initiatives. As one renter succinctly stated, *“it helps retain people in the Queenstown Lakes District that might not otherwise stay due to affordability issues.”* Although the efforts of the QLCHT are amplified by the above comment, this research has shown that Queenstown needs more proactive steps in terms of housing affordability.

6 Key findings

This research explored renters’ aspirations for home ownership and identified the barriers that exist to owning a first home in the Queenstown Lakes District. Being the first study of its kind carried out in the District, it provides a platform for further research and analysis. It is hoped that the study will be extended and developed to enable the examination of affordable housing trends over time. The key findings are presented below.

Demographics

- ❖ The rental population in the Queenstown Lakes District is largely between the ages of 25-34, live with a partner and/or flatmate, and do not have children. Income levels are dispersed across different income brackets.
- ❖ Renters come from across the globe as well as other parts of New Zealand. The majority of the rental population (66%) have lived in the Queenstown Lakes District for five years or less. Rental households were first asked if they were on a working holiday visa or a visitor/tourist, and if so, were excluded from the survey. Thus, all responses are based on a resident population.

Current housing arrangements

- ❖ It is common for people to move at least once a year between rental properties. Fifty-three percent of respondents have lived at their present address for less than a year.
- ❖ Renters generally felt their current accommodation was adequate for their needs. However, poorly maintained houses, which are cold, damp, and difficult to heat during the winter months, are among the main reasons why renters often move between properties.
- ❖ Being close to work, shops, and amenities are factors that influence choice of accommodation. Renters are also looking for new, modern homes with heat pumps and/or double glazed windows as Queenstown has a large proportion of poorly maintained rental properties.
- ❖ Affordability is a concern, although the majority of renters thought their current accommodations were ‘fairly priced and good value’ for Queenstown. Most stated they could not afford to live independently, which helps explain why a high percentage of renters have a least one flatmate.

Main reasons for renting

- ❖ The two main reasons why people are renting are: they cannot afford to buy the type of home that they want, and/or they are trying to save for a deposit.

Aspirations for home ownership

- ❖ Seventy-eight percent of renters would prefer to own a home. The majority believed they were never likely to be able to afford to buy the home they really wanted in the Queenstown Lakes District.
- ❖ Conversely, most thought there was good quality housing to buy right now in Queenstown.
- ❖ Respondents were evenly dispersed in terms of when they would like to ideally purchase a home.

Attitudes about home ownership

- ❖ Renters believed buying a home was more cost effective than renting, but they were reluctant to buy an expensive home because of fears about high interest rates.
- ❖ Having enough money for a deposit, earning enough income to pay the mortgage, and being able to own a home in a desired neighbourhood were seen as barriers to home ownership.
- ❖ Despite affordability issues, just 28% of respondents have considered moving out of the Queenstown Lakes District to find more affordable housing.
- ❖ Over half (52%) of respondents said they were 'very likely' to stay in Queenstown in the next five years. Possible reasons for leaving Queenstown include: better employment (42%); be closer to family/care giver (25%); and a lack of affordable housing (24%).

Housing priorities and willingness to compromise

- ❖ Location was an important housing priority for half of the renters (51%). The need to be near their place of employment was not. Being close to friends or family was also less important, with just 38% stating it would influence their housing choice.
- ❖ The majority of renters are willing to make lifestyle (67%) and financial (55%) sacrifices to achieve home ownership.
- ❖ An overwhelmingly majority (90%) agreed it was important that their home was a sound investment for the future.

Future QLCHT schemes

- ❖ Just 32% of people had heard of the Trust while 68% had not
- ❖ Over half (52%) of renters expressed an interest or were keen to hear more about other affordable housing arrangements.

6.1 Conclusion

Affordable housing issues are particularly acute in Queenstown, in part because of low average earnings compared to house prices. This study has shown that there is

a high demand for affordable housing within the Queenstown Lakes District, particularly for single parents, young families with children, and people aspiring to be first time homeowners in general. The question now becomes, how should QLCHT act in the light of the findings? Of course, policy decisions must be made by the QLCHT itself, not an outside agency; however, the data suggest variables that should be considered in making such decisions. For example, it is important to know why renters aspire to home ownership; more importantly, it is key to understand impediments. This study sheds light on both issues.

The authors of this study were given the challenge of answering important questions concerning renters and their aspirations to own homes. Although the results of the investigation deal with statistics and their interpretation, we would be remiss if we did not note our appreciation of the QLCHT mission, which was made manifest as the study was carried out. The goal of the agency is to provide affordable housing, a noble goal that needs no statistical justification. We believe the expansion and/or development of the QLCHT affordable housing schemes should be encouraged, but also supported by local and central governments as well as the community. The QLCHT is an example that the rest of New Zealand could follow in order to ensure aspirations for home ownership become more readily achievable.

With this sentiment, we return to the data. It appears that the role and goals of QLCHT are not widely understood or appreciated by a significant portion of the population. For example, our data show only 32% of people had heard of the Trust. Such a finding indicates that the agency needs to make its mission more widely known, and with greater clarity and sensitivity to potential participants.

Appendix 1 - Methodology

This research involved two phases of data collection. The first stage of the research was conducted using a stratified random sample of households in the population of interest – in this case, renters in the Queenstown Lakes District.

The sample population was obtained using information from the Queenstown Lakes District Rates Database as of January 2009. Location addresses were compared to the ratepayer's address to ascertain if the property was most likely to be owner occupied or a rental property. The aim of grouping the properties into distinct categories is to identify the most likely residential dwellings being rented by the usually resident population of 22,956 (Census, 2006).⁵

A total of 7,040 properties were identified. However, for a number of reasons (e.g. cost effectiveness or inaccessibility of households), a number of exclusions were made to the sampling frame:

- Properties located outside the greater Queenstown area. The Queenstown area was defined as central Queenstown, Frankton, Arthurs Point, Lake Hayes Estate, and Kelvin Heights.
- Properties with a capital value of more than \$1.5 million.
- Mixed use properties.
- Properties classified owned or probably owned
- Private Bags, PO Box's, and any counter delivery mail
- Properties that would otherwise qualify but do not have a street or unit number listed in the "Location" field (50 properties).

The total sampling frame consisted of 2,841 households and was stratified into geographical areas: Arrowtown (552), Arthurs Point (34), Fernhill (414), Frankton (650), Goldfield Heights (52), Kelvin Peninsula (191), Queenstown (825), Wakatipu Basin (18), Jacks Point (19), Lake Hayes Estate (72), Lakeside Estate (1), and Quail Rise (13). From this list of eligible households, an initial sample that was larger than needed was drawn using a random number generator.

Of the number of 482 households selected, 112 completed the questionnaire, 58 properties were unoccupied holiday homes, 6 people refused, 66 were ineligible for different reasons (e.g. short term working visa, owned the home, property had for let for or sale sign, house was under construction, did not speak English), and the rest were either incorrect addresses or no one was answered. Based on our sample size, we estimate a margin of error $\pm 9\%$ at the 95% confidence level.

In total 242 were contacted out of 482 selected (50%). The 242 were comprised of 112 completed surveys, 58 unoccupied holiday homes, 6 refused, and 66 ineligible. Of the 66 ineligible households the reasons for exclusion were:

⁵ See: www.stats.govt.nz

- 14 – Owned
- 1 – Sold sign in front of house
- 2 – For let signs in front of house
- 5 – Construction sites or renovations
- 4 – Could not find address
- 2 – Dangerous dogs
- 38 – Short term working visa or holiday visa

The characteristics which indicated that there were 58 unoccupied holiday homes were deduced from information provided by someone at the site by visual appearance. Notations were made on the master sheet but to maintain anonymity and confidentiality of information collected from research participants, the address list with field notes and actual surveys cannot be provided.

The research instrument was a semi-structured questionnaire designed in conjunction with members of the QLCHT as well as staff from the Queenstown Lakes District Council. It was piloted with renters based in the Auckland region before the research was carried out. Each renter provided feedback, which was incorporated into the final version of the survey.

The instrument was divided into three sections with a combined total of 26 questions. Taking approximately 5 to 10 minutes to complete, questions were asked about:

- Existing housing arrangements
- Future housing attitudes and aspirations
- Demographics

A team of two researchers carried out the research from March 20-27, 2009. Three screening questions were asked prior to the start of the survey to determine the person's eligibility:

- 1) Do you own or rent this residence?
- 2) Do you live in the Queenstown Lakes District Full time or Part time?
- 3) Are you on a working holiday or visitor visa?

If the person rented the residence, lived in the District full time, and were not on a working holiday or visitor visa, the survey was carried out. Each household was visited a minimum of two times at different times of the day and week to minimise the non-response rate.

Because this research involved trade-offs in terms of cost and time, an Internet version of the survey was run once the first phase of the research was completed.

The second stage of the research aimed to collect data from as wide a range of renters as possible within the Queenstown Lakes District, including Wanaka. The online survey was open to renters living full time in the District and who had not participated in the first phase of the research. Again, working holiday visa holders and visitors/tourists were excluded.

The survey was available through a link on the QLCHT website. A media release was circulated to major newspapers and community newsletters announcing the launch of the online version. The survey went live the beginning of April and ran for a period of two weeks. The chance to win a \$250 New World voucher was offered as an incentive. The online version resulted in an additional 108 responses.