



RACP
Specialists. Together
EDUCATE ADVOCATE INNOVATE

**The Royal Australasian College of
Physicians' submission to the Social
Services and Community Select
Committee**

Residential Tenancies Amendment Bill
Poutū-te-rangi 2020

Introduction

The Royal Australasian College of Physicians (RACP) welcomes the opportunity to submit feedback to the Social Services and Community Select Committee on the Residential Tenancies Amendment Bill.

The RACP works across more than 40 medical specialties to educate, innovate and advocate for excellence in health and medical care. Working with our senior members, the RACP trains the next generation of specialists, while playing a lead role in developing world best practice models of care. We also draw on the skills of our members, to develop policies that promote a healthier society. By working together, our members advance the interest of our profession, our patients and the broader community.

Background

Make Healthy Housing the norm

Housing affordability, standards, and security are key contributors to health in Aotearoa New Zealand. In our 2017 election statement, we outlined our belief that to make health equity the norm, we must address the social determinants of health, and particularly in this case, those of healthy housing and whānau wellbeing¹. Our 2019 report cards which address progress on these issues, found that while some headway has been made, significant action is still required to create a truly equitable system².

Aotearoa New Zealand's Housing in 2020

Over recent years, compounding pressures have been placed on both the supply, and demand of housing in Aotearoa New Zealand. This has resulted in rapidly rising house prices and rental costs, and waitlists for social housing. In keeping with this, rates of homeownership have dropped to a 60-year low and an ever-increasing raft of the population are locked out of the housing market³. There are no signs that these trends are stopping, as measures found that in early 2020, house price indices showed the highest annual increase in property values since late 2017⁴. This means that for the foreseeable future, rentals will continue to become more prominent in our society, alongside increases in long-term renters.

Due to this, it is ever more important that changes are made to rebalance the relationship between tenant and landlord. The current state of housing in Aotearoa New Zealand means that renters are more likely to live in poor conditions, find their accommodation unaffordable, and that it does not suit

¹ The Royal Australasian College of Physicians. Make it the Norm: Equity through the social determinants of health. [Internet]. Sydney: The Royal Australasian College of Physicians; 2017. Available from: <https://www.racp.edu.au/docs/default-source/default-document-library/make-it-the-norm-pres-letter.pdf?sfvrsn=4>. Accessed 6 March 2020

² The Royal Australasian College of Physicians. #MakingItTheNorm report card – Healthy housing. [Internet]. Sydney: The Royal Australasian College of Physicians; 2019. Available from: https://www.racp.edu.au/docs/default-source/default-document-library/policy-and-advocacy/racp-nz-making-it-the-norm-report-card-healthy-housing.pdf?sfvrsn=cf0de21a_0. Accessed 25 March 2020

³ Johnson A, Howden-Chapman P, Eaquad S. A Stocktake Of New Zealand's Housing. [Internet]. Wellington: New Zealand Government; 2018. Available from: <https://www.beehive.govt.nz/sites/default/files/2018-02/A%20Stocktake%20Of%20New%20Zealand%27s%20Housing.pdf>. Accessed 25 March 2020

⁴ RNZ. Housing market heating up: what can we expect. [Internet]. Wellington: RNZ; 2020. Available from: <https://www.rnz.co.nz/news/business/407454/housing-market-heating-up-what-can-we-expect>. Accessed 25 March 2020

their needs⁵. Some actions have been taken to address the standards of rentals themselves, such as the introduction of healthy homes standards which mandate minimum standards for heating, ventilation, moisture, drainage, and draught stopping⁶. However significant actions have not been taken to ensure that tenants have security both in their homes, and an ability to afford them.

Inequitable Impact on Māori and Pasifika

The imbalances described above particularly impact upon Māori and Pasifika whānau, due to the socio-economic inequities present in our society. Māori and Pasifika are more likely than others in Aotearoa New Zealand to have lower levels of socio-economic resources, which in turn makes them more vulnerable to the power imbalances that are inherent between tenants and landlords⁷. The ability of landlords to repeatedly increase rental prices leads to high levels of housing transience in these communities, as whānau struggle to keep pace and keep a roof over their heads. This is magnified by a number of other factors, including cultural norms and their interaction with interpersonal and institutional racism. It is common for Māori and Pasifika whānau to live together in larger family groups, which inherently will require housing which is fit for purpose⁸. However, this places these whānau into competition for higher priced and even more scarce types of housing, in which stereotypes and underlying racism compound existing barriers to access.

For these reasons, it is even more important that changes are made to provide tenants and applicants for tenancies with more rights, including a greater security of tenure.

Content of the Bill

The changes proposed in the Bill are welcomed by the RACP. Together, they create a package of reforms which begin the process of equalising the relationship between tenant and landlord. Despite this, we believe that these reforms are only the first step in a long road to creating an ideal environment for both tenants and landlords in Aotearoa New Zealand.

No Ground Terminations

Of the proposed reforms, we believe that the most important is the removal of the ability for landlords to terminate a periodic tenancy without cause, by 90-day notice. This will significantly increase security of tenure for tenants and improve security in their homes.

Rent Increases and Bidding

Prohibition of rental bidding, and the limiting of rent increases to once every 12 months are measures which will make incremental difference to the reality of life as a renter. While they limit sharp and frequent increases in rental pricing, it is unlikely that they will contribute significantly to stemming the exponential increases in rental pricing that have been seen over past years.

⁵ Statistics New Zealand. Renting vs owning in NZ. [Internet]. Statistics New Zealand: Wellington; 2019. Available from: <https://www.stats.govt.nz/infographics/renting-vs-owning-in-nz>. Accessed 25 March 2020

⁶ Tenancy Services. Healthy Homes. [Internet]. Wellington: Ministry of Business, Innovation & Employment. Available from: <https://www.tenancy.govt.nz/healthy-homes/>. Accessed 25 March

⁷ Marriott L, Sim D. Indicators of Inequality for Māori and Pacific People. [Internet]. Wellington: Victoria Business School. Available from: https://www.wgtn.ac.nz/sacl/centres-and-chairs/cpf/publications/working-papers/WP09_2014_Indicators-of-Inequality.pdf. Accessed 25 March 2020

⁸ Environmental Health Indicators New Zealand . Household crowding. [Internet]. Palmerston North: Massey University. Available from: <https://www.ehinz.ac.nz/indicators/indoor-environment/household-crowding/>. Accessed 25 March 2020

Expanded Role of the Tenancy Tribunal

Expansion of the jurisdiction of the Tenancy Tribunal, including changes to the upper monetary limit from \$50,000 to \$100,000 represent a strengthening of the Tribunal's mandate. While this is welcomed, it does not address important imbalances in access to the Tribunal. Overwhelmingly, the Tenancy Tribunal is accessed by landlords, despite the Tribunal being funded primarily through interest on tenants' bonds⁹. This is largely due to fear of negative repercussions on tenants from landlords, and the general time required to enter the process¹⁰. A key concern is achieving a more equitable relationship between landlords and tenants, and must be addressed in further reform

Other Changes

The range of other measures included in the Bill, including requirements related to assignment, the facilitation of fibre broadband internet, infringements and other relatively minor clarifications are positive inclusions in the Bill. The RACP supports these measures, but notes that they do not make significant contributions to the intent of the Bill.

The Case for Further Reform

While the changes proposed in this Bill are positive, they do not go far enough to truly rebalance the relationship between tenant and landlord. Far more wide ranging and impactful reforms are needed to achieve this.

For many, renting in Aotearoa New Zealand means facing insecurity, a lack of affordability and substandard conditions¹⁰. In 2015, 44 per cent of New Zealand households in rental accommodation were found to be paying more than 30 per cent of their income in housing costs, which is over twice the proportion of households that own their own home¹¹. Of this contingent, a significant number pay between 40-50 per cent of their income on housing, impinging on their ability to afford other necessities. This data is preceding the years of increases in housing and rental prices that have followed. Studies have found that almost half of the children in private rental housing moved at least once in the first nine months of their lives, compared to one in five children in owner-occupied houses¹². These statistics lay bare the realities many face, and that must be changed to promoted equity in Aotearoa New Zealand.

In the opinion of the RACP, there are two main ways to address these overarching issues with renting in Aotearoa New Zealand. Firstly, further addressing the rights of tenants, and secondly, properly addressing the continuing housing crisis.

⁹ Newton K. Why renters won't complain about landlords. [Internet]. Wellington: RNZ; 2018. Available from: <https://www.rnz.co.nz/news/in-depth/365295/why-renters-won-t-complain-about-landlords>. Accessed 25 March 2020

¹⁰ Chisholm E, Howden-Chapman P, Fougere G. Renting in New Zealand: perspectives from tenant Advocates. *Kōtuitui: New Zealand Journal of Social Sciences Online* [Internet]. 2016; 12(1): 95-110. Available from: <https://www.tandfonline.com/doi/full/10.1080/1177083X.2016.1272471?scroll=top&needAccess=true>. Accessed 25 March 2020

¹¹ Statistics New Zealand. 2015b. Household economic survey (income): year ended June 2015 – tables. [Internet]. Wellington: Statistics New Zealand. Available from: http://www.stats.govt.nz/browse_for_stats/people_and_communities/Households/HouseholdEconomicSurvey_HOTPYeJun15

¹² Morton SMB, Ataoa Carr PE, Berry SD, Grant CC, Bandara DK, Mohal J, Tricker PJ. Growing Up in New Zealand: a longitudinal study of New Zealand children and their families. Residential mobility report 1: moving house in the first 1000 days. [Internet]. 2014. Auckland: Growing Up in New Zealand. Available from: <https://cdn.auckland.ac.nz/assets/growingup/research-findings-impact/report05.pdf>. Accessed 25 March 2020

Tenants' Rights

Despite the changes the Bill proposes, Aotearoa New Zealand will still have one of the weakest tenant protection systems in the world. Leases will continue to be short term, and likely, continue the trend of more than half of tenancies lasting only ten months¹³. Longer term leases are common in other countries such as Germany and Switzerland, and provide a level of security that is currently unseen in tenancies in this country. Particularly in Germany, tenants are protected by the most common type of leasing agreement being of unlimited length. To end this agreement, a landlord must give between three to nine months notice, and can only do so with good reason. As such, tenants can relax with the knowledge that their home is safe.

Another key aspect is further liberalisation of allowances surrounding minor alterations and pets. These things are key to turning a house into a home, and have significant positive effects on wellbeing¹⁴. With ever increasing numbers of people turning to renting, we must allow these people to turn the places they live into their homes.

Addressing the Housing Crisis

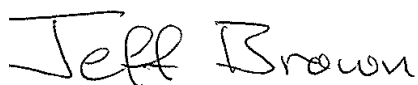
Despite the ambition of the current Government to address the housing crisis, little progress has been made. Housing and rental prices continue to increase, with little hope on the horizon of a readjustment to better reflect the means of people in Aotearoa New Zealand.

Significant investments in the supply of social and truly affordable housing are needed to address the ever increasing need which is reflected in overflowing waitlists for access. The scale of current action is simply inadequate to address a crisis of this scale; especially in the case of building 'affordable' housing at levels of over \$500,000. At rates such as this, a great majority of people continue to be locked out of the housing market by unrealistic and unachievable prices that are many, many times their annual income. These people thus require rentals, which have similar affordability concerns. Many more houses are needed to increase supply in comparison to booming demand and reduce both house prices and rental rates.

Conclusion

The RACP thanks the Social Services and Community Select Committee for the opportunity to provide feedback on the Residential Tenancies Amendment Bill. To discuss this submission further, please contact the Aotearoa NZ Policy and Advocacy Unit at policy@racp.org.nz.

Nāku noa, nā



Dr Jeff Brown
Aotearoa New Zealand President
The Royal Australasian College of Physicians

¹³ Eaqub S, Eaqub S. Generation Rent: rethinking New Zealand's priorities. [Internet]. 2015. Wellington: Bridget Williams Books. Available from: <https://www.bwb.co.nz/books/generation-rent>. Accessed 25 March 2020

¹⁴ McConnell S, Brown C, Shoda T, Stayton L, Martin C. Friends With Benefits: On the Positive Consequences of Pet Ownership. [Internet]. J Pers Soc Psychol. 2011; 101(6): 1239-52. Available from: <https://www.apa.org/pubs/journals/releases/psp-101-6-1239.pdf>. Accessed 25 March 2020