



# **PSA Submission on the Reform of the Residential Tenancies Act – discussion document**

**October 2018**

# PSA submission to the Ministry of Housing and Urban Development's discussion document on the Reform of the Residential Tenancies Act

## About the PSA

The New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi (the PSA) is the largest trade union in New Zealand with over 68,000 members. We are a democratic organisation representing members in the public service, the wider state sector (the district health boards, crown research institutes and other crown entities), state owned enterprises, local government, tertiary education institutions and non-governmental organisations working in the health, social services and community sectors.

People join the PSA to negotiate their terms of employment collectively, to have a voice within their workplace and to have an independent public voice on the quality of public and community services and how they're delivered.

The PSA is an affiliated member of the New Zealand Council of Trade Unions.

## Comments and recommendations

### *General comment*

1. The PSA welcomes the opportunity to contribute to the Government's proposed reform of the Residential Tenancies Act (RTA) 1986. We are very pleased to see the Government recognising the importance of modern and fair rental laws as part of its plan to address the current housing crisis.
2. The proposed reform will send an important signal that a shift is required in the treatment of tenants in residential accommodation. Ensuring that all people have access to safe, affordable and secure housing is a cornerstone of a decent society. Evidence gathered from surveys of PSA members in 2017 demonstrates that the experience of many renters falls desperately short of this ideal. Legislative reform is urgently needed to lift the standard of rental accommodation, enhance and protect the rights of tenants.
3. We acknowledge that many of the problems faced by tenants arise from a shortage of affordable housing, and that addressing this aspect of the housing crisis is beyond the ambit of

this review. Nonetheless, some of our members' experience demonstrates that some landlords are exploiting the tight rental market and the ensuing power imbalance between landlords and tenants in ways that are causing significant suffering and distress to large portions of our communities. The proposed amendments to the RTA should provide enhanced protections to vulnerable people and should be supported.

4. We also acknowledge that many landlords are responsible and do their best to provide good accommodation for their tenants. These landlords also need to have confidence in the institutions of the state to uphold their rights under the RTA. A member of the PSA who is a landlord, submitted the following in response to the proposed reforms to the RTA:

*"Both parties need to be protected because as all tenants are not bad, so too are not all landlords. We also deserve to be protected from being vandalised, non payment of rent, tenants need to be responsible for the possible damage and non payment of rents.*

*Our own properties have had the same tenants for the past four years, we have not put rents up, are insulated, heat pumps installed and have Moisturemasters installed. We believe if we cannot live in a property, why should we expect someone else to. Instead of attacking all Landlords, emphasis should be put on the ones who do supply properties that are clearly not fit for human consumption, instead of wide ranging policies that will punish everyone (including tenants), not just the landlords that should not be landlords.*

*Meaningful enforcement needs to be across the board."*

5. Many renters feel that they are treated as second-class citizens. One of our members commented:

*"People do not respect renters. In fact our neighbours recently said to us 'you rent you have no rights' the way we are treated by our neighbours is making us want to own so we can have a dog and live how we like with less stress and more stable."*

6. With increasing numbers of people living in rental accommodation, and for long periods of time – if not a lifetime – we need to change our approach to renting to ensure that those who rent have full rights to live in dignity in safe, secure and affordable houses that they can call home. The Government needs to ensure, through this reform process and other measures, that this is the norm for all people in New Zealand.

7. The PSA therefore supports all the proposals in the consultation document to amend the RTA as follows:

- Ending no-cause tenancy termination
- Increasing the amount of notice from 42 days to 90 days a landlord must generally give tenants to terminate a tenancy
- Changes to fixed-term agreements to improve security of tenure
- Limiting rent increases to once a year
- Limitations on the practice of rent-bidding
- Enabling provisions for tenants and landlords to get agreement on having pets and doing minor alterations to homes
- Controls for boarding houses to provide adequate new tools and processes for compliance and enforcements systems.

8. This submission has been informed by surveys of PSA members in Auckland, Waikato, Bay of Plenty, Wellington and Christchurch on their experience of the housing crisis, undertaken in 2017. Part one of the submission summarises the key quantitative findings of questions related to renting; part two addresses the specific proposals for the reform in the consultation document and links our support for these proposals to members' qualitative responses to the surveys.
9. The stories our members have told us about the impact of the housing crisis on the wellbeing of themselves and their families are strong and disturbing. Their voices need to be heard: they provide ample evidence that comprehensive reform of the housing market is necessary.

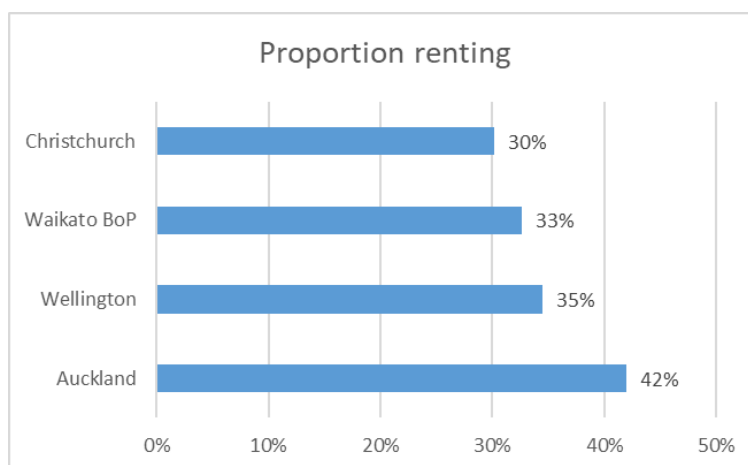
*"I feel devastated that at my age, 58, I am unable to buy a house. Following a separation 12 years ago, I was a single parent who had to move into rented accommodation and use most of my capital to provide for my family. Now I am on my own, I have \$70,000 in the bank and I am unable to buy an apartment or unit and pay the costs of mortgage, rates, insurance and upkeep. I am having to rent and find flatmates. I want to move out of Auckland but I need to find work elsewhere. This would mean leaving family, including my hoped for future grandchildren. The housing crisis is breaking up families and communities. It is ridiculous that on my perfectly good salary I feel poor because of housing costs. We need rent controls and an end to speculation in the housing market".* PSA member, Auckland.

*"I work, I don't have bad credit and I have great rental references but it was difficult for me to find suitable and affordable accommodation due to the competition of the rental market and the high rental prices. I was homeless for 6 months with friends and family offering couches weeks at a time until I got back up on my feet and finally got accepted into a property. I spent my working days assisting clients who were homeless get into emergency housing even when I was homeless myself."* PSA member, Waikato/BoP.

10. We endorse the submissions to this review of the CTU and other affiliate unions - The New Zealand Nurses Organisation, The Post Primary Teachers Association and the New Zealand Education Institute Re Riu Roa. The PSA also supports the work of Renters United, and their Plan to Fix Renting.

## Part One: PSA members' experience of renting

11. Over a period of four months in 2017 we surveyed all PSA members in Auckland, Waikato Bay of Plenty, Wellington and Christchurch. We received 9,463 responses, which represented approximately 19% of our membership of those regions at the time of the survey. Members working in all five of our sectors - Public Services, State Sector agencies, DHBs, Local Government and Community Public Services - responded to the survey. All people surveyed were in either part-time or full-time employment, mostly earning around or just under the New Zealand average income (most likely to earn between \$40,000 and \$60,000). The average age was mid-40s.
12. The purpose of the survey was to gain an understanding of PSA members' experience of the housing crisis, gathered through qualitative and quantitative data. The following paragraphs report on the key findings of the survey in relation to members' experience of renting.
13. The proportion of survey respondents who were renting ranged from 30% in Christchurch to 42% in Auckland.



14. Members' main concerns about rental housing were: the cost, availability, and quality of rental accommodation; overcrowding; and the security of tenure. Their housing situation caused them to feel stress, worry, depression, fear and shame, and concern for the wellbeing of their children.
15. In each of the regions, housing affordability<sup>1</sup> was a more common problem for renters than for those with a mortgage. The problem was particularly acute in Wellington, where 84% of renters

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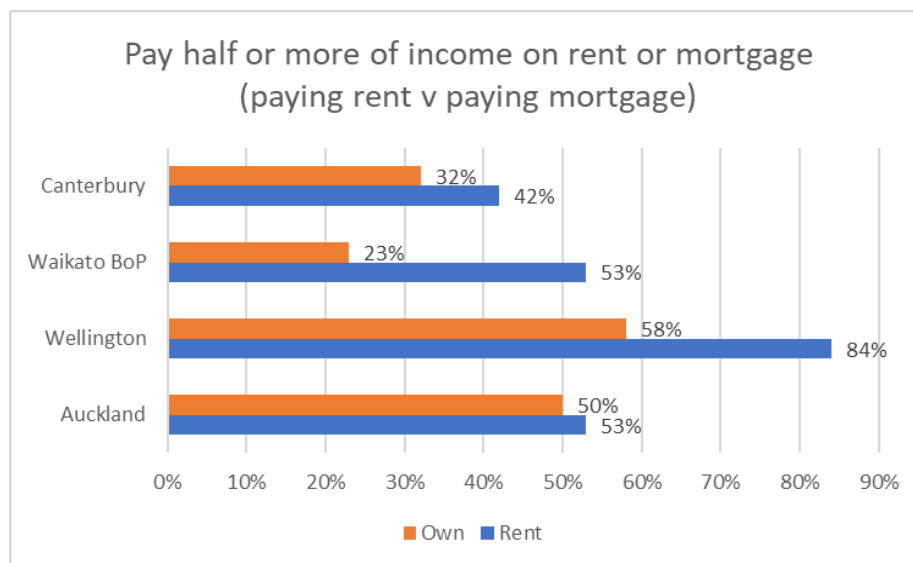
<sup>1</sup> Affordability in the survey was defined using the housing cost-to-income ratio of 30% used as housing affordability social indicator by Statistics New Zealand.

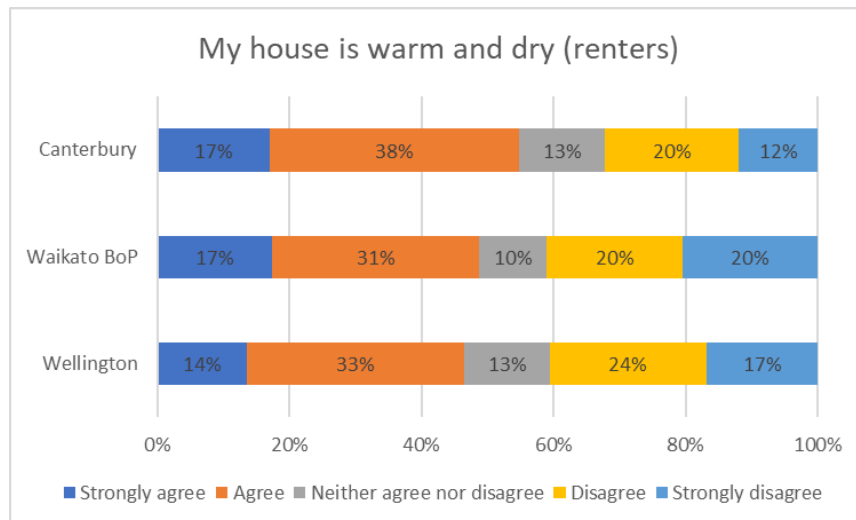
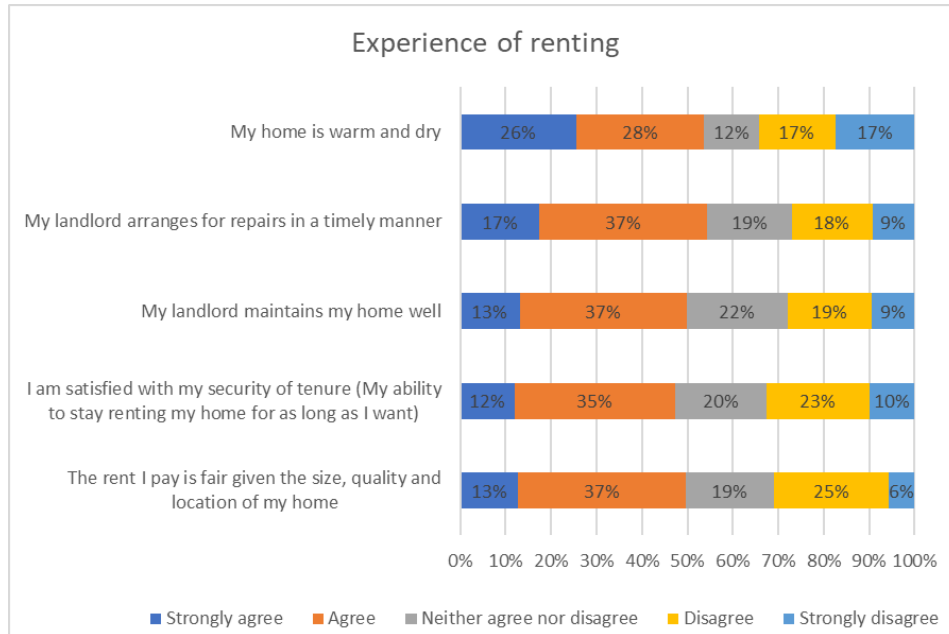
reported paying half or more of their income on rent. By comparison, 58% of those who owned their own home spent more than half of income on their mortgage.

16. Members in the Waikato/Bay of Plenty, Wellington and Christchurch regions were asked the extent to which they agreed with a series of statements relating to their experience of renting. Some of the key findings from this data were that overall:

- 34% of respondents either disagreed or strongly disagreed that their home was warm and dry (for Waikato/BoP and Wellington residents this proportion rose to 40% and 41% respectively).
- Only 54% either agreed or strongly agreed that their landlord responded arranged for repairs in a timely manner, and only 50% agreed or strongly agreed that their landlord maintained the home well.
- Less than half - 47% - of respondents agreed or strongly agreed that they were satisfied with the security of their tenure; and 50% either agreed or strongly agreed that the rent they paid was fair.

*Graphs:*





## Part two: response to specific reform proposals.

### ***Modernising tenancy laws so tenants feel more at home (section two of the discussion document)***

17. The PSA supports the Government's intention to modernise tenancy laws to tenants feel more at home.

#### *Security of tenure*

18. We **agree** with the proposal to remove 'no cause' terminations from periodic agreements. Poor tenure security was a significant problem for respondents to our survey. Many reported that the fear of eviction kept them from reporting problems with the house.

19. We also **agree** that the minimum notice period should be extended from 42 to 90 days in the circumstances outlined in paragraph 40 of the consultation document.

20. Below is a sample of PSA members' comments relating to security of tenure.

*"The housing crisis has caused me to have daily stress in regards to my home security. I will not bother my landlord about mould or other issues in my home for fear he will evict me. I pay my rent a month in advance but feel scared that if I bother him he will kick me out. If he kicks me out then my son and I will have to move out of the area we live, as we have lived here for 2.5 years and the rents on average have increased \$100-\$200 more per week which I cannot afford. There is nowhere we could go in Auckland to live where it is a safe area with an adequate house that we could afford if we leave our current place".* PSA member, Auckland.

*"We've repeatedly tried to settle down, but have had landlords terminate our lease in order to sell, or to take up residence themselves, within 3-13 months on numerous occasions. Most recently, we couldn't find anywhere suitable in time after being forced out, so have had to move in with family. I feel I should add that both my husband and I are professionals with postgraduate qualifications, and clean credit and police records." PSA member, Auckland.*

*"Although this tenure has been long (the longest ever) that is not the norm, and is still a year by year negotiation. I am in my 25th rental. It would be really great to be able to secure long leases - NZ needs many more professional landlords before we will be able to achieve that".* PSA member, Wellington

*At the end of last year my flat had to move out as the house was to be occupied by the owner's family. We had 6 weeks' notice to move out in December. This was a very stressful time and it was difficult to secure a flat especially as some members of the flat were students and on lower incomes. PSA member, Wellington*

*"Being given eviction notices because the landlord wanted to sell the house (three times in three years) has been hugely stressful leading to sickness and additional medical costs. Partner is epileptic and the stress of having to continually look for new rental housing, packing and the logistics of moving have taken a severe toll on his health. - That is why I am*



*the sole income earner in our household, and why we had to move out of the region in order to buy an affordable house.” PSA member, Wellington.*

*Housing in Wellington is incredibly expensive and the houses are damp, mouldy and cold. Landlords only offer 1 year agreements. I have moved 15 times in the past 5 years. It is almost impossible to get a decent house to rent, as there are hundreds of other people wanting the same thing. it is stressful, financially disruptive and difficult to maintain routine.” PSA member, Wellington*

*“Having no certainty of tenure, despite a great relationship with our landlord, is always at the back of our minds. If something happens, we'd be out into a very different rental market than when I moved in almost a decade ago, with no scope of raising a deposit to even think of buying.” PSA member, Wellington*

*In the previous 5 years I have moved 7 times. Each time I move I experience a period of homelessness between leaving one property and moving into another. This is due to the dire shortage of rental accommodation throughout the Coromandel Peninsula. Even with ample notice from landlords, 90 days often isn't enough time to find another rental property. I've been homeless for weeks, and sometimes months, while I search and apply for rental properties. PSA member, Waikato/BoP*

#### *Healthy Home standards*

21. The quality of rental accommodation was a concern for large numbers of our members. In Wellington and the Waikato/BoP close to half of respondents to our survey did not have warm and dry housing. The long-term health and productivity implications of damp and cold housing have been documented thoroughly elsewhere; our members' comments provide further evidence of this. The PSA therefore **agrees** with the introduction of a set of comprehensive and strong Healthy Home standards.

22. The following comments from members demonstrate the impact of damp and cold housing.

*Because it's hard to heat (no insulation, south-facing so no sun), I get sick a lot if I'm not running the heater all the time in winter. And even things like the curtains that came with the flat don't actually fit the windows properly makes things worse. PSA member, Wellington.*

*Cold and damp homes seem to be expected in Wellington, but the mental and financial impact of coming home to a home you constantly have to dehumidify, heat, wipe down and air out has it's toll. My power bill doubles in winter when the dehumidifier is running more often. PSA member, Wellington.*

*My husband and I have 2 children and we live in a very old and small 3-bedroom rental house. Due to its condition the house gets mouldy and damp during winter and the children most often get sick around this time. We so wanted to buy our own house but because of the prices and our combined salary is not enough to even afford just a 2-bedroom house. PSA member, Auckland.*

*15 years lived in HNZ .Received relocation 90 days HNZ letter to move out. Find a two-bed room, very cold private flats. Condition of the Flat is really risk for age 4 to 19 with rheumatic*

*fever program and elderly age will be affected with pneumonia I wish that the HNZ and Private rental house can work together to provide a better Healthy house. PSA member, Auckland.*

*Having rented a cold and damp house for several years, the exposure to mould and dampness triggered sleep apnoea and autoimmune condition which we will have to deal with for the rest of our lives. We chose to break 20 years' worth of retirement savings in order to put a deposit on a house, and have now had to start saving again from scratch for retirement. PSA member, Christchurch.*

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*"Our house is so cold that we have to wear coats & hats inside, there is 1 room with a heat pump, we all have to stay in this room in the winter. We can't afford space heaters in the other rooms as the heat pump is about \$400 per month in the winter w/out any additional heaters. This affects our mental & probably physical health. Currently we are in the 3rd year of living in a freezing home. The rent is \$600 per week". PSA member, Christchurch.*

23. The PSA also **agrees** in principle that:

- tenants should be able to make minor modifications to a rental property to make them feel more at home, such as the examples given in the discussion paper;
- the RTA should be amended to allow tenants to have pets, with limitations relating to the protection of neighbours, and with provisions to enable landlords to recover reasonable costs any damage caused by pets.

***Setting and Increasing rent (section 3 of the discussion document)***

24. For many of our members, the cost of rental housing is crippling and is causing significant hardship and stress. The PSA believes the Government needs to invest significantly in affordable housing that is available for rent as well as purchase, and minimise opportunities for unscrupulous landlords to exploit the housing shortage.
25. The practice of rental bidding allows landlords to exploit their significant market advantages; it pushes prices upwards and needs to be outlawed.
26. The current legal provision allowing rent to be increased every 6 months causes is untenable. It causes significant stress to tenants who either have to leave the property or try to accommodate the increase within already tight budgets. Our members' comments suggest that some landlords are increasing rents every six months, we believe this is an unjustifiable abuse of their power over tenants.

*Recently my rent was increased twice within 6 months. No improvements were made to the home to justify these rises. These rises stretched my budget, and I've had to cut back on food costs to afford this.”* PSA member, Wellington

27. Yearly rent increases are also problematic in a tight market, especially if a landlord chooses to exploit the tight market by increasing the rent by a significant amount. The PSA **supports** some regulation of rental increases, with a cap placed on the amount that rents can increase (eg by CPI) and a limitation of the frequency with which rents can be increased (eg annually).

*“Every Jan/Feb it's a nightmare - trying to find out if your lease will be renewed, whether they're going to put the rent up a stupid amount to force you out - and then trying to find somewhere new in such a short space of time competing with everyone else and paying even more for less. This year was so much worse than in the past though.”* PSA member, Wellington

*“I am single with no children and I cannot afford to live on my own. I have moved 6 times since the earthquake - three times due to earthquake damage and once for my rent increasing 30% a week. I have also had to board close to work due to the lack of public transport to work.”* PSA member, Christchurch.

28. A strong theme of our members' comments was that they did not feel that the rents they were paying reflected the quality of their housing. They also felt they had little choice but to pay these rents, without complaining about standards.

*“I am a single parent with a dependent child. The only source of income is my wage. Of which I have to pay \$400 pw as rent and also I have bills to pay. I struggling at the moment. Landlord has increased rent 3 times so far. Whatever he says we have to obey them, because at the back of my mind there is a fear. If I leave the house, am I going to get the house in the same price. Always fear in my mind if landlord asks us to vacate how am I going to survive. Because large part of my wage goes to rent sometimes I struggle to buy food.”* PSA member, Auckland

*I live in a 1.5 bedroom rental. I pay \$350 weekly. It is old, it needs maintenance done: bathroom floor is rotting away and the deck is rotting away, the skirting around the house are falling off, the kitchen is the kitchen from hell. However, I am afraid to ask the landlord for getting this maintenance done because I fear that they will put up the rent. I cannot afford to pay more. I am 55 years old and have worked very hard since in NZ (20 years). I am a professional, have worked in the public service for most of that time. I had two dependent children and have not been able to purchase a home for myself. I am afraid of the future: when I retire I will not be able to sustain myself when rents are this high. I imagine myself flatting at an old age and I rather be dead to be honest. PSA member, Auckland.*

*Because we moved from overseas where housing was MUCH cheaper and had sold a house we were not as desperate as we would have been had we not already owned a house. We found the cost of housing unbelievable, especially coming from a major city overseas. We got a house that had NO heating, NO insulation, exactly half the size of the one we owned in Canada and cost about 1/3 more than the price we sold our house for. And I can't imagine what we would have to pay now. We are astounded that not one word has been said about rent control. It works well if correctly managed - landlords have to abide by standards (which they do not have to here),*

*cannot raise the rent beyond the cost of living (as determined by the government) unless they can prove they have upgraded and improved the building. ETC. PSA member, Wellington.*

*Working full time makes it impossible to find a place to rent in Auckland that I can afford and that is actually liveable... most are inhabitable at my price range, hence I am now in a GARAGE!!! I am embarrassed to tell people that as a professional (of almost 10 years in (public service profession) that I am literally homeless. I don't even have a bathroom, I have to walk in the rain at night to the main house. I was renting at 400 a week, it went slowly to 500 per week with bills on top, this was all my wages so I had no money for food petrol etc. I put all my belongings into storage and joined a house-sitting agency. I now live in a garage in between house sits.... my things are still in storage. I am 53! I used to own a home in the UK but cannot afford to even rent now.... not that I can find a place as there are too many people applying. PSA member, Auckland.*

*"I work, I don't have bad credit and I have great rental references but it was difficult for me to find suitable and affordable accommodation due to the competition of the rental market and the high rental prices. I was homeless for 6 months with friends and family offering couches weeks at a time until I got back up on my feet and finally got accepted into a property. I spent my working days assisting clients who were homeless get into emergency housing even when I was homeless myself. PSA member, Waikato/BoP*

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