21 October 2018

Residential Tenancies Act Reform
Housing and Urban Branch
Building Resources Markets
Ministry of Business, Innovation and Employment
PO Box 1473
Wellington 6140

By email: RTAreform@mbie.govt.nz

RESIDENTIAL TENANCIES ACT REVIEW

Please find attached the written response of the New Zealand Property Investors' Federation Inc to the Residential Tenancies Act Review.

The Federation is happy to provide policy advisors or Members of Parliament with any further information they may require and wishes to be heard in person in support of this submission should verbal submissions be held.

Yours sincerely

Andrew King
Executive Officer

Submission to the

Ministry of Business, Employment and Industry

conducting the

Residential Tenancies Act Review

21 October 2018

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New Zealand Property Investors' Federation

This submission has been prepared by the New Zealand Property Investors' Federation Inc (NZPIF) in response to an invitation to provide feedback on the Residential Tenancies Act Review.

Established in 1983, the Federation has twenty affiliated local associations situated throughout New Zealand. It is the national body representing the interests of over 7,000 property investors on all matters affecting rental-housing.

Our philosophy is to be an industry advocate, which means we take a balanced role in considering the rental industry as a whole, which includes the requirements, rights and responsibilities of both tenants and rental property owners.

Industry Background

There are approximately 270,000 landlords in New Zealand. There are no corporate or institutional residential landlords.

There are approximately 546,000 residential rental properties[1], housing over 1,500,000 tenants[1], and worth around $171 billion[2].

Private landlords are the largest providers of rental accommodation in New Zealand. 87% of tenants rent from a private landlord or trust[3]. The average length of tenancy has increased from one year and four months in 1995 to two years and three months in 2017[3].

Median weekly rent for all accommodation is $450[4]. The amount spent on rent each week is $121 million and annually this is $6.3 billion.

Most property investors (57%) have been engaged in the business for 10 or more years[5], which dispels the myth that people are investing in property to make a "quick buck". Instead, property investors are using their rental income business as a

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[1] 2013 Census data

[2] NZPIF Calculation. 475,000 private rental properties multiplied by the February 2018 REINZ lower quartile house price.

[3] Regulatory Impact Statement: Prohibiting letting fees under the Residential Tenancies Act 13/04/2018

[4] Tenancy Bond Centre statistics, April 2018

[5] ANZ NZPIF Annual Survey 2006

[6] IRD Data, April 2018

mechanism for saving for retirement and are professional and committed long-term service/accommodation providers.

The rental property industry paid tax on net rental income of $1,444,000,000 in the 2016 financial year[6].

SUMMARY

The NZPIF would first like to thank the officials of MBIE (now the Ministry of Housing and Urban Design) for the enormous amount of work they have contributed in carrying out this review and holding workshops around the country that has allowed good discussion from a variety of backgrounds. They have been tirelessly dedicated and professional.

The RTA was first established in 1986, however it is not the out of date, unfit for purpose document that some are making it out to be. The RTA has undergone two extremely large reviews since it was first introduced.

However, times do change and it is good to examine Acts of parliament to see if they require amending in order to continue being relevant for changing circumstances.

This review is extremely wide ranging. It is also totally focussed on providing improvements for tenants, which is a pity as rental property providers also require help to better manage their properties and provide good, sound, cost effective accommodation for New Zealand Tenants.

Tenant advocates have been extremely and publicly outspoken in their opinion that the rental industry is broken and needs to be fixed. We have had various meetings with some tenant advocates who have told us that they consider renters should view their rental property as a home, a view that the NZPIF would agree with. However, the Tenant groups define a rental home as meaning that renters should have all the rights of a homeowner. This means they should be able to leave the property when they want while staying in the property as long as they want (restricting the owner to only selling the property with a tenant in place), with the right to modify the property, have pets and behave in a way that a home owner would. The NZPIF disagrees that the rental system is broken because renters cannot live like homeowners without having to save a home deposit, have a mortgage and the risk

of mortgage rates changing, plus all the expenses of home ownership. This scenario is unrealistic.

The NZPIF comes from the position that a rental property should be a tenant's home, however it is still the owner's property. Owners are taking on all the risks and costs of property ownership, but they do not 'have to' provide the rental. Through feedback from our members, we are extremely concerned that some of the proposals will lead to selling of rental properties. Even if a rental is sold to a tenant, this sale still leads to a reduction in supply of rental property as on average rental properties hold more people than owner occupied homes, while actually being smaller in size. We estimate that a new three bedroom rental property needs to be created for every four that are sold to home owners.

Tenants and landlords are not two homogenous groups with similar demographics, ages, family circumstances, hopes and aspirations. One proposal is to have just one tenancy type that will ensure security of tenure for tenants and a reduction in rights for owners. This will not work. The existing periodic and fixed term tenancies work extremely well for groups of tenants and landlords. If there is a growing group of tenants who would benefit from improved security, then we need a new tenancy type designed around this need. There are owners who would also like to have the same tenants for long periods of time. We need a tenancy type that match these two groups together, providing for each group needs and wants. If the needs and wants of either group are ignored, the system will not work.

There is no evidence that the existence of 90 day without stated cause notices restricts tenant security or causes them concern. There is no evidence that landlords widely use the 90 day notice, there is actually evidence of the reverse. There is evidence that the 90 day notice is used as a tool of last resort. It has been recognised that should 90 day notices without stated cause be removed, there would be a large and negative effect on rental property owners, causing them to look for other ways to handle problems with their properties, such as short fixed term tenancies. Having to introduce subsequent regulation to handle problems with original regulation usually demonstrates that the original regulation has been poorly thought through.

DISCUSSION

Improved security for tenants

Summary

The NZPIF believes that there are certain tenants who would value increased security of tenure and there are certain owners who have no intention of moving into or selling their rental property. Given this, there is real potential to develop a system that will meet the needs of these tenants.

Any new rules to improve security for tenants needs to acknowledge that they could have a high and negative effect on the owners rights. While the NZPIF is very supportive of increasing security for tenants, without balance there will be serious unintended consequences.

90 day without cause notices are not the main cause of tenants feeling insecure within their tenancies. Having their home sold is the key reason. However, banning owners from being able to sell to owner occupiers (so tenants never have to vacate their rental) is not the correct solution.

Reducing tenancy types to one would not provide enough flexibility for either tenants or landlords.

Matching tenants who truly value security with owners who have no intention of selling or moving into their rental property should be the goal. This would be best achieved by establishing a new tenancy class to achieve the goals of both tenants and landlords.

No cause terminations

No cause termination notices should not be removed, they are an essential management tool. Tenants can end a tenancy for no reason with 21 days notice, it does not seem unreasonable for owners to do the same with 90 days notice.

Tenant advocates have portrayed the 90 day no cause termination as being used against tenants that have done nothing wrong or have been issued because the tenant has asked for something that they are legally entitled to. The NZPIF have not seen any evidence that this behaviour is occurring. It is a perception of a possibility rather than a reality.

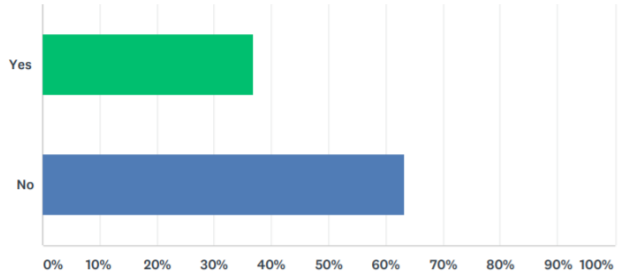
Given that tenants can be awarded up to $4,000 in exemplary damages for retaliatory action, it is unlikely that owners would risk issuing the notice without a

good reason. It is also a risk to have a potentially disgruntled tenant in your property for three months.

The purpose of owning a rental property is to rent it out to a tenant. Landlords do not want to get rid of good tenants therefore there is always a good reason for why a 90 day no stated cause notice is issued.

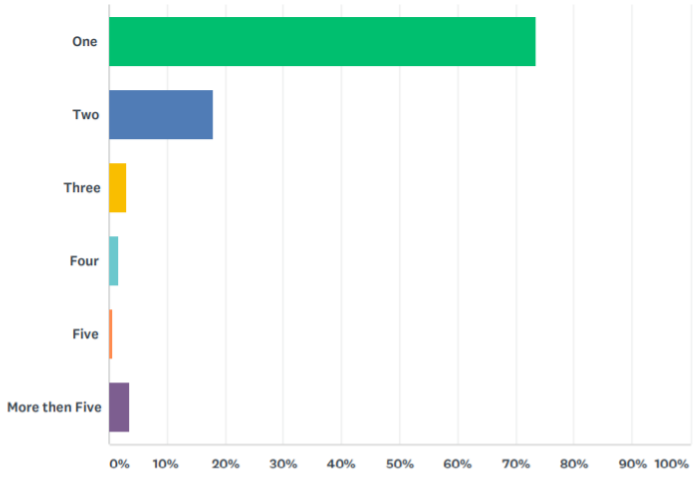
The NZPIF recently surveyed our members to examine their use of 90 day no stated cause tenancies. The findings shown below show that the notices are rarely given but are a last resort tool to end a tenancy that has broken down for a number of reasons.

Have you ever issued a 90 Day notice to end a tenancy?



ANSWER CHOICES	RESPONSES	
Yes	36.86%	195
No	63.14%	334
TOTAL		529

If yes, how many have you issued over the last five years?

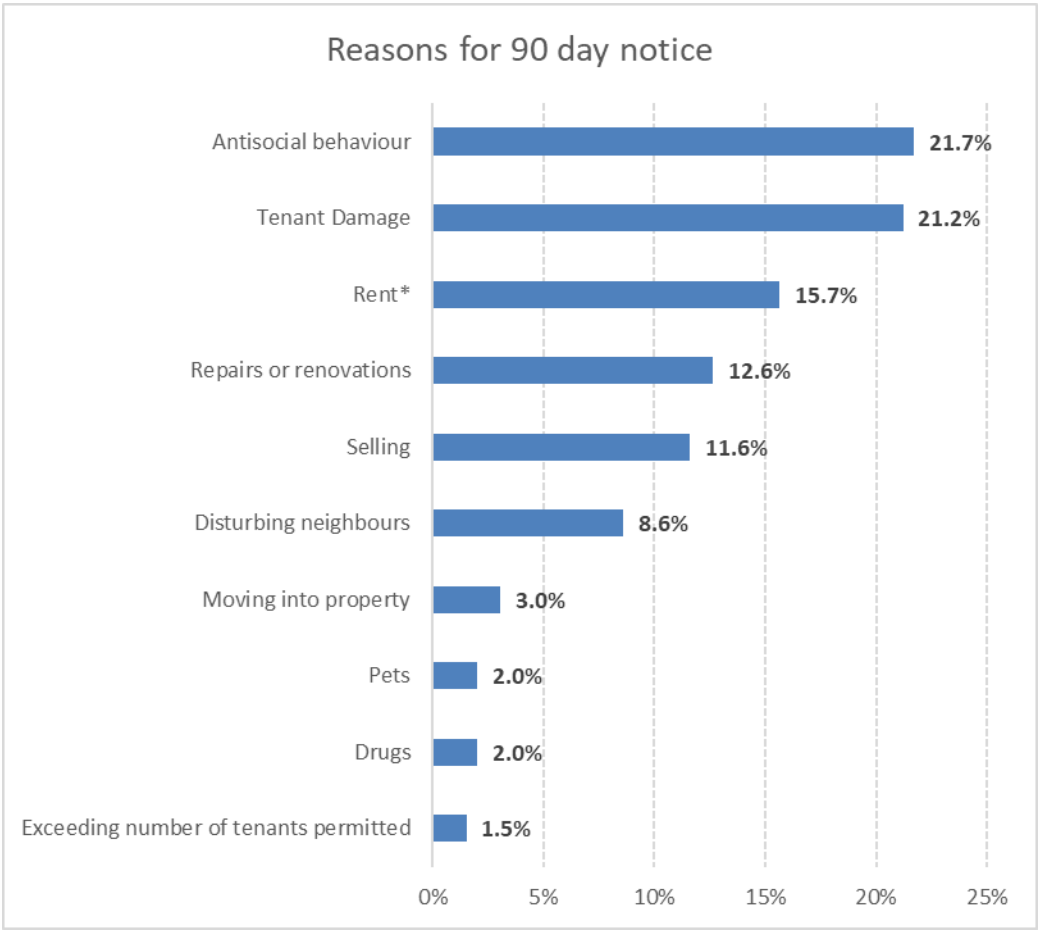


ANSWER CHOICES	RESPONSES	
One	73.41%	127
Two	17.92%	31
Three	2.89%	5
Four	1.73%	3
Five	0.58%	1
More then Five	3.47%	6

The following graph shows why 90 day notices were given. The main reason for issuing a 90 day no stated reason was antisocial behaviour at 21.7%. This could be extended to 30.3% if combined with disturbing neighbours. The next highest was tenant damage which tended to be repetitive and it was difficult to obtain evidence.

It was interesting that 13.6% of respondents said that selling or moving back into the property was the reason for the notice, when the legal requirement is just 42 days notice.

What was the main reason for issuing the notice?



*Rent was stated as a reason because it was continuously in arrears but never over 3 weeks, leading to frustration and higher management requirement.

The MBIE discussion document states that's "after removing the ability for landlords to issue a 90 day notice without reason, landlords would have to give tenants an opportunity to stop their bad behaviour then if they don't, apply to the Tenancy Tribunal to end the tenancy. To make it easier for landlords to raise these issues with tenants, Government has examples of what could be included in the RTA as unacceptable behaviours, such as: Harassment, intimidation, verbal abuse, intimidating other tenants or neighbours, sustained noise etc. Landlords would have to prove this at the Tribunal if your tenant denied the unacceptable behaviour.

This proposal misses the point of the 90 day no stated cause for termination. It is mostly used because the owner cannot gather sufficient evidence to prove the unacceptable behaviour or relationship breakdown between the tenant and the landlord. While there is risk for the owner in issuing a 90 day without stated cause notice, it is a tool of last resort.

For this reason, a very clear 86.2% of 463 rental property owners answered “NO” to the question “do you think that this is a suitable alternative to the current 90-day notice provisions?” In addition, 8 of the 11 respondents who ticked that it was a good idea left comments indicating they probably ticked the wrong box.

Respondents are mostly concerned about not being able to provide evidence to support the poor behaviour of their tenants. The following are a small sample of comments respondents have made.

- 90 days is long enough to find a new home
- 90 days is long enough to put up with bad tenants
- Tenants can do a lot of damage to a property in 90 days
- not being able to give a 90 day notice could ruin the relationship with neighbours
- Finding evidence/proof can be impossible
- How are you meant to prove harassment to other tenants when they are afraid of them and won’t speak out in public out of fear
- Tenants will just deny it at the tenancy tribunal and it is just your word against theirs
- I like to think of the property as the tenant’s home, but at the end of the day it is my property and I need to protect it
- Applying to the Tribunal takes too long and puts a black mark against the tenant
- I own rentals and work hard looking after them. Bottom line is it’s my property and if I don’t think the tenants are fit to live there and keep it in a reasonable condition then that should be my call
- If the above were passed into law it would become an argument of "I didn't say that", "Yes you did", "Well that's not what I mean". It could become a long winded no win situation for both parties.
- Intimidation of landlords is becoming an increasing issue as tenants begin to feel more entitlement of the rental property.
- It's unclear what the time period will be for tenants to "stop their bad behaviour" and could drag on indefinitely. Landlords or their Property Managers would have to prepare and spend more time at the tribunal costing the landlord higher costs/fees.
- Tenancy tribunals take too long to access.

There were eleven comments from the 23 respondents who thought it was a good idea to remove 90 day no cause tenancies. Eight of the comments indicated the respondent thought having to provide evidence to the Tribunal would be time consuming and difficult, indicating they may have incorrectly ticked the wrong box. The following three comments were the only ones that appeared to support the proposals, but they still had concerns.

- I think it is good for tenants to treat the house as their home in the knowledge that the landlord cannot kick them out with 90 days’ notice without reason, BUT it should be easier to end a tenancy for bad behaviour than having to apply to tenancy tribunal. If the tenants have a wild party and cause damage, in breach of their agreement, then the landlord should be able to get them out quickly.

- Landlord and tenant should both have equal opportunities in matters of renting. It would be an unfair advantage if Landlords can evict tenants without giving the tenants an opportunity to remedy the situation. The only time a landlord should evict a tenant immediately should be on the grounds of damage to property, violence and drug use. There should be less than 14 days' notice.
- This sounds like trying to go from one extreme to the other. It is reasonable to give a tenant a reason they may be required to vacate a tenancy but the landlord should not have the onus of proof of bad behaviour. This would add unnecessary workload on the tenancy tribunal and increase bureaucracy and overall cost. Make a change that is proportionate to the perceived issue.

The NZPIF asks why Government wants to make it harder to get rid of poorly performing tenants when there is no evidence showing that it is a problem. Landlords should especially not be required to issue a notice for antisocial behaviour as this could put other tenants or neighbours at risk.

Rather than risk harm to themselves, victimised tenants will simply seek different accommodation, which is disruptive and completely unfair for them and their landlord.

Landlords should have the right to determine what is reasonable behaviour in their properties and a tool that allows them to exercise that right.

For these reasons the NZPIF completely rejects the need to remove 90 day without stated reason notices. As Government has reconsidered and reversed their policy of providing $2,000 grants to private landlords to compensate for potential Healthy Homes Standards, the NZPIF believes that Government should do the same for the 90 day no stated cause notice.

If Government still believes that the 90 day no cause notice has to be removed, then a potentially acceptable proposition is to introduce a three strikes no stated reason 90 day notice.

This would see landlords demonstrating a breakdown in the tenant's behaviour or relationship with the landlord, by issuing two warnings to tenants before a 90-day three strikes notice is issued which does not require Tenancy Tribunal endorsement.

Trying to list in law all the possible reasons why a tenant or neighbours' peace, comfort, or privacy may be intruded upon would be extremely difficult if not impossible. The property owner should have the right to determine what is and isn't acceptable behaviour in their property and retain the tools they require to effectively manage their property.

To conclude, 90 day no stated cause notices are infrequently used and are a tool of last resort. There is always a good reason for why they are used. There is risk in having a disgruntled tenant in your property for 90 days, so they are not issued lightly. When the tenant relationship or tenant behaviour has declined to a level where the owner needs to end the tenancy, it is essential that they are able to do so without requiring Tenancy Tribunal approval. Including in the RTA a list of reasons why a tenancy can be ended is not a suitable replacement option. Getting evidence that would be acceptable to the Tenancy Tribunal can be impossible. An inability to move on poorly performing tenants can often lead to their well performing tenant neighbours to move. This is completely unfair. If Government still believes that 90-day notices are an impediment to tenants feeling secure in their accommodation, adding a warning notice system could be an acceptable alternative.

Fixed term tenancies

There are two proposals concerning fixed term tenancies. The first is to modify them if 90 day no cause notices are banned. The second proposal is to ban fixed term tenancies.

The proposal to have minimum fixed term tenancies of two or more years to counter people using short term fixed tenancies in response to not being able to use 90 day notices is a bad idea. It is extremely poor policy procedure to introduce new legislation to counter the unintended consequences of other legislation. This is a clear indication that removing 90 day no cause notices is not a good strategy.

Long term fixed tenancies would be unfair to landlords. Despite agreeing to a long term lease, Tenants can simply stop paying the rent if they no longer want to stay in their rental property. They have ultimate control of the tenancy.

A real problem for people travelling to some parts of Europe, where long term tenancies are the norm, is not being able to secure a rental property for just one or two years as these countries typically have fixed term tenancies lasting many years.

Fixed term tenancies are highly valued by many tenants and landlords. Tenants have a wide variety of wants and needs as do landlords. To remove this option would upset many tenants and make it difficult for them to find suitable accommodation. Such tenants could be people on secondment, seasonal workers, home owners undertaking renovations, students or families with school age children. Removing the option of a fixed term tenancy would severely hinder their preferred tenancy option.

Allowing tenants to extend a fixed term tenancy as of right would be an unjust restriction on the owners property rights. It would create an unbalanced system favouring tenants. It is an incredible suggestion that could see tenancies unable to be ended by an owner, only a tenant. The owner should have just as much right as a tenant to say if a fixed term tenancy should be extended or not.

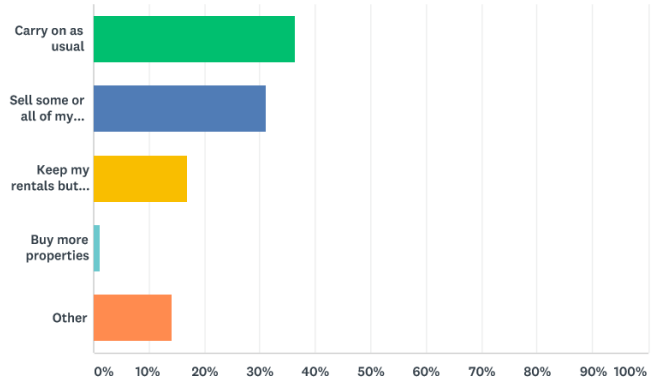
As an example, if the tenancy was due to be renewed in the winter but the landlord had thought about putting the house on the market in the following Summer, the landlord should be able to role the tenancy onto a periodic or a six month tenancy so they can sell the property when they want to.

Open ended tenancies

Open ended tenancies would be an unfair restriction to rental property owners and possibly a breach of their property rights. This is one of the largest concerns that respondents to our survey had for proposed changes to tenancy law.

Previous law changes have mostly led many members to not buy further rental properties that they otherwise would have. However this proposal has caused a majority of respondents to indicate that they would actually sell and leave the industry.,

If periodic and fixed term tenancies were replaced with a single open-ended tenancy (as described above), what would your response be?



ANSWER CHOICES	RESPONSES	
Carry on as usual	36.40%	162
Sell some or all of my rentals	31.24%	139
Keep my rentals but wouldn't buy in more	16.85%	75
Buy more properties	1.35%	6
Other	14.16%	63
TOTAL		445

This is a serious matter for the rental industry. We already have a shortfall of rental properties and the proposed restrictions to rental property owners would see this shortage get worse, faster.

Some people consider rental property providers selling is a good thing as the property still exists and will instead be bought by a new home owner. They view this as an equal sum occurrence, with one lost rental but one fewer tenants. However this is simplistic and incorrect.

On average, there is a higher occupancy in rental properties compared to owner occupied properties. In addition, owner occupier properties are on average bigger than rental properties. This means that when a rental property is sold to an owner occupier, a shortfall of rental properties is created.

From our survey we found that a third of respondents would not want to sell, so would be forced to use the new tenancy even if they didn't like it. A significant proportion (31.2%) would sell some or all of their rentals. This is a higher percentage than other proposed changes in the past. Usually more people would not buy any more rentals than sell existing rentals, indicating that it is a serious issue for respondents.

A third tenancy type

Rather than reducing the number of tenancy types available for tenants and landlords to choose from, the NZPIF believes that if there is a need for more security of tenure for a proportion of tenants, then a new tenancy type needs to be developed to specifically cater for this.

The opinion of tenant advocates that removing 90 day no stated cause notices will improve tenant security is wrong. The real impediment to tenant security is the potential for their rental property to be sold.

Banning owners from selling a rental without the tenant if they want to stay is an unbalanced and draconian proposal that will have extremely negative outcomes for the supply of rental property in New Zealand.

Such a move is an extreme breach of the owner's rights and would be extremely undesirable. It would be assuming that all rental owners are the same, with the same backgrounds and situations which is clearly not the case.

People provide rental properties for a wide variety of reasons and forcing them into positions they do not want to take would be a disaster for the industry.

There are rental providers who have no intention of selling or moving into their rental properties. It would be far more sensible to match these owners with tenants who truly desire long term rental property, through a tenancy designed around their respective needs.

In addition to periodic and fixed term tenancies, the NZPIF proposes a third long term secured tenancy option. This would need to recognise that tenants cannot expect to have all the benefits of home ownership without the associated costs.

This tenancy would provide true security for the tenant through the owner guaranteeing that the tenant could stay for a period of at least, say, five years but potentially much longer. As the owner would be giving up their property rights, there would need to be some form of compensation to encourage them to offer such a tenancy.

This compensation could come in the form of allowing the tenant to pay more rent in order to obtain the benefits of the tenancy, or taking on the conditions of some European tenancies, such as providing carpet, curtains, light fittings, painting the walls plus paying rates and insurance.

The terms of the tenancy would have to be developed in good faith with involvement of both tenant and landlord groups so that balance could be established. Without balance, no system offering extra security will work.

Tenants making modifications to their rental home

Under the current law, tenants must ask for permission to make modifications to their rental home and landlords are not allowed to unreasonably refuse.

Reasonable is a subjective word. Tenants may choose a rental property because it is cheap and then consider it reasonable to ask for features contained in a more expensive rental. Tenants and owners can have different interpretations on what is and isn't reasonable.

Two proposals have been put forward to allow tenants to make modifications to their rental to better enable them to make their rental feel more like a home.

The first is to have a list of modifications that are considered reasonable and the tenant does not have to seek the owner's permission to undertake them. The second option requires tenants to still request permission to make a modification, but

allows them to carry out the modification should the landlord not object within 21 days.

A membership survey shows that the vast majority of members would prefer to leave the current regulations as they are. Of the two options presented, a majority of members prefer giving the landlord 21 days to reply to the tenants request as this still allows the owner control over what the tenant can do to their property, while not holding things up for the tenant by compelling an expedient reply to their request.

The NZPIF can see benefit in applying both proposals. If there is a carefully restricted list of what modifications tenants can do as of right in the RTA, then this will make it easier for tenants to make the property feel more like a home.

Given that the modifications will be of right, this list should err on the more restrictive side of what is allowed so as not to cause disputes and to acknowledge that some tenants will take a liberal and possibly extreme view of what they can do to their property based on the list. A survey shows that the list is actually quite small, meaning that it is probably not worth having it.

This means that all modifications will have to gain the landlords permission. This will allow them to consider potential problems, the standard of work required, other regulatory considerations, who should undertake the work and whether the modification can and should be reversed at the end of the tenancy.

The NZPIF believes that tenants should expect a reasonable prompt reply to their modification request and 21 days does not seem unreasonable.

What specific modifications should Tenants have a statutory right to make?

The NZPIF surveyed members on what modifications they thought tenants should be able to make as of right, with permission, with permission and reversed at the end of the tenancy and what modifications they should not be able to make.

It appears that respondents would be happy to allow tenants to install curtains and picture hooks as of right, although there should be a limit on the number of picture hooks, over which owner permission is required. It was not part of the survey, but removable light fittings could also be allowable as of right.

A high number of respondents were happy for tenants to have vegetable gardens and sky aerials as of right, but a significant level thought there needed to be conditions. Fifty five percent wanted permission for Sky aerials to be installed

because there have been a lot of problems with where and how Sky have installed aerials. They wanted tenants to ask for permission so they could be involved in the decision making, however they did not think that the aerial needed to be removed at the end of the tenancy. Installation of fibre would be similar.

Many respondents were happy for tenants to have a vegetable garden, however many wanted a requirement for this to be reinstated at the end of the tenancy, as new tenants for the property are unlikely to want the garden and it quickly becomes an eyesore when let go.

At the HHGA Workshops, many attendees believed that tenants should be able to safety strap their appliances to walls as of right. While survey respondents were generally happy to allow this type of modification, they wanted to part of the decision making process as it could have serious implications for the property. Therefore they were not happy to allow this as of right.

Many attendees at the HHGA Workshops (mostly tenant advocates) also believed that tenants should be able to paint internal walls as of right. While survey respondents were generally happy to allow tenants to paint internal walls to make it more their home, they wanted to be part of the decision-making process as it could have serious and expensive implications for the property. Respondents indicated that they would want to be involved in determining the colour of the paint, so if the tenant didn't remediate it at the end of the tenancy, the owner was happy that the colour would be acceptable to a significant number of new tenants looking to rent the property. Therefore, they were not happy to allow painting as of right.

	Yes	With permission and reversed	With permission	No
Curtains	33.41%	24.42%	36.87%	5.30%
Picture hooks	29.95%	32.49%	32.03%	5.53%
Sky aerial	29.13%	11.01%	55.05%	4.82%
Vegetable garden	25.12%	28.80%	41.94%	4.15%
Shelving attached to walls	3.26%	37.06%	33.33%	26.34%
Appliances attached to walls	2.54%	40.18%	29.33%	27.94%
Power points or fixed lighting	3.70%	7.39%	58.66%	30.25%
Replace carpet or lino	2.30%	4.84%	58.53%	34.33%
Painting walls	1.62%	14.32%	52.89%	31.18%
Pet doors	4.20%	18.18%	44.52%	33.10%
Kitchen cabinets	1.16%	4.42%	47.67%	46.74%
Build a deck	1.15%	4.61%	45.39%	48.85%
Install a window	0.69%	4.15%	37.33%	57.83%

Note that some of these modifications may require Building Consent so will need owner's permission.

Should tenants be responsible for reversing their modifications?
Yes, tenants should be held responsible for reversing their modifications unless the landlord agrees. Modifications can be extremely individualised and not to the general populations taste. They can also be undertaken to a poor standard and without the correct council consents.

There were three modifications which respondents were generally happy with tenants making as long as they were required to reverse the modification when the tenancy ended. They were; a vegetable garden, shelving and appliances attached to a wall. It wasn't covered in the survey but earthquake strengthening security straps would also come under this.

Respondents to the NZPIF survey indicated that they would not necessarily require tenants to reverse their modifications, but it should be generally accepted that reversing modifications is the standard situation.

Because it is very easy for the tenant to agree to reverse a modification when they are seeking permission but not undertake this when they leave, not doing so should be considered an unlawful act so that they are more inclined to comply.

It can be extremely expensive and time consuming to reverse modifications. It needs to be made completely clear to tenants that putting the property back to how they found it is expected and consequences will occur if it isn't completed to a good standard. This will also include any loss of rent which occurs due to the 'making right' of the situation.

This would greatly increase owners giving tenants permission to make these types of modifications.

Allowing tenants to make more modifications
Because tenants of a periodic tenancy only have to give 3 weeks' notice to leave, it is difficult to allow them more freedom to modify the property to make it more their home. If there was a new tenancy type allowing long term tenancies with a balancing of rights and responsibilities between tenants and landlords, a higher level of modification by tenants would not be such a risk for owners.

Option 1: Silent permission for tenants to modify rental properties
As stated above, this would be preferred over a list of "as right" modifications as it retains owner control of what is being done and how it is being done to their property. At the same time, it provides better protection for tenants from delays in modifying their rental.

The 21 days' notice appears reasonable, however there needs to be a safeguard to ensure that owners have received the notice. There is a serious risk for owners if they do not receive the notice and tenants assume they are ok with the modifications and carry on implementing them. While there are now many methods for communication, many are not so reliable.

It should be that the tenant has 21 days from once the landlord has acknowledged receipt of the request for the modification before the tenant can assume agreement and start the modification. It would then be in the tenants interest to use different means of communication to ensure that the owner has received the request.

Property managers usually have authority to approve repairs and modifications up to a set dollar amount. This could restrict property managers ability to make quick decisions if the modification cost is higher than this amount. Perhaps a dollar amount could be applied so that up to this amount the 21 day notice can apply.

Option 2: Tenants have a right to make specific modifications to rental properties
As stated above, given that the modifications will be of right, if enacted, this list should err on the more restrictive side of what is allowed so as not to cause disputes and to acknowledge that some tenants will take a liberal and possibly extreme view of what they can do to their property based on the list.

Our research shows that installing curtains, picture hooks and removable light fittings would be acceptable to include in a list of modifications that tenants could make as of right without requiring owner approval.

While there are many other modifications that owners are highly unlikely to refuse, they are of a type that the owner would want to have some input into what is done, or how it is done and whether it needs to be returned to how it was when the tenancy ends.

Because the list of modifications that could be made by tenants as of right is small, and that legislation with lists of what can and can't be done are fraught with problems, the NZPIF does not recommend adopting option 2.

Who undertakes the modification work?
Who undertakes the modification can vary depending on the type of modification and the type of property being modified.

The owner of an older low-quality property may be less concerned with how a modification is undertaken compared to the owner of a brand new or high quality rental property.

The cost of remediation is also a consideration should the work be undertaken to a very poor standard and needs to be remediated.

Tenants do not have a long-term interest in the property and so do not have the same level of interest as the owner. A cheap rushed modification may be perfectly acceptable to a tenant, but not to an owner.

As there are many variables involved in the decision and it is the owner bearing the risk of the modification, it is fair that the owner has discretion as to how a modification is undertaken and by whom.

This may mean that the cost of the modification is more expensive than the tenant is willing to pay. This then becomes their choice and is a good indication of how much they really want to make the modification they have requested.

Encouraging landlords to allow pets

The NZPIF generally tries to encourage members who have properties suitable for pets to allow them. Pets are a big part of many tenants' lives and if possible, it is better to allow tenants to have pets.

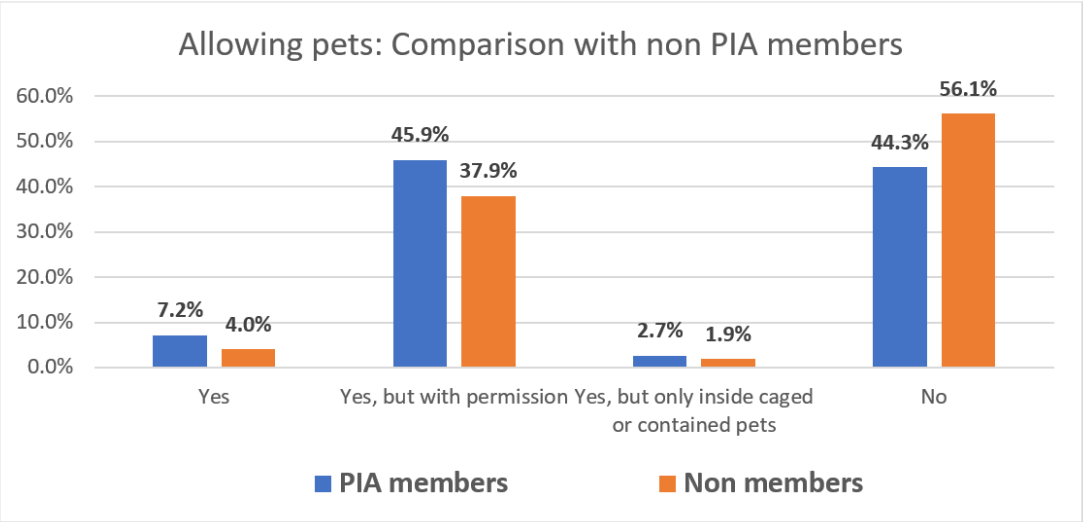
However there are many different types of pet and many potential problems with having a pet in a property. These can be categorised as damage problems, management problems and problems for other tenants and neighbours.

For these reasons the NZPIF does not believe that allowing pets as of right is a fair proposal. The NZPIF does not believe that owners need to have a verifiable reason to say no to pets would also be acceptable.

The NZPIF believes that introducing legislation to encourage pet ownership would be considerably better than regulation ensuring tenants can have pets as of right. It would increase the availability of rental properties allowing pets without causing disharmony between tenants and landlords.

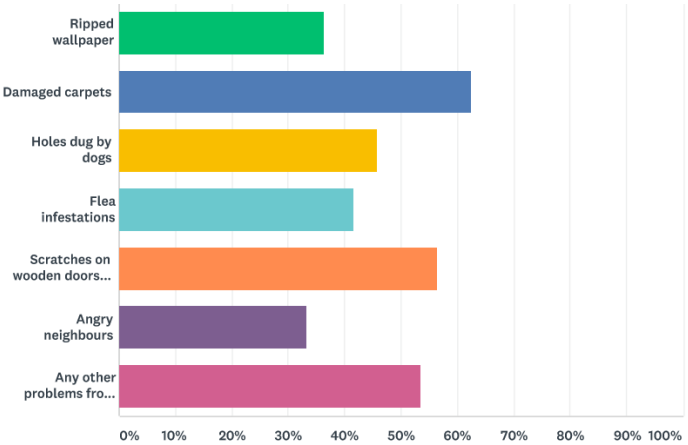
Current situation with pets

The NZPIF encourages members to allow pets if possible and it is interesting to see that in a recent membership survey, a higher number of PIA members allow pets compared to non PIA members. (See graph below)



This result differs from Trade Me, where around 15% promote that they allow pets. This may be because some landlords do not select the pet option because they do not accept 'all" pets. Others may not select it as they may have to say no to some pets, which could lead to arguments. In these cases, they leave it to tenants to ask.

The following are problems that respondents have encountered when allowing pets into their rental property.



Damaged carpet	62.5%
Scratches on doors and floors	56.6%
Holes dug by dogs	45.9%
Flea infestations	41.7%
Ripped wallpaper	36.5%

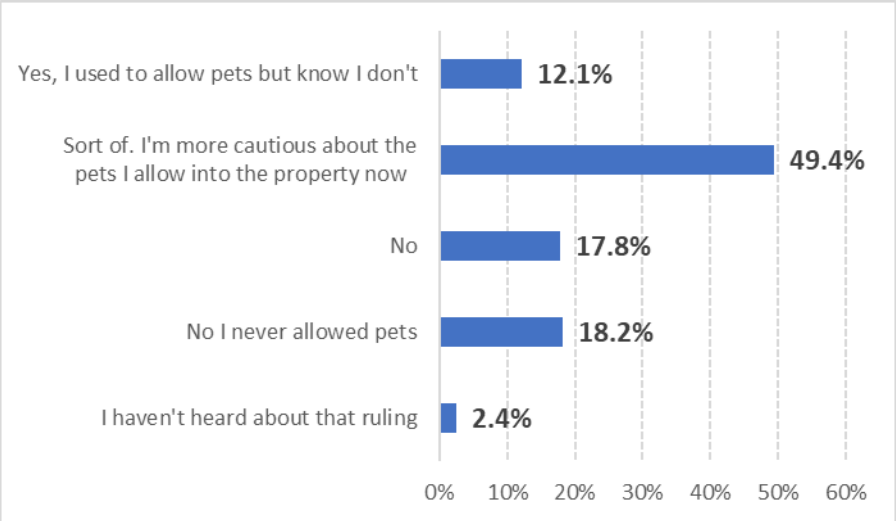
Angry neighbours 33.3%
Other problems listed were smells (8.5%) and damaged curtains (3.5%).

It is clear that a significant number of respondents that have accepted pets have encountered problems. Many of the problems include damage, however a significant number also include problems for neighbours.

Damage problems from accepting pets has been exacerbated by the Osaki decision which has left tenants not responsible for damage that they (or their pets) accidently cause in their rental property.

Our membership survey found the following regarding pets and the Osaki case:

In general, has the Osaki ruling that tenants are no longer responsible for damage they do not intentionally make changed your view on taking pets?



The result shows that 12% of respondents no longer accept pets because of the Osaki case and nearly half are more cautious about allowing pets because of the Osaki decision.

A significant proportion of respondents have been put off allowing pets because of the Osaki ruling making tenants un-responsible for damage they cause.

What would encourage owners to allow more pets?

The NZPIF asked respondents what would encourage them to allow pets in their rentals. The following are the most likely reasons, combining yes or possibly replies:

Completely responsible for damage cost 79.3%

Limit on number pets	69.6%
Allow a pet bond	67.9%
Remove pet easily if problems occur	66.7%
Limit on size of pets	61.0%

Another option that the NZPIF believe would encourage more owners to allow pets is a change in how pet damage is considered at the Tenancy Tribunal. Adjudicators tend to dismiss claims for damage from pets as they view it as reasonable wear and tear if the owner has allowed the tenant to have the pet.

We believe many owners would be more likely to allow pets if this wasn't the case.

The following table is a more detailed breakdown of factors that might encourage allowing pets into rental properties.

	YES	POSSIBLY	PROBABLY NOT	NO	TOTAL
Permitting to charge a pet bond	34.20% 144	33.73% 142	10.45% 44	21.62% 91	421
Tenants responsible for any damage their pets cause without any limit	62.88% 266	16.31% 69	5.91% 25	14.89% 63	423
Ability to remove a pet without requiring Tenancy Tribunal approval if problems were occurring	44.42% 187	22.33% 94	9.26% 39	23.99% 101	421
Limit on size of pet allowable	42.34% 177	18.66% 78	13.40% 56	25.60% 107	418
Limit on number of pets allowed	56.67% 238	12.86% 54	6.90% 29	23.57% 99	420

Additional information:

Pet bonds would need to be in addition to regular bonds. Because some damage from pets is not immediately noticeable, such as flea infestations, the pet bond should be held for four to six weeks after the tenancy has ended.

There should be no limit on responsibility for pet damage as there is under a proposal in the RTA Amendment Bill currently before parliament for other damage tenants cause.

Ongoing damage to property or unacceptable animal behaviour causing problems for tenants and neighbours should be a cause for removing the pet without a need to go through the Tenancy Tribunal system.

Allowing pets into rentals as of right could lead to discrimination of people with pet allergies. These people can have serious reactions even when a pet hasn't been in a

property for a number of years. If tenants are allowed pets as of right, it will become increasingly difficult for them to find suitable rental accommodation that does not make them ill. If pets are allowed as of right, it could be seen as putting one tenants rights ahead of another.

Situations and types of properties unsuitable for pets

- Allowing pets is against body corporate rules.
- Neighbours or other tenants object to pets.
- The property isn't fenced.
- There is not an adequate area for the pet to toilet.
- The pet is unregistered
- Uncaged pets less than 18 months old as they are usually not toilet trained.
- Dangerous animals – consideration for the safety for those around it or needing access to the property.
- Too many pets.
- The owner has a confirmed allergy to certain pets

Other points

There are many tenants with severe allergies to some types of pets. These allergy sufferers cannot enter properties for many years after a pet has left the property. If tenants are allowed pets as of right, it may be a breach of the rights of people to have access to an allergy free rental home.

Response to specific options proposed

Options one and two are not fair as they remove an owners ability to manage their rental property effectively. They are complicated in that they encourage dispute between owners and tenants which would require tenancy tribunal or mediation to sort out. They are ambiguous as what is reasonable or unreasonable in keeping a pet are highly subjective. They are inflexible in that they do not allow removal of the pet without tenancy tribunal action should unexpected and unknown problems occur after the pet has been allowed into the property. These options would adversely and increasingly affect tenants with pet allergies to obtain suitable rental accommodation.

The emphasis should not be on a landlord having to prove that a pet is not acceptable to live at a property.

Option three is good as it encourages allowing pets into a rental property rather than regulation forcing landlords to accept pets unwillingly. Other options to pet bonds and a requirement to commercially clean the carpet at the end of the tenancy are:

- Tenants being completely responsible for the cost of pet damage
- Limit on number pets
- Ability to remove the pet easily if problems occur
- Limit on size of pets

Option four, clarifying the obligations on tenants to remove any doubt that pets may not cause nuisance is good, but not required, as the obligations are already contained in the RTA even if they are not directly covered. A key problem is getting timely access to the Tenancy Tribunal and adjudicators ruling that pet damage should be accepted as fair wear and tear when allowing pets.

Setting and increasing rents

Rent bidding

The NZPIF is not in favour of websites and apps that allow rental bidding or auctioning of rental properties. We believe it is unnecessary and will lead to uncertainty for tenants and potentially wide fluctuations in rental prices.

However, setting a price for a rental property is very subjective and owners often undervalue the potential rent for their properties. The NZPIF believes that it is not fair to prevent tenants from offering a higher rental price if they believe a rental property is worth more.

Offering a higher price is not a guarantee that the owner will choose one applicant over another. Getting the right tenant is far more important to a landlord than a few dollars a week more in rent. NZPIF education emphasises that getting the right tenant is more important than pushing for the highest rental price.

Option One: Prohibit landlords or property managers from asking for rental bids.

No, this should not be introduced as it is fair and reasonable for anyone to ask what the market is prepared to pay for an item or service. Many landlords do not have a clear idea of what their property is worth and it is fair and reasonable that they may state a minimum rental price or ask for offers over a certain price.

Option Two: Prohibit the request and acceptance of rental bids.

No, Tenants have a right to offer more for a rental property if they feel that it is under-priced and are willing to pay more than the asking price.

Guidance on what constitutes 'substantially exceeding market rent'

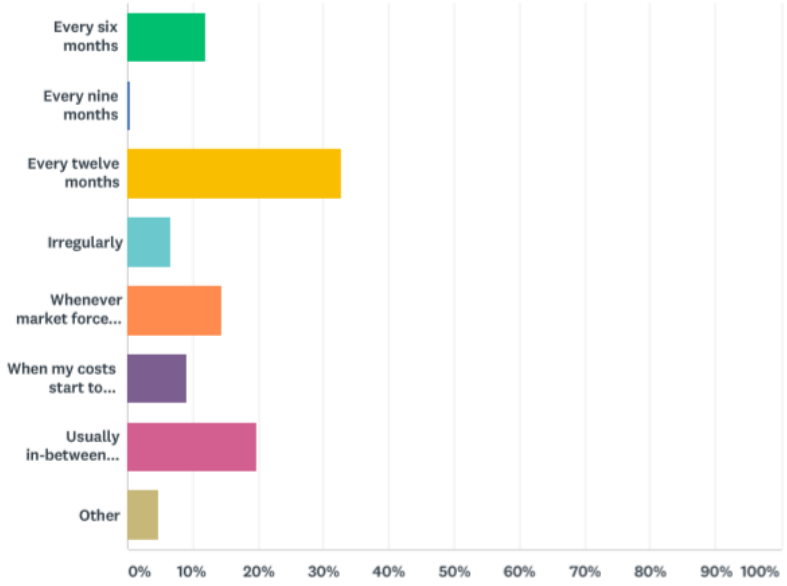
The RTA should not include guidance on what constitutes 'substantially exceeding market rent'. It would be too complicated, prescriptive and subjective. It may not be perfect, but leaving it to the Tribunal to decide is preferred.

Yearly rent increases

Just because rental prices can currently be increased every six months, that does not necessarily mean they are being increased every six months.

The following graph shows how often members are currently looking to increase rental prices

How often do you look at increasing rental prices?



ANSWER CHOICES	RESPONSES	
Every six months	11.95%	52
Every nine months	0.46%	2
Every twelve months	32.87%	143
Irregularly	6.67%	29
Whenever market forces make it appropriate	14.48%	63
When my costs start to increase	8.97%	39
Usually in-between tenancies	19.77%	86
Other	4.83%	21

The most commonly chosen period for members currently looking at increasing rental prices is twelve months. When combined with others who increase rental

prices in-between tenancies, more than half of respondents currently look to increase rents after one year or more.

This may lead to the conclusion that it will make little difference to the majority of owners if the law is changed to only allow rent increases annually. However this would be an unfair restriction for owners.

It is unfair for higher rental price controls on rental property when there are no controls on rental property expenses. Owners need the flexibility to increase rents more frequently if cost increases make this necessary.

If rental prices are increasing consistently and in smaller amounts, then this helps tenants with their budgeting compared to larger annual increases.

Disclosing how future rent increases will be calculated

It would be too difficult to disclose how rent increase will be calculated as there will be different reasons for rents having to be increased.

As an example, we have seen extremely large rises in insurance that Landlords have no control over however these costs need to be ultimately paid indirectly by the tenant. If you set a formula and costs explode a landlord may be forced to sell up rather than hold onto an asset that is costing too much money.

Providing MBIE with a suite of new powers solely to aid tenants

The NZPIF is strongly against any proposal that will alter the impartiality of MBIE to administer the rental market in New Zealand.

It is completely unjust to increase funds to MBIE so that investigatory and enforcement action can be provided on behalf of tenants but not landlords.

There is a real lack of balance in these proposals as there are no investigations or infringements for tenants who break the conditions of their agreement. Exacerbating this is the proposal to remove existing rental property owner rights to effectively manage their property, such as the 90 day no stated cause notice.

MBIE should be impartial between the two parties of the rental property industry, namely tenants and landlords. Any move to adjust this balance in favour of tenants would be unfair and unjust.

Although reform of the tenancy tribunal is outside the scope of this reform, the NZPIF is strongly in favour of rent arrears being handled by a specialist team within the Tenancy Tribunal.

On their own, rent arrears are factual in nature and can usually be handled extremely quickly. Having a specialist team that does not have to hold hearings in a court would speed up the process tremendously and save time and money for other cases in which there is a debatable dispute.

The NZPIF strongly advocates that such a system be implemented within the Tenancy Tribunal system in such a way as the Expedited Abandonment process.

MBIE audit powers

It is not appropriate for MBIE to carry out audits of landlords or property managers. This would be an expensive, unnecessary and arbitrary undertaking.

MBIE already have the property compliance team who only seek out, investigate and prosecute rental property providers but not tenants. This is currently not a fair situation.

MBIE is meant to be an independent body that helps to provide a balanced environment for the provision and use of rental properties in New Zealand. Establishing laws that give tenants far greater rights and assistance would completely change the impartiality of MBIE between the interests of tenants and landlords.

The NZPIF believes that an equivalent amount that is currently being spent on the Property Compliance Team should be made available to the NZPIF to develop and conduct educational courses for all private rental property providers. No further audit, investigatory or enforcement powers solely for the benefit of tenants should be given to MBIE as it would seriously undermine the impartiality of MBIE between tenants and landlords.

MBIE enforcement powers

It is not appropriate for MBIE to enter into enforceable undertakings just with landlords. That is the realm of the Tenancy Tribunal which would be undermined if this was to occur. MBIE should not be a one-sided Police Force and should not get involved in things like this.

Tenants are in the best position to hold their landlords accountable. If it can be proven that tenants need assistance in taking justifiable action against their landlord then this can be addressed in better ways than establishing state funded enforcement on their behalf.

If this was to occur then it would be fair and reasonable for landlords to get equal help in enforcing action against tenants when required.

The largest enforcement requirement is to help landlords get faster access to the Tribunal and better enforcement of Tribunal orders. Landlords by far make most of the applications to the Tenancy Tribunal with rent arrears applications making up around 75% of all applications by tenants and landlords combined.

The NZPIF strongly recommends that before funds are committed to further helping tenants with enforcement, the Tenancy Tribunal needs to be reviewed to provide faster decisions on rent arrear cases.

Improvement notices

It has been proposed that an improvement notice would alert the party of a breach and provide them with an opportunity to rectify the breach within a specific time period without further penalties.

This would be an extremely expensive undertaking to help tenants when Tenancy Tribunal statistics clearly show that rental property owners have a higher requirement for help.

It is outrageous that extra funds are being proposed to look for and alert landlords when they are in breach at the same time that landlords are being restricted in controlling their tenants who are breaching their tenancy agreements.

If it is deemed that improvement notices are required, then it would be fair for at least half the cost of providing this service to be allocated to alerting tenants of a breach and providing them with an opportunity to rectify the breach within a specific time period without further penalties.

A penalty for failing to comply with an improvement notice should only be allowed if the system also looks at the behaviour of tenants and penalties are applied to them as well. Without this the system is biased and completely unfair.

MBIE issuing infringement notices

No, MBIE should have the ability to issue infringement notices only to landlords. That is the realm of the Tenancy Tribunal which would be undermined if this was to occur.

There is a real lack of balance in this proposal as there are no infringements for tenants who break the conditions of their agreement. Exacerbating this is the removal of existing rental property owner rights to effectively manage their property.

Unlawful Acts and Exemplary Damages

Appropriateness of existing exemplary damage levels

The NZPIF believes that some exemplary damage levels need to be increased as they are not providing a sufficient deterrent to poor tenant behaviour.

Unlawful activities such as smoking methamphetamine appear to be increasing. The incidences of unlawful activities are adding to rental property owners' risk and costs.

The availability of online short stay rental websites is leading to tenants using long stay rental properties as a money making venture providing short stay holiday accommodation. This can increase wear and tear on the property and usually means that an owners insurance is voided. It's a serious and increasingly occurring activity and tenants need to be made clear that it is unacceptable with higher ramifications.

Abandoning a rental property owing rent was declared an unlawful act in 2010. This was the first time that tenants would be held accountable for not paying their rent and skipping out of their tenancy. This policy change was intended to have a significant effect on the number of rent arrear cases going before the tenancy tribunal.

Unfortunately it has had no perceivable effect on the incidence of rent arrears at all. Part of this is because landlords' are unaware that they need to request exemplary damages in their claim, which is not helped by a tribunal policy not to advise them at the hearing. This policy does not seem to extend to tenants who are not aware of their need to request exemplary damages in their own claims. Tenancy Tribunals are also not applying the full level of exemplary damages when they could.

As rent arrears is the largest occupier of tenancy tribunal time, the level of exemplary damages should increase and adjudicators should make significantly higher awards to demonstrate the importance of the issue and hopefully reduce the number of rent arrears applications.

The NZPIF recommends the following increases in exemplary damages:

- Using the premises for unlawful purpose $1,000 to $3,000
- Subletting $1,000 to $3,000
- Abandonment of premises owing rent $1,000 to $4,000

Breaches of the RTA that should be unlawful acts

The NZPIF membership survey asked what breaches of the Act should be considered unlawful acts. The results are shown in the graph below.

Not paying rent was the breach which most respondents believed should be an unlawful act with exemplary damages applying.

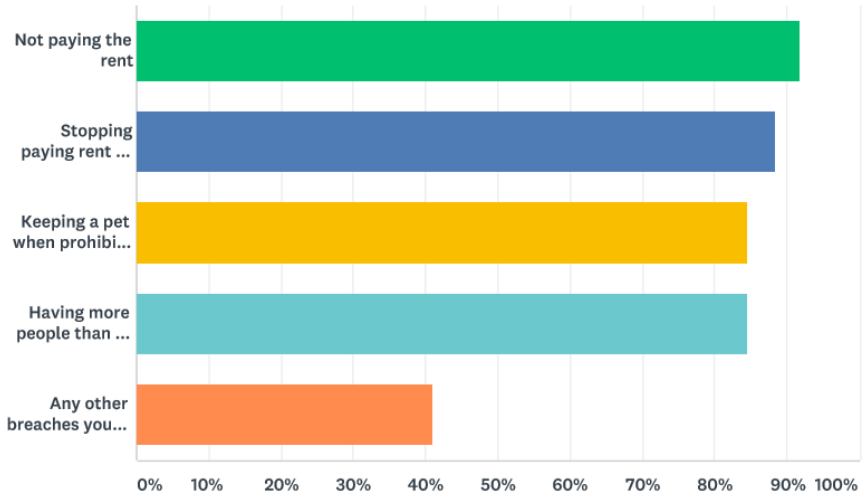
There is no doubt that rent arrears is the largest occupier of Tenancy Tribunal time and costs. If the level of rent arrears was significantly reduced, this would have an extremely large and positive effect on the Tenancy Tribunal, allowing cost savings, faster access to the tribunal system and additional time for hearings that are in dispute.

As commented above, the existing unlawful act of abandoning the property owing rent has very little if any effect on the incidence of unpaid rent. It is time that other measures are introduced to reflect the seriousness of the matter and to improve the industry for everyone.

Tenants stopping their rent payments when they give notice, expecting the owed money to be taken from their bond, is an extremely common occurrence. It completely removes any benefit of having a bond and there is no time to take any action against the tenant. The tenancy is over before a Tenancy Tribunal hearing can be applied for and granted.

Making this breach of the RTA an unlawful act would demonstrate the severity of the breach and reflect the high number of times it occurs.

What breaches of the RTA by tenants do you believe should be deemed unlawful acts with exemplary damages awarded?



ANSWER CHOICES	RESPONSES	
Not paying the rent	91.80%	392
Stopping paying rent as soon as you give notice to end the tenancy	88.52%	378
Keeping a pet when prohibited to do so	84.54%	361
Having more people than the agreement allows	84.54%	361
Any other breaches you believe should be unlawful acts?	40.98%	175

Other breaches of the RTA included under “other” in responses causing real problems for respondents, serious enough for them to be unlawful acts, were:

- Smoking in the property
- Proven antisocial behaviour
- Deliberate damage to property
- Not removing possessions at the end of a tenancy
- Unreasonable restriction of access for new potential tenants wanting to view the property, tradespeople, real estate agents or other professionals.
- Subletting the property without permission

Changing the name of exemplary damages to ‘penalty’
The NZPIF supports this proposal as it would generally be easier for owners and tenants to understand the term penalty.

Conclusion

The rental system is not broken because tenants do not have all the rights of a homeowner. It is unrealistic for tenants to expect all the rights of home ownership without the requirements to save a deposit, pay a mortgage, rates, insurance and maintenance plus absorb the risks of interest rate fluctuations.

The concept of Generation Rent is overplayed. It has always been difficult to save for and purchase your own home. Massy Universities Home Affordability Study proves that homeownership is not as difficult currently as it was in the 90's or 2000's.

While it is true that home ownership rates have fallen from 74% in 1991 to 63% currently, this is likely to change. Government provided generous incentives during the 70's and 80's to help with home deposits and encourage people into home ownership. These incentives were removed in 1991 and unsurprisingly home ownership rates fell since then.

As mortgage interest rates fell and house prices increased faster than income rose, the difficulty in obtaining homeownership moved from affording the mortgage payments to saving the deposit.

Government has now introduced new grants to help first home buyers gain home ownership which should at least stop the fall in home ownership and possibly reverse it.

It is not a fact that more and more tenants will be renting for life and therefore the entire system needs to change.

There has always been a percentage of the population who will rent and a percentage of these will, for a variety of reasons, rent for their entire life and may benefit from different rental terms. The desires of these tenants, including some tenant advocates, do not represent the needs and desires of all tenants. To focus on their desires and modify tenancy law around their needs at the expense of other tenants and rental property owners would be a mistake.

Some tenants want long term security and a greater opportunity to modify their rental to make it more their own. Some rental owners have no intention of selling their rental or moving back into it. Rather than restrict the opportunities and rights of other tenants and rental property owners by removing fixed term tenancies and altering periodic tenancies, a new tenancy type could be developed.

Such a tenancy type would need to be balanced otherwise it would not be fair and unlikely to work. A possible option would be to adopt a German tenancy model where owners provide a shell for the tenant to fit out as they see fit. Like the German model, the tenant would have to provide a three month bond and give three months notice to end the tenancy. They would also pay for the property insurance and rates. In exchange for this the owner would give up some of their property rights by guaranteeing not to sell or move into the property thereby providing real security of tenure. No doubt this would be attractive for a number of tenants and owners.

This type of tenure could also remove the need for a 90 day no stated cause notice. However for existing tenancies, this type of notice is absolutely essential, primarily as a tool of last resort when a landlord is faced with unacceptable behaviour that they cannot acquire sufficient evidence to satisfy the Tenancy Tribunal.

The NZPIF strongly rejects the need to remove this type of notice and note that there is no evidence that the notice is causing any problems except for some tenant advocates believing it isn't fair. Removing this notice will make property management when faced with difficult tenants extremely difficult and put the needs of these difficult tenants above those of their neighbours and other tenants.

Advocates for removing the 90 day no cause notice have not come up with an acceptable strategy for replacing this essential management tool. If these advocates convince Government that the notice is frequently used to arbitrarily evict good tenants for no reasonable reason, then we could address this specific issue.

This could be done by replacing the 90 day no cause notice with a two strikes notice. This would work by requiring landlords to put tenants on notice when they are not behaving in an acceptable manner. If they do not change their behaviour then the landlord can serve them with a 90 day notice to end the tenancy without a requirement to go to the Tenancy Tribunal.

Another proposal aimed at improving tenants security is making landlords, when they sell a property, provide tenants with 90 days notice once the sale is unconditional rather than 42. This would be extremely unfair as it would restrict the potential purchases willing to wait three months to obtain possession of the property.

The NZPIF believes that it is good for tenants to be able to have pets when the pet, the pets behaviour and the property make this possible. Government can help this to occur by amending the RTA to reduce the risks owners face in allowing pets in their property.

Although it is out of the scope of this review, the NZPIF believes that it is crucial for both tenants and landlords that the Tenancy Tribunal is reviewed to make it easier and faster to obtain a hearing and get disputes resolved.

As rent arrears is the largest occupier of Tenancy Tribunal time, this seems to be the obvious place to focus attention for change. The NZPIF recommends that rent arrear cases be handled by a separate division within the Tribunal in an administrative manner that doesn't require court time.

Recommendations

The NZPIF recommends that a complete ban on letting fees is not introduced. Instead, the NZPIF recommends that:

1. Removing 'no cause' terminations should not be undertaken. If Government is compelled to remove this tool, listing reasons why a tenancy could be ended will not be a sufficient replacement. A model of providing warnings then a 90-day notice could work. If the current rule is to be removed, the NZPIF recommends that we are involved in developing a new tool.

2. The notice period for ending a tenancy when a property has sold and is unconditional should remain at 42 days. Independent research should be undertaken to establish if 42 day notices are being used inappropriately to end tenancies instead of 90 day notices. If this is found to be true, then there could be a case for making this an unlawful act to prevent it occuring.

3. Fixed term tenancies should not have a minimum period applied to them to counter the removal of 90-day notices.

4. Fixed term tenancies should not be removed as they are needed by many tenants and landlords.

5. Periodic tenancies should not be replaced with open ended tenancies.

6. Government should work with tenant and landlord groups to develop a new balanced long term secured tenancy to provide true security of tenure for tenants while also meeting the needs landlords.

7. As the list of modifications that tenants could make as of right is small, this should not be implemented. The current modification rules could be improved by placing a requirement for landlords to get back to them within 21 days.

8. Tenants should not have higher rights than owners on whether they can have a pet. Ultimately the owner should have final say, however owners can have the risks associated with having pets by making tenants completely responsible for damage caused by pets, confirming that pet damage is not normal wear and tear, allowing a pet bond of two weeks rent that is payable six weeks after the tenancy ends and allowing landlords to evict the pet if it is causing problems (without requiring Tenancy Tribunal approval) with 21 days notice.

9. Tenants should not be prevented from offering a higher rental price than advertised if they feel it still provides value and landlords should not be prevented from accepting.

10. Minimum periods between rent increases should remain at six months. Formulas for how rents will increase are too prescriptive and should not be a requirement for tenancy agreements.

11. MBIE should maintain its impartial relationship between tenants and landlords and not have additional powers to investigate and prosecute landlords without corresponding powers to investigate tenants.

12. The NZPIF recommends the following increases in exemplary damages:

    - Using the premises for unlawful purpose $1,000 to $3,000.
    - Subletting $1,000 to $3,000.
    - Abandonment of premises owing rent $1,000 to $4,000.

13. The NZPIF recommends that the following breaches be deemed unlawful acts:
    - Not paying rent
    - Stopping paying rent as soon as giving notice to end a tenancy
    - Keeping pets when prohibited
    - Smoking in the property
    - Proven antisocial behaviour
    - Deliberate damage to property
    - Not removing possessions at the end of a tenancy
    - Unreasonable restriction of access for new potential tenants wanting to view the property, tradespeople, real estate agents or other professionals.