

**NZPIF POSITION STATEMENT: MAY 2021**

## **RENTAL INCREASES ONCE PER YEAR, PER PROPERTY**

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### **Background**

In March 2021 the Government announced several changes to housing policies, including limiting rental increases to once per year for the property rather than the tenancy. This change will be implemented from 1<sup>st</sup> October, 2021.

Although it has been mentioned, very little detail is available on this topic. For this to become law however, it will require a change in the Residential Tenancies Act 2021.

### **NZPIF position on Rental increases once per year, per property.**

- NZPIF does not oppose the limit of one rental increase per year, however it should be applied on a tenancy level rather than a property level.
- A NZPIF study found that 70% of landlords charge existing tenants less than market rental prices. If rental price restrictions are applied at a property level, then there is a disincentive for landlords to reward existing tenants with lower rental prices as this may have to be applied to new tenants as well.
- The NZPIF believes this will disadvantage sitting tenants who, over time, have received a reduced rent due to their longevity in the property and the loyalty to the rental provider.
- Restricting rental price increases to once per year should be applied to existing tenancies and not the rental property.