

# NZPIF Landlord survey on Government Proposed changes to RTA



December 2019

The following is a summary of the survey undertaken by the NZPIF to evaluate the reaction to Government's proposals to amend the Residential Tenancies Act. Thank you to everyone who took part.

The NZPIF membership survey was conducted between Friday 22 November and Monday 9 December 2019. There were 2,603 participants which is almost twice as many as the previously largest survey, which in itself was nearly twice as large as our previous surveys. This likely reflects a higher depth of concern for these proposals.

Of the participants who undertook the survey, 1,337 (51.6%) were members of the NZ Property Investors' Federation, while 1,254 (48.4%) were non-members.

Participants who were involved in owning rental property were:

Rental property owners	2,058	79%
Rental property owners + Property Managers	357	14%
Property Managers not owning rental property	57	2%
Not Landlords	134	5%

The average number of rental properties owned was 5.1, with a median ownership of 3 rentals.

Participants who were rental property owners or managers voted for the following political parties in the last election. Despite the survey participants being completely anonymous, many did not answer this question. It is possible that those voting for parties that make up the current coalition government may be under reported.

Labour	NZ First	Greens	National	Act	Maori
342	109	63	1,106	25	15
20.6%	6.6%	3.8%	66.5%	1.5%	0.9%

Key findings of the survey were that landlords are extremely concerned that the 90-day notice may be removed. Respondents indicated that the tool is not widely used by landlords, with only around 3% of tenants receiving such a notice each year.

However, the ability to use the notice is crucial as obtaining proof sufficient to use at the Tenancy Tribunal is often difficult or impossible to obtain. This makes the 90-day notice an extremely important tool of last resort. If the 90-day notice is removed, the risk of getting a tenant with significant poor behaviour and not being able to effectively manage them is too high.

The majority of notices (69%) were given because of poor tenant behaviour. The remaining 31% were for reasons out of the tenant's control, including the owner conducting major repairs or renovation, selling the property or moving back into the property.

Thirty seven percent of all 90-day notices issued to tenants were for behaviour that affected neighbours. Fifty seven percent of notices issued for poor tenant behaviour were affecting their neighbours.

The main reasons leading to receiving a notice were antisocial behaviour (24%), disturbing neighbours (13%) and causing damage (22%).

Participants were asked how concerned they were by the other proposed changes to the RTA. (1 being not concerned at all and 9 being extremely concerned). In level of concern order, the following shows the level of concern for other changes contained in the proposals.

<b>Change</b>	<b>Median score</b>	<b>Average</b>
Changes to Fixed term tenancies	9	8.3
Tenants assigning tenancy to others	9	7.9
Increasing the notice period when selling a rental property	8	7.1
Higher civil penalties for landlords with 6 or more rentals	8	6.8
Tenants able to make minor changes to the property	7	6.3
Names removed from Tribunal orders online when successful	5	5.7
Yearly rental price increases	5	4.5
Compulsory price when advertising	3	3.6

Most respondents (86.2%) will change their management practices if the proposals become law. The main changes were:

- Leave properties empty rather than risk getting a bad tenant
- Be extremely cautious about getting new tenants
- Won't take a risk on any marginal tenants
- Make more checks on the tenant before agreeing to the tenancy

While most rental property owners will hold on to their current rentals, 26% would sell some or all of their rentals. Only 9% would see the change as an opportunity to buy more rental property. This means that the net outcome of the proposals is for a reduction in supply of rental property.

It is harder to quantify how many people would have bought a rental property but choose not to because of these proposals. The results show that there is a real risk that supply of rental property will be reduced because of these proposals.

Over two thirds of landlords (70%) will increase the rent because of the increased risk that some of these proposals will cause. Weekly rents would increase by an average \$31.73pw or a median \$25pw.

If these restrictions look certain to come into law, 31% of respondents will issue an existing tenant with a 90-day notice before they lose the right to do so. The average number issued will be 3.3, with a median of 1.

From this, we can estimate that approximately 107,000 landlords will issue 32,500 marginal tenants with a pre-emptive 90-day notice because they are seen to be too risky.

The NZPIF will be presenting these results to Associate Minister of Housing, Kris Faafoi at a meeting with him next week. We will also be sending it to other political parties and using the information with our media releases.