

EMBARGOED UNTIL 2.30PM, SUNDAY 17 SEPTEMBER 2017



# Every house a home

For a fairer society



GREEN PARTY ELECTION PRIORITY

## Summary

All New Zealanders deserve to have a warm, dry and healthy home. One where they feel happy and secure and can put down roots in their community.

The Green Party will make life better for the thousands of New Zealanders who rent their homes. Our plan will bring balance to the landlord-tenant relationship, professionalise being a landlord, improve rental security for tenants, and make sure that all homes are warm, dry, and healthy. To accomplish this, we will:

1. Upgrade insulation standards and restore Warm Up NZ insulation subsidies.
2. Implement a housing warrant of fitness for all rental properties.
3. Professionalise the rental market with a licencing system for landlords.
4. Introduce landlord maintenance bonds, so tenants can be assured repairs will get done.
5. Reform the Tenancy Tribunal to be less adversarial.
6. Fund *FlatMates* – a nationwide tenancy advocacy coordination office.
7. Make reasons for rent increases transparent and limit increases to once a year.
8. Remove the obligation on tenants to pay letting fees.
9. Normalise secure tenancies with three-year standard terms, a right of renewal, and the ability for tenants to make reasonable minor modifications.

Our rental market is broken. Too many kids and families have to huddle under blankets during winter because of the low standard of insulation. Too many New Zealanders have to uproot themselves from the communities they belong to. Too many tenants live in fear of asking anything from their landlord and of asking for help from the tenancy tribunal.

It doesn't have to be this way. In other countries, renting isn't a second class choice, it's a great option for people to find a secure home that they love. The Green Party, at the heart of government, will bring New Zealand renting into the 21st century.

## Situation

More than half of all New Zealanders live in rental homes.<sup>1</sup> It is more important than ever that renting is a secure and stable option.

While the Green Party is committed to making sure that people who want to buy their own home are able to, such as through our [Home for Life](#) rent-to-buy policy, we are also committed to supporting people who rent. In lots of other countries renting is a great way to live. It gives people the flexibility to move more quickly in response to job opportunities, and more choices about how to invest their money. A strong rental sector is essential to an increasingly mobile, modern economy. But it also requires changes to the current rules to rebalance the rental market and ensure people who rent enjoy stability and security.

At present, renting in New Zealand is distinctly a second-class option. Renters in New Zealand face three key problems: poor quality rental houses, lack of tenancy security, and the unbalanced relationship between landlords and tenants.

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We have been living in a cold, damp and mouldy house for over two years now. We have three children that are constantly getting sick - we have to throw away quite a bit of kids toys and clothes etc due to mould. Our conservatories are always leaking when it rains... There is no ventilation in the bathroom and toilet resulting in mould and water dripping from ceiling.

- Anonymous, from the People's Review of Renting<sup>2</sup>

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## Poor quality housing

Rental housing stock is typically in poorer condition than owner-occupied homes.<sup>3</sup>

Nearly half of all people who rent report some sort of mould or dampness problem and over 65 percent say that they live in a place that is ‘sometimes or always colder’ than they want it to be.<sup>4</sup> Even the most basic quality requirements are not being met, with the People’s Review of Renting finding that about 70 percent of rentals had no insulation and over half weren’t weathertight.<sup>5</sup> That leaves too many New Zealanders living in homes where the rain, wind, and cold can be felt inside. This has negative impacts on health and wellbeing, with 20 children<sup>6</sup> and 1,600 New Zealanders<sup>7</sup> dying each year from conditions related to cold, damp, and unhealthy housing.

Poor quality housing disproportionately impacts Māori, Pasifika, and Asian communities due to these groups being more likely to rent compared to Pakeha.<sup>8</sup>

The National Government’s mandated minimum standard for insulation in homes is not going to change this, because the minimum standards are too low and there is no effort to monitor them.

### **Lack of secure tenancies**

New Zealand has some of the least renter-friendly policy settings in the developed world. Lease terms are short, tenants can be asked to move with little notice, leases can be terminated by landlords easily, and it is difficult for tenants to make basic modifications to make their house their home.

In New Zealand, the average renting family moves every two years.<sup>9</sup> This makes it difficult for families to put down roots, play a part in their communities, or focus on the things that really matter in life. We know that kids’ education and health are both affected by lots of moving around and having to change doctors and schools too often. A modern rental market would see families renting homes for the long term, homes that they can make their own and enable them to be a part of their local community.

We know we can do better because other countries do better. These countries place high requirements on both tenants and landlords to make this relationship, and the tenancies, more secure and beneficial for both



parties. With the Greens at the heart of a progressive government – New Zealand will do better too.

## **The power imbalance between landlords and tenants**

Renting should be a two way street with both landlords and tenants working to meet their responsibilities. But in the current New Zealand rental market, landlords hold most of the power at the expense of tenants.

Tenants are required to pay a bond – but landlords are not. Landlords can impose all sorts of unnecessary charges and letting fees which tenants do not always have the option of walking away from. Landlords are able to access secret databases of tenants that landlords have compiled amongst themselves.

Combined with the current lack of affordable housing, this unbalanced relationship between landlords and tenants is not okay. Far too often, tenants have to put up with bad behaviour or bad housing from landlords because they are desperate for a place to live.

## **Solution**

Our plan to revolutionise renting will address these three key issues. We will ensure warm, dry, and healthy housing for all, improve security for renters, and address the imbalance between landlords and tenants. With the Greens at the heart of government, renting will be just as good as owning a home.

### **1. Home insulation**

Insulation subsidy programme WarmUp NZ has been successful in raising insulation standards around the country, keeping people healthy, and improving energy efficiency. For every \$1 invested in insulation, up to \$6 is saved through lower energy bills, reduced healthcare costs, and less time off work and school.

The Green Party will mandate that Warm Up NZ funds upgrades up to the value of \$2,500 per property to achieve the level of compliance required to get a pass under our proposed rental Warrant of Fitness, not the National Government's low insulation standard. These upgrades could include insulation, double glazed windows, thicker curtains, clean heating devices, and other measures which help make a home warmer, drier, and healthier. The goal is to improve a property's overall thermal performance in the most sensible way appropriate for that property, not simply mandate one particular type of insulation for all homes.

Research from the University of Otago suggests this will cost an average of \$2,500 per property.<sup>10</sup> With the goal of upgrading at least 200,000 homes in the next three years, we have budgeted \$500 million over three years to make this happen.

The program will be administered by the Energy Efficiency and Conservation Authority (EECA) with EECA being able to enter into partnerships with local government and other providers to allocate the grants.

### **Winter energy payments**

As previously announced in our [Empowering NZ policy package](#), the Green Party will also fund winter energy payments for half a million low

and middle income households. These grants will be set on a regional basis to cover 75 percent of the average extra cost of power in winter. An Auckland household would be \$207 better off every winter, while a Canterbury household would be \$328 better off every winter.

## **2. A rental warrant of fitness**

It has long been Green Party policy to introduce a warrant of fitness (WOF) for rental properties so that we can finally get all rental properties up to the standard that tenants deserve. In government, we will introduce this WOF and a star ratings system for all rented houses. The WOF will make sure that all homes are up to a “pass” standard. The star rating system will help good landlords with excellent properties let that be known to prospective tenants. It will be based on the Homestar rating system.

The schemes will be voluntary initially, to give landlords time to adapt, but will become compulsory from 1 January 2019.

We will work with experts in the field and local councils to ensure that WOF standards ensure properties are safe, warm and weather-tight according, based on criteria developed by the University of Otago. The criteria will cover the basic things that a property needs just to be a healthy and safe place to live.

This will include: surfaces being clear of mould, decent ventilation, a functional toilet, properly connected drains, safe electrical wiring, floor and ceiling insulation, proper heating options, energy efficiency, and no cracks or holes in the building fabric. Landlords will cover the cost of WoF inspections every three years, estimated to be \$150-250.<sup>11</sup>

## **3. Landlord licensing**

The way the system works now, we don’t even know how many landlords there are in New Zealand, let alone how they treat their tenants. The government agency responsible for housing, the Ministry of Business, Innovation and Employment, has estimated there are 130,000 landlords whereas the Property Investors Federation suggests 270,000.

Landlord licensing in the UK has helped create a better rental market. It has led to a reduction of anti-social behaviour and improved rental standards.<sup>12</sup> In New Zealand, taxi drivers have to be certified and

registered just to be able to give someone a ride but landlords don't, even though their product has much more influence over peoples' quality of life.

The Green Party will introduce a mandatory landlord registration programme. A simple licencing process would see a great improvement for renters.

It would ensure that landlords can be held accountable to their tenants and that they have access to the information they need to be good landlords. The licensing could include that the landlord be a fit and proper person, that they not have 'demerits' from bad past behaviour and that their houses pass a housing warrant of fitness.

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Evidence from existing licensing schemes suggests that licensing can act as a framework to improve standards and enforce existing regulation in the private rented sector, driving improvements amongst non-compliant landlords and removing "rogue landlords" from the market. This has been achieved with a minimal financial impact on the landlord...

- Housing Rights UK

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An annual licence fee of \$50 would cover the register's costs and provide revenue to fund other improvements to the rental market. At about \$1 a week, this is not an unreasonable cost for landlords to bear.

#### **4. A maintenance bond for landlords**

Modern renting is a two way street. Both tenants and landlords have responsibilities to look after the property. We've heard stories from many people whose landlords refused to make reasonable repairs, or neglected maintenance until the house was in a really bad state.

Tenants are currently required to put up a bond to cover property damage. At the beginning of a tenancy, landlords will set aside the same



amount of money that tenants pay in bond. The money would be accessed, when required by the Tenancy Tribunal, to fund any overdue maintenance and repairs, particularly if the property falls below WOF standard.

This will restore some balance and make sure that all landlords are meeting their responsibilities of providing a safe, warm, dry home to the people paying for them.

## **5. Reform the Tenancy Tribunal**

The Tenancy Tribunal is a good instrument for addressing grievances between landlords and tenants. But it needs reforms to make it more relevant to renting in the modern day.

The Green Party will reform the Tenancy Tribunal to bring it up to date. We will give it the ability to set a higher penalties for non-compliance, anonymise Tenancy Tribunal findings for tenants so they can't be penalised for having taken action against landlords before, and enable mediation services without filing a complaint.

Most importantly, we will change the Tribunal from an adversarial model to a solutions-focused one.

## **6. Fund *FlatMates* – a national advocacy and advice office**

As a tenant in our current rental system it's often hard to find out what your rights are. While there is a patchwork of excellent tenancy advocate organisations around New Zealand, tenants often don't fight for their rights, even if they know what they are, because there's a lack of certainty that they'll get the support they need.

The Green Party will fund *FlatMates* – a national tenants' advocacy coordination office which tenants will be able to reach using an 0800 number and website.

*FlatMates* will work with and help fund local housing advocacy groups to assist tenants and landlords with advice, and proactively run campaigns to make tenants and landlords aware of their rights and responsibilities. Flatmates will be established by using a portion of unclaimed bond money

held by MBIE (\$44 million<sup>13</sup>) and ongoing funding will come from landlord licensing fees.

## **7. Make rent increases transparent**

People who rent, like everyone else, need to be able to plan for future cost increases. To be able to sign up to a long lease that will let families create a home and put down roots into the community, they need to know what kind of rent increases are likely in the next few years. Too many renters have told us their stories of a landlord hiking the rent by so much they have to move out of their home that they love. Renters deserve transparency around rent increases, just as people who buy a home expect transparency around interest rate forecasts.

The Green Party will require tenancy agreements to include a formula the landlord will use to calculate rent increases. Rent increases that do not conform to this formula will be a breach of the Residential Tenancies Act.

## **8. End unnecessary letting fees**

An increasing amount of excessive letting fees and other unnecessary surcharges are being added to the process of signing up to a lease. These additional charges are not justified and add an extra cost to the tenants. They also make it harder for lower income renters to secure accommodation.

The Green Party will amend the Residential Tenancies Act to end obligations on tenants to pay letting fees.

## **9. Normalise secure tenancies**

When people who rent know that their tenancies are secure and they can make the house their home, they have better lives.

When they know they can live in the same home for a long time, people have more chance to connect to their community, they can stay seeing their local doctor, make their home healthier and more comfortable, and give their kids a consistent education at one school. In the long run, we would like to move towards tenancies that give people lifelong homes, but in the short term, we will normalise longer term secure tenancies by changing tenancy agreements and ending the practise of ‘no-cause’ evictions.



We will set the default period of tenancy at three years, allow tenants an automatic right of renewal, and change the notice period for vacating a tenancy after the property is sold or if a landlord's family member wants to move in from 42 days to 90.

We will also follow overseas models that allow tenants to make modifications to a property that can be restored when they move out. People should be able to make reversible changes like painting walls so that they can make a house their home.



## **Fiscal implications**

### **Fixing renting**

While there is no good data about the number of landlords in New Zealand, estimates from MBIE and the Property Investors Federation range from 130,000 to 270,000, suggesting a \$50 landlord registration fee would generate between \$6.5 million and \$13.5 million a year.

This revenue will be split between covering the cost of maintaining the register, and setting up a new service called FlatMates to act as a nationwide coordinating centre for tenant and landlord information and advocacy services.

### **Insulation**

We are committing \$500 million over three years for insulation subsidies through a revamped Warm Up NZ programme. This is comprised of \$100 million in the first year and \$200 million in each subsequent year.

Insulation has a cost-benefit ratio of up to \$6 in benefits for every \$1 invested, resulting from lower power bills, reduced healthcare costs, and less time off work and school.<sup>14</sup>

## Sources

<sup>1</sup> 2013 Census, Tenure Holder

<sup>2</sup> <https://static1.squarespace.com/static/59978b54f14aa1178c5e9a43/t/599bbba1ebbd1a90cff8dd0b/1503378401308/AS+RU+People%27s+Review+of+Renting+Web+version.pdf>

<sup>3</sup> [https://www.branz.co.nz/cms\\_show\\_download.php?id=a1efff0a2fd9885ecf878ce475631df7025cf3b8](https://www.branz.co.nz/cms_show_download.php?id=a1efff0a2fd9885ecf878ce475631df7025cf3b8)

<sup>4</sup> [http://www.stats.govt.nz/browse\\_for\\_stats/people\\_and\\_communities/Households/WellbeingStatistics\\_HOTP16.aspx](http://www.stats.govt.nz/browse_for_stats/people_and_communities/Households/WellbeingStatistics_HOTP16.aspx)

<sup>5</sup> <https://rentingreview.nz/s/AS-RU-Peoples-Review-of-Renting-Web-version.pdf>

<sup>6</sup> [http://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=11913334](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11913334)

<sup>7</sup> <http://www.noted.co.nz/currently/social-issues/1600-deaths-attributed-to-cold-houses-each-winter-in-new-zealand/>

<sup>8</sup> 2013 Census, Tenure Holder by Ethnicity

<sup>9</sup> Philippa Howden-Chapman et al, 'Building Inequality', in Max Rashbrooke (ed.), *Inequality: A New Zealand Crisis*, Bridget Williams Books, Wellington, 2013, p.113

<sup>10</sup> Ibid

<sup>11</sup> <http://www.healthyhousing.org.nz/wp-content/uploads/2016/09/RHWoF-Summary-19jul2016.pdf>

<sup>12</sup> <https://housingrights.org.uk/sites/default/files/policydocs/Policy%20Briefing%20Landlord%20Licensing%20in%20the%20PRS%20November%202016.pdf>

<sup>13</sup> <http://www.stuff.co.nz/business/money/70112082/tens-of-millions-in-unclaimed-tenancy-bonds-reclaimed-by-government>

<sup>14</sup> <http://www.radionz.co.nz/national/programmes/ninetoonoon/audio/201836134/health-benefits-of-insulation-'massive'> and <http://www.mbie.govt.nz/publications-research/publications/housing-and-property/cost-benefit-analysis-minimum-standard-rental-housing-report-prepared-for-mbie.pdf>

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