



19 October 2018

Via email: [RTAreform@mbie.govt.nz](mailto:RTAreform@mbie.govt.nz)

Residential Tenancies Act Reform  
Ministry of Housing and Urban Development  
PO Box 82  
Wellington 6140

Dear Sir / Madam

### **REFORM OF THE RESIDENTIAL TENANCIES ACT 1986**

Thank you for the opportunity to present our submission on the Reform of the Residential Tenancies Act 1986 discussion document.

The Queenstown Lakes District Council (QLDC) welcomes proposals that will improve the rights and security of renters, and maintain adequate protection of landlords' interests. However, one of the greatest challenges facing our District is the lack of affordable housing to accommodate our growing population, and we have some concerns that further regulation might exacerbate this.

Boarding houses comprise a significant portion of Queenstown Lakes' rental housing market. While we are mindful of potential impacts on supply and how any new standards will be enforced, we support additional controls to ensure that boarding houses are safe, healthy places to live.

Please note that the attached submission reflects the position of officers and has not been ratified by full Council.

We look forward to seeing the final outcome of this consultation, and thank you again for the opportunity to comment.

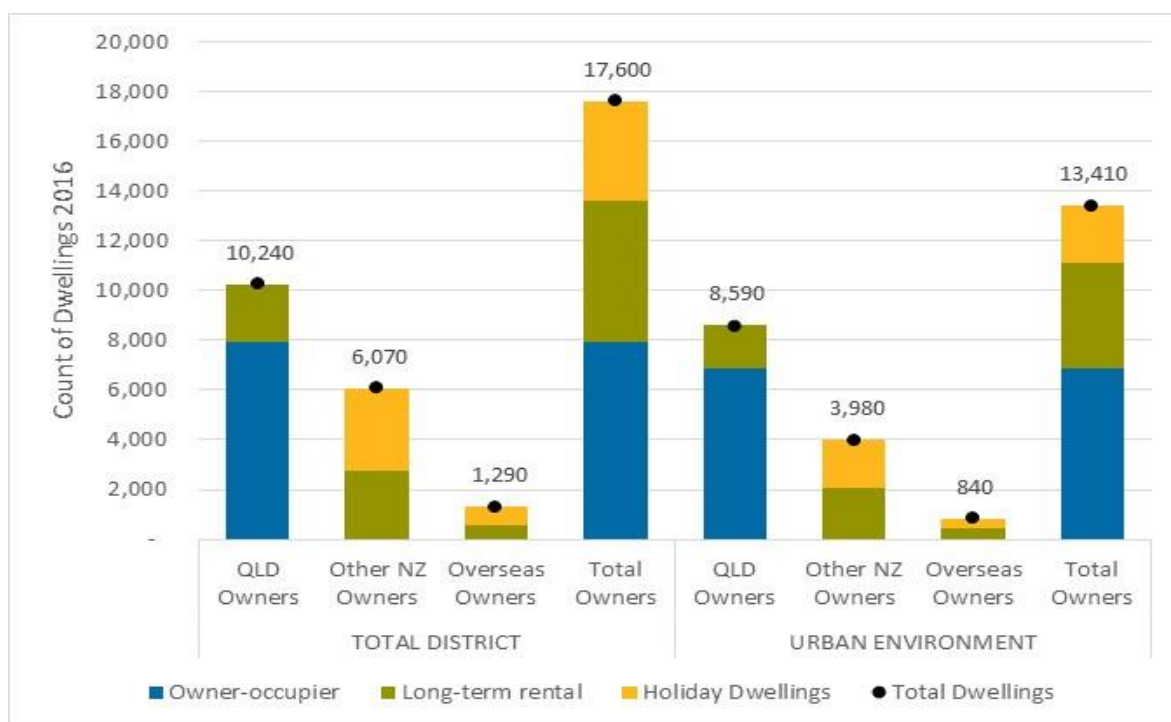
Yours faithfully,



Mike Theelen  
Chief Executive  
Queenstown Lakes District Council

## 1.0 INTRODUCTION

- 1.1 Housing supply and affordability in the Queenstown Lakes District is a significant issue. Approximately 44 per cent of our households live in rented accommodation or other dwellings they do not own. Market rents are considerably higher here than in other parts of the country, and Queenstown is the most expensive place in New Zealand to rent. Weekly rents for all housing types across the district have increased substantially over a relatively short period; from an average of \$397 in June 2015, to \$563 as at June 2018<sup>1</sup>. This equates to a 42 per cent increase in three years.
- 1.2 One of our most immediate challenges is having enough affordable housing to provide for the district’s continuing growth. We have undertaken an evaluation of worker demand, based on empirical data and market sounding, to meet construction needs over the next three years. Servicing our infrastructure programme alone will add close to 400 new people to the district, many of whom will be potential renters. We have some concerns about the secondary implications of regulation where worker accommodation is already in very short supply.
- 1.3 Modelling the make-up of the housing market for the National Policy Statement Urban Development Capacity shows that a significant proportion of the Queenstown Lakes market is used for holiday homes (25.3% in the 2013 Census compared to the national average of 5.6%), which affects the availability of long term rentals:



- 1.4 Another significant factor contributing to the lack of affordable rentals in the district is the ongoing loss of accommodation to the short-term let market, including family-sized homes. In early 2018, whole house properties listed on short term visitor accommodation platforms accounted for an

<sup>1</sup> <http://urban-development-capacity.mbie.govt.nz/>

estimated 21% of all 20,840 dwellings in the District<sup>2</sup>. In the 16 months from October 2016 to February 2018, Airbnb letting activity is estimated to have grown by up to 85%<sup>3</sup>. Depending on the nature of further regulation, we are concerned that this loss may accelerate.

- 1.5 The Council is taking steps to tackle the district's housing challenges through the Mayoral Housing Affordability Taskforce, which aims to supply an additional 1,000 affordable, secure homes (including rental properties) by 2028. We would like to take this opportunity to support the need for government incentives for developers and landlords to 'build to rent' and to continue renting properties long term.
- 1.6 The Queenstown Lakes rental market has a high number of properties that fall under the current definition of 'boarding house'. In these properties there is the risk of overcrowding due to high market rents and the large numbers of seasonal workers on low incomes who service the district's key industries (tourism, hospitality, and construction). We consider it appropriate for additional controls on boarding houses but we are mindful of the potential impact on supply, and how the controls will be enforced.

## **2.0 WARRANT OF FITNESS AND SELF-CERTIFICATION**

- 2.1 We support in principle the proposed Warrant of Fitness or self-certification, and agree to a nationwide approach to assessing what constitutes 'good enough' principles. To encourage compliance, MBIE could provide templates, for example fire evacuation notices.
- 2.2 We support extending the powers of the MBIE Chief Executive to allow, for example, random inspections as this will help to encourage compliance.

## **3.0 ISSUES FOR FURTHER CONSIDERATION**

- 3.1 We do have some concerns that the proposed changes may result in boarding house operators lowering the number of tenants to fewer than six, to avoid having to self-certify or obtain a Warrant of Fitness. The impact of this on the local rental market could be higher rents and less availability.
- 3.2 We suggest that the definition of a boarding house could be attached to the size and number of liveable rooms (excluding bathrooms, kitchens, living areas with inadequate heating etc.), although this may risk overcrowding unless occupation limits are put in place.
- 3.3 To protect public health, standards relating to toilets, washrooms, heating, water and cooking facilities etc. are also needed. We advise, however, that in an extremely pressured rental market such

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<sup>2</sup> Robert Heyes, Infometrics, Statement of Economic Evidence on Visitor Accommodation for PDP Hearings, 2018 (p 11). <https://www.qldc.govt.nz/assets/Uploads/Planning/District-Plan/PDP-Stage-2/Stream-15-Section-42A/S2239-QLDC-T15-Heyes-R-Evidence-30909970-v-1.pdf>

<sup>3</sup> Robert Heyes, Infometrics, Economic Evidence, 2018 (p 3).

as Queenstown Lakes, a grading system may not be effective in deterring tenants from accepting substandard accommodation.

3.4 While we welcome an extension of the MBIE Chief Executive's powers, this might result in some boarding houses being closed down, therefore putting tenants at risk.

3.5 Below is a list of questions on some of the finer details:

3.5.1 Has the Ministry considered pursuing boarding house licences via the Local Government Act 2002 as a mechanism to regulate boarding houses?

3.5.2 Are any amendments to the Building Act planned to align boarding house definitions to those of the Residential Tenancies Act?

3.5.3 To avoid over-occupation, have limits on the numbers of residents based on property size been considered?

3.5.4 To whom will the extended powers of the MBIE Chief Executive be delegated?

3.5.5 With regard to the proposed Healthy Homes Standards, will any tenant who raises concerns with their landlord about the standard of heating, insulation, dampness and ventilation be fully protected under the proposed RTA reforms?

## **4.0 PENALTIES**

4.1 We believe that introducing high financial penalties will compel compliance by boarding house operators in most instances.

4.2 We recommend that non-compliant boarding houses are excluded from the Tenancy Tribunal process, preventing non-compliant operators from seeking the usual redress from troublesome tenants. This would provide an additional incentive to achieve compliance.

## **5.0 CONCLUSION**

5.1 Since a relatively high proportion of the district's households live in rented accommodation, including boarding houses, the proposed reforms will benefit the quality of life of many of our residents.

5.2 Rental accommodation is scarce and rents are high. Our key industries – the tourism, hospitality and construction industries in particular – rely on a steady supply of young mobile workers who need somewhere to live. Many people who move to Queenstown to fill more permanent positions have difficulty finding affordable, good quality places to live where they can feel at home and put down roots.

5.3 Queenstown Lakes is an area of high growth, with the population estimated to double by 2050<sup>4</sup>. Having enough affordable, good quality rental housing for current and future residents is a major challenge. The Council believes that the proposed reforms will go some way to provide residents with safer and more secure accommodation. However, in such a tight housing market, supply remains the greatest challenge.

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<sup>4</sup> <https://www.stats.govt.nz/information-releases/subnational-population-projections-2013base2043-update>