



on the

Reform of the Residential Tenancies Act 1986

19 October 2018

1. Introduction

- 1.1. PPTA is the professional body and union for secondary teachers. We represent over 17,000 members, including secondary teachers, principals in secondary and composite schools, and manual and technology teachers in technology centres.
- 1.2. Under our constitution, all PPTA activity is guided by the following objectives:
 - (a) To advance the cause of education generally and of all phases of secondary and technical education in particular;
 - (b) To uphold and maintain the just claims of its members individually and collectively; and
 - (c) To affirm and advance Te Tiriti O Waitangi.
- 1.3. This submission is from the PPTA Executive on behalf of our members.

2. Change in rental patterns

- 2.1. PPTA supports a reform of the Residential Tenancies Act 1986 (RTA). An unrestrained and unbalanced housing market has meant that many people who would normally choose to buy houses have been forced to rent. A shortage of houses has meant rental properties are in high demand, leading to dramatic increases in rents, particularly in places like Auckland, Wellington and Queenstown.
- 2.2. The number of households who own their own home has fallen from 73% when the Act was passed in 1986 to 63.2% in 2017¹. With over a third of New Zealanders (and 43% of children) living in rental accommodation, some through choice, but the majority through a lack of affordable housing, it is timely to consider if the rights of tenants are adequately protected under the RTA.
- 2.3. In some countries renting is more common than it is in New Zealand and it would be prudent to compare their practices with ours. A country with a reputation for having fair tenancy rights is Germany, where 40% of households live in the private rented sector. A report comparing German and English housing markets² found that German tenants enjoyed strong security of tenure—most tenancies were indefinite and landlords could only evict tenants in very limited circumstances. In addition there were rent controls which restricted in-tenancy rent increases. By contrast, English rental agreements were often short term (6-12 months) with the ability of the landlord to evict the tenant at the end of the agreement with no reason required.
- 2.4. German tenancies last, on average, 11 years compared to only 2.5 years in England, which would suggest that better tenant rights at least contribute to more stable living conditions.
- 2.5. PPTA is concerned about the housing situation in New Zealand and the impact this is having on the families of our students and teachers who are forced to rent.
- 2.6. Some New Zealand laws covering rental agreements seem far removed from the security of tenure offered in Germany, such as:

¹ https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11779664

² <https://www.ippr.org/publications/lessons-from-germany-tenant-power-in-the-rental-market>.

- the ability for landlords to give six weeks' notice in a non-fixed term tenancy—with an appropriate reason,
- to increase rent at any time, and
- the inability of a tenant to extend a fixed term tenancy

2.7. These laws contribute to renters' insecurity and can lead to an increase in transience. Increased transience often leads to students changing schools (mobility).

3. Mobility and student achievement

3.1. There is a high correlation between mobility and student achievement.³ A 2018 Treasury report found that high mobility students were much more likely to leave school early, be truant, stood-down and suspended. It also found that the NCEA level 1 achievement rates of the most mobile children were substantially lower than those of children with more stable schooling histories.

3.2. Ministry of Education data also supports this:

“Students who have moved school twice or more across Year 9 to Year 11 are less than half as likely to achieve NCEA Level 2 or above by the time they leave school compared to those who have not moved school.

Students who have not moved school from Year 9 to Year 11 achieve NCEA Level 2 or above at a rate of 86.1% by the time they leave school, compared to those who have moved school twice or more who achieve NCEA Level 2 or above at a rate of 40.0%.”⁴

3.3. The mobility figures for Māori students were higher than the national averages, as were the rates for students in low decile schools.

3.4. The impact on achievement and attainment at school that transience has on students is a significant equity issue, and contributes to the persistent achievement gap in New Zealand between students from high and low socio-economic status families.

3.5. PPTA supports any reforms that will enable families to rent, confident that they have the right to remain in their home and not be subject to unreasonable rent increases.

4. Teachers

4.1. As more of the population moves to renting, the number of teachers who rent also increases. This is more so in areas of housing shortage, where some teachers have been priced out of the house-buying market: areas such as Auckland, Wellington, and Queenstown.

4.2. PPTA survey data shows that in Auckland and Queenstown Lakes around 40% of secondary teachers are renting or boarding, around 35% in Wellington and 20% in the rest of the country. This is a significant proportion of a professional workforce.

³ Treasury working paper - Student Mobility Across Schools and its Links to Under-achievement (WP 18/01)

⁴ Ministry of Education, Education Counts website, Transient Students.

- 4.3. PPTA supports any reforms that will 'make the renter feel at home', such as: enabling teachers to have pets, to make minor alterations, protecting them from frequent or unexpected rent increases and giving them the ability to extend fixed term rental agreements.
- 4.4. There are two areas that we would like included for consideration in the reform of the RTA. One is whether there is a role for Quotable Value (or a similar organisation) to publish detail on the local cost of renting, so tenants know whether they are paying a reasonable local rate. Secondly we are concerned about the burden imposed on tenants at the time a lease is signed—deposits, bonds and rent-in-advance. These costs are prohibitive for some people.
- 4.5. PPTA supports a balanced reform, which allows landlords to protect their investment, get a fair return, and evict tenants who do not meet their obligations.

5. Conclusion

5.1. PPTA supports:

- removing the ability for landlords to end periodic agreements for any reason and without needing to tell the tenant why
- extending the notice period from 42 to 90 days
- the right for tenants to extend a fixed term agreement
- a mechanism for landlords and tenants to deal with minor modifications
- stipulating reasonable grounds for a landlord to object to a tenant's request to keep a pet, and a way for disputes to be mediated
- controls on the practice of 'rental bidding'
- a mechanism whereby a tenant can challenge rent increases above market rates
- limiting rent increases to every 12 months