

Submission on the Residential Tenancies (Registration of Boarding House Landlords) Amendment Bill

Submitted by: New Zealand Property Investors Federation (NZPIF)

Executive Summary

The New Zealand Property Investors Federation (NZPIF) opposes the Bill in its current form but proposes more effective alternatives to achieve its stated aims.

The Bill proposes a mandatory national registration regime for boarding house landlords, primarily to improve the “visibility” of the sector. While visibility may be useful, it is not the binding constraint in this sector—**enforcement is**.

The central issue identified in the 2014 Social Services Committee inquiry was persistent under-enforcement of existing standards. While enforcement has improved since 2014, it remains the core issue today. Creating a register does not materially change enforcement behaviour or guarantee improved housing outcomes.

The Bill risks:

- Increasing compliance costs for all operators
- Adding administrative complexity
- Reducing the supply of boarding house accommodation

without delivering meaningful improvements in tenant outcomes.

NZPIF supports improving standards and addressing exploitative behaviour. However, these objectives are more likely to be achieved through:

- Targeted, intelligence-led enforcement
- Stronger inter-agency coordination
- Proportionate regulatory tools

1. The Bill Does Not Address the Core Problem

The 2014 inquiry found that:

- Minimum standards already exist
- Enforcement powers are already extensive
- The central issue is a passive approach to monitoring and enforcement

While enforcement has improved since then, particularly with the establishment of the Tenancy Compliance and Investigations Team (TCIT), the core problem remains one of **inconsistent and insufficient enforcement**.

The Bill does not clearly articulate:

- What specific problem it is solving, beyond “visibility”
- How a register, on its own, will lead to improved standards

NZPIF submits that:

Visibility alone is not a solution — enforcement is the constraint that must be addressed.

2. Existing Powers and Coordination Mechanisms

The current regulatory framework already provides extensive tools:

- Councils have powers under the Building Act and Health Act to inspect, enforce, and close unsafe or insanitary buildings
- Fire and Emergency New Zealand has oversight of fire safety requirements
- The Tenancy Tribunal can enforce compliance with tenancy law
- TCIT has expanded enforcement capability

Agencies also:

- Cooperate and share intelligence where required
- Can act on complaints from tenants, neighbours, and the public

Some boarding houses are also subject to building warrant of fitness requirements where specified systems are present.

This demonstrates that:

The system already has the legal tools and institutional arrangements necessary to act.

The issue is not lack of tools, but **lack of consistent and proactive use of those tools**.

3. The Real Issue is Enforcement Behaviour

The core issue is institutional rather than legislative.

Despite the existence of enforcement powers, the system has historically relied on:

- Complaint-driven processes
- Reactive intervention
- Discretionary prioritisation

The 2014 inquiry identified this as a systemic problem, and while improvements have been made, the underlying behavioural and resource constraints remain.

Any policy response must therefore focus on:

- Strengthening enforcement expectations
- Improving accountability for enforcement agencies
- Ensuring resources are directed to active compliance

4. Cost and Compliance – Limited Impact on Outcomes

The proposed registration regime is likely to cost approximately **\$2–3 million annually** at a minimum functional level, based on updated estimates from earlier analysis.

However, the primary outcome of this expenditure would be improved administrative visibility of operators — not improved housing conditions.

Meaningful improvements require:

- Inspections
- Compliance activity
- Enforcement follow-through

None of these are guaranteed by the Bill.

For example:

An annual expenditure of \$2–3 million could alternatively fund a significantly expanded compliance function, including approximately 15–20 additional inspectors. This would enable proactive identification and correction of substandard conditions. By contrast, a registration system primarily improves data collection without ensuring improved outcomes.

5. Cost, Compliance, and Supply Impact

Boarding houses are businesses operating in a constrained and high-risk segment of the housing market. Margins are often thin, and regulatory costs directly affect viability.

Additional compliance obligations may:

- Lead to closures of marginal operations

- Discourage new entrants
- Increase rents where costs can be passed through

These effects lower the threshold at which operators exit the sector.

This risks:

- Reducing supply of boarding house accommodation
- Increasing pressure on the wider housing system
- Shifting costs and responsibility onto government

6. Vulnerability and Complexity of Tenants

Boarding house residents are often described as vulnerable, and NZPIF agrees that many residents fall into this category.

However, it is important to recognise that many residents also:

- Have mental health challenges
- Have addiction issues
- Present complex behavioural needs

These factors make residents both vulnerable and **significantly more difficult to accommodate within the standard rental market.**

Boarding houses therefore perform a critical function:

For many residents, boarding houses are not one option among many—they are the only option available.

Policy changes that reduce supply will disproportionately affect this group.

7. Risk of Unintended Harm

Increased regulatory burden may result in:

- Operators exiting the sector
- Landlords becoming more selective
- Reduced willingness to house high-risk tenants

This would reduce available accommodation for vulnerable individuals and may result in:

- Increased homelessness
- Greater reliance on emergency and state housing

Policy must carefully balance:

- Raising standards
- Preserving supply

8. Protection from Exploitation

NZPIF supports strong action against poor-quality or exploitative operators.

This is particularly important where:

- Tenants are vulnerable
- Accommodation is indirectly funded through MSD

However:

Policy should be designed to target the minority of non-compliant operators directly, rather than imposing broad regulatory burdens across the entire sector.

Targeted enforcement is more effective than blanket regulation.

9. Public Register and Operator Safety

The proposal for a public register raises legitimate safety concerns.

Boarding house operators often:

- Deal with individuals experiencing acute stress, addiction, or mental health crises
- Make decisions (e.g. evictions or rule enforcement) that may create conflict

Publicly identifying operators increases exposure to personal risk.

Accordingly:

Any register, if introduced, should be restricted to agency use only and not be publicly accessible.

10. Role of MSD and Inter-Agency Coordination

MSD plays a significant role in the boarding house sector through accommodation-related payments.

NZPIF submits that MSD should:

- Use its position as funder to influence standards
- Identify and flag problematic providers
- Share information with enforcement agencies
- Review or restrict payments where serious non-compliance is identified

Improved coordination between:

- MSD
- Councils

- Enforcement agencies

is critical to improving outcomes.

11. Alternative Approach – Targeted Enforcement Model

NZPIF proposes an alternative, more effective model:

TCIT-led intelligence and compliance system

Under this approach:

- Boarding houses are identified through enforcement activity and existing agency intelligence
- A compliance register is built progressively
- High-risk properties and repeat offenders are actively targeted

This model:

- Addresses both visibility and enforcement
- Focuses on areas of greatest harm
- Avoids unnecessary compliance costs for good operators

12. Light-Touch Registration Option

If a form of registration is pursued, NZPIF recommends a **minimal approach** capturing only:

- Property address
- Owner identity
- Contact details
- Confirmation of boarding house use

This would:

- Provide basic visibility
- Avoid excessive compliance costs
- Support targeted enforcement

Conclusion and Recommendations

NZPIF does not support the Bill as currently drafted.

The Federation recommends:

1. Reconsidering the need for a comprehensive mandatory registration regime
2. Prioritising investment in enforcement capability
3. Developing a targeted, TCIT-led compliance model
4. Strengthening inter-agency coordination

5. Adopting a light-touch registration approach if required

Final Statement

Boarding houses are a critical part of New Zealand's housing system. They provide accommodation of last resort for people who may otherwise have no viable housing options.

NZPIF acknowledges that while there are some poor operators in the sector, the majority provide an essential service.

Improving outcomes requires a system that actively enforces standards and targets poor-performing operators, while maintaining and supporting supply for some of New Zealand's most vulnerable — and most difficult to house — residents.

NZPIF would welcome the opportunity to make an oral submission and can facilitate visits to boarding houses operated by members.