



Rent controls

Green Party Policy Document
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The right to affordable rents

A decent, affordable home is a human right and in Aotearoa we can make it a reality.

But for decades successive governments have stood by as private landlords raise rents year after year, at the same time not building nor enabling enough new housing.

The Green Party knows this can't go on. In 2021, we consulted on options to make rents reasonable. Now, we're calling on the Government to back our plan for rent controls.

Our plan

We heard from New Zealanders that a comprehensive plan is needed – with a combination of measures to ensure fairness for renters. We're calling for:

1. Limits on annual rent increases.
2. Linking rents to what previous tenants paid.
3. Temporarily freezing rents until annual limits are in place.

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Measure 1: set limits on annual rent increases

Regulations would provide a percentage cap on rental increases each year. The cap would be the lesser of:

- The rate of inflation, excluding rents; or
- The rate of growth of the median hourly wage, less one percentage point.

This would be reviewed annually, based on the previous year's data, and would apply nationwide. Landlords would not be allowed to raise rents beyond this annual adjustment rate. This will provide certainty to tenants and prevent significant rent increases, which are both a driver of inflation and a cause of hardship to renters.

Using these limits will ensure that regardless of levels of inflation, rents remain affordable relative to wages. It will also ensure that when wages grow faster than inflation, the income gains for workers are not eroded by increases in rent.

However, a larger rent increase would be allowed if a landlord has made substantial improvements to the property that provide a material benefit to the tenants.

This would include:

- Substantial renovation of kitchen or bathroom.
- Improvements to thermal retention, energy efficiency, or ventilation that go beyond what is required by the Healthy Homes Standards (such as double-glazing windows or installing a house-wide mechanical ventilation system).
- Structural renovations that increase the overall amount of living space.

It would not include:

- Regular or essential maintenance, such as replacing a roof.
- Modifications required to meet the Healthy Homes Standards or any other legal requirement.
- New fixtures or furnishings.

Any increase to the rent as a result of the improvements would need to be negotiated between the landlord and tenant before improvements were undertaken. If an agreement could not be reached, the landlord could apply to the Tenancy Tribunal for an order assessing a reasonable increase.

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Measure 2: link rents to what previous tenants paid

Currently, there's nothing stopping landlords from using new tenancies to significantly increase rent. This has a particularly big impact on renters who move frequently, including students who look for new accommodation at the start of the tertiary year.

The Green Party is calling for a fairer approach. Landlords would be required to tell potential new tenants how much rent they charged the previous tenants in a property and explain any increase. The transparency requirement would cover the previous three years of rent.

A percentage rent increase would be allowed on a pro-rata basis of up to the same levels set for the annual adjustment rate. Part year pro-rata adjustments for new tenancies would be set out in regulations, to provide clarity for both landlords and tenants. For example, if a tenancy ended ten months after the rent was last increased, the new tenancy could take effect at a proportionally adjusted rate. The new tenants would then have the standard protection of at least 12 months between subsequent rent increases.

As with a continuous tenancy, a greater rent increase would only be allowed if a landlord has made substantial improvements to the property in the period between a tenancy ending and another starting. This would apply on a similar basis to Measure 1, but without the requirement for negotiation.

Measure 3: freeze rents until rent controls are implemented

Rents increased by 5.6% from September 2020 to September 2021, or an average of \$26 a week.ⁱ In contrast, median wages increased 2.8% from June 2020 to June 2021 - or by 76 cents per hour.ⁱⁱ With rents already so out of step with wages, immediate action is needed. The Green Party is calling on the Government to introduce an immediate rent freeze as an interim step, until rent controls are in place.

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The Government has used its power to do this at the beginning of the COVID-19 pandemic, freezing rents for six months from March 2020. However, since the rent freeze ended, the legacy of undersupply and lack of rental controls have seen rents shoot up faster than wages - despite no improvement in quality of rental housing.

A rent freeze is a practical and established measure to keep rental costs predictable while rent controls are implemented.

Keen for more?

Rent controls are an important part of fixing housing. At the same time, we recognise a lot of other changes are needed so everyone can have a warm, dry, affordable home. This includes a warrant of fitness for rental properties, a landlord register, and increasing housing supply. Read more about the Green Party's plan to make this happen as part of our [Homes for All](#) plan and our [call to act boldly to end the housing crisis](#).

ⁱ [New Zealand Residential Market Report December 2021](#), Dr Arshad Javed, Massey University and the Property Foundation.

ⁱⁱ [Labour Market and Income Statistics June 2021 quarter](#), Stats NZ Information Release.

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