

Residential Property Managers Bill Social Services Select Committee

**The Salvation Army Te Ope Whakaora New Zealand, Fiji, Tonga, and Samoa Territory
12th October 2023**

Summary

- The Salvation Army Te Ope Whakaora supports this Bill and the intention to better regulate property managers the private rental market.
- We recommend strengthening requirements for Te Tiriti based approaches to the training and regulation of property managers. The disproportionate representation of Māori amongst renters and those who are on the margins of the housing market requires standards of cultural competency among property managers and representation in the complaints authority.
- We recommend including tenant representatives to the Complaints Panel to be established under this Bill and that discrimination be added to the criteria for unsatisfactory conduct and misconduct.
- The limited focus of this Bill excludes private landlords and community and public housing providers. Public and community housing providers are subject to considerable regulatory oversight, but this is not the case for private landlords. We recommend urgent priority be given to addressing property management standards among the several hundred large private sector landlords as well as introducing a public register for all the estimated 120,000 landlords in this country.

Background

1. The mission of The Salvation Army is to care for people, transform lives and reform society through God's power. The Salvation Army is a Christian church and social services organisation that has worked in New Zealand for one hundred and forty years. It provides a wide range of practical social, community and faith-based services around the country.
2. The Salvation Army employs almost 2,000 people in New Zealand, and the combined services support around 150,000 people annually. In the year to June 2023, these services included providing around 83,000 food parcels to families and individuals, providing around 5,000 people with short-or long-term housing, some 2,900 families and individuals supported with social work or counselling, over 6,500 people supported to deal with alcohol, drug or gambling addictions, over 3,000 families and individuals helped with budgeting, court and prison chaplains helped 5,000 people.
3. This submission has been prepared by the Social Policy and Parliamentary Unit (SPPU) of The Salvation Army. The SPPU works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand. This submission has been

approved by Commissioner Mark Campbell, Territorial Commander of The Salvation Army's New Zealand Fiji, Tonga, and Samoa Territory.

General Comments

4. The Salvation Army works for a fair and just society founded on faith in God's compassionate love and justice. The Salvation Army engages with residential property managers in a variety of ways that gives our organisation a range of perspectives on the proposed legislation. The overwhelming majority of the around 150,000 people The Salvation Army works with each year are people who are renting or living in varying circumstances with unsuitable housing or in homelessness. Finding long term secure rental housing is crucial to improving the life outcomes for many of those we work with through our Community Ministries and addictions services.
5. Programmes such as Housing First, Transitional Housing, and Sustaining Tenancies provide active wrap around support to people seeking secure long-term rental housing in social housing or the private rental market and help to stay in those tenancies.
6. Our Transitional Housing (TH) services rent from private landlords and at times this involves working with property managers acting on behalf of the property owners. As a housing provider to people in transitional housing, our services work with people in TH in a role that has aspects of both social support and property management and is governed by the newly developed Minister of Housing and Urban Development Code of Practice for TH and Emergency Housing.
7. As a community housing provider, Salvation Army Social Housing (SASH) is a registered community housing provider (CHP) and subject to the regulation of the Community Housing Regulatory Authority (CHRA).
8. Our comments in this submission are therefore informed by our experience as social support services for people on the margins of the rental market, a housing provider for people coming out of homelessness and as a regulated long-term social rental provider.

Part One Clause 3 – Purpose of the Bill

9. Evidence gathered during the consultation process in 2022 leading up to this Bill indicates that people who are renting in the private rental market experience a variation of service and conduct among property managers. Examples of sub-standard practice referred to in the RIS (e.g. paragraphs 27 – 32) include delayed maintenance, poor communication such as not responding to phone, text or email messages or unnecessarily delayed responses, and not following requirements of the Residential Tenancies Act (RTA) such as quiet enjoyment, notice for inspections, or depositing of bonds. There is also concern that about discrimination that means the support of community workers and/or advocates is sometimes necessary to seek fairer treatment for tenants. ***This Bill we believe will help improve property managers skills and conduct leading to better services from the property managers.***

Part One Clause 8 – Exclusion of public housing and private landlords

10. The limited focus of this Bill excludes private landlords as well as community and public housing providers on the rationale that they are already covered by the requirements of the Residential Tenancies Act (RTA). The RTA includes little or no requirements for specific property management training or competency comparable to those envisaged for property managers

under this Bill. Public and community housing providers are subject to specific regulatory oversight beyond that included in the RTA. We note the Regulatory Impact Statement (RIS, p.20 paragraph 60) for this Bill states that “existing accountability mechanisms” under the Public and Community Housing Act CHPs (and KO) will be required to establish and meet “appropriate education and continuing professional development performance standards”. The governing legislation and regulations as well as the specific requirements under the funding contracts for community housing providers means a higher standard of support and accountability for the sector compared to private residential landlords.

11. The exclusion of large property-owning companies is a major concern, as they may employ many people whose role is very similar or identical to that of a property manager. Private owner-managers who attempt to manage multiple properties are those at most risk of providing poor property management conduct, yet the bill does not include them in its coverage.
12. The RIS (paragraphs 90 – 105) addresses the risk of landlords moving away from using property managers in response to this Bill and argues that all landlords are already regulated under the RTA, while property managers as such are not and may only covered when they are clearly acting as the landlord’s agent. But as noted above, the RTA provides no requirements on landlords for training and core competency, meaning the effectiveness of this Bill rests heavily on the expectation of government regulatory resources being freed up to focus on those landlords not using property managers. It is difficult for regulators to know to know who landlords are without a full register of landlords. ***We recommend urgent priority be given to addressing property management standards among the several hundred large private sector landlords as well as introducing a public register for all the estimated 120,000 landlords in this country.***

Part 3 Clauses 59, 60ff – Tenant voices on Real Estate Agents Authority Complaints Committee

13. The experience of rental advocates and those who work with people renting seeking to protect their rights as renters is that it is very hard for their voice to be heard right across all aspects of rental market regulation. We believe requiring the Complaints Committee to include tenant representatives will help address this power imbalance. ***We recommend amending Clause 60 to include the requirement for tenant representatives to be appointed to the panel maintained by the Authority.***

Part 4 Clause 57 – Criteria for unsatisfactory conduct and misconduct

14. As noted in our comments in paragraph 9 above on the purpose of the Bill, there is concern about discrimination in the way property managers operate, both as conscious and unconscious bias. ***The criteria for unsatisfactory conduct and misconduct under Clause 57 need to be amended to include specific reference to discrimination.***

Part Seven Clause 142 – Perspectives of Māori and Te Tiriti o Waitangi

15. We note that the Departmental Disclosure Statement (Appendix One) reports on engagement with Māori and that the Treaty Provisions Oversight Group (TPOG) that advised no specific Treaty clause is required in the legislation. The TPOG recommended the inclusion of Māori

representation in in the Regulator’s Board and ensuring practice rules have “considered” Māori perspectives in their development.

16. Overall, we are concerned that this bill is another example of the continuing struggle of government to genuinely put into action Te Tiriti-based policy approaches that engage meaningfully with Māori rental housing need/experience. The provisions of this Bill will have a disproportionate impact on Māori due to the higher proportion of Māori who are renters and their over-representation among those on lower incomes. The combination of accumulated disadvantage through historical and intergenerational exclusion, over representation in the lower income households and higher deprivation communities means there is a higher likelihood that property managers will be interacting with Māori. Around 40 percent of the people The Salvation Army works with in its housing services identify as Māori and the Bill Explanatory Note recognises that half of Māori households are renters.
17. Training and registration requirements will need property managers to be required to demonstrate skills and understanding of cultural competency. The bill does not appear to place enough priority on ensuring cultural competency in property managers training and certification. ***Amendments are needed to strengthen this requirement (such as Part 2 Clause 17 qualifications required to become licensed and Part 3 Clause 44 requirements for continuing education). In addition, the regulations and rules development for the Bill’s implementation will need to give clearer guidance and priority to this.***

Part Seven Clause 146 – New Section 109AA in RTA – Tribunal Powers

18. The new section 109AA being inserted into the RTA to give the Tenancy Tribunal power to order landlords acting unlawfully to use the services of a licensed residential property manager is a welcome strengthening of the law. We note the limited list of circumstances under which such an order can be made are identified under the new Section 109AA(2) do not include excessive breaches of quiet enjoyment and harassment or interference with power and water. ***We recommend that these criteria be added to Section 109AA(2).***