

Rental property owners threatened

The Reserve Bank has stated that housing supply is the real issue in house price increases. However because they cannot influence supply, they are threatening rental property providers with tighter Loan-to-Value Ratios (LVRs) and Limits on Debt-to-Income ratios (DTIs).

The NZ Property Investors' Federation (NZPIF) can only see these proposals increasing rental prices and reducing rental supply.

"We are seeing people living in overcrowded conditions, in garages and cars" says NZPIF Executive Officer, Andrew King. "These people need rental homes not rental price increases".

The Reserve Bank believes there has been a resurgence in investor activity, but this isn't the case. Rental properties make up around a third of all properties in New Zealand and tend to turn over faster than owner occupied housing. This is why they represent the current percentage of turnover.

"Ordinary people are buying rental properties because there is a huge demand from tenants" says King. "Tenants need homes just as much as first home buyers and other owner occupiers. If you make it harder for rental property owners to provide tenants with a home, you make life harder for tenants."

"The hardest aspect of getting into your first home today is saving the deposit. How will higher rental prices help first home buyers to achieve their dream?"

Andrew King
Executive Officer, NZ Property Investors' Federation