

Regulating residential property managers

Residential property managers in New Zealand are not regulated, which can mean inconsistent quality of services for tenants and owners.

Nearly a third of New Zealand households live in rental accommodation and more than 40 per cent of those residential rental properties are looked after by property managers. Although property managers who are members of an industry association are required to comply with competency and practice standards, the sector as a whole is not regulated.

About the proposed regulatory system

The proposed new regulatory system will include:

- compulsory registration and licensing for individual property managers and property management organisations,
- training and entry requirements,
- industry practice standards, and
- a complaints and disciplinary process.

More detail on the key features of the proposed regulatory system is set out in the key features of proposed residential property management regulatory system table below

Public consultation

Public consultation on the proposed regulations closed in April 2022. Over 450 submissions were received.

Indicative implementation timeframes

Milestone	Target date
Bill introduced to Parliament.	May 2023
First reading: Members of Parliament debate and vote on the Bill. If successful, the Bill is sent to a Select Committee.	June 2023
Select Committee consults on the draft Bill.	Mid 2023
Select Committee presents a report on the Bill that includes recommendations on any changes that may be needed.	Early 2024
The Bill passes and becomes an Act.	Mid 2024
All provisions (including any required regulations) in force.	Mid 2026

Key features of proposed residential property management regulatory system

Feature	Detail
Scope	<p>In scope</p> <ul style="list-style-type: none"> Individual residential property managers (RPMs) Residential property management organisations (RPMOs) <p>Out of scope</p> <ul style="list-style-type: none"> Private landlords (including their employees where relevant) Public landlords, including Kāinga Ora and Community Housing Providers Residential property management activities where there is no expectation of payment Commercial property managers
Compulsory licensing & registration	<ul style="list-style-type: none"> Licensees to appear on a public register Tiered licensing structure Minimum qualification and training requirements for each licence class
Further entry requirements	<ul style="list-style-type: none"> Minimum age of 18 Fit and proper person test Industry experience requirements for full and supervisory licence classes (but not provisional)
Professional & industry practice requirements	<ul style="list-style-type: none"> Continuing professional development (CPD) Code of professional conduct and client care RPMOs to operate trust accounts that are subject to an annual audit RPMOs to meet prescribed insurance requirements
Regulatory authority	The Real Estate Authority (REA)
Complaints & discipline	<ul style="list-style-type: none"> Independent complaints and disciplinary framework to address complaints relating to the professional conduct of a property manager or property management organisation, which involves a breach of the legislation or its associated regulations Complaints Assessment Committees can order fines not exceeding \$10,000 (individual) and \$20,000 (corporate organisation) 'No wrong door' for complaints and disciplinary matters
Independent Disciplinary Tribunal	<p>REA Disciplinary Tribunal</p> <p>Powers aligned with those in respect to real estate agents</p> <ul style="list-style-type: none"> Fines not exceeding \$15,000 (individual) and \$30,000 (corporate organisation) Level of compensation ordered can be up to \$100,000
Offences & penalties	<p>To address issues relating to:</p> <ul style="list-style-type: none"> Providing false or misleading information Practicing, trading, or employing while unregistered or unlicensed Failing to produce financial records Failing to hold money in audited trust accounts or rendering false accounts Failing to disclose a conflict of interest that results in financial benefits Failing to comply with a lawful summons Acting in contempt of the Tribunal <p>Fines not exceeding \$40,000 (individual) and \$100,000 (corporate organisation)</p>
Regulatory stewardship & monitoring	Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) to act as regulatory steward for the property managers regime