

## **Legislative Statement – Overseas Investment (Build-to-rent and Similar Rental Developments) Amendment Bill**

### **Purpose of the Bill**

The Overseas Investment Act 2005 (the Act) is New Zealand's principal tool for regulating foreign investment. It seeks to balance supporting high-quality investment with ensuring that the government has tools available to manage risks.

This Bill amends the Act to remove barriers to overseas investment in 'build-to-rent' housing (BTR). BTR generally refers to medium to large housing developments, designed to operate as professionally managed rentals. For the purposes of this Bill, BTR refers to large-scale rental developments of at least 20 residential dwellings.

### **Reducing barriers to entry for BTR**

At present, the Act's benefit to New Zealand test will generally apply when selling a BTR development to an overseas person. As it is difficult to demonstrate a benefit over the status quo once a development has been completed, prospective housing developers are not confident that an overseas investor would be able to obtain consent to purchase the development under the benefit test.

The Bill amends the Act to provide a new streamlined test that enables overseas investors to buy existing BTR assets. This is referred to as the 'large rental development test' in the Bill. In addition to BTR, this test also applies to other types of large rental developments that are very similar to BTR but may be considered different housing types, such as worker accommodation.

The new pathway will complement existing tests in the Act – in particular, the 'increased housing test' which provides a streamlined test for overseas investment in new housing, including BTR.

Screening requirements for residential land (including those that comprise the 'foreign buyers ban') are not changed beyond those for large-scale rental housing.

### **The new 'large rental development test'**

The new test will streamline the consent process in scenarios where:

- an overseas investor acquires an interest in residential land that includes one or more buildings which together consist of 20 or more dwellings, and
- at least 20 of the dwellings will be made available for lease to occupiers within a satisfactory time frame.

Consent will be conditional on investors continuing to make available for lease at least 20 of the dwellings and not occupying the land.

As with other residential land consents, investors will need to meet the 'investor test' under the Act. The investor test checks, among other things, whether the investor is capable of holding a directorship position in New Zealand or has a history of serious criminal conviction, tax evasion, or has been the subject of regulatory action.

The Bill allows applicants to apply for standing consents under the proposed pathway, as is standard for the Act's other residential consent pathways. These allow trusted investors to make repeated investments under the same consent (without need for additional applications) if they meet the same consent conditions.

**The Bill amends the Overseas Investment Regulations 2005**

The Bill amends the Overseas Investment Regulations 2005 (the Regulations) to set fees consistent with similar pathways under the Act. These are:

- a. \$35,000 for new consents,
- b. \$57,500 for a standing consent, and
- c. \$16,800 for further applications under standing consents.

The Bill also amends the Regulations to set a statutory timeframe of 55 working days for processing an application for consent under the large rental development test. This is the same timeframe as the Act's other residential consent pathways.

**Minor and Technical Changes**

The Bill also makes some minor and technical changes to support the operation and clarity of the Act's residential consent pathways.