



MP for Epsom

Deputy Prime Minister (from 31 May 2025)

Minister for Regulation

Associate Minister of Education (Partnership Schools)

Associate Minister of Finance

Associate Minister of Health (Pharmac)

4 April 2024

Dr Richard Hawke
A/Chief Executive
Land Information New Zealand
Private Box 5501
WELLINGTON 6145

Dear Dr Hawke

Ministerial Directive Letter: Build-to-Rent

1. This Ministerial Directive Letter is made pursuant to section 34 of the Overseas Investment Act 2005 (the Act). It directs you, as the Regulator, on the Government's policy approach to build-to-rent (BTR) and other investment that supports housing supply.
2. This letter supplements the Ministerial Directive Letter of 24 November 2021, which remains in force.
3. References to the Act and the Regulations in this letter refer to the Overseas Investment Act 2005 and Overseas Investment Regulations 2005, including all amendments in force on and after the date this letter comes into effect.
4. This letter is formally issued and authorised by the Associate Minister of Finance Hon David Seymour pursuant to his delegation signed on 11 March 2024, delegating to him all of the Minister of Finance's delegable functions and powers under the Act.
5. This letter is endorsed by Associate Minister of Finance Hon Chris Bishop in his capacity as Minister responsible for overseas investment policy on BTR.

Government policy towards overseas investment

6. Increasing productive foreign direct investment and the flow of capital into New Zealand is a priority for this Government.
7. Overseas investment is needed for New Zealand's economic growth, and brings a variety of advantages, including better access to markets, technology and capital, and, as a result, a more productive economy.
8. This directive letter provides interim guidance to encourage investment in the BTR sector in particular, reflecting our initial focus to boost investment that supports greater housing supply and improved rental market outcomes.

Welcoming BTR investment in New Zealand

9. Addressing the housing crisis is a key focus for this Government – New Zealand needs additional housing supply across a range of housing models, including private rentals. We consider overseas capital can help boost the scale of development needed to address this challenge, particularly in the BTR sector.
10. BTR refers to privately owned rental housing of 20 dwellings or more. We consider BTR has the potential to increase the supply of quality and secure rental housing and improve the resilience of our housing market. This sector is still emerging in New Zealand and could benefit from overseas capital to build at large-scale.
11. To support investment in BTR in New Zealand, the Government will progress amendments to the Overseas Investment Act to overcome the barriers to growth in the sector.
12. To provide clarity to investors on the operation of existing pathways in the interim, I have set out guidance below on the Government's current interpretation and approach to assessments under the benefit to New Zealand and increased housing tests.

The Benefit to New Zealand Test

13. The previous Ministerial Directive Letter, dated 24 November 2021, noted in paragraph 18 that the Act explicitly provides that the “reduced risk of illiquid assets” can be considered under the benefit to New Zealand test. It also notes an explicit example of where this might apply is where an overseas person is purchasing an existing built-to-rent development, and that purchase would better ensure the asset remains liquid.
14. I note that in addition to considering it important to minimise the number of stranded assets, I consider overseas investment in BTR, including in existing BTR developments, to be a clear example of a benefit to New Zealand.
15. Unless there is compelling evidence to the contrary, I direct the regulator to consider investment that supports housing supply and the continued operation of an existing large-scale housing development as a benefit when undertaking assessments under the Benefit to New Zealand test.
16. The benefits that flow from addressing the risk of stranded assets and from the continued operation of an existing large-scale housing development may be sufficient to satisfy the Benefit to New Zealand test, even if no other benefits will result from the investment.

Increased Housing Test

17. Schedule 2 clause 20 of the Act requires that, to obtain an exemption to the on-sale requirement under the increased housing test for large-scale rental arrangements, investors are required to be “in the business of providing new residential dwellings” through shared equity, rent-to-buy, or rental arrangements.
18. Clause 19 similarly requires that, to get consent for a new or existing BTR development under the benefit to New Zealand test, an investor must be “in the business of providing residential dwellings” through one of these arrangements.

19. Consistent with the Regulator's current approach, when determining whether a person meets these requirements, I direct the Regulator to:
- a. consider the nature of any existing business (including related entities),
 - b. consider what overt steps have been taken to commence providing residential dwellings by one or more of the required arrangements (and especially overt steps taken to enter the built-to-rent market), and
 - c. not require investors to have previously completed or operated a BTR development.

Date this letter takes effect

20. This letter will take effect on 4 April 2024, and applies in relation to any transaction, application or other matter, where provisions in the Act or the Regulations as they read on or after that date apply.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'David Seymour', with a stylized flourish at the end.

Hon David Seymour
Associate Minister of Finance
(Authorising and Issuing Minister)

A handwritten signature in blue ink, appearing to read 'Chris Bishop', with a stylized flourish at the end.

Hon Chris Bishop
Associate Minister of Finance
(Policy Minister)