



How many people can rent a house together? Why occupancy limits need reform

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Summary

New research shows that landlords in Aotearoa New Zealand often set restrictive limits on how many people can live in a rental home, regardless of public health guidance. These limits are usually one more person than the number of bedrooms, for example, six people in a five-bedroom house, leaving larger homes underused and making it harder for families to find suitable housing.

Such limits can increase housing costs per person, prevent tenants from sharing rent or caring for family and friends, and even force families apart, preventing the social and financial benefits of multi-generational and shared living. They have also been used to discriminate against families with children and Māori or Pacific households, disproportionately affecting multi-generational homes.

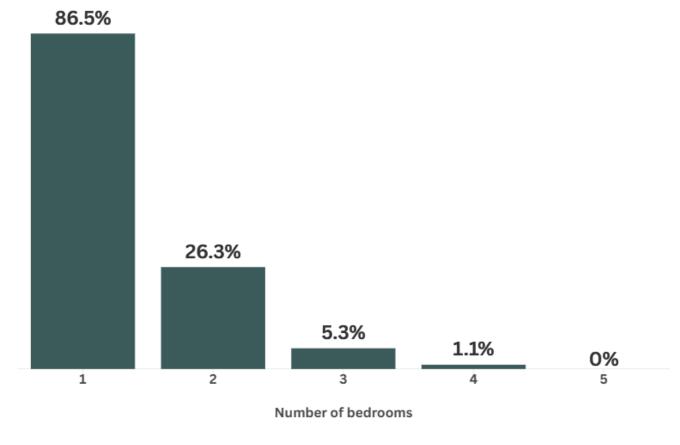
Our research highlights that occupancy limits often work to protect property rather than health, creating stress, insecurity, and risk of eviction. Reforming tenancy law to align with public health standards and cultural values would prevent only true overcrowding while giving tenants greater control over who they live with and fairer access to housing.

Under the Residential Tenancies Act (1986) landlords can decide how many people can live in a rental property, often setting limits lower than what public health standards would allow (1, 2). Tenants who exceed these limits can be issued a notice and face eviction, even if they are not overcrowded by legal standards (3).

One less person than the number of bedrooms

We studied all the rental listings on Trade Me for one month and found that maximum occupancy limits were often set at one more person than the number of bedrooms. For example, a three-bedroom house might be restricted to four people, even though it could safely house more. This sounds reasonable at first glance, but it actually becomes more restrictive as the number of bedrooms increases, meaning bigger homes are underused, even when they could comfortably fit larger families or households. These limits make it harder for tenants, especially larger families or people sharing housing, to find suitable accommodation. When finding housing is difficult, tenants may be forced to breach occupancy limits and hide household members, split up families, take on unaffordable rents, or live in overcrowded temporary arrangements.

Figure 1. Rental listings with tenant maximum limits equivalent to two people per room.



Source: Bierre et al, 2025 Based on one month of data from Trademe rental listings (N = 4,623)

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Restrictive occupancy limits can prevent people supporting or sharing homes to help pay rent

We also studied Tenancy Tribunal hearings over a year and used interviews with 23 people who had tried to find housing (4). In some cases, tenants were prevented from taking on another tenant to help pay rent during periods of illness or job-loss. Maximum occupancy limits were used to end a tenancy when a baby was born, despite this being illegal. They have also been used to justify refusing to allow a woman with breast cancer to take on another tenant to share rent costs, despite being the solo tenant of a two-bedroom two-bathroom home. A solo parent of one child in a three-bedroom home was prevented from having another adult join her household because the house had been limited to two people. In another case, a tenant's brother had to move out of her three-bedroom home which was restricted to three people (including a child).

I got a call and she said, '[....] we are not happy with you going to have a baby because the lease said that only two people can live in the flat

Restrictive occupancy limits can be used to discriminate by family status or ethnicity

Occupancy limits can also be used to discriminate against families with children or certain ethnic groups (5). Māori and Pacific families, who are more likely to live in multigenerational households (6), are disproportionately affected by overly restrictive limits. Landlords sometimes use occupancy limits to avoid renting to larger families, even when the home has enough space, and this can act as a cover for discrimination (5). In some cases, people we interviewed felt they were turned down not because of their ability to pay rent, but because of assumptions about their family size or ethnicity.

The problem for us though is that I've got all my mokopuna [grandchildren] and the problem is they just look at my kids and they say no. We applied for this lovely seven-bedroom home, with four incomes. So, we didn't have any problem paying the rent and they just said no, that there was too many of you, we only want five people in the house [....] Yeah, so it was discrimination I reckon.

Limits are more about protecting the house than concerns about health

While crowding can increase the risk of disease (7-9), the limits landlords set can have more to do with protecting property from wear and tear than health (10). These rules create stress, insecurity, and can lead to homelessness. Tenants can feel they have little control over their homes and who they live with. There is a need to align occupancy rules with public health standards and human rights protections.

We need to change the laws and their use to just prevent overcrowding

Our study highlights how maximum occupancy limits in rental housing are often used in ways that harm tenants and worsen housing inequality. The permissiveness of these rules are not based on public health evidence but reflect social norms and power imbalances. Reforming tenancy laws to align with public health standards and cultural values is essential to ensure fair, secure, and inclusive housing for all.

What is new in this Briefing?

- Landlords often restrict the number of people in a home more tightly than official standards designed for health.
- These limitations make housing more expensive per person, can facilitate discrimination, and stop tenants from sharing rent or caring for family and friends.
- We give examples of tenants who have lost housing because of these restrictions.

Implications for policy and practice

- New research gives insight into the implications of setting restrictive maximum occupancy limits and encourages a more considered and fair approach from landlords.
- Rental laws should be changed to stop landlords from setting arbitrary occupancy limits and to give tenants clearer, fairer rights over who can live in their homes.

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