



Hi everyone. The past month has been quite typical for this time of year. Enquiries from some potential tenants and requests for rental valuations from some potential clients. What has increased are enquiries from landlords who manage their own properties asking us to do the quarterly inspections for them. The importance of quarterly inspections has never been greater. Insurance companies insist on them – otherwise your insurance can be invalidated. The Tenancy Tribunal probably won't hear any case before it unless the claims are supported by written copies of the inspection report and see that any issues have been advised to the tenants and that tenants have been given the opportunity to rectify any issue. And now with the changes to the Residential Tenancies Act the inspections are becoming more complex. We do offer to do an 'Inspections Only' service for landlords so if you wish to know more please contact Sharon.

Before we start on recent news can we please reiterate a message that we gave a while back. Investors may be considering buying into new development blocks in the city and believe us some of these are excellent – though demand is still low and anticipated (or promised) rental levels are not necessarily being met. However, several of the new blocks are reported to be having problems – the 'leaky homes' syndrome seems to have reared its ugly head again and others have design issues which mean they are operating outside of their consents. So, if you are considering investing in new developments, please ask us for guidance.

The biggest news item of the last month related to residential rentals has been the Government's amendments of the Residential Tenancies Act. Though there have been many changes frankly we are not too worried. Our property managers are aware of the best way to approach these changes and we are fully confident that our systems are in place to ensure that risks are minimised.

Below we explain the laws you should know about.

Immediate Law Change:

Rent Increases: Effective immediately rent can only be increased once every 12 months. (It can be increased at the start of a new tenancy should it happen within the 12-month period). This is not a critical change. It simply means that when an increase is applied it will need to be relevant to a 12-month period and not a 6-month period. It may, if the market permits, be a larger increase than the tenant may have faced after 6 months. Some tenants may struggle with a large increase annually rather than smaller increase 6 monthly.

Law Changes commencing February 2021:

Rent Bidding: Landlords will no longer be able to seek rental bids. This is not a practice that we have ever engaged in or promoted. At Quinovic we want the best quality tenant at the right rent – not simply the highest bidder.

Consent for minor changes: Landlords will not be able to unreasonably withhold consent for a minor change to the property and must respond to any request within 21 days. This amendment is heavily restricted and a tenant must be able to return the property substantially to the same condition as before the change (should the landlord so require). Owners will be well advised should a request from a tenant be received.

Fixed Term Tenancy Agreements: When a fixed term comes up for renewal it will automatically become a periodic tenancy unless it is mutually agreed to be extended for another fixed term or the tenant provides 28 days' notice before the tenancy expires. Whilst this occurs at the moment we would have to question why a tenant would choose to sign a further fixed term tenancy once the 90 day "no reason" notice is removed.

Periodic Tenancies: Changes have been made to how a tenancy can be ended and the amount of notice to be given. While tenancies will be harder to

terminate it simply puts more importance than ever on having great, reliable tenants in the property. Our comprehensive reference and credit checking system and our online screening helps us select quality tenants (but, like any system, we do get occasional hiccups).

Periodic Tenancies can be terminated through the Tenancy Tribunal if:-

- The landlord issues a tenant 3 notices for separate anti-social acts within a 90-day period.
- The landlord gives notice that a tenant was at least 5 working days late with their rent payment on 3 separate occasions within a 90-day period.
- The landlord can show that they will suffer greater hardship than the tenant if the tenancy continues.

Landlords can give 63 days' notice when:-

- The owner or their immediate family or their employees require the property to live in.

Landlords can give 90 days' notice when:-

- The owner intends to put the premises on the market.
- The property has been sold with a requirement by the purchaser for vacant possession.
- The landlord is not the owner of the property, and the landlord's interest ends.
- The landlord wants the property for commercial use, or facilitate the use of nearby land for a business activity.
- The landlord intends to carry out extensive renovations at the property and it would be impractical for the tenant to continue to live there.
- The premises are to be demolished.

Tenant Assignment Requests: Landlords may not prohibit or unreasonably decline requests from tenants wanting to transfer their interests and responsibilities under a tenancy to a new tenant. If a change of tenant request does occur, we will reference and credit check the incoming tenant and discuss with owners how best to proceed.

Existing Penalties Will Increase 50% - 80%:

Current penalties will increase and the Tenancy Tribunal will be able to make awards up to \$100,000. Higher infringement fees and fines are applicable to landlords with 6 or more properties. Quinovic will continue to manage compliance matters and discuss with you to ensure you make informed decisions and that the property is well cared for.

Law Changes by August 11, 2021:

- A landlord will be able to issue a 14-day notice to terminate if the police have charged the tenant with assault of the landlord, a member of the landlord's family or the landlord's agent.
- A victim of domestic violence will be able to withdraw from a tenancy without financial penalty.

If you have any questions or concerns about these changes to the Act please don't hesitate to call Sharon.

A lot of noise arose from the New Zealand Property Investors Federation around the removal of laws that allowed for the ending of a tenancy without a cause. On the surface this does seem like the landlord is being disqualified. It has become harder to remove troublesome tenants but the reality is that less than 3% of leases have been ended in this manner.

You may be wondering why politicians seem fixated on landlords and have by their actions defined landlords as the cause of all rental problems within New Zealand.



Well here's a reason. According to Marama Davidson, deputy leader of the Greens Party, in a speech to the Bill in Parliament this week 'the Bill will incentivise property owners to move out of owning property for rental purposes'. In other words, to drive investors out of providing accommodation for fellow New Zealanders.

This is a strategy high on ideology but lacking in common sense. New Zealand currently has a rental crisis – a severe shortage of homes to meet the needs of tenants requiring rental accommodation. The waiting list for public housing has increased from 5,000 to 18,000 within this Government's term of office. According to Associate Housing Minister Kris Kafoi there are over 600,000 households living in rental properties. What he doesn't say is that the Government and other public agencies provide less than 30% of these properties – the balance are provided by You guessed it private investors.

You have to wonder sometimes what planet some of our politicians live on!!!!!!!!!!!!!!!!!!!!!!

In addition to the above The Green Party is calling for:-

- All landlords to be registered with the Ministry of Housing and urban Development
 - All property managers to be licenced (we have no issue with this as we know we exceed current requirements)
 - The WOF for rental housing to be implemented and compulsory.
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Seems some landlords just don't learn. Recent court cases show :-

- A landlord fined \$5,000 after a tenant fell through a hole in the floor
- A landlord fined over \$10,000 due to mould content within his rental property
- A landlord fined over \$20,000 for dampness and mould
- A landlord fined an undisclosed amount for

walking in on tenants in bed. (Remember that you must give notice of a visit)
But it's not always the landlord

- A tenant fined in excess of \$100,000 for wilful damage to a rental property
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Thousands of New Zealand home owners are slipping behind on mortgage payments. Reserve Bank data shows that 10,905 homeowners were in arrears as at the first week of August. More than 240,000 mortgage payments have been missed since April with a combined value of over \$2.2 billion.

This is on top of more than 83,000 mortgage deferral requests lodged since the end of March – 13% of all mortgages.

As we come into Spring, we would expect interest in the rental property sector to increase as it does each year.

Let us know if you have subjects that you would like us to research on your behalf.

Best wishes

Sharon, Caroline, Andrea, Sue and Tracey