

**NELSON PROPERTY INVESTORS ASSOCIATION**  
**APRIL 2020 NEWSLETTER**  
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**Our second meeting of the year** was to be on Tuesday 7<sup>th</sup> April with a visit to the Resene shop in St Vincent Street. But sorry folks at the 11<sup>th</sup> hour the visit has been cancelled / postponed because of Covid 19. I am sure the staff there would love to show you their products and give you some tips. This sure beats being told what to do by the Government. Goodness just think of it. What colour would they force us to paint our properties? Perhaps Air Force grey or how about Army Green? All I can suggest is keep in touch on the net and pop into the shop if you need some advice.

**RESIDENTIAL TENANCIES AMENDMENT BILL 2020**

The proposed amendment states that the current act came into force 30 years ago in 1986. What is not said is that in 1986 at that time New Zealand had an iconic Labour leader David Lange and Roger Douglas was loose on the market. That government was re elected in 1987. It marked the first time that a Labour Government had been re elected to a second term since 1938. In 1987 there was a terrible world share market crash and thousands of New Zealanders lost their jobs. I know I was one of them.

So history is repeating itself! Huge terrible changes to the rental laws as we know them are going to make life hard for landlords and tenants. A lot has been written about the abolition of the 90 day notice and 42 day notices when selling. No reason is given for these changes and nothing is being put into place to deal with the issues the changes will create. Whilst the 90 day notice issue has produced most media attention, for most landlords with better quality tenants it will make very little difference because this section is not applicable if you have a fixed term tenancy. I would say that very few commentators and journalists have bothered to actually read what is contained in the 45 pages of proposed amendments. It is hard work understanding and believing what is proposed. It appears to me that the government is deliberately targeting property managers. For instance if landlords have more than 6 properties they will have to pay double fines. The number 6 is arrived at if a landlord's family whanau or other culturally recognised family group have a combined holding of more than 6 rentals double fines applies. This is a clear breach of the Human Rights Act 1993 and runs counter to everything we understand as the law being fair. Why not double parking or speeding fines if the whanau own or use more than 6 vehicles? When will double local body rates and taxes be applied if Mum, Dad and their four children own a property each? What other cultural discrimination will apply for close nit families. Perhaps if you are a member of a religious faith this will be regarded as cause to charge double because many members would regard fellow members as whanau or brothers and sisters.

We are all familiar with penalties being applied for the likes of non lodgement of bonds etc. The amendments are proposing to change many infringements to criminal offences and this might result in a charging document being served on you which could lead to a jail term being imposed.

Section 42 will open up a can of worms. Tenants will be permitted to carry out modifications, fixtures, alterations, or additions to their rental. ( there are some

minor restrictions to these if the work requires a Local Body building consent). The landlord is permitted to impose reasonable conditions to these works and the tenants must on or before the end of the tenancy return the premises to a condition substantially the same as the property was before the changes were made. Failure to restore the property is declared an unlawful act. BUT regrettably perhaps due to an accidental oversight no specified defined penalty is provided for committing this unlawful act in schedule 1B.

BUT section 43B saves the tenant from needing to ever restore the property because tenants will be permitted to assign tenancies at any time during the tenancy. This means after you sign up the nice old 74 year old pensioner she can hand it over to her 16 year old pregnant granddaughter the next week. Landlords will be permitted to insist on reasonable conditions to that consent for assignment. We have all seen what the term "reasonable" means when applied against tenants versus landlords in the tribunal when a cleaning issue comes up. I hate to think what sort of judgements will be handed down on issues of assignment. Our imaginations and fears are always hard to justify. Over the years I have been caught out with assignments related to matrimonial partners, flat mates, and children. The transmission of bonds and property damage is always a problem. The court does not recognise bonds as being attached to the tenancy / property. They are always strictly attached to a person who paid in the money. It is normal for disappearing partners to not assign a bond when they depart due to the emotions that are at play when relationships break up and end or when someone dies. One of the hardest and most complex things that has occurred to me is when a partner departs due to domestic violence. A strong compelling argument is often made to remove the departing partner from the tenancy. This is often driven by demands of WINZ and the Police. Then hello they make up again, the man moves back in, beats his woman again and she departs and hey presto you have someone in a property that is not the signed tenant. The rotten fellow is not liable for the rent and the property condition. The police will not help because it is a civil matter and the tenancy tribunal will not help because the occupant is not the tenant.

Clause 32 (2) ( C ) is an interesting new rule that screams out for explanation. The landlord may terminate a periodic tenancy by giving at least 90 days' notice if the landlord is not the owner of the premises and the landlords interest in the premises is due to end. I think this means if a property manager (landlord) is losing the management then it is possible to terminate the tenancy with a 90 day notice.

The strange thing is section 55 and 56 with regard to rent arrears remains pretty well unchanged. So if the tenant is 21 days in arrears at the time of making the application to the court then the adjudicator SHALL issue a termination. If a 14 day notice re rent or other issue has been issued and not remedied then the adjudicator MAY make an order terminating the tenancy. Sure there are a couple of extra clauses added to 55 but they have been so carefully and cleverly written that I doubt anyone will ever be successful in using them.

So fellow landlords we have an interesting future ahead of us. In case you had not noticed it, the current government seems to have a problem with the private market providing the overwhelming percentage of rentals in New Zealand. Even the good landlords who care for their tenants and provide good quality affordable accommodation to those who choose to be their tenants will be punished via the courts, IRD taxes and the territorial authorities. Why are

they doing this? If any of you readers bump into a politician at some stage you might like to ask them to explain what outcome is desired.

## JANUARY NEWSLETTER FOLLOW UP

My January newsletter produced a few interesting comments. In that newsletter I published an easy to understand set of statistics. I arrived at those figures by extracting them from some data buried in a document published by Statistics NZ.

Here is the source document.

Rentals and owner occupiers in new Zealand.

<https://figure.nz/chart/Lx6lqhr05ZUkOTpP>

<https://i.stuff.co.nz/business/industries/103478711/how-many-homes-are-there-in-new-zealand#comments>

How many homes are there in New Zealand?

12:52, Apr 30 2018



The number of houses being rented has grown faster than houses being owned.

The number of houses being rented has been increasing faster than the number of owner-occupied dwellings, new Statistics NZ data shows.

The number of rented houses has increased 25 per cent to 625,900 over the past decade. In the same period, home ownership went up 5 per cent 1.16 million.

There are 69,800 homes provided free, either through individuals, private trusts, businesses, or government agencies.

The annual increase in the price of housing peaked in early 2017, when prices were up nearly 7 per cent compared to the year before.

**READ**

**MORE:**

\* [Just how much are houses increasing in price?](#)

[Estimated number of private dwellings in New Zealand.](#)

About 35 per cent of New Zealand households are living in rental accommodation, and the number of people under 65 years old in rental housing is set to double between 2013 and 2018.

In Auckland as of June 2017, the Ministry of Business Innovation and Employment put the shortfall at 44,738 homes, following a huge growth in demand through 2013 to 2015 which a more gradual increase in completed new homes did not keep pace with.

In every year since 2013 the gap has been growing, with 9725 completed homes in the year to June 1 2017 compared to an estimated increase in demand of 18,007.

**Learn more about the information shown above, and explore more charts, [at Figure.NZ's site.](#)**