

NELSON PROPERTY INVESTORS ASSOCIATION
AUGUST 2021 NEWSLETTER
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Our fifth meeting of the year at the Honest Lawyer Monaco is on Tuesday 24th August 7:30 pm with the optional before meeting meal at 6 pm. We have Derek Smail and Darryl Olverson from Ecotech Nelson and Tony Frost by Zoom from China. They will talk about the increasing importance of modular manufacturing for New Zealand's accommodation construction sector. Darryl will be able to give details of an interesting multi-storey apartment development planned for Nelson.

Last month we heard from Williams Corporation and watched a video presentation of them building some of their apartment blocks and their crane moving in part finished fully framed up portions of their complexes. Well Ecotech are going one stage further and getting their modules fully fitted out in factories and putting them together on site. This has the potential to speed up the building and consenting process and drag New Zealand into the international way of bringing us cost effective homes when and where we need them. So despite the media and online forums screaming doom and gloom the world is not ending. Exciting things are happening in the provision of housing and some of this is being driven by Nelson based entrepreneurs. Let me know by email if you want in for the meal.

LOTS OF PAPER AND TALKING DOES NOT MEAN MUCH

The media reports all the time about the shortage of rental properties and how the government has issued a directive to all local authorities to get their act together and permit more cost effective houses to be built. We have had one meeting on intensification that the Nelson City Council chose to avoid. We had firstly Williams Corporation and now Eco Tech talking about their developments and products that will facilitate intensification. I have read articles about the need to repurpose central city character (less) into housing that makes better use of land, roads, pipes, and public transport. One of the city councillors heard my bleating and kindly sent me information on the Nelson City council deliberations on intensification. This discussion apparently included deliberations on the disposal of the \$14 million from the Pensioner housing sale with suggestions it could be used to alleviate the cost of residential rentals in the city. So I enthusiastically downloaded the first document that consisted of 640 pages of reports adding up to 3133 words. I skim read through the endless pages till my mind turned to mush. What I read and understood was interesting but I could not actually see anything anywhere about plans for Nelson intensification. I picked up that the bulk of the potential greenfield land suitable for housing was held by ten companies and they were drip feeding this into the market in order to not flood the market. Kaka Valley (Maitai) was mentioned more than once. I then discovered in another document that specified which cities are being directed by the government to intensify and Nelson was not one of them. All that is required of the city is to determine what our capacity for new dwellings are and compare that with someone's population and housing forecast. In the 640 pages was a report on the Nelson urban area which of course includes Tasman. The Tasman forecast is for around 400 dwellings to be built even though 650 new dwelling are being consented by them every year. Nelson City Council have been more successful then TDC and its consents are

languishing at 260 per year. I occasionally have the opportunity to talk to a few developers and I think the story about them drip feeding sections onto the market is an urban myth. The report correctly stated that Tasman region is the fastest growing region in New Zealand. The councils could have found that out for free by looking at the statistics NZ web site that reports Tasman is consenting 11 dwellings per 1000 population which is a higher rate than another other region. I am not sure what impact the various authorities around the country have on growth. Recently the TDC have been writing to resource consent applicants telling them their application will be delayed because they are short of staff and cannot attract staff to work for them. One letter went further and said they were only working two days a week. I wonder if they had thought of offering more pay rather than letting the staff leave and setting up as private planning consultants like they are doing. I know I recently used an ex TDC staffer to prepare my application. However in spite of my cruel words I must say I think the TDC staff are doing a good job. They have always been very helpful for me and they are certainly pumping out those consents. Of course who knows how long it will take to get the houses built. There is a terrible shortage of labour and materials which is obviously pushing up prices. So I doubt there is any point in the TDC consenting at a faster rate.

So how does one determine what the housing demand is? A better question would be how does a civil servant determine what the demand is?

When I am selling something and the stock is flying out the door and the phone does not stop ringing I figure there is a mismatch between stock and demand. So I buy in more stock to meet the demand. I must admit I might just put the price up as well because the demand might not be there tomorrow. Making hay when the sun shines is not one of the sayings in Chairman Mao's little red book. A civil servant orders a report and puts the tax up and blames speculators. Some governments will stop skilled workers coming in, and some might even deport those with the wrong paper work. The number of houses advertised to let in Nelson this month is half of what it was 12 months ago. Right across New Zealand the number of rentals and properties for sale has slipped significantly over the last month. I am looking the other way when I see extras living in my rentals because I know people are desperate. If I was permitted to I would pop some more caravans and minor dwellings onto the front and back yards of my properties like I used to do 30 years ago. One suggestion of the council is to permit people to move into our publicly owned holiday parks with their own mobile homes and connect them up to sewers and other services. But you will not be able to do that if the parks are privately owned. Governments over the centuries have blamed hoarders, foreigners, and greedy capitalists for shortages of commodities be it toilet rolls or houses. Demographers do have a useful place to play but the market has a lot more sense. If there are people wanting a place to rent and there are not enough houses to go round then the one and only sensible solution is to create more homes. More rental homes can be created by building more. More dwellings can be built by jamming more onto the same bit of dirt (brown field developments) or turning farms into residential lots (green field). Show me the money honey and my mates and I will house everyone that needs a home. I am happy to house anyone that will pay the rent and respect their home. I will do this regardless of income, race, nationality, age, sex or employment.

FAMILY VIOLENCE AND THE RTA

The RTAA now includes some changes that will ensure tenants experiencing family violence are able to leave tenancies if they need to.

These changes make it possible for a victim of family violence to leave a tenancy quickly by providing their landlord with a family violence withdrawal notice. The definition of family violence is the same as that in the Family Violence Act 2018, and includes physical abuse, sexual abuse, and psychological abuse.

The minimum notice period for a victim leaving a tenancy is two days, and after the withdrawal date the tenant will not be liable for any further rent.

The victim will not be liable to the landlord for any compensation or any additional rent after the withdrawal date, though liabilities incurred previously would stand. The tenancy will end in its entirety if the victim is the sole tenant. The tenancy will continue for any remaining co-tenants.

Landlords will be disadvantaged by losing rent as specified. There are serious complications with respect to the manner the departing tenant must serve notice on the landlord. By design it will be almost impossible to enforce debt orders against the victims.

The new clause is specified to come into force this month, subject to the new regulations being created and filed with the Governor General.

I had to deal with my first issue related to the new conditions this week. A tenant asked me to add the father of her child onto her tenancy agreement. I declined to do this. Here is a copy of my letter to the tenant.

Hi S....

Thanks for your email.

Elizabeth and I love having you there and we both rejoice in the good things that seem to be shining through.

Firstly it is not appropriate for us to charge more rent in circumstances like this.

The family violence clauses in the RTA act have not yet taken effect. This is what the government published some time ago.

“This law change will become operational once regulations are made which prescribe, among other things, who can make a declaration as evidence of the family violence for the purposes of the withdrawal notice. It is expected that regulations will be in place by August 2021.

Regulation development

Along with the family violence withdrawal notice, the tenant will need to provide accompanying evidence to their landlord. This and other matters, such as what other information will need to be included in the withdrawal notice, will be prescribed in regulations, which are still to be developed.”

So here we are August is upon us and there is no sign of the extremely complex problematical regulations.

The government has been silent as to why there is a delay. The act amendment was passed by a different government and as everyone knows NZ has had heaps to deal with over the last 18 months.

Some of the industry commentators are suggesting my initial apprehension of the likely unjust outcomes was perhaps wrong.

So at the moment neither the experts like me nor those in power know anything.

The main problem for landlords with the new act is if the unthinkable occurs it will cost landlords a huge amount to regain possession and the tenant will not be held liable for the damage. The major issue is the remaining “man” if he is a tenant will not need to leave and getting them out will be almost impossible.

The RTA over many decades has depended on tenants being jointly and severally liable. This new law breaks hundreds of years of common law.

So my position for you is we want you to stay and have a wonderful outcome for your child. Clearly things should be better for you and your child if its two parents are there. So my suggestion is we are happy for you to have your man there but we do not want him on the tenancy agreement. The law has also changed saying tenants are permitted to assign a tenancy. I do not think adding a second name to a tenancy agreement is assigning it. The new law says landlords cannot unreasonably refuse to assign a tenancy. My reasonable terms for assignment is I need to know who the new person is. However I think it would be prudent of me to get him to fill in the standard rental application form. This will at least tell us who is living there which most reasonable people would think is an acceptable request.