

NELSON PROPERTY INVESTORS ASSOCIATION
FEBRUARY 2025 NEWSLETTER
PO Box 198 Nelson
NelsonPIA@xtra.co.nz

Our first meeting of the year at the Honest Lawyer Point Road, Monaco is on Tuesday 4th March 2024 7:30 pm.

Speaker: Dylan Brown – Director of Brown & Associates Accountants

Summary:

Qualifications: CA ANZ Chartered Accountant, Bachelor of Commerce with Honours majoring in Accounting and Taxation, Certificate of Public Practice

Dylan grew up in Nelson and completed his Bachelor and Honours degrees at the University of Canterbury.

Before returning to Nelson to work in his parent's practice, he was a tax manager for KPMG in Christchurch.

Dylan enjoys providing advice to clients on all matters tax related, but has a particular interest in property taxation, cross-border taxation and tax efficient structuring.

Dylan's knowledge of all things tax also underpin his other specialist areas of financial reporting and trust management.

RTA AMENDMENTS : UNINTENDED CONSEQUENCES

Hon CHRIS BISHOP (Minister of Housing) used this phrase when presenting 2024 amendments to the RTA. He seems to often use this term for all sorts of problems caused by others. Unintended consequences is certainly true when considering the outcomes the previous government's well intentioned amendments of the RTA caused. When they changed the termination clauses of the 1986 RTA the number of homeless and poorly housed moved to an all time high. Since private landlords were stopped from ending tenancies in an orderly non contentious manner by issuing a 90 day notices they have become even more cautious. Applicants who cannot verify they have been good tenants in the past are cast aside.

"Yes Minister" your new RTA amendments come with their own unintended consequences.

Pets, smoking, 90 day notices, family violence and bonds are changing.

When I read the new RTA act (the law) and compare this with the advice put out to guide everyone, my head spins. The tenancy tribunal adjudicators rightfully follow the law and not information pamphlets.

On the issue of Family violence, I unfortunately had to deal with a short notice a few months ago. I have dealt with the full range of violence in rentals over the years. I never got accustomed to it. I used to send my weekly list of vacancies to the Women's Refuge as well as other agencies and I was often able to help their clients. Despite my submissions to various select committees over the years the RTA was never amended to address the problem. Often the ladies would ask to have their man taken off the tenancy agreement then a short time later they would be back together often causing distress to the neighbours and damaging the property. I would usually get rid of the problem by issuing a 90 day notice. That option was removed by the previous government.

So when asked late last year to accept 3 days notice after family violence I asked for that to be sent to me in writing. Notice came but without the required documentation. So it became a normal section 51 notice by the tenant. I dutifully

posted an acknowledgement note on the door informing the remaining tenant to be out in 28 days. A few days later I was asked to permit revocation of the notice. Like the remaining tenant did not want to leave! The law states if a withdrawal of notice is requested it is subject to acceptance by the other party. Strangely there is no mention of the landlord needing a reasonable reason to decline. My response was I would accept if the full rent was paid for the next 28 days. So another pre Christmas crises was averted.

But to get back to the story. The Family violence clause states the Tenant victim can withdraw from the tenancy with 2 days notice and the landlord has to suffer a rent break of up to one weeks rent if the tenancy is continuing. The new amendments widen the number of people who can be victimised to permit the 2 day notice thus increasing the chance of it happening.

No provision is provided to compensate the landlord for the lost rent if, as is very common, the warring parties get back together. So sorry Minister your amendment will have unintended consequences because landlords are being financially disincentivised to provide rentals to people prone to family violence. Bonds. Things are changing. There will be two systems one for property managers and one of mum and pop landlords. The rules and systems are not easy to understand. Some delays are being experienced but judging by the small number of bonds I deal with things might be getting better. Well I can truthfully say the computer generated responses come quickly.

But to complicate things pet bonds are coming. No one knows when they will come but a complex system of claiming and dealing with the short life of pets will add to the mix. The RTA summary states the pet bond gets returned to tenants when pussy dies but the real act says the tenants MAY ask for it back during the tenancy but then there is no mention of proof of death? Who knows what happens when the cat dies but the dog does not.

The permission and denial of pets is complex. The tenancy agreement must specify the REASONABLE reason why no pets are permitted. A small sample of permissible reasons is detailed but no mention of highly polished floors susceptible to scratchy paws, spa pools and so on.

Even if the tenancy agreement specifies no pets the tenant can still ask, and the landlord commits a punishable unlawful act if they do not respond within 21 days.

90 day notices for periodic tenancies are back and fixed term tenancies can end when specified in the agreement. Make sure you read the actual RTA act before issuing one because there are multiple date hoops to jump through. So short term tenancies during say the winter, or when off overseas can again be granted with reasonable confidence.

We have all known about retaliatory notices. Mean old landlords not wanting to fix something they were happy to live with for years are legend.

But now the term retaliatory has been expanded to include landlords being **MOTIVATED WHOLLY OR PARTLY** by a tenant exercising or even proposing to exercise any right relating to the tenancy. Perhaps wanting a dog or dreaming and thinking about wanting something outrageous might be the landlords nightmare.

I struggle to remember the reasons why I have given 90 day notices over the last 40 years. I suspect not as many as some would suggest.

Here are some. Repeated damage to windows and doors. Domestic noisy disturbing disputes. Incessant repeated rent and water arrears. Exceeding the permitted number of occupants. (I recall the adjudicator told me to use that clause when I made an application re overloading). Collecting cars and other rubbish. Unreasonable repeated aggression towards myself or our staff.

Sure, some of these issues can be dealt with by the tribunal but the increasing delays getting a hearing mean it is usually quicker and more certain my way with a 90 day notice.

Our world is not all doom and gloom. The media self appointed commentators are wrong about property investors selling up and causing the shortage of rentals. Our membership keeps growing and is now higher than it has been for a few years. Shortage of rentals is caused by the population growing faster than supply.

The magazine has changed ownership. It will now be published bi monthly.

Based on the number of properties advertised on Trademe, Nelson / Tasman along with Marlborough and Hawkes Bay, share the top spots for tenancy demand. The number of private residential rentals has recently been published by the Statistics Department. Wellington and Auckland are flooded with rentals. High demand makes rents go up and low demand causes them to retreat.

You are welcome to share the good news with others.