Residential Tenancies Amendment Bill 2024 passes first reading

The Residential Tenancies Amendment Bill 2024 passed its first reading in Parliament on 21 May 2024. If enacted this will roll back many changes to the Residential Tenancies Act 1986 introduced by the previous New Zealand Government.

Introduction

The Residential Tenancies Amendment Bill 2024 (**Bill**) aims to remove barriers to rental supply and incentivise property owners to rent their properties via the private rental market.

If enacted, the Bill will reverse a few of the notable changes made to the Residential Tenancies Act 1986 (**Act**) by the prior labour government, including re-introducing 90 day no-cause terminations and a landlord's right to terminate a fixed-term tenancy at the end of the term without a specific reason.

The Bill also introduces a number of new changes, including pet bonds to encourage landlords to rent to tenants who have pets, and new powers for the Tenancy Tribunal to decide disputes without requiring an oral hearing.

Overview of the Key Changes

The Bill, if passed will:

1 Reinstate a landlord's ability to unilaterally end a fixed-term tenancy at the end of the term without requiring a specific reason.

Under the Act, a landlord can only give notice to end the tenancy at the expiry of the fixed term if one of the specified grounds in the Act is made out, while the tenant can give 28 days' notice in any case of their intention to end the tenancy on the expiry of the fixed term. The Bill will reverse these changes so that either the landlord or tenant can give notice up to 90 days, but no less than 21 days, before the expiry of the fixed term to end the tenancy.

2 Reinstate 90-day 'no cause' terminations for periodic tenancies. This means a landlord can end a periodic tenancy without requiring a specific reason.

3 Reinstate a landlord's 42-day notice period to terminate a periodic tenancy where:

(a) they or a family member want to move into the property;

(b) the tenancy agreement states that the property is usually used to house employees, and they want to move an employee into the property; or

(c) where the property is subject to an unconditional agreement for sale requiring vacant possession.

4 Return tenants' notice period for ending a periodic tenancy to 21 days.

5 Clarify that clauses in a tenancy agreement which prohibit smoking inside a rental property are enforceable. A tenant will still be allowed to smoke outside (other than on balconies, porches, or similar) and in outbuildings that are used only for storage or parking

6 Enable a tenant to utilise family violence withdrawal provisions where their child, or a person who is dependent on them for care, lives at the property and is a victim of family violence

7 Enable some decisions in the Tenancy Tribunal to be made on the papers. This means the Tenancy Tribunal will be able to make decisions on certain tenancy disputes based on documents submitted to

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it by the landlord and / or tenant, rather than having to hold an oral hearing.

8 Permit tenants to keep pets.

The justification for the introduction of pet provisions into the Act is that landlords are often reluctant to lease to people with pets. Due to damage pets can cause to a property and the difficulty recovering costs from tenants where pet damage costs exceed the value of the bond, many landlords choose to have a strict prohibition on keeping pets in their properties. Accordingly, people with pets often struggle to find rental properties. There is also no mention of pets in the Act and this has given rise to a lack of clarity about the enforceability of clauses that prohibit pets.

Under the Bill a tenant may keep a pet if the tenancy agreement provides for it, or the landlord gives written consent. A tenancy agreement must not prohibit a tenant from keeping a pet without providing reasonable grounds and must not impose unreasonable conditions about keeping a pet

The Bill will also amend the Act to make tenants liable for the full cost of any damage caused by a pet kept at the property unless the damage is fair wear and tear.

Conclusion

Landlords and tenants need to be aware of the changes proposed in the Bill and how this could affect the landlord/tenant rights and obligations. Submissions on the proposed changes closed on 3 July with the report back to the Select Committee due later in the year.

Want to know more?

If you have any questions please contact our specialist Property team.

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