

Changes to the Residential Tenancies Act

Fairer Rules for Tenants and Landlords

The reform of the Residential Tenancies Act 1986 (**Act**) aims to introduce new protections for both tenants and landlords, and encourage good-faith relationships. Home ownership is decreasing while renting is consistently on the rise with one-third of New Zealanders now renting.

There are a number of changes to be implemented. They will be drafted into a bill to amend the Act and introduced to Parliament in the first half of 2020.

Key changes proposed include:

Landlords ending periodic tenancies

Landlords will not be able to end a periodic tenancy unless they are able to rely on one of nine specified reasons (to be set out in the legislation).

Ending No-Cause Evictions

Under the proposed changes, if a landlord wants to evict a tenant for bad behavior they have to apply to the Tenancy Tribunal and provide three examples over three months, although extreme behavior will only require one offence. This removes the landlords "no cause eviction" option which allowed removal of a tenant if given 90 days' notice.

Limiting rent increases

Rent will only be able to be increased once every 12 months rather than every six months.

Prohibition on Rental Bidding

Soliciting rental bids will be prohibited, meaning there will no longer be bidding wars among potential tenants for high demand properties. Landlords will have to explicitly set out rental price when listing a property.

Extended Notice Period

Currently if the landlord wishes to sell or move into the property themselves, they only have to give 40 days' notice to tenants. Under the proposed changes, tenants will have to be given 63 days' notice when the landlord or a family member wants to live in the property or the property is needed for an employee. Where the property is to be sold with vacant possession, 90 days' notice will have to be given to tenants.

Increase to Financial Penalties

Currently the maximum amount of compensation that can be awarded, or value of work that can be ordered to be done by landlords, is \$50,000. However, under the new regime the Tenancy Tribunal will be able to award up to \$100,000. This is to match the increase in rental prices.

Tenants can add minor fittings

Tenants will be allowed to add minor fittings or improvements to the property. For example, install fire alarms and doorbells, brackets to baby proof furniture and the property, or hang pictures. Tenants will only be able to do so where the installation is considered low risk and they have acquired permission from the landlord to do so. The landlord will then only be able to decline requests for specified reasons.

Want to know more?

If you have any questions about the recent changes to the Residential Tenancies Act, please contact our specialist [Residential Property Team](#). We will continue to monitor the reforms and will report again on the changes once they are enacted.