

Proposed Residential Tenancy Act Changes:

Points to consider in a Submission

Here are some points to consider in a submission. It is important to try to be unbiased and to give some points for both sides, as the government's intention is to improve rules for tenants!

- Higher bonds allowable. This would allow for potential Pet damage, or the fact that it may take longer to remove a tenant behind in rent in the future, or allow for higher damage when improvements done or removed by tenants. This would help tenants with pets be able to find a rental.
- Have longer term leases, where both tenants and landlords are committed and bound to the longer term. For example 2, 5 or even 10 years. This gives both the tenant and landlord security. If this was to be a long term contract, then there would need to be set rules around rent increases, maybe similar to commercial property with CPI increases yearly, and 5 yearly reviews to ensure rent is in line with market rent.
- Damage. I feel that the current accidental damage rules are penalising good tenants. They are effectively having to pay more in rent because of the few bad tenants who are abusing these rules. If damage is done by the tenants, their friends, family or guests, then they should be responsible for it and have to pay for it. It is unfair to put this cost back onto the property owner because it is "accidental". This just pushes up the cost of rent long term and is bad for tenants in general. Tenants should at least have to pay the insurance excess for damage.
- 80% of tenancy tribunal applications are for rent arrears from landlords. This is a huge issue, and this percentage shows that it is landlords that need protecting. If tenants are behind on rent there needs to be quicker hearings and quicker ability to remove nonpaying tenants. With only 4 weeks bond allowed, under the current system the rent arrears can very quickly become more than any bond held. The bad tenants who are not paying rent, and then ruining the system for good tenants who always pay their rent on time.
- Rent arrears is a major issue for landlords. Currently landlords can win at tenancy tribunal but then struggle to get their arrears back. Many give up over time, as it is too hard. This pushes up the price of rent for good tenants, who pay their rent, so is unfair. A lot of rent arrears are paid by a tiny amount a week for the next 5-10 years, which isn't fair on landlords either. Having a central system administered by Tenancy services could help recover rent arrears and help to keep rent costs down as a result. It would be reasonable for tenants to pay interest costs for this outstanding debt, it is extremely likely that the owner is paying interest on the tenants' behalf.
- Tenant or rent guarantee insurance, could be a product provided by the government to keep the costs down for tenants and reduce their risk, but also on the other side giving landlords protect.
- Water to be charged directly to tenant, similar to power. Otherwise it is another risk for landlords, that then forces up the cost of rent long term.

As you can see we have tried to state the advantage for tenants with each point. Link is <https://www.mbie.govt.nz/info-services/housing-property/residential-tenancies/rta-reform/?searchterm=residential%20tenancy%20act%20consultation%2A>

We believe that many of the proposed changes have and will cause landlords to leave the industry, this has already started a housing shortage and it will continue to worsen. Then the basic principle of supply and demand will drive up the rents.

Proposed section 49A to 49E of the amendment bill (No 2) will have negative consequences for tenants. It can be hard to determine what damage is accidental, intentional or careless and landlords will be forced to increase rents to cover the extra costs. Tenants should be liable for all damages (above wear and tear), tenants have it in their control to minimize occurrences of accidents in simple ways like being extra careful when drinking red wine on white carpet. If tenants were expected to pay for the damages they could get insurance cover that would reduce for tenants with no claims or increase for tenants with multiple claims. It would encourage better care of rental properties and ensure that it is fair for all tenants and landlords whilst keeping rents down.

The removal of 'no cause' terminations could have a negative impact on tenants and landlords. Landlords currently don't give a reason for a 90 day notice and this can work in the tenants favour, more often than not the tenant has been given notice for unsocial behavior. If landlords are required to give the reason it will make that information more readily available to other landlords and it will make it much harder for that tenant to be given a second chance. It can be hard for a landlord to gather the proof required and can create disputes and unsettlement with neighbors, it creates unnecessary risk for those who are brave enough to give evidence.

Increasing the 42 day notice periods to 90 days is unreasonable. Tenants may be given notice to vacate when an owner is considering putting their property on the market and seek to sell the property vacant which would remove the chance that the tenant could stay on if another investor purchased the property. Landlords may suffer hardship due to not being able to move into their property sooner. In cases where landlords are highly motivated by loss of job or drastic change of situation landlords may end up with consequences that outweigh the benefits to the tenants. Landlords may lose prospective employees due to not being able to house them in a reasonable time frame. It may not be an issue for larger companies but could be negative for small businesses.

We don't think that the government should remove fixed term tenancies. Fixed term tenancies offer security to both tenants and landlords. We do believe that there should be provision in a fixed term that would allow a landlord to give 90 days' notice to end the tenancy if there are breaches by the tenant and 21 days' notice if a landlord puts the property on the market or breaches the agreement.

We think that some landlords are already allowing tenants to make minor alterations to rental properties, it is something that should be by written agreement only, in situations like this it should be reasonable for the tenants to contract out of the act and increase the bond in case the alterations are not completed to a tradesman like manner or are required to be removed at the end of a tenancy. Tenants should never be allowed to make alterations to the structure of the building or anything that may cause a health and safety hazard.

Tenants should have a right to pay extra bond in exchange for being allowed a pet, tenants should be allowed to contract out of the act and make an agreement to pay for all costs for damages caused by said pets. Tenants should not have the ability to force Landlord to accept pets, it's unreasonable and doesn't promote a good landlord tenant relationship.

Rental bidding is something that happens due to the market, the less rentals the more likely it is to happen. As a tenant myself I don't think it is fair for you to take my right to offer a potential landlord more money to rent me the house as a preference over someone else. Market rent is what a willing landlord is happy to accept, and a willing tenant is happy to pay.

We don't believe there should be any changes made to the way rents are increased. If rent increases are to be done annually it may negatively impact tenants, landlords may choose to increase rents to the maximum allowable at each interval as a posed to lighter increases. If landlords are required to disclose a formula for rent increases it will make it easier for landlords to increase rent, there will be more rent increases because they had to create a formula from the beginning. Tenants will come to expect it so the process will be easier, in this situation easier is not best for tenants.