

## **TENANCY LAW REFORMS**

The Government has recently announced tenancy law reforms with a stated aim of achieving a fairer rental market for both tenants and landlords. The reforms include amendments to the Residential Tenancies Act 1986 along with improvements to advice and dispute resolution services.

Currently, about one third of households rent and more rented households are becoming long-term tenures. We also have an "ageing population" joining the rental market, all of which means that the rental market is very different from when the Act was first passed.

Readers who own rental properties should be aware that these changes have been approved but a draft bill will not be considered by Parliament until next year. The changes to tenancy services are already effective.

The key amendments are:

### **Benefits gained by landlords:**

- The right to recover reasonable debt collection costs incurred in enforcing Tenancy Tribunal orders through a private debt collection agency;
- Some tenant breaches will attract exemplary damages as an alternative to eviction, (e.g. sub-letting or assigning a tenancy without consent, over-populating the premises, or creating problems with the neighbours);
- A new right of entry for an appraisal by a real estate agent or building inspector;
- The Tenancy Tribunal will now have the ability to make an order against a guarantor.

### **Advantages gained by tenants:**

- New unlawful acts including a landlord interfering with the supply of services and for breach of health and safety regulations;
- A landlord must appoint a tenancy manager when abroad for more than three weeks;
- A landlord must notify tenants if a fixed-term tenancy is not to be renewed at least three weeks before it ends;
- A fixed-term tenant may apply to end a tenancy early in the event of a substantial and unexpected rent increase;
- A fixed-term tenancy automatically becomes a periodic tenancy if it expires with no new agreement being signed. Then, tenants must give three weeks' notice, and landlords three months' notice, to end the tenancy.

### **Changes to tenancy services:**

- Extended hours for free phone advice (8am to 5.30pm weekdays);
- A new phone mediation service, (Swift), to resolve straightforward disputes within 24 hours;
- Provision for online Tribunal applications.

The changes aim to result in better relationships between landlords and tenants, with parties more aware of their respective rights and responsibilities and the opportunity for efficient and cost-effective resolutions. In the case of a dispute, if settlement is not successful, a party can seek a Tribunal adjudicator's decision, which has the force of a Court order. Readers should bear in mind that lawyers are allowed at the Tribunal but only where the amount in dispute is for more than \$3,000. If the amount is for more than \$12,000 then the dispute has to be heard in the District Court.