

Property Management Focus.

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Consents warning to landlords

The New Zealand Property Investors Federation is warning landlords to check their rental properties are fully consented by their local council, in the wake of a recent Tenancy Tribunal ruling which has exposed a loophole in the law.

The issue of unconsented rental properties has arisen after a Dunedin case in which a landlord was ordered by the tribunal to repay \$10,940 in rent paid by his tenant while she lived in the property.

The Dunedin District Court has now overruled that decision, but NZ Property Investors Federation (NZPIF) executive officer Andrew King has indicated the issue still needs clarifying.

He is due to meet with new housing minister Phil Twyford to discuss an amendment to the Residential Tenancies Act.

In the meantime, the NZPIF is recommending that all landlords:

- **Check rental properties' consents** with the relevant local council. While a property might be consented, but unconsented work could have been performed on it before the landlord bought the property.
- **If unconsented work is discovered**, landlords should see whether alterations meet building law requirements. If they do, landlords should apply for a certificate of acceptance.
- **If the property does not meet requirements**, a building consultant should be employed to advise if the property can be made to comply and what that would cost.

- **If it is feasible to make the property comply**, do the work and get a code compliance certificate.

If the building is not, and can't be made compliant, there is a risk under the current law, that tenants can make an application to the tenancy tribunal to have rent refunded up to \$50,000.

The NZ Herald has reported housing minister Phil Twyford as saying the new government want to update and improve tenancy laws to reflect the fact that half the NZ population now lives in rental property.

Landlords, tenants and other parties would have the opportunity to advocate for this and other law changes during the law reform process he said.

Ending a fixed term-tenancy

The end of the academic year, can mean some landlords find their student tenants are wanting to opt out of fixed term tenancies. Here's a quick rundown of the rules:

- Fixed term tenancies can be changed only if the landlord and all the tenants (everyone named on the tenancy agreement) agree. So if either party wants to end the fixed-term early, they can approach the others to see if they'll agree.

- Any agreement must be in writing, clearly stating what's been agreed to, and each party should keep a copy.
- Landlords may charge a fee for ending the fixed-term early. These fees should only be their actual and reasonable costs, such as the cost of advertising for new tenants.
- Tenants can request subletting or assigning the tenancy to someone else, if there is a clause allowing these options

in the original tenancy agreement. Subletting doesn't release the tenant from their obligations under their tenancy agreement.

- If you do allow the tenancy to be sublet we recommend your property manager, be involved in the approval of new tenants.
- If agreement can't be reached, either party can apply to the Tenancy Tribunal for a ruling.

Does your rental property meet the new insulation standards?



Ceiling and underfloor insulation must be installed, where reasonably practicable in all rental properties by July 2019. It may seem like that is a long way away, but it's important to make a start by assessing your rentals' insulation requirements so you know what work needs to be done.

Please note that all tenancies started after 1 July 2016 must have a statement attached to the tenancy agreement giving the tenant accurate information on the status of the property's insulation.

Harcourts property managers are arranging checks for properties to ensure they are compliant.

Read more about new insulation requirements at [tenancy.govt.nz](https://www.tenancy.govt.nz)

Looking to rent out a property?

Contact your local Harcourts property manager for market rental appraisal.

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