Tenancy Terminations Expiry

The restrictions on tenancy terminations, introduced as part of the COVID-19 Response (Urgent Management Measures) Legislation Act 2020, are not being extended beyond 25 June. This means usual termination rules will reapply from 26 June 2020. Landlords may terminate a tenancy if they have the lawful grounds to do so.

Q. What are lawful grounds on which to give notice?
In a dispute, it is recommended that tenants and landlords discuss the situation and try to reach a resolution. If there are lawful grounds to give notice to terminate a tenancy, the Tenancy Services website offers information for landlords about processes that should be followed when giving a termination notice.

There are many different and legitimate reasons why a landlord may need to give notice to a tenant. The Tenancy services website offers the best advice for landlord about what process should be followed when giving notice to end a tenancy.
For further information please visit the Tenancy Services website for:
- Giving notice to end a tenancy
- Ending a tenancy during COVID-19

Q. Do landlords need to serve a new notice to terminate a tenancy if an existing notice became invalid when the emergency provisions were implemented?
If, before 26 March 2020, a landlord had already given a termination notice that was to come into effect after 26 March 2020, this notice is of no effect.

If a landlord still wishes to terminate, a new notice can be served once the provisions are lifted (i.e. can be served from 26 June 2020) and the notice period begins from the date the new notice is served. Proper notice must be provided, and the amount required will depend on the reason why you are terminating. The notice periods are in place to enable tenants time to find alternative accommodation if a notice to terminate is issued.

- More information on the notice required to end tenancies can be found on the Tenancy Services website
- Different notice periods also apply for service tenancies, and more information on the Tenancy Services website

Q. Are tenants’ rights and obligations in relation to terminating a tenancy changed in any way?
No - tenants’ rights and obligations in relation to terminating a tenancy remain unchanged from the period before the temporary protections were put in place.
Q. Can landlords and tenants still negotiate rent reduction?
Yes - rent reductions can be negotiated at any time between a landlord and tenant. However, the rent increase freeze remains in place up until and including 25 September 2020.

- Read the guidance for rent negotiation discussions on the Tenancy Services website

Q. How will tenant terminations resuming affect Māori and Pacific people?
Māori and Pacific people are disproportionately likely to be renters and are already over-represented amongst those affected by unemployment and rental stress. Many are already highly affected by the economic impacts of COVID-19, and advice from regions is that overcrowding is already increasing. Anyone who is facing financial hardship as a result of the impact of COVID-19 should talk with Work and Income and discuss what support is available for them.

Q. Are applications to the Tenancy Tribunal for tenancy terminations likely to increase after 25 June?
Landlord applications for termination on rent arrears grounds may increase after 25 June 2020. This is because under the temporary protections, tenants must be at least 60 days in rent arrears before a landlord can apply for termination.

After 25 June, landlords will be able to apply to the Tenancy Tribunal to terminate tenancies where the tenant is more than 21 days in arrears. This means that there will likely to be landlords who, before 25 June, were unable to apply to the Tenancy Tribunal to terminate tenancies for rent arrears who can now do so.

We expect that there will also be an increasing number of Tribunal applications from tenants seeking early terminations of fixed-term tenancies, as time goes on and the economic impact of the COVID-19 crisis is felt.

Q. Is there going to be an increase in the number of termination notices issued?
The government encourages landlords and tenants to continue looking after each other as New Zealand enters the recovery period. This could mean tenants talking about their financial situation with their landlords if they have been impacted by COVID-19 and negotiating a temporary rental reduction agreement and avoid giving notice to terminate if that is possible.

- Read the guidance for rent negotiation discussions on the Tenancy Services website
- Visit the Work and Income website about available support products

Tenants and landlords will mostly be aware that the restrictions were intended to be temporary and are waiting to hear how long they will last. This will allow landlords and tenants to begin making decisions and plans for the second half of the year as to their businesses and accommodation needs, for example:

- New tenants will be able to move into rental properties for which they had previously signed tenancy agreements, but have been delayed due to the current tenants electing to remain in those properties during the initial period;
- New farm employees and contractors can arrange to move into their new on-farm accommodation because farmers will have certainty about when they can serve current on-farm tenants with termination notices;
- Buyers who have bought properties which are currently rentals can look to move into their properties; and
• Landlords who need to move into their rental properties because of changes in circumstances due to the COVID-19 crisis can start making plans to do so.

Q. What should happen if tenants are having trouble paying rent?
We encourage landlords and tenants to negotiate reduced rental rates if a tenant’s income is impacted by COVID-19. Tenants should get in contact with Work and Income to assess eligibility for the Sustaining Tenancies and Temporary Additional Support programmes.

- Visit the Work and Income website about available support products
- Read the guidance for rent negotiation discussions on the Tenancy Services website

From 26 June landlords will be able to apply to the Tenancy Tribunal to terminate tenancies where the tenant is at least 21 days in arrears (this was 60 days under the temporary protections).

If tenants miss a payment, landlords should work with tenants to come up with an agreed plan. More information on this process is available on the Tenancy Services website.

If landlords are having trouble collecting rent arrears, and liability has been established at the Tribunal, they might want to explore the following options:

Depending on the circumstances, the following options may be available to facilitate collection:
1. the Tribunal can order that the bond, or part of the bond, be returned to the landlord;
2. Collections - Ministry of Justice can enforce a Tribunal order; or
   if both parties agree, the Residential Tenancies Act enables the Tribunal to make an attachment order within a Tribunal order. This enables the monetary amount to be obtained (or attached) at source through salary, wages or benefit payments.

Q. What financial support is available for landlords who are struggling?
We would encourage landlords who are struggling to talk to their banks about reducing their mortgage payments or applying for the scheme for a six-month principal and interest payment holiday announced by the finance Minister, Grant Robertson.

Q. What financial support is available for tenants who are struggling?
The Government has progressed a number of initiatives designed to cushion the economic impact from COVID-19 and these will assist renters who are struggling to meet rent payments. They include:

- The Wage Subsidy Extension is available from 10 June 2020 until 1 September 2020. Eligible employers need to reapply through the Ministry of Social Development (MSD) once their current 12-week subsidy has come to an end. This covers employees’ wages for eight weeks.
- The COVID-19 Income Relief Payment is for workers who become unemployed due to the impacts of COVID-19 between 1 March and 30 October and are eligible for the payment, which is a weekly tax-free. This covers up to 12 weeks of payments.
- The Government also is making some temporary policy changes to the existing Rent Arrears Assistance (RAA) to help people who have found themselves in economic hardship as a result of COVID-19. For more information, visit the Work and Income website: https://www.workandincome.govt.nz/about-work-and-income/news/2020/helping-people-keep-their-rental-accommodation.html
Q. What does this mean for home buyers and landlords moving back into their homes
The expiration of the COVID-19 termination restrictions gives home buyers and landlords certainty about when the usual RTA rules will come back into effect. The government is aware of examples of vendor landlords defaulting on house sales because the condition of vacant possession cannot be met, due to a tenant electing to stay in a rental property during the termination restriction period.

In other cases, landlords and their families are having to pay for their own temporary accommodation fees and furniture storage fees, as well as meeting mortgage repayments, because tenants have elected to stay in their property despite a termination notice served before 26 March (but not having taken effect before that date).

Q. What does this mean for Kāinga Ora and CHP tenants?
The RTA applies to public housing tenancies as well as the private rental market so the termination measures apply to Kāinga Ora and Community Housing Providers. Now that these will be lifted, normal termination processes will apply.

Kāinga Ora works closely with its tenants to ensure they understand their responsibilities and to support households to sustain their tenancy and ultimately live well in their homes. Kāinga Ora will only ever consider ending a tenancy in exceptional circumstances. By sustaining a tenancy it provides a secure foundation from which they can get the support needed to address any issues that are affecting their tenancy.

Rent increase freeze

Q. Is the rent increase freeze changing back well on the 26 June?
No - The rent increase freeze remains in place up until and including 25 September 2020.

Q. What if I have already negotiated an increase, taking effect after 26 March 2020?
If the increase was negotiated or a rent increase notice served, but it was not to come into effect until after 26 March 2020, then the notice of that increase is of no effect.

Q. Will tenants still be liable for rent arrears?
Yes, tenants are still liable for all rent owed. If there are any disputes about the amount owed, tenants and landlords should first discuss this and attempt to reach a resolution. If they cannot reach agreement, the Tenancy Tribunal can determine such matters.

Q. Does a rent increase freeze mean tenants will not be required to pay rent for six months?
No. Tenants are required to meet all rental requirements outlined under their rental agreements. Under the new law, landlords cannot increase rent for a period of six months from 26 March 2020. The move to freeze rent increases recognises the unprecedented and uncertain economic conditions that New Zealand is facing and provides tenants with more certainty in the coming months.

Q. Can landlords decrease rents? If this occurs, can they then be reinstated to the original amount?
Landlords are still able to lower rent under the new provisions. An option that tenants and landlords may want to consider is reducing rent temporarily. The Residential Tenancies Act allows parties to a tenancy to agree that the tenant can pay a lower rent temporarily.
This could be for a specific time period or until a specific event occurs. Once that time is up, the rent is reinstated at its earlier amount. This does not count as a rent increase and is therefore acceptable during the six-month freeze period.

**Q. What will prevent tenants from abusing the new rules by refusing to pay rent?**
Tenants must still meet all of their other obligations under the Residential Tenancies Act. Landlords can take tenants to the Tenancy Tribunal if tenants have not paid rent owing to the landlord for a period longer than 60 days.

The Tribunal has powers to evaluate whether the tenant is making reasonable endeavours to pay rent and balance the interests of the tenant and landlord in deciding whether termination is justified. The Tribunal may order termination if the tenant is more than 60 days behind in rent and not making reasonable endeavours to pay. Even if a landlord cannot terminate a tenancy, the tenant is still liable for rent arrears.

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