

Property Management Focus

Bringing you news from the world of New Zealand property management.

Ending Tenancies

The Residential Tenancies Amendment Act changed the way that landlords can end both fixed-term and periodic tenancies.



Landlords must now give a reason to end a tenancy, and the reason must be one of the specified reasons stated in the Residential Tenancies Act. The good news is that when the ability to serve a 90 day 'no-cause' termination on a periodic tenancy was removed from the Act, along with removing the ability to end fixed-term tenancies without providing a reason, new reasons to terminate a tenancy were provided.

The new reasons for terminating tenancies which are provided in the Residential Tenancies Amendment Act 2020 address the reasons given by landlords and property managers for issuing 90 day no-cause termination notices. Landlords will be able to end tenancies for a range of fair and justified reasons, including a tenant's repeated anti-social behaviour or repeated arrears.

[The result is that we now have more grounds for ending tenancies than we did prior to the amendments taking effect.](#)

Let's look into these in detail.

Landlords can terminate periodic tenancies by giving 63 days' notice where:

Owner moving in -

The owner, or a family member, requires the property to live in. They must move in within 90 days of the termination date and must live in the property for at least 90 days. The property must be their principal place of residence, so this removes the ability for landlords to use the property as a holiday home for part of the year, whilst renting it out for the remainder of the year.

Employee moving in -

The property is needed for an employee (and this was clearly specified in the tenancy agreement).

Landlords can terminate periodic tenancies by giving 90 days' notice where:

Selling a Property: Selling a Tenanted Property

A landlord can sell a tenanted property providing that they notify the tenant as soon as the property goes on the market. If a tenant is on a fixed-term tenancy, the tenancy cannot be ended early by either party, unless mutually agreed. The only change to the legislation when selling a tenanted property is that the notice period has increased from 42 days' to 90 days' notice when the owner is required, under an unconditional sale agreement, to give the purchaser vacant possession.

Selling a Property: Tenant Required to Vacate

This is a new ground for termination. If the landlord decides that they want to put the property on the market without the tenant in occupation, they may give the tenant 90 days' notice to terminate the tenancy, providing the tenant is on a periodic tenancy, or their fixed-term agreement ends on or before the termination date. The landlord must then put the property on the market within 90 days of the tenant leaving the property. It is important to note that no marketing of the property may occur during this 90-day period.

Renovation or Redevelopment

The landlord can give 90 days' notice to the tenant if they intend to carry out extensive alterations or redevelopment at the property, and it would be impractical for the tenant to live there during that process. The landlord must take material steps towards beginning renovations with 90 days of the tenancy terminating.

Demolition

If a landlord is planning to demolish a

property, it is a very good idea that the tenant moves out first. A landlord must therefore give a tenant at least 90 days' notice and take material steps towards the demolition within 90 days of the tenancy terminating. Taking a material step means applying for regulatory consent, seeking engineering or other professional advice, or taking any other significant step.

Other reasons to end a tenancy

Landlord's Interest Ends - The landlord is not the owner of the property and the landlord's interest in the property ends e.g. the landlord leases the property and sub-leases to the tenant, and the landlord's lease ends.

Business Activity - The property was acquired to facilitate the use of nearby land for a business activity and the property needs to be vacated to facilitate that activity (and this was clearly specified in the tenancy agreement).

Change of Use - The landlord wants to change the use of the premises. The landlord must intend to use the premises for the new use for at least 90 days. This could be changing the use of the property from residential to commercial use.

[If none of the above grounds apply, landlords cannot terminate a tenancy without going to the Tenancy Tribunal.](#)

New grounds for ending a Periodic Tenancy

A landlord can apply to the Tenancy Tribunal to end a tenancy where:

Rent Arrears

If the tenant has been repeatedly late with their rent (at least five working days' late with rent, three times in 90 days) and the required notices have been served on the tenant, the landlord can apply to the Tenancy Tribunal for termination of the tenancy.

Anti-social Behaviour

If the tenant has engaged in anti-social behaviour on at least three occasions in 90 days and the required notice have been served on the tenant, the landlord can apply to the Tenancy Tribunal for termination of the tenancy.

If the landlord has successfully applied to the Tenancy Tribunal to end the tenancy for either of the above reasons, the Tribunal will decide what the notice period is.

Fixed-term tenancy agreements

If an original fixed-term tenancy was granted before 11 February 2021, the provisions on termination grounds and notice periods before the law changes introduced by the Residential Tenancies Amendment Act 2020 will apply. Please note that this is also true for a fixed-term tenancy (originally

granted before 11 February 2021) that is subsequently extended, varied or renewed. Previously we understood that once a tenancy was renewed or extended, the new rules applied. This has been since been clarified by MBIE.

If a fixed-term tenancy granted before 11 February 2021 expires and continues as a periodic tenancy, the law changes apply.

A fixed-term tenancy granted after 11 February 2021 automatically converts to a periodic tenancy at the end of the fixed-term unless the term is renewed or extended, or a landlord gives notice using the reasons listed in the RTA for terminating a periodic tenancy, or the tenant gives notice. The notice period provided must be the same as if the tenancy was periodic (i.e. at least 63 or 90 days before the expiry of the fixed-term, depending on the specific ground that applies).

Tenants Giving Notice

For periodic tenancies, tenants must now give at least 28 days' notice to end a tenancy and they are not required to provide a reason. This notice period is the same for fixed-term tenancies granted after the 11 February 2021. For fixed-term tenancies granted before 11 February 2021, the old rules and notice period of at least 21 days applies.

If you have any questions or concerns about the changes to the way that tenancies can now be terminated, please reach out to your Harcourts Property Manager.

End of Financial Year

The end of the financial year is upon us and Harcourts property managers have been diligently keeping records of all financial transactions relating to the properties that we manage throughout the year.



All financial transactions are recorded in audited Trust Accounts and a comprehensive end of year financial summary will be available to our landlords. This statement will summarise all the income and expenditure for the financial year and will assist landlords and their accountants with the preparation of any financial returns. Please note that the fees charged by your Harcourts Property Manager are tax deductible.



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